

MINUTE ITEM

47

04/28/93

PRC 7075

A. Scott

Gorfain

Meier

AUTHORIZATION TO ISSUE INDUSTRIAL LEASE FOR  
OFFSHORE MARINE TERMINAL

During consideration of Calendar Item 47, attached, extensive testimony was heard.

Commission-Alternate Burton moved for approval of the second of three alternative sets of conditional recommendations made by staff. The motion called for issuance of a standard lease to the applicant with certain specified provisions. The motion was carried upon a vote of 2-1.

(All correspondence received regarding this item is filed in the Work Order file.)

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AUTHORIZATION TO ISSUE INDUSTRIAL LEASE FOR  
OFFSHORE MARINE TERMINAL

**APPLICANT:**

Gaviota Terminal Company (GTC)  
c/o Texaco Trading and Transportation, Inc.  
101 East Victoria Street  
Santa Barbara, California 93101

**AREA, TYPE LAND AND LOCATION:**

A 74.309-acre parcel of tide and submerged land located in  
the Santa Barbara Channel at Gaviota, Santa Barbara County.

**LAND USE:**

Operation and maintenance of a marine terminal comprised of  
a six-point spread mooring system and underwater pipelines  
for the transfer and loading of crude oil from Santa Barbara  
County to Los Angeles.

**PROPOSED LEASE TERMS:**

**Lease period:**

A maximum of 2 years and 8 months beginning May 1,  
1993, and ending no later than January 1, 1996, unless  
terminated earlier in accordance with other provisions  
of this lease.

**Surety bond:**

\$ 1,000,000

**Public liability insurance:**

Lessee is self insured in accordance with the program  
on file in the Sacramento offices of the Commission.

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**Special Terms:**

- a. Petroleum may be tankered from this terminal only to the following destinations: 1) Port of Los Angeles, 2) Port of Long Beach or 3) Chevron El Segundo Marine Terminal for refining in the Los Angeles area.
- b. Use of the terminal is limited to double hulled vessels known as "Chevron Oregon Class" tankers.
- c. All costs incurred by the Lessor in the monitoring, enforcement and administration of this lease shall be borne by the Lessee.

Other terms may be added, depending upon the decision of the Commission.

**CONSIDERATION:**

\$230,000 per annum

**BASIS FOR CONSIDERATION:**

Pursuant to 2 Cal. Code Regs. 2003.

**APPLICANT STATUS:**

Applicant owns adjacent upland parcels.

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

Filing and Processing costs have been received.

**STATUTORY AND OTHER REFERENCES:**

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13; and Div. 20
- B. Gov. C. §§65950 et seq.
- C. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.
- D. Santa Barbara County Coastal Zoning Ordinance §35-154.5(i)

**AB 884:**

07/14/93

**BACKGROUND:**

GTC's application is for a lease to accommodate transport of oil by specified marine tankers through the use of an

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existing marine terminal located offshore Gaviota in Santa Barbara County. The terminal itself is called the Gaviota Interim Marine Terminal (GIMT).

To facilitate understanding of this matter, a short summary is provided first, followed by a more detailed discussion.

SUMMARY

GTC's terminal is intended to provide a means of tankering oil produced from the Point Arguello field in the Santa Barbara Channel to Los Angeles. The facility would be used until completion of new pipeline capacity to Los Angeles, expected by January 1, 1996. While the current terminal was built in 1988 under a Commission lease issued in 1987, it has never been used. The holdover period under the present lease expires on April 30, 1993.

All other required permits have been issued for the project. The Commission will be acting as a Responsible Agency under CEQA, using a County-certified supplemental environmental impact report. In August, 1992, the County issued a Shipper's Permit authorizing the Point Arguello Producers to tanker oil out of the terminal, but they conditioned it upon prior commitment by the producers to a new pipeline. Claiming the County exceeded its authority, the producers appealed to the Coastal Commission.

On January 13, 1993, the Coastal Commission set aside the County's action and authorized a new Shipper's Permit to the Point Arguello Producers requiring that, for tankering to continue after February 1, 1994, a commitment must first have been made to a particular pipeline project. Also required was that at least 40 thousand barrels per day (MBD) of Point Arguello production be shipped by pipeline, of which at least 25 MBD must be shipped on Line 63, the only available common carrier pipeline to Los Angeles. The permit terminates on January 1, 1996. The Point Arguello producers have indicated interest in this permit, but have not yet accepted it. They also filed a lawsuit challenging the Coastal Commission's action purportedly to preserve their legal position pending issuance of a lease by the State Lands Commission.

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On May 11, 1993, the Coastal Commission will decide whether to revoke its permit, based upon allegations that the producers provided false information about the available capacity of Line 63. If the permit is revoked, the Coastal Commission may issue a new permit with different conditions.

On February 17, 1993, the Coastal Commission issued a separate permit to GTC authorizing operation of the terminal for those complying with the Shipper's Permit requirements. This permit also limited use of the terminal to three tankers owned by Chevron, one of the Point Arguello producers. Deliveries through the facility also may not exceed 50 MBD on a quarterly average.

This Commission now has a number of options: (1) It may delay action on this application until after the Coastal Commission considers revocation of the Shipper's Permit, but no later than July 14, 1993. (2) It may deny the application altogether. (3) It may approve a standard lease which limits use of the terminal to those who comply with the terms of the County's and the Coastal Commission's permits. (4) Finally, the Commission may impose additional conditions on the shippers using the terminal with the intent of minimizing tankering and encouraging the fullest use of the existing pipeline network.

DISCUSSION

**A. INTERESTED PARTIES**

Besides the applicant, there are a large number of interested parties in this proceeding. The following provides a brief description of those parties and their interests in the project:

**GTC:** The partnership which would hold the new lease for operation of the terminal. The managing partner is Texaco Trading and Transportation Inc. (Texaco). The other partners are Chevron U.S.A. (Chevron); The Largo Company (Largo), a wholly owned subsidiary of Phillips Petroleum Company; Exxon Company, U.S.A. (Exxon); and ORYX Energy Company (ORYX), formerly Sun Crude Trading and Transportation, Inc. The ownership interest of each partner in the terminal is set forth in the last columns of Exhibit C.

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**The Point Arguello Producers (PAP):** A group of ten oil companies producing from the Point Arguello Field in federal waters offshore western Santa Barbara County. PAP is the only entity currently with a permit to use the terminal and would be the primary customer. For purposes of obtaining various permits relating to the project, PAP is acting as a single entity, with Chevron as its representative.

PAP membership includes Chevron; Texaco; Phillips Petroleum Company (Phillips); Union Pacific Resources Company (Union Pacific); Pennzoil Exploration and Production (Pennzoil); Sun Operating Limited Partners (Sun); Koch Industries, Inc. (Koch); Oxbow Energy, Inc. (Oxbow); Harvest Corporation, Inc. (Harvest); and Simmons Santa Barbara, Ltd. (Simmons). The Point Arguello Field is operated under four separate federal leases, each of which is owned by a different group of PAP members. Exhibit D sets forth the percentage each company owned of the total field production during the month of September, 1992. The relative ownership shares will change somewhat over time because of fluctuation in production rates from lease to lease.

**The County of Santa Barbara (County):** The Lead Agency for the project under the California Environmental Quality Act (CEQA; §§21000 et seq. of the Public Resources Code [P.R.C.]). As the agency with general jurisdiction, it has issued permits under its Local Coastal Plan (LCP) both for the onshore portions of the Point Arguello project and the terminal.

**The California Coastal Commission:** The state agency with original jurisdiction under the California Coastal Act (P.R.C. §§30000 et seq.) for permitting the offshore portion of the marine terminal. It also has appellate jurisdiction over County actions taken pursuant to the Local Coastal Plan. It became the lead permitting agency for the project under the Permit Streamlining Act when the County's action was nullified upon appeal.

**Exxon Company, U.S.A. (Exxon):** The company producing oil from the Santa Ynez Field, located in the federal waters offshore southern Santa Barbara County. It has also applied to the County for a permit to ship oil through the GIMT on an interim basis.

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**The Environmental Coalition:** A group of local environmental organizations consisting of the Environmental Defense Center, which acts as the spokesperson; the Sierra Club; Get Oil Out (GOO); League of Women Voters of Santa Barbara; Citizens Planning Association; Surfrider Foundation; Hollister Ranch Owners' Association; and several local commercial fishing representatives.

**All American Pipeline Company (AAPL):** A subsidiary of Goodyear Tire and Rubber Company which operates a pipeline running from Exxon's processing facility at Las Flores Canyon in Santa Barbara County to McCamey, Texas. This pipeline is shown on Exhibit E, a simplified diagram of the existing regional pipeline network.

The AAPL system is the only existing means of shipping Exxon's and PAP's oil out of the county by pipeline. Unless or until there are new pipelines, then, any Point Arguello or Santa Ynez production that is not shipped through the AAPL system would have to be transported by tanker through the GIMT. The AAPL would also be a necessary segment for two of the three proposed new pipeline systems into the Los Angeles Basin. See Exhibit E.

**Four Corners Pipe Line Company (FCPL):** A subsidiary of Atlantic Richfield Co. (ARCO) which operates the only two existing common carrier pipelines transporting oil into Los Angeles, Lines 1 and 63. Since Line 1 cannot be used to ship the kind of heavy crude produced from the Point Arguello and Santa Ynez fields, Line 63 would be the only pipeline available for the Los Angeles market. See Exhibit E.

FCPL is also the proponent of a separate project, one of three proposed for adding new pipeline capacity into Los Angeles. The pipeline, Line 90, currently carries oil eastward out of Los Angeles. At this time, it carries approximately 70 thousand barrels a day (MBD) to Texas tankered to Los Angeles from Alaska. The proposal is to reverse the direction of the flow and make improvements to the facility. Santa Barbara production would then be carried eastward on the AAPL system almost to Needles in San Bernardino County, where it would be transferred to the reversed Line 90 for shipment back west into Los Angeles. See Exhibit E. Its proposed capacity would be between 70 and 100 MBD, depending upon the improvements made. As the

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smallest of the three proposals for new regional pipelines, it would provide somewhat less flexibility for the regional oil transportation system. However, since it would also be the least expensive of the three projects and since the region's refinery market may not be able to make use of more than 100 MBD of additional heavy crude, it may be considered the most likely to succeed. Exxon is providing financial support for the project's planning and permitting phases.

**The Cajon Pipeline Company (Cajon):** Another proponent of a new pipeline system, this one called the Cajon Pipeline. Under this project, a new pipeline would be built into Los Angeles from a connection with the AAPL system at 12 Gauge Lake in San Bernardino County. See Exhibit E. As the largest of the three proposed projects, it would have a capacity of 150 MBD and would serve not only the Santa Barbara County producers, but also those in the San Joaquin Valley. The proponent contends that all necessary permits and rights-of-way for the project should be acquired by June, 1993. Neither Exxon nor PAP are providing any financial support for the project, but Exxon has expressed an interest in it.

**The Pacific Pipeline Company:** The third proponent of a new pipeline system, this one called the Pacific Pipeline System (PPS). The company is a subsidiary of Southern Pacific Transportation Company. This project would entail construction of a new pipeline from Gaviota to the Port of Los Angeles, following for the most part Southern Pacific's railroad right-of-way. See Exhibit E. This is the only project which, if built as planned, would not make use of the AAPL system. Its proposed capacity would be 130 MBD. Questions about its viability have been raised because of the potential for spills into adjacent marine waters and added construction costs for toxic site clean-up along the right-of-way. Both Exxon and PAP are providing financial support for the project's planning and permitting phases.

**Unocal:** A major purchaser of Point Arguello Production. Unocal purchases approximately 20 MBD, which is sent to its refinery in Santa Maria. Shipments are made through the AAPL system to Sisquoc in northern Santa Barbara County, where they are transferred to the Sisquoc Pipeline, a common carrier line owned by Unocal, for transport to the refinery. See Exhibit E.

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**B. THE PROJECT**

The GIMT is a six-point spread-buoy offshore terminal located about 3500 feet from shore. The current facility was built in 1988 under a 1987 Commission lease. Prior to reconstruction, another, much smaller terminal operated at the same location for decades.

Pursuant to Santa Barbara County's LCP, the new facility, when built, was intended to serve all oil producers operating in the western part of the County's South Coast area and was expected to be in regular use only on an interim basis until completion of new pipeline capacity to Los Angeles. However, because of the lack of permits by the shippers and the terminal's operator, the new facility has never been used.

The original Commission lease expired on April 30, 1991, and the lease is now in holdover status. The holdover term will expire on April 30, 1993.

The application currently before the Commission calls for an interim lease of less than three years. If approved, the terminal would be in regular operation only until new pipeline capacity is available or until January 1, 1996, whichever comes first. If the terminal later remains in place for emergency purposes, as has been contemplated, it would have to do so under a new, separate lease issued by the Commission.

**C. APPLICABLE CALIFORNIA COASTAL ACT POLICIES**

The applicable policy under the California Coastal Act governing oil transportation generally is found in P.R.C. §§30260 et seq. P.R.C. §§30260 and 30261, when read together, in effect require that a new or expanded marine terminal be approved if there are no feasible or less environmentally damaging alternative locations, if disapproval would adversely affect the public welfare, if adverse environmental effects are mitigated to the maximum extent feasible, and if the risk of oil spills and collisions are minimized.

Under these policies, the County adopted, and the CCC approved, an LCP which expressly prefers pipelines over tankers for transportation of oil. Specifically, LCP Policy

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6-8 provides that any coastal dependent oil and gas processing facilities are to be conditioned upon a requirement that all oil be transported by pipeline to the operator's refining center of choice if and when technically and economically feasible. Subsection (e) of the policy also provides as follows:

For refining centers served by pipeline, other modes of transportation up to the limits of permitted capacity for those modes, and with the assurance that the shipper or the transportation facility operator can and will mitigate the environmental impacts caused by the alternate transportation mode, are allowed only under the following circumstances:

- 1) Pipeline unavailability or inadequate capacity; or
- 2) A refinery upset lasting no longer than two (2) months and only where the alternate refining center is not served by pipeline; or
- 3) An emergency which may include a national state of emergency.

In recognition of these policies, members of PAP and other federal offshore producers, since 1983, have expressly indicated their intention to transport their oil by pipeline, but, for various reasons, have avoided providing the financial assurances necessary for actual construction of any of the pipeline projects subsequently proposed.

#### **D. PERMIT HISTORY**

The Commission is acting as a Responsible Agency in this case, using a supplemental environmental impact report (SEIR) certified by the County as Lead Agency under CEQA. The overall project addressed in that document is the transportation of Point Arguello Field production by tanker through use of the GIMT.

This single project has involved two separate applicants seeking two different kinds of permits: (1) A Shipper's Permit to allow PAP to tanker its oil; and (2) separate authorizations required for GTC to operate the terminal.

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**(1) The Shipper's Permit**

The Shipper's Permit was a function of the County's 1985 permit for the Point Arguello project. That authorization specified that the project's oil must be transported by pipeline unless certain criteria are met, one of which, Condition Q-6, is that anyone tankering project oil must first obtain a Shipper's Permit.

On August 19, 1992, the County issued a three-year Shipper's Permit to Chevron, on behalf of PAP, allowing tankering of Point Arguello production through the terminal. However, because it required PAP to commit to one of the three proposed pipeline projects previously described prior to tankering, Chevron appealed to the Coastal Commission, claiming that the condition went beyond the Local Coastal Plan and the County's authority.

When the Coastal Commission accepted this appeal, it nullified the County's permit, so that the state agency, in effect, stepped into the position as Lead Agency under the Permit Streamlining Act. However, the certification of the SEIR remained unaffected.

On January 13, 1992, the Coastal Commission heard Chevron's appeal at a *de novo* hearing and authorized a permit, subject to a number of conditions intended to encourage the use of the existing pipeline network and the construction of new pipeline capacity. The most significant conditions are as follows:

- Tankered volumes are limited to a maximum 50 MBD on a quarterly average.
- A minimum of 40 MBD must be shipped to refineries by pipeline, of which at least 25 MBD must be shipped to Los Angeles on Line 63. While the full 40 MBD could be shipped to Los Angeles, deliveries of 15 to 20 MBD now going to Unocal's Santa Maria refinery apparently would continue. The requirement is therefore not likely to result in more than 25 MBD in the FCPL line.
- Ongoing progress toward the development of new pipeline capacity to Los Angeles must be made in accordance with a specified schedule. If, by February 1, 1994, PAP has not signed a "throughput and deficiency agreement" for

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guaranteed usage of one of the three proposed pipelines, then all tankering must be suspended until one is executed.<sup>1</sup>

- All tankering of Point Arguello production from Martinez to Los Angeles is to cease.
- All tankering from Gaviota is to terminate by January 1, 1996, whether or not a new pipeline is in place.
- All members of PAP are required to accept the permit, so that none will be in a position to avoid any of these requirements.

As the company taking the lead in negotiations with the Coastal Commission, Chevron has stated its willingness to accept the requirements. However, the permit has not yet been accepted, and some minority members of PAP have not yet indicated their consent.

Chevron has also filed a lawsuit on behalf of PAP challenging the Coastal Commission's authority to impose the specified conditions, but Texaco personnel have told the Commission's staff that the litigation was filed solely to preserve the producers' position until after all governmental considerations of the project are completed. After all remaining government actions, including the Commission's decision on the lease, the PAP members will decide whether to accept the permits and drop the lawsuit. If they do not all find the permits and lease acceptable, the litigation will likely be pursued.

The Coastal Commission has now been asked to revoke the Shipper's Permit, based upon allegations that the applicant submitted false information regarding available pipeline capacity. The agency's staff considers the request of

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1. A throughput and deficiency agreement is a commitment by a party to ship certain volumes on a pipeline at a specified tariff. The agreement may be used by the proponent of a proposed pipeline to obtain financing for the project. Such an agreement, then, would provide substantial support for a pipeline. However, it is not a guarantee that the project will be completed, since political pressures, market changes, unexpected costs or other such factors may later arise.

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sufficient merit to justify consideration, and the matter is scheduled for the Coastal Commission's May 11, 1993, meeting.

**(2) Terminal Permits**

For operation of the terminal, GTC did not require new County action. The 1987 County permit, in effect, authorizes continued operation of the facility until adequate pipeline capacity was in place to Los Angeles.

GTC, however, was required to obtain a new, separate permit for operation of the terminal from the Coastal Commission, which authorized its issuance on February 17, 1993. The most significant restriction is that the terminal may be used only to load oil onto Oregon Class tankers for shipment to Los Angeles. This limitation is in conformity with the project application and the County's environmental review. At this time, Chevron owns the only three tankers in existence in this class. The other major restrictions are that is that the terminal may be used only for vessels taking oil to Los Angeles and that the amount shipped may not exceed 50 thousand barrels per day (50 MBD), on a quarterly average. All those using the terminal must also comply with the Shipper's Permit conditions. This terminal permit also expires on January 1, 1996.

The only governmental authorization still clearly needed for GTC to begin operations is the State Lands Commission lease. However, if the Coastal Commission revokes the Shipper's Permit, it, too, will have to take further action if the terminal is to have any customers.

**E. PRODUCTION, MARKETING AND TRANSPORTATION ISSUES**

The extent to which the terminal and pipelines can physically be used would depend upon the volumes of oil produced by PAP and Exxon and the manner in which that oil is marketed.

Point Arguello Field production is expected to reach a peak of approximately 85 or 90 MBD. Approximately 65 MBD were produced in January, all of which was transported by pipeline. Chevron and GTC claim that production is constrained because tanker transportation is unavailable. Once the terminal becomes operational, PAP is expected to reach full production quickly.

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To date, PAP has been delivering the majority of its crude to Los Angeles. Generally, about 25 to 35 MBD have been shipped through Line 63, although deliveries on the system have exceeded 50 MBD in March of 1993. About 20 MBD have been delivered to Unocal's Santa Maria refinery, but those deliveries were interrupted during the last several months. At various times, another 5 MBD has also been sent to Texas. Finally, for a period of seven months in 1992, about 15 to 25 MBD were being shipped north by pipeline to Martinez and then tankered down to Los Angeles, although that tankering has since been suspended. Chevron contends, however, that it will be resumed if the Shipper's Permit and the Commission's lease are not accepted by PAP and GTC.

If and when the terminal is operational, PAP has stated that it intends to market most of its oil to Los Angeles. If the conditions in the Coastal Commission's Shipper's Permit ultimately control, PAP would send up to 50 MBD to Los Angeles by tanker and at least 25 MBD by Line 63. The deliveries to Unocal may also continue.

Exxon's new Santa Ynez project is not expected to begin operation until late in 1993. Peak production of approximately 90 MBD is expected to be reached within six to twelve months thereafter. Exxon has also stated its intent to market the majority of this oil in Los Angeles, although some of it is likely to be sent to Texas or other markets.

One limiting factor on the amount of oil which can be marketed in Los Angeles is the usefulness of FCPL's Line 63. First, because it is not heated, it can be used only to ship blended oil, which Chevron and Texaco claim is more expensive to refine and therefore more difficult to market. However, staff's information is that this problem has been substantially exaggerated. More significant is the fact that the pipeline's capacity is limited, although it appears to be greater than previously thought. The two issues are discussed in Exhibit F.

Another factor limiting the amount of Point Arguello and Santa Ynez production delivered to Los Angeles is the size of the market. It currently appears that area refineries cannot use more than about 100 MBD of new heavy production from Santa Barbara, far less than the 180 MBD which PAP and Exxon could be producing if both were at peak production at the same time. However, it is difficult to establish

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clearly what the market will be at any given time in the future. After taking into account price considerations and the availability of equipment for refining different kinds of crude, this new Santa Barbara County production might cause some crude from Alaska, Venezuela and elsewhere to be diverted from Los Angeles.

**F. THE COMMISSION'S OPTIONS**

The Commission has several options. These include delaying action, denial of the application, approval of a lease prohibiting use of the terminal for shippers not in compliance with Coastal Commission permits, and approval with special conditions intended to encourage use of existing pipelines before tankering.

**(1) Delayed Action**

The Commission could delay action until after the Coastal Commission has addressed revocation of the Shipper's Permit. The Permit Streamlining Act deadline for the State Lands Commission's action is July 14, 1993. To preserve GTC's standing before the Coastal Commission, the holdover period under GTC's current lease would need to be extended. The Commission previously extended the holdover period for the same reason on September 23, 1992. If the period is extended, all other provisions of the existing lease would remain in effect. For example, GTC would be prohibited from using the facility during the extension period, as provided under the current holdover extension. GTC personnel, though, have indicated the company may reject a lease if it is so late as to delay operations beyond June 1, 1993.

**(2) Denial of the Application**

The Commission always has the option of denying the application. The action may be without prejudice, allowing GTC to reapply. Authorization could be given for the existing facility to remain in place if a new application is submitted.

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**(3) Approval of a Lease requiring Shipper Compliance with the Coastal Commission's Permit**

Another option is a more traditional lease with a fixed rent, a termination date of January 1, 1996, and relatively standard conditions. A provision may be added prohibiting use of the terminal for any shipper who has not complied with all the terms and conditions of any relevant permit issued by the County or the Coastal Commission. This would allow enforcement of those conditions through the lease without imposing any new and potentially unacceptable requirements. It would also recognize that the Coastal Commission may change its permit conditions after its hearing on May 12, 1993. GTC has reserved the right to object to the proposed rent of \$230,000 per year, but does not appear to have any substantial problem with the amount.

GTC's application requests that the lease allow a throughput of up to 100 MBD on a quarterly average, so such a limit may be appropriate. The SEIR analyzed the effects of average throughputs of up to 125 MBD.

If this option is adopted, the Commission may consider expressly including one particular condition adopted by the Coastal Commission; that is, that the terminal may not be used after February 1, 1994, for any shipper who, by that date, has not signed a financial commitment for use of one of the three proposed pipeline systems to Los Angeles. Such a commitment can then be used by the pipeline proponent to obtain necessary construction financing. If a pipeline commitment is then signed after that date, tankering may be resumed. The purpose of the provision is to ensure that progress is made toward timely completion of a new system. Its inclusion in the lease would ensure that the date will not be postponed unless the State Lands Commission determines the reasons for doing so are well founded.

**(4) The Full Pipeline Option**

Another approach would be to add new conditions specifically for the purpose of encouraging maximum use of the existing pipeline network and thereby keeping tankering to a minimum. The lease could contain a provision allowing the use of the terminal to tanker oil for those shippers who have executed an agreement with this Commission whereby the shipper

commits to transport a certain amount of oil using Line 63.<sup>2</sup> The minimum pipeline requirement would be adjusted for each quarter in accordance with information as to how the pipeline was actually being used. On the fifth of the month before the beginning of each quarter, the Commission staff would look at how much capacity was available for the shipper's oil during the preceding three months. This would be determined by taking the total capacity of the pipeline and subtracting the amount of light oil from the San Joaquin Valley sent through the system. After adjustment in accordance with a specified margin for error, the resulting amount would in most cases be the volume that the shipper would have to deliver through Line 63 during the ensuing quarter. Provisions would be made for increased usage of the pipeline by others and for other factors outside the shipper's control.

Using information provided by the pipeline's operators, had this requirement been in effect, the minimum Line 63 requirement would have been approximately 37 MBD for the last quarter of 1992, 42.5 MBD for the first quarter of 1993, and 45 MBD for the second quarter of 1993. The reason for the rising amount is that shipments of San Joaquin Valley light crude to Los Angeles have been declining. These figures reflect the fact that heavy crude, such as that produced from the Point Arguello Field, must be diluted with about 10% lighter oil for shipment on Line 63.

Some amount of uncertainty and disruption in regional oil transportation and marketing may result from this option, particularly for other users of Line 63. The pipeline has always been used for large volumes of oil from the San Joaquin Valley. Under common carrier rules, by the end of each month, those who want to use the pipeline are each required to nominate the volume of oil to be transported during the following month. Under this option, the GIMT shippers would also have to nominate the minimum amount required for transport on Line 63. Since this would fill the system, the San Joaquin Valley producers would have a difficult time increasing shipments to Los Angeles.

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2. In this context, the term, "shipper," means a person or entity possessing valid legal authority under a permit issued by the County or the Coastal Commission to transport petroleum through use of the terminal.

Ordinarily, common carrier rules governing the pipeline would require that, if producers nominate more oil than a system can handle, the amount each producer is permitted to transport will be reduced on a *pro rata* basis. Knowing that Line 63 will be full and that shipments will be restricted, then, San Joaquin producers may nominate greater volumes for the system than they intend to ship, just to ensure that the volumes they want to send to Los Angeles are in fact delivered. These attendant uncertainties and manipulations could result, at times, in significant disruptions in the market.

Because of the San Joaquin Valley producers need for the pipeline, an appropriate element of this option may be a provision allowing the GIMT shippers to reduce the amounts transported on Line 63 in order to provide sufficient capacity on the pipeline for those other producers; that is, to avoid *pro rationing* of San Joaquin Valley oil. However, after June of 1994, Exxon is also expected to be transporting large volumes of Santa Ynez production on the pipeline, whether or not the company is also permitted to tanker oil through the terminal. If, at that time, Exxon and the San Joaquin Valley producers are together filling Line 63, and if the Commission allows GIMT shippers to reduce their use of Line 63 to avoid constraining San Joaquin Valley producers, then, under this option, it is possible all of the Point Arguello oil, up to the permitted amounts, will be shipped to Los Angeles by tanker.

Finally, GTC has clearly indicated that it would not accept a lease containing the Full Pipeline option. On April 15, 1993, in response to an earlier proposal which would have required GIMT shippers to use Line 63 to the maximum extent feasible, J.E. Shamas, President of Texaco, wrote, "The partnership's position continues to be that GTC would be unable to accept a lease containing any such pipeline capacity certification procedures." The reasons given generally were as follows:

- Any such provision would change the standards governing pipeline usage established under the County's coastal zoning ordinance.
- The Coastal Commission has already determined the appropriate mix of tanker and pipeline usage required under the coastal zoning ordinance.

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- Prior approvals in 1987 by the County and the Coastal and State Lands Commissions were part of a common plan by the state and local agencies to accommodate, in a consolidated fashion, the processing and transportation of oil from federal leases in the area.
- GTC has spent about \$60 million in the acquisition, construction and maintenance of the new terminal in reliance upon the belief that, after the old lease expired, a new one would be issued.

Mr. Shamas also indicated that, if the lease were not accepted, PAP would do the following:

- Reject the Coastal Commission permit;
- Resume tankering of Point Arguello oil from Martinez to Los Angeles;
- Terminate financial support for any proposed pipeline; and
- Pursue litigation against the county and the state which, if successful, could result in unlimited tankering from Gaviota.

GTC, therefore, takes the position that it would be inappropriate for the Commission to impose restrictions in a marine terminal lease which require the facility's customers to use alternative means of transportation first. While these may be reasons for GTC's refusal to accept such a lease, the Commission staff strongly disagrees with any suggestion that the Commission does not have the authority to impose such conditions.

In a separate letter of April 19, 1993, in direct response to the Full Pipeline option, Mr. Shamas reiterated GTC's earlier position, that any such provision would be rejected.

The Commission staff also explored other options intended to promote maximum usage of existing pipelines or construction of new pipeline capacity. Among these alternatives were provisions requiring that GIMT shippers file a monthly certification that all available pipeline capacity was used or that, prior to any tankering, the GIMT shippers enter into conditional throughput and deficiency agreements with

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proposed pipeline operators. Staff determined, however, that implementation of these alternatives was infeasible. Furthermore, GTC informed staff that these alternatives would also be unacceptable.

**OTHER PERTINENT INFORMATION:**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal.Code Regs. 15061), the staff has determined that, if the Commission only extends the holdover provision of the existing lease, that action would be exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities, 14 Cal. Code Regs. 15301.
2. The County of Santa Barbara has prepared and adopted an EIR for the proposed project. The State Lands Commission's staff has reviewed and considered the information contained therein.
3. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. §§6370 et seq. Based on the staff's consultation with the persons nominating such lands and through the CEQA process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

**APPROVALS OBTAINED:**

Santa Barbara County, California Coastal Commission.

**APPROVALS REQUIRED:**

State Lands Commission

**EXHIBITS:**

- A. Land Description
- B. Location Map
- C. Ownership Shares of Facilities Related to the Point Arguello Project
- D. Percentage Ownership of Point Arguello Field Production in September, 1992
- E. Existing and Proposed Pipeline Network
- F. Limitations on Use of Four Corners Pipe Line Company's Line 63
- G. California Environmental Quality Act Findings
- H. Mitigation Monitoring Plan

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CALENDAR ITEM NO. 47 (CONT'D)

**IF THE COMMISSION DECIDES TO DELAY TAKING FINAL ACTION UPON THE APPLICATION, IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITY, 14 CAL. CODE REGS. 15301, 2 CAL. CODE REGS. 2905 (a)(1).
2. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. §§6370 *ET SEQ.*
3. AUTHORIZE ISSUANCE TO GAVIOTA TERMINAL COMPANY OF AN AMENDMENT TO LEASE PRC 7075.1 THAT WILL: (A) EXTEND ITS HOLDOVER PROVISION (PARAGRAPH 9 OF SECTION 2) IN THE LEASE UNTIL THE COMPANY HAS OBTAINED A NEW INTERIM LEASE FROM THE COMMISSION TO OPERATE THE GAVIOTA MARINE TERMINAL OR UNTIL JULY 15, 1993, WHICHEVER OCCURS FIRST; AND (B) PROVIDE THAT NO OIL SHALL BE TRANSPORTED THROUGH THE TERMINAL BY TANKER WHILE THIS EXTENDED HOLDOVER PERIOD REMAINS IN EFFECT. ALL OTHER PROVISIONS OF THE LEASE ARE TO REMAIN IN FULL FORCE AND EFFECT.

**IF THE COMMISSION DECIDES TO APPROVE A STANDARD LEASE, IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT AN EIR WAS PREPARED AND ADOPTED FOR THIS PROJECT BY SANTA BARBARA COUNTY AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH SECTION 15096(h) OF THE STATE CEQA GUIDELINES, AS CONTAINED IN EXHIBIT G, ATTACHED HERETO.
3. ADOPT THE MITIGATION MONITORING PLAN, AS CONTAINED IN EXHIBIT H, ATTACHED HERETO.
4. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. §6370 *ET SEQ.*
5. AUTHORIZE ISSUANCE TO GAVIOTA TERMINAL COMPANY OF AN INDUSTRIAL LEASE FOR A MAXIMUM TERM OF 2-YEARS AND 8-MONTHS BEGINNING MAY 1, 1993; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$230,000, PROVISION OF A \$1,000,000 SURETY BOND; PROVISION OF EVIDENCE OF SELF INSURANCE FOR PUBLIC

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LIABILITY AND PROPERTY DAMAGE; FOR THE OPERATION AND MAINTENANCE OF AN OFFSHORE MARINE TERMINAL FOR THE TRANSFER OF PETROLEUM OR PETROLEUM PRODUCTS TO TANKER SHIPS ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

6. REQUIRE THAT THE LEASE ALSO CONTAIN SUBSTANTIALLY THE FOLLOWING PROVISIONS:
- A. THE TERMINAL MAY BE USED ONLY TO TRANSFER PETROLEUM TO A TANK VESSEL OR TANK VESSELS FOR SHIPMENT TO THE PORTS OF LOS ANGELES OR LONG BEACH OR THE CHEVRON EL SEGUNDO MARINE TERMINAL FOR REFINING IN LOS ANGELES AREA REFINERIES.
  - B. THE TERMINAL MAY NOT BE USED TO TRANSFER PETROLEUM TO ANY TANK VESSEL OTHER THAN DOUBLE-HULLED VESSELS KNOWN AS "CHEVRON OREGON CLASS" TANKERS.
  - C. IF ANY OTHER PARTY FILES AN APPLICATION WITH THE COUNTY OR THE COASTAL COMMISSION FOR A PERMIT TO USE THE TERMINAL, AND IF THE LEASE IS NOT CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION, THEN, WITHIN 60 DAYS AFTER ISSUANCE OF THE LEASE OR AFTER THE APPLICATION IS FILED WITH THE COUNTY OR COASTAL COMMISSION, WHICHEVER IS LATER, THE LESSEE SHALL HAVE A COMPLETE APPLICATION SUBMITTED FOR AN AMENDMENT TO THE LEASE TO BE CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION.
  - D. THE LESSEE SHALL CONDUCT AN ANNUAL BATHYMETRIC SURVEY OF THE AREA SURROUNDING THE SIX-POINT MOORING LOCATION AT THE GAVIOTA INTERIM MARINE TERMINAL AS DIRECTED BY THE COMMISSION STAFF.
  - E. THE LESSEE SHALL FUND ALL COSTS AND EXPENDITURES INCURRED BY THE COMMISSION IN ADMINISTERING THE LEASE AND IN MONITORING COMPLIANCE WITH MITIGATION REQUIREMENTS.
  - F. THE VOLUME OF PETROLEUM THAT IS SHIPPED VIA MARINE TANKER FROM THE TERMINAL SHALL NOT EXCEED ONE HUNDRED THOUSAND (100,000) BARRELS PER DAY ON A QUARTERLY AVERAGE.

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CALENDAR ITEM NO. 47 (CONT'D)

- G. THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANYONE WHO IS NOT A SHIPPER; THAT IS, A PERSON OR ENTITY HAVING VALID LEGAL AUTHORITY UNDER A PERMIT ISSUED BY THE COUNTY OR THE COASTAL COMMISSION, EITHER PRIOR TO OR AFTER ISSUANCE OF THE LEASE, TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL.
- H. (1) WITH RESPECT TO ANY SHIPPER WHO, PRIOR TO FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER AFTER THAT DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF. IF AFTER FEBRUARY 1, 1994, THAT SHIPPER EXECUTES SUCH AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT, THE TERMINAL MAY THEREAFTER BE USED TO LOAD PETROLEUM ONTO A TANK VESSELS OR TANK VESSELS FOR THAT SHIPPER.
- (2) WITH RESPECT TO ANY SHIPPER WHO, AFTER FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF.
- (3) FOR PURPOSES OF THIS ACTION, AN ADEQUATE UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT IS ONE WHICH INCLUDES OIL THROUGHPUT VOLUMES SUFFICIENT TO CAUSE THE CONSTRUCTION OR COMPLETION OF THE PIPELINE SYSTEM AND IS ACCOMPANIED BY EVIDENCE THAT ALL DISCRETIONARY PERMITS FOR THE PIPELINE HAVE BEEN OBTAINED. THE BURDEN OF PROOF SHALL BE ON THE SHIPPER TO DEMONSTRATE THAT ALL TERMS OF THE THROUGHPUT AND DEFICIENCY AGREEMENT, INCLUDING THE PIPELINE'S TARIFF RATE AND THE TOTAL VOLUME OF OIL COMMITTED FOR SHIPMENT IN THE PIPELINE, ARE SUFFICIENT TO CAUSE THE CONSTRUCTION OF THE PIPELINE.

CALENDAR ITEM NO. 47 (CONT'D)

- I. THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANY SHIPPER IF THE STAFF OF EITHER THE COASTAL COMMISSION OR THE STATE LANDS COMMISSION HAS NOTIFIED THE LESSEE THAT THAT SHIPPER HAS NOT COMPLIED WITH OR IS NOT IN COMPLIANCE WITH ALL PROVISIONS OF THAT PERMIT.

IF THE COMMISSION DECIDES TO APPROVE A LEASE PROMOTING FULL USAGE OF EXISTING PIPELINE TRANSPORTATION, IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT AN EIR WAS PREPARED AND ADOPTED FOR THIS PROJECT BY SANTA BARBARA COUNTY AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH SECTION 15096(h) OF THE STATE CEQA GUIDELINES, AS CONTAINED IN EXHIBIT G, ATTACHED HERETO.
3. ADOPT THE MITIGATION MONITORING PLAN, AS CONTAINED IN EXHIBIT H, ATTACHED HERETO.
4. FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO P.R.C. §6370 *ET SEQ.*
5. AUTHORIZE ISSUANCE TO GAVIOTA TERMINAL COMPANY OF AN INDUSTRIAL LEASE FOR A MAXIMUM TERM OF 2-YEARS AND 8-MONTHS BEGINNING MAY 1, 1993; IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$230,000, PROVISION OF A \$1,000,000 SURETY BOND; PROVISION OF EVIDENCE OF SELF INSURANCE FOR PUBLIC LIABILITY AND PROPERTY DAMAGE; FOR THE OPERATION AND MAINTENANCE OF AN OFFSHORE MARINE TERMINAL FOR THE TRANSFER OF PETROLEUM OR PETROLEUM PRODUCTS TO TANKER SHIPS ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.
6. REQUIRE THAT THE LEASE ALSO CONTAIN SUBSTANTIALLY THE FOLLOWING PROVISIONS:
  - A. THE TERMINAL MAY BE USED ONLY TO TRANSFER PETROLEUM TO A TANK VESSEL OR TANK VESSELS FOR SHIPMENT TO THE PORTS OF LOS ANGELES OR LONG BEACH OR THE CHEVRON EL SEGUNDO MARINE TERMINAL FOR REFINING IN LOS ANGELES AREA REFINERIES.

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CALENDAR ITEM NO. 47 (CONT'D)

- B. THE TERMINAL MAY NOT BE USED TO TRANSFER PETROLEUM TO ANY TANK VESSEL OTHER THAN DOUBLE-HULLED VESSELS KNOWN AS "CHEVRON OREGON CLASS" TANKERS.
- C. IF ANY OTHER PARTY FILES AN APPLICATION WITH THE COUNTY OR THE COASTAL COMMISSION FOR A PERMIT TO USE THE TERMINAL, AND IF THE LEASE IS NOT CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION, THEN, WITHIN 60 DAYS AFTER ISSUANCE OF THE LEASE OR AFTER THE APPLICATION IS FILED WITH THE COUNTY OR COASTAL COMMISSION, WHICHEVER IS LATER, THE LESSEE SHALL HAVE A COMPLETE APPLICATION SUBMITTED FOR AN AMENDMENT TO THE LEASE TO BE CONSISTENT WITH THE APPLICATION TO THE COUNTY OR COASTAL COMMISSION.
- D. THE LESSEE SHALL CONDUCT AN ANNUAL BATHYMETRIC SURVEY OF THE AREA SURROUNDING THE SIX-POINT MOORING LOCATION AT THE GAVIOTA INTERIM MARINE TERMINAL AS DIRECTED BY THE COMMISSION STAFF.
- E. THE LESSEE SHALL FUND ALL COSTS AND EXPENDITURES INCURRED BY THE COMMISSION IN ADMINISTERING THE LEASE AND IN MONITORING COMPLIANCE WITH MITIGATION REQUIREMENTS.
- F. THE VOLUME OF PETROLEUM THAT IS SHIPPED VIA MARINE TANKER FROM THE TERMINAL SHALL NOT EXCEED ONE HUNDRED THOUSAND (100,000) BARRELS PER DAY ON A QUARTERLY AVERAGE.
- G. THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANYONE WHO IS NOT A SHIPPER; THAT IS, A PERSON OR ENTITY HAVING VALID LEGAL AUTHORITY UNDER A PERMIT ISSUED BY THE COUNTY OR THE COASTAL COMMISSION, EITHER PRIOR TO OR AFTER ISSUANCE OF THE LEASE, TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL
- H. (1) WITH RESPECT TO ANY SHIPPER WHO, PRIOR TO FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER AFTER THAT DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A

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PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF. IF AFTER FEBRUARY 1, 1994, THAT SHIPPER EXECUTES SUCH AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT, THE TERMINAL MAY THEREAFTER BE USED TO LOAD PETROLEUM ONTO A TANK VESSELS OR TANK VESSELS FOR THAT SHIPPER.

- (2) WITH RESPECT TO ANY SHIPPER WHO, AFTER FEBRUARY 1, 1994, RECEIVES A PERMIT FROM THE COUNTY OR COASTAL COMMISSION TO TRANSPORT PETROLEUM BY TANKER THROUGH USE OF THE TERMINAL, THE TERMINAL MAY NOT BE USED TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR THAT SHIPPER DATE UNLESS THAT SHIPPER HAS EXECUTED AN UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT WITH A PIPELINE DEVELOPER DETERMINED TO BE ADEQUATE BY THE COMMISSION STAFF.
- (3) FOR PURPOSES OF THIS ACTION, AN ADEQUATE UNCONDITIONAL THROUGHPUT AND DEFICIENCY AGREEMENT IS ONE WHICH INCLUDES OIL THROUGHPUT VOLUMES SUFFICIENT TO CAUSE THE CONSTRUCTION OR COMPLETION OF THE PIPELINE SYSTEM AND IS ACCOMPANIED BY EVIDENCE THAT ALL DISCRETIONARY PERMITS FOR THE PIPELINE HAVE BEEN OBTAINED. THE BURDEN OF PROOF SHALL BE ON THE SHIPPER TO DEMONSTRATE THAT ALL TERMS OF THE THROUGHPUT AND DEFICIENCY AGREEMENT, INCLUDING THE PIPELINE'S TARIFF RATE AND THE TOTAL VOLUME OF OIL COMMITTED FOR SHIPMENT IN THE PIPELINE, ARE SUFFICIENT TO CAUSE THE CONSTRUCTION OF THE PIPELINE.

7. REQUIRE THAT THE LEASE ALSO CONTAIN A PROVISION WHICH PROHIBITS USE OF THE TERMINAL TO LOAD PETROLEUM ONTO ANY TANK VESSEL FOR ANY SHIPPER WHO HAS NOT ENTERED INTO A SEPARATE AGREEMENT WITH THE COMMISSION, THE PROVISION OF WHICH SHALL SUBSTANTIALLY INCLUDE THE FOLLOWING:
  - A. THE SHIPPER SHALL TRANSPORT THROUGH EXISTING PIPELINES TO THE LOS ANGELES AREA PETROLEUM WHICH WOULD OTHERWISE BE TRANSPORTED THROUGH THE TERMINAL, THE AMOUNT OF WHICH SHALL EXCEED A MINIMUM ESTABLISHED FOR EACH QUARTER OF EACH YEAR OF THE LEASE.
  - B. THE MINIMUM VOLUME TO BE TRANSPORTED THROUGH EXISTING PIPELINES EACH QUARTER SHALL BE ESTABLISHED AT LEAST TWENTY-FIVE DAYS IN ADVANCE OF THE BEGINNING OF EACH

CALENDAR ITEM NO. 47 (CONT'D)

QUARTER IN ACCORDANCE WITH A FORMULA ESTABLISHED BY THE STAFF REFERENCING CAPACITY AVAILABLE ON THOSE PIPELINES DURING RECENT PREVIOUS MONTHS.

- C. PROVISION SHALL BE MADE TO REDUCE THOSE MINIMUM REQUIREMENTS FOR EMERGENCIES AND WHERE NECESSARY SO THAT USE OF THE EXISTING PIPELINES BY THE SHIPPER DOES NOT PREVENT USE OF THOSE SAME PIPELINES BY THOSE TRANSPORTING PETROLEUM FROM THE SAN JOAQUIN VALLEY TO THE LOS ANGELES AREA.

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EXHIBIT "A"

LAND DESCRIPTION

PRC 7075

Four parcels of tide and submerged land in the Pacific Ocean approximately one half mile east of Gaviota, Santa Barbara County, California, said parcels being described as follows:

PARCEL 1 - PIPELINES

A strip of tide and submerged land 35 feet wide, the centerline of which is described as follows:

BEGINNING at a point which bears N89°07'35"E, 3906.03 feet from United States Coast and Geodetic Survey Monument "TANK, 1933", as shown upon Sheet 19 of 39, of certain maps prepared by the State Lands Commission entitled "Survey of the Mean High Tide Line Along the Shore of the Pacific Ocean", said maps being filed for record in Book 41 of Miscellaneous Maps, pages 12-50, inclusive, on April 20, 1959, in the Office of the County Recorder of Santa Barbara County; thence into the Pacific Ocean S30°41'36"W 1009.10 feet; thence S30°40'00"W 1422.91 feet; thence S00°00'00"W 1570.00 feet to a point designated "A" and the end of the herein described centerline.

PARCEL 2 - BUOYS

A circular parcel of submerged land 2000 feet in diameter, the center point of which is located as follows:

BEGINNING at the point designated "A" in Parcel 1 above; thence S48°34'35"E, 226.72 feet to said center point.

PARCEL 3 - BUOY

A circular parcel of submerged land 20 feet in diameter, the center point of which is located as follows:

BEGINNING at the point designated "A" in Parcel 1 above; thence N20°15'12"W 816.88 feet to said center point.

PARCEL 4 - BUOY

A circular parcel of submerged land 20 feet in diameter, the center point of which is located as follows:

BEGINNING at the point designated "A" in Parcel 1 above; thence N74°04'56"W 1987.20 feet to said center point.

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Exhibit "A" (cont.)

PRC 7075

EXCEPTING FROM above described Parcel 2 any portion thereof lying within above described Parcel 1 and ALSO EXCEPTING any portion of Parcel 1 lying landward of the ordinary high water mark.

This description is based on the California Coordinate System of 1927, Zone 6.

END OF DESCRIPTION

REVISED OCTOBER 24, 1986 BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

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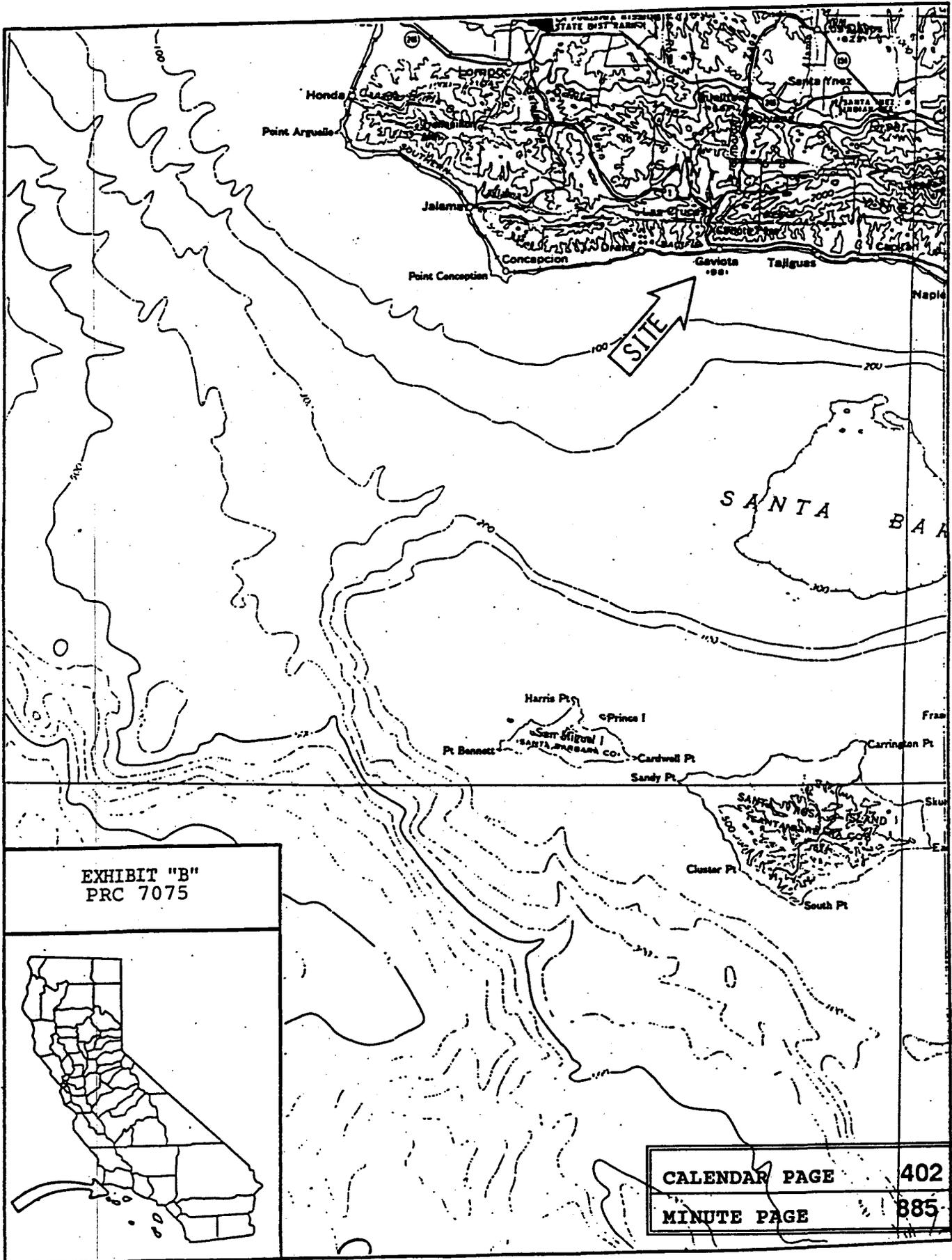


EXHIBIT "B"  
PRC 7075



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**OWNERSHIP SHARES OF FACILITIES  
RELATED TO  
THE POINT ARGUELLO PROJECT**

There are twelve separate and independent corporations represented in the Point Arguello project. They all have ownership in the Chevron Oil and Gas Plant. Ten have interests in the offshore platforms. Four of the ten have interests in the Gaviota Interim Marine Terminal with Exxon also having an interest. The other six have formed the Mariposa Pipeline Company, which would allow them to bypass the GIMT when delivering oil to the All American Pipeline.

Percentage Ownership in Point Arguello Partnerships

<u>Company</u>	<u>Mariposa Pipeline</u>	<u>Gas Plant</u>	<u>Oil Plant</u>	<u>Marine Terminal</u>
*Union Pacific	23.62	5.70	5.80	
*Pennzoil	42.44	9.36	8.18	
*Koch	17.69	4.09	3.57	
*Oxbow	7.00	1.74	1.52	
*Harvest	4.83	1.23	1.07	
*Simmons	4.42	1.12	0.98	
*Chevron		24.74	22.32	25.00
*Texaco		13.28	11.61	20.00
*Phillips		24.74	20.09	25.00
*Oryx		8.01	7.00	10.00
Four Corners		6.00	13.39	
Unocal			4.46	
Exxon				20.00
Total interests of:				
Mariposa Owners	100.00%	23.24%	21.12%	0.00%
GIMT Owners	0.00%	70.76%	61.03%	100.00%

\* Has interest in Point Arguello offshore platforms.

Exhibit C

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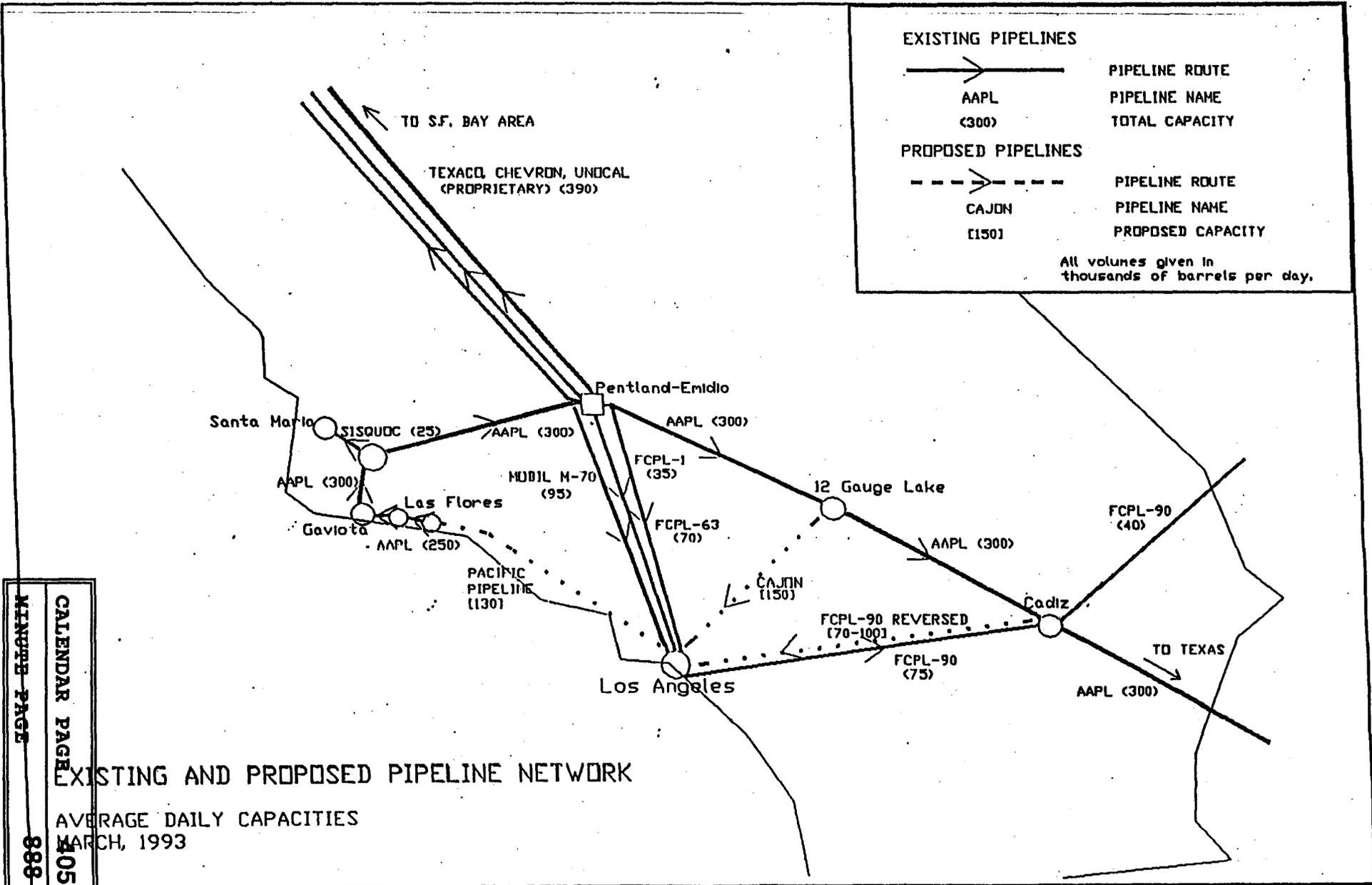
**PERCENTAGE OWNERSHIP OF POINT ARGUELLO FIELD PRODUCTION IN SEPTEMBER, 1992**

The percentage of total field production assigned to each lease is based upon the 50,000 barrels per day production in September of 1992. Each figure in each Column A represents the percentage ownership of the company in the particular lease. Each figure in each Column B represents the percentage ownership of the total production from the Point Arguello Field coming from the specified company's share in the particular lease; i.e., percentage of field production coming from the lease multiplied by the percentage ownership of the lease. Adding all of the figures from the "B" Columns gives you the percentage ownership of the total field production for September of 1992.

LEASE	315		316		450		451		Percentage Ownership of P.A. Field Production
	A	B	A	B	A	B	A	B	
Percentage of Total Field Production from Lease	42.4%		39.3%		14.2%		4.1%		
COMPANY	A	B	A	B	A	B	A	B	
CHEVRON	0.0%	0.0%	40.0%	15.7%	50.0%	7.1%	44.5%	1.8%	24.6%
PHILLIPS	0.0%	0.0%	40.0%	15.7%	50.0%	7.1%	44.5%	1.8%	24.6%
UNION PAC.	0.0%	0.0%	20.0%	7.8%	0.0%	0.0%	11.1%	0.5%	8.3%
TEXACO	35.0%	14.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.9%
PENZOIL	25.0%	10.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.6%
SUN	20.0%	8.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%
KOCH	10.5%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%
QXBOW	4.1%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%
HARVEST	2.8%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%
SIMMONS	2.6%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%

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 CHEVRON PAGE 404

Exhibit D



MINOR PAGE  
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EXISTING AND PROPOSED PIPELINE NETWORK  
 AVERAGE DAILY CAPACITIES  
 MARCH, 1993

**EXHIBIT F**  
**LIMITATIONS ON USE OF**  
**FOUR CORNERS PIPE LINE COMPANY'S LINE 63**

The fundamental limiting factor on use of existing pipelines for delivery of Point Arguello production to the nearest major refinery market, Los Angeles, is that the only available pipeline is Line 63, belonging to Four Corners Pipeline Company (FCPL). FCPL's other line in the area, Line 1, cannot take the kind of heavy oil produced from the Point Arguello Field, and the only other pipeline into Los Angeles, Mobil's M-70, is a proprietary line with no available capacity.

Line 63, though, has two potential problems: it can be used only to deliver blended oil, and its available capacity is insufficient to deliver all of the Point Arguello production to the Los Angeles market.

**1. The "Blend" Issues**

The concern about blended oil arises because Point Arguello Field production has a very high viscosity. While tankered oil can be delivered unblended, called "neat," Line 63, being unheated, cannot be used to ship heavy crude unless it is first blended with at least a small percentage of lighter crude. The Point Arguello Producers claim this gives rise to two problems: a higher refining cost and the potential for shortages of light crude used for blending.

Blended oil costs more to refine than unblended heavy or light crude because it must be sent through a preliminary process to separate the various grades of crude before refining. Texaco and Chevron contend that this preliminary step adds costs of between \$0.50 and \$1.50 per barrel and reduces the marketability of the oil.<sup>1</sup> However, two independent studies dispute this, finding that the added expenses are in fact negligible.<sup>2</sup> Furthermore, in recent months, the Point Arguello Producers have not apparently had any problem with marketing their oil blended. Approximately 44 and 58 thousand barrels per day (MBD) of the blend were shipped to Los Angeles in February and March, 1993, respectively. According to nominations made on Line 63, April of 1993 will see 57 MBD similarly sold.

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1. In a report commissioned by the PA Producers, "Point Arguello Crude Oil Marketing," dated July 6, 1992, Pervin & Gertz, Inc. claimed that, because of these added costs, the market in L.A. for this blended crude was only about 15 to 20 MBD.

2. See "Market for Blended Point Arguello Crude in Los Angeles Refineries," by the Pace Consultants, Inc., July 17, 1992, commissioned by All American Pipeline Company; and "Analysis of Refining/Transportation Issues Associated with Chevron's O-6-4 Application," by A.D. Little, August 3, 1992, commissioned by the County of Santa Barbara.

The other "blend" issue concerns the availability of blend stock. For shipment on Line 63, pure Point Arguello production, called "OCS Heavy," is blended with another blend of heavy and light crudes from the San Joaquin Valley, called "SJV Blend" or "Line 63 Light." The overall result is called "OCS Blend" or "HVHS." SJV Blend must be comprised of about 40% or more light crudes, called "diluent." Most California production is heavy, and the light crude, being easier to refine, commands a higher price. Various producers claim that requiring increased shipments on Line 63 will cause artificial shortages of the San Joaquin Valley light crudes needed for blending.

In fact, no shortage appears likely. Where Texaco and GTC have claimed that OCS Blend must be 10% to 12% light diluent for shipment on Line 63 (i.e., 25% to 28% SJV Light), the pipeline's operator, FCPL, insists that the line can easily take OCS blend with only about 6% diluent (i.e., about 10% to 12% SJV Light).<sup>3</sup> In 40 MBD of OCS Blend, then, less than 3 MBD would be the higher priced light crude. Currently, 56 MBD of this light crude are produced from Elk Hills, 20 MBD of which is being sent to the Strategic Petroleum Reserve in Louisiana because of its low price. Other sources also exist. While prices may rise somewhat, ample supplies therefore appear available to meet any demand which may arise from increased use of Line 63. No changes in this situation are reasonably foreseeable at this time for the three-year life of the lease in question.

Any problem which might exist with respect to blended oil would be resolved by construction of a new pipeline to Los Angeles. All three of the projects currently being reviewed could be used to deliver neat production.

## 2. The Capacity Issue

It is generally undisputed that Line 63 is not large enough to deliver all of the Point Arguello Producer's oil if deliveries of San Joaquin Valley production continue. They want to market about 70 MBD in Los Angeles, but estimates as to the available capacity on the pipeline range from 10 to 60 MBD. The lack of this existing capacity is the primary reason why the Point Arguello Producers claim to need tankering.

The difficulty is determining how much capacity is in fact available. Figures vary because of the amount of San Joaquin Valley production shipped to Los Angeles. While competition from Point Arguello production may keep competing oil out of the Los Angeles market, some Central Valley producers may nevertheless increase their

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3. In a report for the County, entitled "Analysis of Refining/Transportation Issues Associated with Chevron's Q-6-4h Application" and dated August 3, 1992, Arthur D. Little, Inc. states that OCS Blend on average is comprised of about 15% SJV Blend. However, more recent shipments on Line 63 have contained a smaller percentage light crudes, so OCS Blend with 10% SJV Blend has been shown to be feasible.

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shipments on Line 63 at some time in the future. As a common carrier, the facility must accommodate that crude. The viscosity of the oil actually shipped also affects capacity at any given time, since high viscosity crude moves more slowly than lighter oil.

From information supplied to the Commission by the operators of the pipeline, however, it would appear that 30 to 60 MBD of OCS Blend could have been shipped through Line 63 throughout 1992. It may be reasonably foreseeable to expect the same amount of available capacity over the next three years.

This issue would also be resolved with the installation of new pipeline capacity. The capacity of the three proposed projects range from 70 to 150 MBD, all large enough to meet the Los Angeles market demands for new heavy production from the Santa Barbara Channel.

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EXHIBIT G

GAVIOTA INTERIM MARINE TERMINAL PROJECT

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS

**INTRODUCTION:**

The State Lands Commission (SLC) is a Responsible Agency within the meaning of Section 21069 of the California Environmental Quality Act (CEQA) and Section 15381 of the State CEQA Guidelines (14 Cal. Code Regs. 15000 et seq.) for the consideration of a lease application before the Commission by the Gaviota Terminal Company (GTC) to operate the Gaviota Interim Marine Terminal (GIMT).

As a Responsible Agency, under 14 Cal. Code Regs. Section 15096(h), the SLC must make the Findings required by Section 15091 of the California Code Regulations for each significant impact<sup>1</sup> of the project, with specific emphasis on those impacts over which it has jurisdiction, and adopt a Statement of Overriding Considerations for the project as required by Section 15093, if necessary. It may also require changes in the project to lessen or avoid only the effects, direct or indirect, of that part of the project which it will carry out or approve (14 Cal. Code Regs. 15041 (b)).

Pursuant to 14 Cal. Code Regs. Section 15091(a), the SLC must adopt one or more of the following findings for each significant impact:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.
- (2) Such changes or alterations are within the responsibility and jurisdiction of another public agency. Such changes have been adopted, or can and should be adopted, by such other agency.
- (3) Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the final SEIR.

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<sup>1</sup> Significant impacts include those which cannot be mitigated to a level of insignificance (Class I) and those which can be mitigated to a level of insignificance (Class II).

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**FINDINGS OF THE CEQA LEAD AGENCY:**

On August 19, 1992, the County of Santa Barbara (County), acting as the CEQA Lead Agency, certified that the Supplemental Environmental Impact Report/Statement (SEIR/S) #92-EIR-04 (SCH#91051037), entitled "GTC Gaviota Marine Terminal Project", had been completed in compliance with the California Environmental Quality Act (CEQA).<sup>2</sup>

The County adopted Findings, including a Statement of Overriding Considerations, pursuant to 14 Cal. Code Regs. Sections 15091 and 15093, respectively (Attachment 1), for its shipper's permit (Q-6) to the Point Arguello Producers (PAP) for the use of the GIMT. This action incorporated mitigation measures to which GTC has committed, pursuant to Conditions A-28 and A-30 of the GIMT Final Development Plan (FDP), to modify, in reliance on and as a consequence of the SEIR/S, GTC's existing County permit for the GIMT (86-DP-90cz)<sup>3</sup>.

These mitigations are to be in place prior to the start of tankering from the terminal to ensure maximum feasible mitigation as recommended in the SEIR/S. A copy of the mitigation packages incorporated by the County in GTC's amended FDP are included as Attachment 2. The Findings made by the County as the CEQA Lead Agency for each of these discretionary actions are incorporated into this Exhibit and made a part hereof by this reference.

**FINDINGS OF THE STATE LANDS COMMISSION AS A RESPONSIBLE AGENCY UNDER CEQA:**

The SLC has considered the impacts and mitigations which were identified in the SEIR/S as being within the Commission's jurisdiction as a CEQA Responsible Agency and pursuant to 14 Cal. Code Regs., Sections 15041(b) and 15096(h), makes the following specific Findings based on the SEIR/S and the substantial evidence in the record.

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<sup>2</sup> The SEIR/S was prepared by a Joint Review Panel consisting of the County, SLC, and the U.S. Army Corps of Engineers as the federal Lead Agency under the National Environmental Policy Act (NEPA)

<sup>3</sup> The GIMT, under the provisions of the County's FDP, has a permitted throughput of 100,000 barrels per day.

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**PROJECT-RELATED IMPACTS****SYSTEM SAFETY****Impact:**

**An oil spill at the GIMT, the El Segundo Marine Terminal, other terminals in the Port of Los Angeles, and along the route of tankers using the GIMT, including fire and explosion due to equipment failure or human error, and consequent clean-up operations, could result in significant impacts to air quality, land resources, public recreation, marine water quality, marine biological resources, visual resources, and socioeconomic values.<sup>4</sup>**

**Finding:**

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

**Facts Supporting the Finding:**

The SEIR/S analyzed the potential impact of several sizes and locations of potential oil spills that might result from the operation of the GIMT and related destination facilities. The SEIR/S concluded that even relatively small spills, such as 1,000 barrels at the terminal, larger spills of 10,000 barrels (American Trader size) or a catastrophic spill of 100,000 barrels or more further offshore and along the route to the Los Angeles area refineries, will result in significant impacts on the coastal environment which could not be mitigated to a level of insignificance.

The County of Santa Barbara, acting as the CEQA Lead Agency, and the California Coastal Commission (CCC) as a Responsible Agency, have required extensive conditions and mitigations for this project. The SLC has reviewed and considered this information and the other substantial evidence in the record regarding this impact.

The SLC is adopting all mitigations contained in the SEIR/S which were identified to be within its direct authority. Such mitigation will provide added safeguards to both prevent and further reduce the potential impacts from interim terminal operations. The preventative mitigations proposed for terminal operations and the tankers' navigational

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<sup>4</sup> The Significant impacts identified in the SEIR/S, which the Commission has authority to mitigate, include those to marine water quality, marine biological resources, marine resources harvesting/fisheries, and recreation.

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route from Santa Barbara, will reduce the risk of an oil spill and the damage which could occur in the event of a spill, but will not reduce the potential impacts to a level of insignificance. Many of these mitigation measures apply specifically to the detailed operations of the spread mooring and are intended to reduce the potential for an operational spill. Some of the recommended mitigations are already required by the Commission's Marine Terminal Regulations which were developed and adopted pursuant to the provisions of SB 2040, the State's Oil Spill Prevention and Response Act, which went into effect subsequent to the County's certification of the SEIR/S. Such instances are noted as appropriate below.

**Mitigation #1: Limit Terminal Use to Chevron Oregon Class Tankers**

Only the double-hulled Chevron Oregon, Chevron Washington, and Chevron Louisiana of the Chevron Oregon class tankers shall be allowed to enter and load crude oil at the GIMT. They must arrive at the terminal with all cargo tanks empty. No other double-hulled tankers shall ship oil under this lease unless the Executive Officer, in consultation with the Executive Director of the California Coastal Commission (CCC) and the Director of the Resource Management Department (RMD), County of Santa Barbara has determined that such tanker adequately meets the Project Description of the SEIR/S (92-EIR-04).

The limitation that only the three designated Chevron Oregon class tankers use the terminal will help assure that only the safest type vessels, and those least susceptible to spills in the event of collision or grounding, would use the terminal. This would minimize the risk of a spill as a result of these occurrences. Furthermore, the requirement that the tankers arrive at the terminal empty eliminates the potential for a major spill over one transit of each vessel along the coast and also reduces the duration of residence and activity of a loaded tanker in the near coast area, thus further reducing the chance of a spill.

As discussed in the SEIR/S, several studies have examined the risks of oil spills of different types of vessels and found that double-hull vessels, those with double sides and double bottoms, constitute the safest type of design. A conservative conclusion based on a review of the literature arrived at by Sandwell, Inc. in preparing the SEIR/S is that 27% less oil is likely to be spilled by double-hull tankers as compared to single-hull vessels. A 1990 study by Det Norske Veritas, entitled: "Comparative Study of Potential Oil Spill in Collision and/or Grounding- Different Tanker Designs" concluded that in addition to a lower risk of a spill occurring due to their double shell, a 40,000 deadweight tons (DWT) tanker will spill 37% less of its load than a tanker of conventional design. Similarly significant reductions were estimated in a 1991 study entitled: "Tanker Spills: Prevention by Design" prepared for the National Research Council/Committee on Tank Vessel Design. These studies were prepared pursuant to the mandate of the Oil Pollution Act of 1990.

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In further support of the conclusions of the SEIR/S, a 1993 report by the U.S. Department of Transportation to Congress, prepared by the National Academy of Sciences for the U.S. Coast Guard, concluded: "No other designs are presently available that would provide equal or greater protection to the environment than that provided by double hull tankers."

**Mitigation #2: Require Crew Size of 21**

Require crew size of 21 on the Oregon Class tankers arriving to load at the GIMT. This requirement shall include an additional Third Mate, who may act as the Assistant Mooring Master.

The requirement of additional crew members (increased from 16 to 21) is designed to specifically provide for a Third Mate, a crew member who would not have been on watch, would be properly rested and could serve as the Assistant Mooring Master, or the required "third pair of eyes," during mooring and departure operations. This enhancement in the overall safety during mooring operations has been voluntarily implemented by Chevron. However, including it as a required mitigation further ensures that it will be sustained for the term of the lease.

**Mitigation #3: Transport of Mooring Master from Ellwood Pier**

Require the Mooring Master and Assistant Mooring Master to depart for boarding arriving vessels from the Gaviota or Ellwood Pier, if allowed by the County of Santa Barbara.

As contemplated in the operation of the GIMT, the Mooring Master and Assistant Mooring Master would board the launch "Becky" in Santa Barbara Harbor and sail from there to board the tanker about two miles off the mooring at Gaviota. This exposes the Mooring Master to a three-to-four-hour passage from Santa Barbara before boarding the tanker. Under relatively adverse weather conditions, such as three- to four-foot waves, personnel may arrive at the mooring site tired and uncomfortable. There is also the possibility that they may have to wait for the inbound vessel to arrive at the boarding point for as long as one hour. The Mooring and Assistant Mooring Master would then faced with a critical mooring operation of one-to-two-hours followed by a ten-hour loading operation and a one-to-two-hour departure operation.

In order to reduce any possible impact of fatigue on the performance of the Mooring Master, the SEIR/S recommended that GTC obtain permission to use the nearest possible facility for delivering the Mooring and Assistant Mooring Master on board the "Becky", such as using a new general purpose jetty built at Gaviota, the existing pier at Gaviota State Beach west of the terminal, or another existing pier such as the Ellwood

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pier. Adding an Assistant Mooring Master, who must also come from shore, would not eliminate the fatigue factor, if the two men were to board the "Becky" together in Santa Barbara Harbor.

Because of a prohibition by the County of Santa Barbara against the use of recreational facilities for industrial purposes, the closest feasible pier GTC may use is the Ellwood Pier. Therefore, GTC is required, prior to start of tankering, to obtain permission from Mobil to use the Ellwood Pier.

#### Mitigation #4: Master's Safety Declaration

The Ship's Master shall present to the Mooring Master, upon boarding the vessel, a signed declaration of the status of all necessary and essential navigational equipment.

After boarding the tanker, the first task of the Mooring Master, prior to arrival at the terminal, is to confirm that all maneuvering, propulsion, and navigation systems are functioning. Any potential problems with these systems would affect the decision to berth the vessel. It is standard practice for one of the ship's officers to check that all essential navigation equipment has been tested prior to arrival and departure.

Accordingly, the ship's Master presents the Mooring Master, upon boarding, a signed declaration, in the form of a predesigned checklist, indicating the status of all necessary and essential navigational equipment. Presentation of a satisfactory declaration will be recorded in the vessel's log and movement book.

To maximize safety and further reduce the risk of fire or explosion, the following additions or modifications in the GIMT Operations Manual will be made to the existing Mooring Master's Declaration of Inspection (numerals refer to numbering system adopted in the declaration of inspection):

3. Mooring lines in good condition.
56. All tools used on deck to be of approved spark proof type.
58. Inert Gas System (IGS) deck water seal inspected and shown to be in sound operational condition.

Verification that the mooring lines are in good condition will help ensure that the tanker will stay in place in the berth and not drift to any extent which will cause the hose/manifold seal or the flexible hose to leak or break, causing a leak.

A tanker explosion is most likely to occur during cargo transfer operations. The requirements for the use of only spark proof tools on deck will ~~prevent ignition, caused~~

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by static electricity during the hookup and disconnecting of hoses, of an oil spill on deck.

Vapors in the flammable range typically exist when the cargo space is empty or near empty and when, at the same time, the inert gas system is malfunctioning. Inspecting the IGS water deck seal prior to each start of cargo transfer to ensure it is not leaking, will prevent these flammable vapors from reaching the deck and eliminate the possibility of ignition.

#### **Mitigation #5: Bridge Simulation Training**

Mooring Masters serving the GIMT shall be required to undertake full bridge simulator training in response to emergency conditions including, but not limited to, anchors failing to drop on approach; steering gear or main propulsion failing on approach; departure in weather conditions too severe for line boat assistance; and night berthing.

Mooring Masters and Ship's Masters are licensed and must meet specific qualifications and training and experience requirements. They are trained to handle vessels in extreme weather conditions, but additional training has been recommended in anticipation of conditions expected to be encountered at the GIMT.

To maximize safety of terminal operations, the Mooring and Assistant Mooring Masters at Gaviota will undertake full bridge simulator training with specific emphases on responding to emergency conditions at the GIMT, including, but not limited to:

- Anchors failing to drop on approach
- Steering gear or main propulsion failing on approach
- Departure in weather too severe for line boat assistance.

These specific simulation training requirements were based on the location and site-specific parameters of the GIMT, such as the terminal's proximity to shore and local currents, as discussed in the SEIR/S. The additional training was considered to be particularly important because the above situations may occur only once or twice in a Mooring Master's professional life, and because such training would better prepare the Mooring Master to respond with the correct sequence of actions needed under these and other varying and adverse conditions at the terminal.

An anchor failing to drop on approach will most likely result from a lapse in communication or a human error while the tanker is headed toward shore. The Mooring Master should be prepared to advise the Vessel Master of swift and appropriate action, including employment of the vessel propulsion and steering systems and obtaining quick tug assistance to prevent tanker grounding.

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Failure of the steering gear and/or main propulsion on approach, a mechanical failure, would prevent the tanker from maneuvering and may also lead to grounding. Providing the Mooring Master with simulated training on such maneuvers as quickly dropping the anchors if the engine fails while avoiding snagging the terminal's pipelines, practicing the use of tug assist under adverse wind and wave conditions, including tying the tug up to the vessel quickly would prepare him/her to better advise the Vessel Master about swift and correct response to such occurrences.

Under normal operating procedure, the line boats go to each mooring buoy and release the line which is then pulled onto the deck by the tanker. If weather conditions change quickly and do not allow for normal line boat operations, the Mooring Master should be practiced and prepared to advise the Vessel Master on action to take to release the lines from the vessel for quick departure. This requires actual reeling of the line from the winches on the vessel. Factors to be considered by the Mooring Master include the order of releasing the lines and, more importantly, maneuvering out of the area with six loose lines in the water which may damage the vessel on its quick exit.

#### Mitigation #6: Inspection and Maintenance.

Conservative intervals for the inspection of the mooring system shall be established.

The mooring system in the coastal environment is exposed to considerable wave action and abrasion of the chain on the seabed. An August 1991 inspection of the mooring system at Gaviota indicated substantial wear of the ground and dip sections of the chain.

Because the existing mooring system has never been used for loading operations, the SEIR/S deemed it necessary to test the mooring system design and wear under real operating conditions in the Gaviota environment. Visual inspection of the dip section and ground tackle within the first year of operation and pulling at least three of the anchors and inspecting the chain and "D" shackles for wear, will determine the frequency of subsequent inspections.

The SLC will also conduct its triennial system safety and structural engineering inspection as required by its Marine Terminal Operations Regulations. The inspections required by these Regulations may be more frequent than the initial annual inspections may indicate to be advisable within the considerations of the SEIR/S.

#### Mitigation #7: Navigation Aids

Install a frequency agile RACON navigation system to mark the marine tanker approach line and bearing information at GIMT in limited ~~visibility conditions.~~

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Additional range markers, with adequately sized dayboards, lights and radar reflectors, shall also be provided on shore in order to reduce the risk of dropping an anchor in the vicinity of the PLEM.

The present range markers provide a clear approach to the terminal mooring site. However, this range could be improved for operations in limited visibility by introducing a frequency agile RACON to provide the established approach bearing. RACON marker systems assist tankers position themselves by each marker recognizing a signal sent to it and returning a distinct signal back to the sender. Numerous systems are commercially available. The addition of range markers on shore, with adequately sized dayboards, lights, and radar reflectors, would reduce the real risk of dropping an anchor in the vicinity of the Pipeline End Manifold (PLEM). With careful siting, the installation could facilitate both port and starboard anchor drop positions.

#### Mitigation #8: Night Berthing

Allow night berthing only when the following conditions at the GIMT are met: (i) A frequency agile RACON navigation system to mark the marine tanker approach line has been installed; (ii) Range lights or an equivalent system approved by the Executive Officer to mark the anchor drop locations have been installed; (iii) Lights on the mooring buoys have been installed and lit for such operations; (iv) The tanker coming in for night berthing at the GIMT has previously moored at the Terminal at least 25 times and the Mooring Master in attendance has conducted at least 10 daylight berthings of the Chevron Oregon class tankers at the GIMT.

The SEIR/S recommended that night berthing should not be permitted at the GIMT because of limited visibility. However, upon further consideration of this prohibition with the system safety consultants who prepared the SEIR/S, Santa Barbara County developed additional mitigation measures to improve the safety of night berthing. These set forth RACON marks, special lighting and stringent minimum berthing experience requirements.

The Commission's own marine experts in the Marine Facilities Inspection and Management Division concur that compliance with the safety precautions contained in the proposed mitigation should render night berthing at the GIMT an acceptable critical operation.

#### Mitigation #9: Conditions for Aborting Loading and Departure.

Establish "cease operation" requirements for aborting loading and departure based on an analysis of meteorological/wave relationships pertinent to Gaviota. The

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limits for ceasing operations, which is a six foot wave, shall be restated to require consideration of existing or predicted wave conditions two hours later when the vessel would be completing departure as follows:

GTC has proposed that the terminal operating limits be established by the operating capability of the tanker. The Oregon class vessels equipment may allow them to operate under slightly more severe weather conditions without bow thrusters. However, to maximize safety and mitigate potential impacts to the maximum extent feasible, the conservative operational limits are established, dependent on the capabilities of the MV Becky should the tanker's bow thrusters fail.

The result is that a tanker at the GIMT must stop loading when six-foot waves arise. This is the wave height limit for the safe operation of the Becky.

The SEIR/S recommended that limits for ceasing operations in relationship to wind and wave conditions should be restated. Existing or predicted wind conditions should be set out with existing wave heights to predict wave heights two hours later, when the vessel would be completing its departure. For instance, a 28-knot wind blowing for two hours creates a four-foot wave. The tanker should commence departure operations under these conditions. After another two hours, the 28-knot wind will increase the waves to a height of six feet, which is the operating limit of the Becky.

The "cease operation" limits as described in the SEIR/S must be included in GIMT's Marine Terminal Operations Manual. Their inclusion will ensure that loading does not continue under conditions which would be too adverse for the safe deployment of boom and effective recovery of oil, if a spill were to occur. The revised Manual will be reviewed and approved by the Executive Officer prior to the commencement of tankering from the terminal..

#### **Mitigation #10: Tsunami Warning in Mooring Manual**

GTC shall prohibit tankers from approaching the mooring when visibility drops below one nautical mile or when a Tsunami warning which could affect the Gaviota area has been issued by the National Weather Service.

Even with the additional navigational aids, it appears prudent to avoid unnecessary risks of accidents associated with conducting mooring operations under conditions of very low visibility, or when a Tsunami warning has been issued for the Gaviota area by the National Weather Service. These provisions will be required within the terminal Operations Manual.

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**Mitigation #11: Real Time Wind, Wave and Current Instrumentation**

Prior to the commencement of tankering, GTC shall provide to the Executive Officer a description of all monitoring equipment that relays information about wind, wave and current conditions, employed at the GIMT and on all tankers calling at the terminal. At a minimum, GTC shall have installed a current meter capable of providing data obtainable from shore and/or the bridge of the tanker prior to the commencement of tankering.

In order to maximize the safety of terminal operations and minimize the risk of a potential oil spill at the GIMT, it is important that vessel mooring limitations for persistent conditions associated with major weather and wave systems are based on the most accurate wind, current, wave and that weather information be available to the Mooring Master and the Vessel Master so that critical operations decisions at the terminal, including carrying out those required in Mitigation #9, are well founded.

Real time measurement of winds, waves, and currents close to the mooring site will provide such necessary information. Staff has confirmed that wind speed monitoring is already being carried out at the GTC Operations and Control Center (OCC) and that the current meter has been installed and is operating. Other than buoy measurements of wave height elsewhere in the channel, wave height at the terminal during loading operations must be determined and agreed upon by the Mooring and Vessel Masters. The measured data will be made available to the Mooring Master by radio or telephone to aid in decisions on approach course and safety of the vessel in the mooring. These data should be recorded for later review in statistical format.

**Mitigation #12: Monitoring, Recording and Reporting**

The Mooring Master or Assistant Mooring Master and the Vessel Master shall monitor, agree on, and log, the wind speed and wave height at the mooring at four hour intervals beginning with the arrival of the tanker at the berth, and report the data to the Terminal Person-in-Charge for appropriate entry into the Terminal's operations log. Any significant weather changes shall be reported to the Terminal Person-in-Charge when they occur.

See Facts Supporting Finding for #11 above.

**Mitigation #13: Emergency Hose Operations**

To reduce hose disconnect time in case of emergencies and reduce the risk of accidental spills, hose equipment operations shall be modified to: replace synthetic rope hose strops with chain and a hose cradle with designed lifting and maneuvering

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points attached to the hose itself; install quick release manifold coupling such as "camlock" or equivalent hydraulic manifold clamps; and replace butterfly valves on the cargo hoses with keyed valve shafts.

In the case of an emergency, it is imperative that operations involving the oil transfer hose be conducted expeditiously and safely to prevent a spill. The SEIR/S identified systems which are inherently safer than others and which should replace those currently in use. There are three principal areas where such changes could substantially improve the safety and time required for disconnect and departure operations:

- Elimination of Synthetic Rope Hose Strops. The present hose connect/disconnect operation uses two synthetic rope strops to lift, maneuver, and support the hose throughout its length. These strops are spliced and are repeatedly hit, using a wrench, or similar club, to tighten up the bight. This causes damage to the fibers which are also exposed to weathering and impregnation with oil which increases their chance of failure.

These hose strops will be eliminated and replaced with a system consisting of a hose cradle with designed lifting and maneuvering points attached to the hose itself. Chain, instead of synthetic rope, will be attached to the cradle with safety type clips. The cradle will support the cargo hose where it is bent over the ship's side. This will help eliminate the risk of an accident caused by strop failure.

The proper design and placement of the cradle and attachment points will help expedite the hose connection operation.

- Quick Release Manifold Coupling. The operation of current terminal systems for disconnecting the hoses from the ship's manifold and blanking, pressurizing, and lowering to the hose onto the seabed, require approximately one and a half hours. Shortening this time period for emergency situations such as rapidly deteriorating weather conditions may prove to be critical.

"Camlock" or equivalent hydraulic manifold clamps which will substantially reduce the emergency disconnect and departure time are to be installed by GTC prior to the start of tankering.

- Check Valves on Hose End. The currently used butterfly valve on the cargo hose manifold end has an attached open/close lever rather than a keyed valve shaft. In the present configuration, this valve may be accidentally opened while on the sea bed or if it catches on the ship's structure during disconnect operations. The existing valve must be replaced with a keyed valve shaft on the butterfly valve at the end of the flexible prior to the start of tankering.

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**Mitigation #14: Monitoring and Control of Vessel Traffic**

Establish a vessel movement tracking and monitoring system for vessel approach to the GIMT and for assisting in safe mooring and departure operations. This system shall include a VTSS traffic control system on Platform Gail or Platform Grace at the southeast end of the channel.

The SEIR/S describes the western end of the Santa Barbara Channel, offshore of Point Conception, as a point of convergence for inbound deepsea vessels transiting the Pacific Ocean and for outbound deepsea vessels on their initial leg of a Great Circle Route across the Pacific. An extension of the Santa Barbara Channel Vessel Traffic Separation Scheme (VTSS) to the west and establishment of a Precautionary Zone has been proposed by the U.S. Coast Guard (USCG) and approved by the International Maritime Organization (IMO). The USCG has installed a beacon and a RACON on Platform Harvest.

The SEIR/S states: "This convergence zone has the highest risk for a marine casualty involving GMT tankers in the Santa Barbara Channel area. Thus, it is important for the state and local agencies to request expeditious installation of navigational aids on Platform Harvest to allow implementation of the extended VTSS and the Precautionary Zone."

In its action on GTC's permit application, the CCC described several safety-related programs which are in place to improve vessel safety along the route Chevron vessels will follow between GIMT and their Los Angeles area refinery destinations. First are the voluntary north and southbound traffic "lanes" known as the Traffic Separation Scheme (TSS). Second is the Ship Traffic Warning System (STWS) at Platform Harvest, whose purpose is to monitor vessels' positions with respect to the three point Arguello Field platforms and warn any vessel which might be on a collision course with any of the platforms.

At the Los Angeles end of the tanker route, there is the voluntary Vessel Traffic Information Service (VTIS) operated by the Marine Exchange. The Los Angeles/Long Beach Harbor Safety Committee has recommended the formation of a federal or private mandatory Vessel Traffic System for this area.

In its modification of the FDP, the County of Santa Barbara established a Vessel Traffic Radar System (VTRS) at the terminal to be linked with the STWS at Harvest. The VTRS will complement the vessel's watch officer's monitoring of radar on the vessel by providing an additional margin of safety for avoiding potential collisions. An extension of the VTRS into the eastern end of the Santa Barbara Channel, consistent with the mitigation recommended in the SEIR/S, was also required by the CCC's Permit A-4-STB-92-16 to the Point Arguello Producers.

In the examination of the SEIR/S requirement that the vessel movement tracking and monitoring system include a VTSS traffic control system on Platform Gail or Platform Grace, it was discovered that neither platform was high enough to provide overlapping coverage

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with the surrounding systems. Therefore, GTC installed a radar system high up on shore in the Rincon area to provide the needed coverage.

Together, STWS and the extended VTRS, including the Rincon installation, will provide coverage from North of Point Conception to Point Dume in Los Angeles County. The CCC's GIMT condition MM-2 is intended to overlap coverage of the "northern" coverage with that of the Marine Exchange.

The CCC in its consideration of the project was concerned that the proposed VTSS would function as a "dedicated" system to the GIMT/Chevron tanker operation in a somewhat separate and "isolated" manner from neighboring systems. However, according to GTC's Draft Vessel Traffic Safety System Plan (VTSSP) (December 1992), the radar system will be capable of providing detailed and complete tracking of 100 vessels within a 24 nautical mile radius to substantially reduce the risk of Chevron tanker collisions.

After extensive analysis, the CCC Findings state: "In light of the temporary nature (3-year maximum) of the project, the Commission concludes that Condition MM-2 provides the maximum feasible mitigation for purposes of Coastal Act Section 30260(3).

One of the more important values of GTC's proposed VTRS is that it will be of greatest assistance in terminal approach and mooring and departure operations which are of particular concern to the SLC in granting this lease.

Successful conformance with this condition is required by the proposed lease to GTC.

## MARINE WATER QUALITY

### Impact:

A large oil spill would have acute and catastrophic environmental effects (Class I) with regional consequences to water Quality. Impacts would occur in the water column, on benthic and intertidal substrates, and on sediments. These include, increased pH, turbidity, biological oxygen demand (BOD), and chemical oxygen demand (COD), as well as increased concentrations of trace metals and petroleum hydrocarbons.

### Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

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Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

## MARINE BIOLOGY

Impact:

Operation of the GIMT will increase the potential for tanker collisions with marine mammals. The collision of tankers with sensitive and threatened cetaceans, although of low probability of occurrence, would result in severe consequences (Class I) to these species.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

A large or catastrophic oil spill would significantly impact all regional and local threatened and endangered species, nearshore fish and invertebrates, non-endangered marine birds and pinnipeds, cetaceans, intertidal and wetland species, areas of special biological interest, and national marine sanctuaries such as the Channel Islands Marine Sanctuary.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

## MARINE RESOURCES HARVESTING/FISHERIES

Impact:

**Tanker Mooring, associated vessel activity, and use of the vessel traffic corridor, would preclude commercial fishing in affected areas during all seasons.**

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

**Oil spills would impact the commercial and recreational fishing industry. Impacts include financial loss to commercial fishing, mariculture and recreational fishing industry, loss of a food source to consumers, and resource contamination. The significance and severity of impacts will depend on the spill volume, location, duration and time of year.**

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Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

## RECREATION

Impact:

A oil spill reaching the nearshore area and shoreline and oil spill cleanup activities would significantly degrade the value of coastal recreation along the Gaviota coast and Santa Barbara Channel Islands.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

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CUMULATIVE IMPACTS

## SYSTEM SAFETY

Impact:

Operation of the GIMT in combination with oil development and transportation projects in the Santa Barbara Channel and along the Southern California coast to the ports of L.A./L.B., pose a risk significant environmental impacts as a result of oil spills, fire, or explosion. Such impacts include those that could result from clean-up operations.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

## MARINE WATER QUALITY

Impact:

Chronic operational spills from cumulative oil and gas development in the Santa Barbara Channel would have a significant (Class I) impact on marine water quality in the Santa Barbara Channel area with regional consequences to water Quality. Impacts would occur in the water column, on benthic and intertidal substrates, and on sediments. These include, increased pH, turbidity, biological oxygen demand (BOD), and chemical oxygen demand (COD), as well as increased concentrations of trace metals and petroleum hydrocarbons.

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Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

A large oil spill would have acute and catastrophic environmental effects (Class I) with regional consequences to water Quality. Impacts would occur in the water column, on benthic and intertidal substrates, and on sediments. These include, increased pH, turbidity, biological oxygen demand (BOD), and chemical oxygen demand (COD), as well as increased concentrations of trace metals and petroleum hydrocarbons.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

## MARINE BIOLOGY

Impact:

The cumulative risk of accidental oil spills as a result of oil and gas development and transportation in the Santa Barbara Channel to the Los Angeles area could result in oil spills which would have a significant effect on all regional and local threatened and endangered species, nearshore fish and invertebrates, non-endangered marine birds and pinnipeds, cetaceans, intertidal and wetland species, areas of special biological interest, and national marine sanctuaries such as the Channel Islands Marine Sanctuary.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

Chronic operational spills from cumulative oil and gas development in the Santa Barbara Channel would have a significant (Class I) impact on intertidal organisms residing in the splash zone, including marine birds.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the

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jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

**MARINE RESOURCE HARVESTING/FISHERIES**

Impact:

**Accidental and chronic oil spills would impact the commercial and recreational fishing industry. Impacts include financial loss to commercial fishing, mariculture and recreational fishing industry, loss of a food source to consumers, and resource contamination. The significance and severity of impacts will depend on the spill volume, location, duration and time of year.**

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

Impact:

**Large accidental oil spills would impact kelp harvesting activities. The significance and severity of impacts will depend on the spill volume, location, duration.**

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

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Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

## RECREATION

Impact:

A oil spill reaching the nearshore area and shoreline, and oil spill cleanup activities would significantly degrade the value of coastal recreation along the Gaviota coast and Santa Barbara Channel Islands.

Finding:

- (1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects as identified in the final SEIR.

Facts Supporting the Finding:

The potential for and the relationship of an oil spill to the operations of the GIMT are discussed in the SEIR/S within the context of System Safety. The mitigation measures recommended in the SEIR/S for System Safety focus on prevention, are within the jurisdiction of the SLC, and will be implemented as described above. To this extent, the "Facts Supporting the Finding" for this impact are those which are contained in the above discussion of System Safety and as such are incorporated herein by this reference.

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**STATEMENT OF OVERRIDING CONSIDERATIONS**

The SEIR/S analyzes the operations of the proposed GIMT and identifies the potential for and resultant potential significant effects of an oil spill on the environment. The SEIR/S concludes that such potential for a spill is a Class I impact, specifically, significant impact which cannot be mitigated to a level of insignificance by the application and adoption of all feasible mitigation. On this basis, the County of Santa Barbara, on August 19, 1992, acting as the CEQA Lead Agency, adopted a Statement of Overriding Considerations for the project pursuant to 14 Cal. Code Regs. Section 15093.

The SLC has further considered the benefits and the nature and extent of the potential impacts of the proposed project as described in the SEIR/S. From this review, the Commission finds that, in balancing the project's benefits against its unavoidable environmental risks, its benefits outweigh the level of the environmental risk which would remain after the application of all feasible mitigation measures discussed in the SEIR/S.

Therefore, pursuant to Cal. Code Regs. Section 15096(h), the Commission, hereby incorporates by this reference, the Statement of Overriding Considerations adopted by the County for this project and further finds as follows:

Approval of this lease for the Gaviota Interim Marine Terminal will provide additional State revenues, \$613,333 over the term of the proposed lease, at a time of projected losses of revenue from other sources with known substantial adverse effects on State funded social, educational and environmental programs.

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Having considered the evidence, oral and documentary, including applicant's submissions, staff reports, files and exhibits of the Resource Management Department, the environmental documents and public testimony, the Board finds as follows:

**1. INTRODUCTION**

**1.1 The Point Arguello Project consists of the following key components:**

- Two Chevron oil and gas drilling and production platforms. Hermosa and Hidalgo, located on OCS parcels P-0316 and P-0450 west of Point Conception.
- One Texaco platform, Harvest, on OCS parcel P-0315.
- An approximately 60 acre oil and gas processing facility on the north side of U.S. Highway 101 at Gaviota, 28 miles west of Santa Barbara.
- An oil pipeline and a gas pipeline to carry the oil and gas production from the OCS Platforms to the processing facility. Platform Hermosa will gather production from the other two platforms. The pipeline landfall is 1.5 miles north of Point Conception from which the two pipelines traverse over land approximately 15 miles along the coastal terrace to the Gaviota processing facility.
- A short pipeline segment linking the Gaviota Processing Plant with oil storage tanks south of U.S. Hwy 101 at the Gaviota Interim Marine Terminal. From these tanks oil can be transported from the South Coast through the All American Pipeline and/or marine tankers.
- Ocean outfall for discharge of produced water and wastewater, and ocean intake for a desalination plant.

1.2 The Final Development Plan ("FDP")(85-DP-32cz) for the Point Arguello Project does not include a transportation component. The FEIR/S for the Point Arguello Project (EIR # 84-EIR-16) expressly states:

*A major component of each (Chevron and Texaco) project not evaluated in the EIR/EIS is transportation of each operator's processed oil from the processing facility*

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*to refineries in or out of California. These issues are being addressed first through Santa Barbara County's comprehensive Oil Transportation Plan and EIR.. and secondly through the County's current consideration of specific transportation facility applications. (p. R-E-4)*

1.3 Condition Q-6 of the Point Arguello Project FDP (85-DP-32 cz) requires that all oil processed by Chevron's oil treatment facility shall be transported from the facility and the County by pipeline in a manner consistent with LCP Policy 6-8. Transportation by a mode other than pipeline may be permitted only in accordance with Coastal Zoning Ordinance § 35-154.5.i. Chevron's current application is for a Coastal Development Permit pursuant to CZO § 35-154.5.i, entitling Point Arguello Producers (Chevron U.S.A. Inc., Phillips Petroleum Company, Texaco Exploration and Production Company, Pennzoil Exploration and Production Inc., Sun Operating Limited Partnership, Union Pacific Resources Company, Koch Exploration Company, Simmons Santa Barbara Ltd., Harvest Corporation and Oxbow Energy Inc.) to use marine tankers to transport crude oil produced from the Point Arguello field and processed at Chevron's Gaviota processing facility to Los Angeles area refineries from the Gaviota Interim Marine Terminal (GIMT) on terms identified in Finding 6.0 below.

**2. TRANSPORTATION CONDITION ON CHEVRON'S FDP**

2.1 Point Arguello project FDP Condition Q-6 permits transportation by pipeline; no additional County permit is required to transport crude oil by pipeline from the Gaviota facility to refineries.

2.2 Condition Q-6 on Chevron's FDP provides:

*All oil processed by Chevron's oil treatment facilities shall be transported from the facility and the County by pipeline in a manner consistent with LCP Policy 6-8. Transportation by a mode other than pipeline may be permitted only in accordance with Coastal Zoning Ordinance § 35-154.5(i), applicable Local Coastal Plan policies, Control Measure R-12 of the Air Quality Attainment Plan, to the extent it is applicable, and the agreement entitled "contract for implementation of Conditions E-4, E-7, and E-9 of the Chevron Point Arguello Project preliminary Development Plan No. 83-DP-32cz...*

2.3 Transportation by a mode other than pipeline may occur only after issuance of a separate discretionary permit in accordance with CZO § 35-154.5.i. Under the CZO,

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Chevron has the burden of proof as to pipeline unavailability or inadequate capacity, unreasonable tariffs, and the need for and use of other transportation systems. The County's decision on such permits is expressly made appealable to the Coastal Commission (CZO § 35-454.5.i.)

2.4 Chevron's completion of construction of the Point Arguello Project does not give Chevron a vested right to commence marine tankering. Chevron could not have constructed the Point Arguello Project with the expectation of transporting crude oil by tanker in good faith reliance on the 1985 FDP since FDP Condition Q-6 allows transportation by pipeline only. The CZO requires a separate discretionary permit be issued to transport oil by a mode other than pipeline.

**3. RELATED OIL TRANSPORTATION PROJECTS**

3.1 The County has approved the following projects to accommodate crude oil transportation:

3.1.1 The Gaviota Interim Marine Terminal (GIMT), consists of a six point mooring; a vapor recovery system; subsea pipelines for crude oil loading and vapor recovery; and crude oil storage tanks linked to the Chevron processing facility across Hwy. 101 and the All American Pipeline described below. (86-DP-90cz; May 27, 1987.) GIMT Final Development Plan Condition Q-5 requires the terminal to be used only as specified in the County's LCP policy 6-8 and 6-11 and mandates that marine tankering from the GIMT may be used only by those shippers holding valid County Permits pursuant to CZO § 35-154.5(i).

3.1.2 The Exxon Las Flores Canyon Consolidated Marine Terminal was approved as part of Exxon's Santa Ynez Unit Final Development Plan. The project included a 140,000 BPD SALM 14,000 feet offshore Las Flores Canyon. Exxon has obtained County approval of a deferral of the construction of the LFC Marine Terminal until September 20, 1994, at which time any right to construct the marine terminal will expire. Exxon's Santa Ynez Unit Final Development Plan requires Exxon to demonstrate, prior to approval of the construction plans for the Las Flores Canyon Consolidated Marine Terminal, that the impacts associated with its marine terminal would be environmentally preferable to those associated with the continued use of the GIMT.

3.1.3 The All American Pipeline (AAPL), with links from Exxon's processing facility in Las Flores Canyon, Chevron's processing facility at Gaviota, and the Gaviota Interim Marine Terminal, is an operational pipeline project capable of transporting Point Arguello crude

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oil to Gulf Coast, Mid-West and Kern County refineries, to Los Angeles area refineries through a connection with Four Corners Pipeline Company Line 63, and to San Francisco area refineries through a connection with the Texaco heated line.

3.1.4 The Unocal Sisquoc Pipeline is a 10.5 mile 12-inch pipeline that will connect the AAPL Sisquoc Pump Station to existing Unocal pipelines leading to Unocal's Santa Maria refinery. The pipeline is scheduled for operation on September 30, 1992. It will enable Unocal to transport up to 40 MBD of Point Arguello crude to its Santa Maria refinery.

3.2 The County has pending before it the following oil transportation projects:

3.2.1 The Mariposa Pipeline Company has submitted an application for a Final Development Plan for the Mariposa Pipeline Project (91-FDP-011cz) to transport Point Arguello Crude Oil by pipeline from the Chevron processing facility to the All American Pipeline Gaviota Pump Station. The partners in the Mariposa Pipeline Company consist of the minor Point Arguello Producers (Union Pacific Resources Company, Pennzoil Exploration and Production Company, Koch Exploration Company, Oxbow Energy, Inc., Harvest Corporation, Simmons Santa Barbara, Ltd.) who, at projected peak production of the Point Arguello field, should control approximately 25 MBD. The proposed project and related facility would bypass the GIMT and allow for the direct transport of 100 MBD of Point Arguello crude by pipeline.

3.2.2 The Pacific Pipeline System ("PPS") has submitted an application to the County of Santa Barbara for a Final Development Plan for the PPS project, which entails construction of a new 170-mile pipeline from Santa Barbara to Los Angeles, the majority of which will traverse the existing railroad right-of-way of the Southern Pacific Transportation Company. As proposed, the PPS would have a total capacity of 130 MBD and could transport Pt. Arguello, Exxon SYU, ARCO Ellwood and local production from Ventura. Presently, the Public Utilities Commission is acting as lead agency for the preparation of an environmental impact report for the project. The PPS application to the County for a Final Development Plan was found incomplete on April 6, 1992, and no resubmittal has been made to date.

#### **4. PROJECT HISTORY**

4.1 In 1981, Chevron disclosed its discovery of oil in the Point Arguello field off Santa Barbara County. An application for the Point Arguello Project was submitted to the Minerals Management Service in 1982.

4.2 In July 1983, Chevron submitted an application to the County to develop onshore

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facilities for the offshore Point Arguello field. (A final EIR/EIS for the Point Arguello Project was released in October 1984.)

4.3 In November 1983, the Coastal Commission concurred with Chevron's consistency certification under the Coastal Zone Management Act, based on Chevron's written commitment to transport its oil produced from the Point Arguello field by a common carrier pipeline from Gaviota to El Segundo, if one was available, and to assume the lead role in arranging for the design, permit, organization and capitalization of an industry sponsored pipeline to Los Angeles if such a pipeline was not under construction by January 1, 1986.

4.4 On June 18, 1984, by Resolution 84-284, the Board of Supervisors adopted Coastal Zoning Ordinance (CZO) Sec. 35-154.5(i). Said section was conditionally certified by the Coastal Commission on August 8 and September 12, 1984, and became part of the County's Local Coastal Plan on November 26, 1984 upon approval by the County of the Commission's recommended modifications.

4.5 In December 1984, the County Board of Supervisors approved a preliminary development plan (83-DP-32) for Chevron's proposed Gaviota processing facility. The permit contained 165 conditions to mitigate environmental impacts associated with the project. Condition Q-6 permitted transportation of oil processed at the facility by pipeline.

4.6 On August 16, 1985 the Board approved Chevron's Final Development Plan (85-DP-32cz). The Board's decision was affirmed on October 24, 1985, upon the appeal of the Sierra Club, Hollister Owner's Association, Richard LaRue and Bixby Ranch Company to the Coastal Commission. The Commission found that the appeal raised no substantial issue.

4.7 In November 1985 Chevron was issued a grading permit for its onshore Gaviota processing facility. Prior to construction, Hollister Ranch Landowners and the Sierra Club sued Chevron and the County over the routing of the onshore pipelines from the offshore platforms to the processing facility.

4.8 Chevron's initial project description information provided to the County regarding the concentration of toxic gas in its pipelines was inaccurate. Chevron, however, did not inform the County of revised estimates once it became aware of them. Instead, in December 1987, the Hollister Ranch Owners Association disclosed substantial increases in the toxic gas (H<sub>2</sub>S) levels expected in the gas pipeline as a result of proprietary information obtained from Chevron through the Association's pipeline easement lawsuit. After Hollister Ranch's disclosure of the higher concentrations of H<sub>2</sub>S in the gas pipeline, Chevron applied to the County for a

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determination of "substantial conformity" with the FDP under the County's zoning ordinance in February 1988.

4.9 In August 1988, a draft SEIR analyzing safety impacts of the increased hydrogen sulfide gas content was released for public review. After close of the comment period on the draft SEIR, the Planning Commission held hearings in December 1988, at which it denied Chevron's request for a determination of substantial conformity, and required a permit modification.

4.10 Subsequent to the Planning Commission decision, Chevron proposed to modify its project description through imposition of an operations plan to constrain the increased hazard footprint along the pipeline route caused by higher H<sub>2</sub>S levels in the gas pipeline.

4.11 In April 1989 the County Board of Supervisors reversed the Planning Commission's action and made a determination of substantial conformity permitting the higher H<sub>2</sub>S concentrations. In connection with this finding, Chevron agreed to modify its Final Development Plan to require a three party monitoring and mitigation agreement providing for an operations plan among the Minerals Management Service, County, and Chevron (April 4, 1989 "Operations Plan").

4.12 Chevron did not satisfy permit conditions of the Point Arguello Project Final Development Plan requiring approval prior to startup until May 30, 1991.

4.13 Chevron commenced startup of production on or about June 1, 1991 and Point Arguello crude oil first reached the Gaviota processing facility on June 14, 1991. By June 1992, 13.7 million barrels of Point Arguello crude oil had been produced, 10.1 million of which have been transported to refineries by pipeline; 3.6 million barrels have been tankered from Martinez to refinery destinations.

**5. CHEVRONS PRIOR APPLICATIONS FOR A SHIPPERS PERMIT**

5.1 On February 13, 1989, Chevron requested that the Board of Supervisors find the Point Arguello Project participants' plans to transport oil by tanker in compliance with FDP Condition Q-6.

5.1.1 On May 2, 1989, the Board of Supervisors approved issuance of a Coastal Development Permit to Point Arguello project partners to use marine tankers from the GIMT

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subject to two conditions: (1) that the permit shall expire on October 1, 1989, or thirty (30) days prior to the date established for the startup of the All American Pipeline, whichever occurs first, and (2) that prior to use of the GIMT, each of the Point Arguello project shippers shall commit to and comply with all relevant conditions of the GIMT to the same extent as the Gaviota Terminal Company (GTC). Chevron also voluntarily committed to fund a Crude Oil Transportation Analysis (hereinafter, COTA) to consider alternatives to marine tankering to be used in connection with any subsequent application for a new or extended tankering permit.

5.1.2 The County did not prepare an SEIR in connection with issuance of that Coastal Development Permit; it found instead that the County Oil Transportation Plan Program EIR (84-EIR-3) could be used to fulfill the environmental review requirements of the tankering permit project. Issuance of the permit was appealed to the California Coastal Commission (CCC) by the Santa Barbara League of Women Voters and Get Oil Out, Inc.

5.1.3 On August 8, 1989, the CCC granted the appeal, denying Chevron's application for tankering. The CCC concluded Chevron's proposed tankering project "is not in conformity with applicable LCP policies and with the California Environmental Quality Act (CEQA)." July 28, 1989 CCC Staff Report, p. 2. The CCC cited the County's misapplication of its LCP policies regarding pipeline availability within a reasonable period of time, and inadequate CEQA consideration of new information of substantial importance to the project regarding onshore pipeline alternatives, potential use of other refining centers, and the maximum feasible mitigation of oil spill impacts.

5.2 On September 14, 1989, Chevron submitted a second application (89-CDP-261) to tanker from the GIMT to Los Angeles marine terminal destinations for the life of the GIMT. The County prepared an SEIR (90-EIR-02) to evaluate the environmental impacts of Chevron's proposed crude oil marine transportation project (referred to as "Q-6-2").

5.2.1 During preparation of the SEIR, Chevron promised to deliver to the County information regarding development of its pipeline alternative (the PPS) to transport oil from Gaviota to Los Angeles along the Southern Pacific Railroad right-of-way. In October, 1990, Chevron requested that this Board limit the term of its requested permit to four years, based on its commitment to transport oil by pipeline by the end of that term. Because Chevron's Pacific Pipeline System was an ostensibly feasible alternative favored by Chevron and offered as evidence to its commitment to use of a pipeline when available and as the basis for limiting the duration of any tankering permit, an alternatives analysis of the Pacific Pipeline System was required to be incorporated in the SEIR and circulated for public comment. Chevron, however, failed to provide requested information necessary to complete the SEIR, despite repeated

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promises to do so.

5.2.2 On November 12, 1990, this Board denied Chevron's tankering permit application 89-CDP-261 because, in addition to its failure to comply with CEQA, Chevron failed to demonstrate the infeasibility of pipeline transportation of up to 40,000 BPD of Point Arguello crude oil in the AAPL/Four Corners Line 63 common carrier transportation network to Los Angeles, which was feasibly operational within a reasonable period of time subject to Chevron's commitment to use. At the November 12th Board hearing, Chevron's representative refused to accept a tankering permit requiring transportation of partial volumes of Point Arguello production in Four Corners Line 63. Coastal Commission Staff Report, dated March 29, 1991, p. 9. This Board found that Chevron had failed to fulfill its commitment to take the lead to cause an industry sponsored pipeline to be built to Los Angeles or transport crude by pipeline when a pipeline was feasibly available.

5.2.3 On April 10, 1991, the California Coastal Commission made findings affirming the County's decision to deny Chevron's tankering application 89-CDP-261, finding Chevron's appeal raised no substantial issue under the County's certified LCP.

5.3 Section 30625(c) of the Coastal Act mandates that decisions of the Coastal Commission, where applicable, "shall guide local governments... in their future actions under this division period." Therefore, in considering Chevron's current application for a tankering permit, the decisions of the Coastal Commission provide direction how to interpret the County's certified LCP.

5.4 On August 23, 1991, Chevron submitted a Coastal Development Permit application to tanker from the Gaviota Interim Marine Terminal to Chevron's Willbridge, Oregon asphalt refinery and the U.S. Oil and Refining Facility in the Puget Sound area (Tacoma, WA) for up to 15,000 barrels per day on an annual average, and to Chevron's Hawaii refinery for up to 5 MBD on an annual average. Chevron's application acknowledged that Los Angeles remained Chevron's preferred refining center of choice. On August 29, 1991, the County notified Chevron that its Coastal Development Permit application 91-CDP-144 was incomplete. Chevron withdrew the application in March, 1992.

**6.0 CHEVRON'S CURRENT APPLICATION FOR A SHIPPERS PERMIT**

6.1 On May 22, 1992, Chevron, on behalf of the Point Arguello Producers, filed a coastal development permit application pursuant to the Point Arguello Project Final

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Development Plan Condition Q-6 for authorization to use marine tankers to transport Point Arguello field crude from the GIMT to Los Angeles subject to the following terms:

6.1.1 Point Arguello field crude oil, in excess of the first 35 MBD which will be transported by pipeline, will be shipped by marine tanker up to a total of 50 MBD.

6.1.2 Of the initial 35 MBD of Point Arguello field crude to be transported by pipeline, 15-20 MBD will be transported by existing pipelines to Los Angeles depending upon prevailing market conditions at the time nominations for pipeline transportation are made.

6.1.3 Only Chevron *OREGON* Class tankers (double hull) will be used to transport Point Arguello crude oil.

6.1.4 The tankering of Point Arguello crude to Los Angeles from Gaviota will cease after 3 years or when a new pipeline with capacity to transport full volumes of neat Point Arguello field crude to Los Angeles is operational, whichever occurs first;

6.1.5 Compliance with a series of milestones to promote the permitting, construction and operation of a permanent pipeline to Los Angeles including (1) an agreement to share funding, as necessary, to permit at least one pipeline capable of transporting the majority of Santa Barbara County OCS crude oil production to Los Angeles eight months after the commencement of tankering; (2) the execution of an unconditional throughput and deficiency agreement sufficient to cause a permanent pipeline to Los Angeles to be built 15 months after the commencement of tankering; (3) commencement of pipeline construction 19 months after the commencement of tankering; and (4) pipeline operation 32 months after the commencement of tankering.

6.1.6 Specific enforcement consequences for failure to meet milestone requirements were proposed by Chevron as follows: a 25% reduction in allowable tankering for each missed milestone with the caveat that for each milestone missed and subsequently achieved, the amount of oil previously not permitted to be tankered would be fully restored and the remaining milestone dates reset to reflect the intervals presented in section 6.1.5 above. Furthermore, Chevron's application proposes that if either the second or third milestones – requiring the execution of an unconditionally throughput and deficiency agreement and commencement of pipeline construction – are not met, the County Board of Supervisors will determine whether it is nonetheless probable that a pipeline for the transport of Point Arguello crude oil to Los Angeles is still feasible and will be in operation within a reasonable time. Chevron proposes that if the Board determines that it is not probable for such a pipeline to be

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completed, tankering will terminate over a four month phase-out period.

6.1.7 In the event cessation of tankering is required and no new pipeline is operational, Chevron will implement a transportation contingency plan which will rely solely on the existing pipeline system from Santa Barbara County to refinery destinations.

**7.0 CEQA FINDINGS**

7.1 CEQA requires the preparation of an environmental impact report for Chevron's project application to transport oil by tanker. The County's issuance of a permit to Chevron under CZO 35-154.5(i) constitutes a project within the meaning of CEQA Guidelines 15378(a)(3) because it involves the "issuance .. of a permit .. or other entitlement for use" and requires a discretionary decision of the Board within CEQA Guidelines 15357. A Supplemental Environmental Impact Report/Statement (SEIR/S; 92-EIR-04), consistent with the CEQA and NEPA, has been prepared, submitted as a draft for public review, revised as a Final SEIR/S including a response to comments received on that draft.

**7.2 Findings Pursuant to CEQA**

In considering a project for which an environmental impact report has identified significant environmental impacts, the decision-makers are authorized to approve the project only if findings are made under CEQA Section 15091.

Approval of the Chevron tankering proposal incorporates project conditions which reduce the significant adverse environmental impacts of the project to an insignificant level (Class II impacts), or, where that is not feasible, which mitigate the environmental impacts to the degree feasible, recognizing that even with the conditions, residual significant impacts remain (Class I impacts). Where significant environmental impacts are not mitigated to a level of insignificance, a statement of overriding considerations must be made. This statement must be based upon a balancing of the project benefits against its environmental risks; the decision-maker must find that the benefits outweigh the unavoidable adverse environmental effects, rendering those effects acceptable.

**7.3 CEQA Finding #1**

Before making findings regarding significant impacts, CEQA Section 15090 requires the Board of Supervisors to demonstrate that the SEIR/S (92-EIR-04) has been finalized and that

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the SEIR/S has been considered by the Board of Supervisors. Pursuant to CEQA Section 15090, the Board of Supervisors certifies that:

- a) *The Final SEIR/S has been completed in compliance with CEQA; and*
- b) *The Board of Supervisors reviewed and considered the information contained in the Final SEIR/S prior to approving the Chevron tankering application.*

7.4 CEQA Finding #2

Upon consideration of the evidence in the Final SEIR/S and the analysis conducted in this staff report, the Board of Supervisors makes the following findings:

7.4.1 Pursuant to CEQA Section 15091 (a)(1), the Board of Supervisors finds that:

*(1) Changes or alterations to the project have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the final EIR.*

Introduction: This finding applies to each Class I and II impact identified in the EIR and described in the following sections. Each impact and its associated mitigation measure, extracted from the Final SEIR/S Impact Summary Tables, which substantiate this finding is listed below. For each environmental issue area, a summary is provided of how Class II impacts have been lessened to a level of insignificance through the project conditions, and how the measures imposed on Class I impacts reduce the impact to the maximum extent feasible.

The impacts of Chevron's proposed tankering project will be reduced to the maximum extent feasible by implementation of the following three sets of mitigation measures/permit conditions:

1) Pre-existing conditions on the GIMT FDP

Approximately 145 mitigation measures were imposed as permit conditions on the GIMT to mitigate the potential impacts of marine tankering to the maximum extent feasible. One of these conditions, A-20, specifies that users of the GIMT must comply with all applicable conditions. Both the Point Arguello Producers and Chevron Shipping Company have filed Condition A-20 letters with the County, committing to complying with all applicable GIMT conditions.

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2) New GIMT commitments to mitigations

On June 29, 1992, the marine terminal operator, the Gaviota Terminal Company (GTC), committed to twenty six new mitigations derived from 92-EIR-04. Nearly all of these mitigation measures were committed to by GTC as new compliance requirements consistent with its existing Conditions A-28 and A-30.

3) Conditions imposed on Chevron's tankering request (92-CDP-081)

Additional, feasible mitigation measures from the Final SEIR/S, which apply to the alternative in the Final SEIR/S that addresses a three-year project, using double-hulled, *Chevron Oregon* class tankers for shipment to Los Angeles, are being imposed on 92-CDP-081.

Taken together, these conditions avoid or substantially lessen the significant environmental effects identified in 92-EIR-04 for the three-year tankering scenario.

7.4.1.1 Air Quality

Project-Specific Impacts

Chevron's short-term tankering proposal would result in the violation of certain air quality standards. These significant impacts would include the exceedance of the one-hour NO<sub>2</sub> CAAQS (Class I), exacerbation of existing violations of the 24-hour PM<sub>10</sub> CAAQS (Class I), and exceedance of the County three-hour PSD increment for ROC (Class I). The project would also result in an increase in ozone precursors (Class II) and excessive emissions from upset flaring (Class II).

Significant PM<sub>10</sub> and ROC impacts have been mitigated by permit conditions in the current GIMT permits. In order to mitigate exacerbations of the one-hour O<sub>3</sub> CAAQS and NAAQS, GTC has provided emission offsets consistent with APCD regulations. Sufficient offsets to fully mitigate ozone precursor emissions have been secured by GTC as part of their existing GIMT permits. The potential for excessive upset flaring emissions has also been mitigated by current GIMT permit conditions. An additional mitigation measure which requires support vessel engines to be retrofitted with a combination of turbocharging, injection timing retard, and enhanced intercooling to reduce NO<sub>x</sub> emissions has been committed to by GTC pursuant to FDP condition A-28.

Long-term significant carcinogenic risks associated with emissions from the permanent marine terminal would be avoided (Class III) due to the short-term nature of the Chevron tankering proposal. Therefore, the mitigation measures identified in the Final SEIR/S

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for long-term carcinogenic risks are not necessary for Chevron's three-year project. Furthermore, the short-term project would be consistent with the Air Quality Attainment Plan since emissions would be equal to or less than those included in the AQAP's inventory and project emissions would not occur after 1996.

Cumulative Impacts

Although the residual cumulative emissions would remain significant and unavoidable (Class I), the mitigation measures already imposed on the marine terminal operator would reduce the project's contribution to these cumulatively significant emissions to the maximum extent feasible. No additional mitigations are available or feasible for cumulative air quality impacts.

7.4.1.2 Marine Water Resources

Project-Specific Impacts

Impacts of ballast discharges, deck and bilge discharges, sewage, spillage, antifoulants and chronic oil pollution are not significant for the short-term scenario (Class III). The potential for large oil spills would be a significant, unavoidable impact (Class I). Mitigations to reduce impacts to marine water resources to the maximum extent feasible have been imposed on the marine terminal operators and are discussed under Marine Biology and System Safety, below.

Cumulative Impacts

The project would contribute to the cumulative potential for impacts to marine water resources from an oil spill (Class I). Mitigation measures designed to reduce the risks of tanker accidents and occurrence of oil spills, as discussed under System Safety, would mitigate the cumulative impacts of oil spills on the quality of marine water to the maximum extent feasible. Detailed plans for protection of sensitive areas, as described in the Marine Biology section of these findings, would mitigate impacts to the intertidal zones to the maximum extent feasible.

7.4.1.3 Marine Biology

Project-Specific Impacts

The potential to introduce non-endemic species through the discharge of ballast water has been identified as significant (Class I). The marine terminal operator's commitment to limit the discharge of ballast at the marine terminal to waters taken on along the west coast of North America would reduce the impact to the maximum extent feasible. Further mitigation

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is not feasible given important safety considerations. The project-specific effects of chronic oil spills from a three year tankering project would not be significant (Class III). The effects of vessel traffic on marine mammals are significant and unavoidable (Class I). The effects of catastrophic oil spills would be significant and unavoidable for several sensitive species (including southern sea otters and California brown pelicans), kelp beds, pinnipeds, cetaceans, the intertidal zone, areas of special biological interest, ichthyoplankton, fish, marine birds and Los Angeles/Long Beach harbor (Class I). Most of the feasible mitigation measures which could reduce either the likelihood of spills or the potential impacts of spills on marine biota are already in place as conditions on the GIMT. These include system safety conditions, the oil spill contingency plan, vessel traffic lanes and a mooring plan. A shoreline inventory is currently being assembled for Santa Barbara County to provide advanced preparedness for an oil spill event, strategy for protection of biota and sensitive habitats, and programs for cleanup and rehabilitation in the event oil contacts marine biota. The marine terminal operators (by letter of August 3, 1992) have committed to amending their Shoreline Cleanup Plan and other relevant manuals to incorporate additional mitigations to protect marine biota.

Cumulative Impacts

Chevron's tankering project would contribute to cumulatively significant and unavoidable effects on marine biota, including the cumulative probability of a spill greater than 1,000 barrels reaching sensitive species, impacts to marine mammals from vessel traffic, impacts of ballast discharge, impacts of chronic oil pollution, and impacts of a spill in Los Angeles/Long Beach Harbor. However, the project-specific mitigation measures would reduce the project's contribution to the cumulatively significant impacts on marine biota to the maximum extent feasible. No additional mitigations are available or feasible for cumulative marine biology impacts.

7.4.1.4 Marine Resource Harvesting

Project-Specific Impacts

Impacts to commercial and recreational fishing from Chevron's tankering project from interruption of fishing activities in the vicinity of the tanker and marine terminal would be adverse but not significant (Class III). Impacts to commercial and recreational fishing from an oil spill could be significant and unavoidable (Class I). Impacts to kelp harvesting from Chevron's proposed tanker visits are mitigated to the maximum extent feasible (Class II) by the new GIMT commitment that all support and shuttle vessels use established vessel corridors or otherwise avoid passing through kelp beds. The effects of an oil spill on kelp harvesting are potentially significant but could be mitigated by compensation to kelp harvesters for their losses (Class II). Chevron's tanker operations would not significantly impact mariculture (Class III),

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but the impacts of spills to mariculture would be significant and unavoidable (Class I).

The majority of the feasible mitigation measures to reduce the project's impacts to marine resource harvesting have been made conditions of the GIMT permit. These include fisheries training programs, use of vessel corridors, proper mooring of vessels, and contributions to enhancement, impact and contingency funds. Existing legislation (OPA 90) provides mechanisms for compensation to parties directly affected by oil spills such as kelp harvesters; imposition of a project condition to this effect is not necessary. An additional measure, notification to fishermen of tanker schedules, is being made a condition of Chevron's tankering permit. With this additional measure, all feasible mitigation measures capable of reducing the project's impacts on marine resource harvesting have been applied.

Cumulative Impacts

Although the residual cumulative impacts to commercial fishing, recreational fishing, kelp harvesting and mariculture would remain significant and unavoidable (Class I) in the event of a spill, the project-specific mitigation measures would reduce the project's contribution to these cumulative impacts to the maximum extent feasible.

7.4.1.5 System Safety

Project-Specific Impacts

The Chevron tankering project would result in the potential for a significant oil spill and risk of explosion and fires (Class I). It is impossible to completely eliminate the risk of a spill. However, the mitigation measures imposed on the GIMT and included in Chevron's project description reduce the risk of a spill insofar as possible.

Most of the mitigation measures proposed in the EIR to reduce system safety impacts – adding a third mate, using Ellwood Pier to transport mooring masters, improving bridge simulation training, revising operational limits, improving hose handling operations, establishing a Ship Traffic Warning System, coordinating with MSRC, monitoring studies on dispersants and in situ burning – have been recently committed to by the marine terminal operator pursuant to existing GIMT Condition A-30.

The requirement that all tankering occur in double-hulled, *Chevron Oregon* class tankers is an aspect of Chevron's project description that has been included as a permit condition of the tankering permit. Finally, a requirement to add a third leg to the VTRS is a mitigation measure that has been applied by condition to Chevron's tankering project. Taken together, these mitigations provide the maximum feasible mitigation for the prevention and

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cleanup of oil spills.

Cumulative Impacts

Although the cumulative system safety impacts would remain significant and unavoidable (Class I), the project-specific mitigation measures for system safety would reduce the project's contribution to these cumulative impacts to the maximum extent feasible.

7.4.1.6 Land Use/Recreation

Project-Specific Impacts

The potential for Chevron's tankering project to significantly impact land use and recreation is partially mitigated by projects completed through the marine terminal operator's contributions to the Coastal Resource Enhancement Fund (existing GMT Condition N-2).

The marine terminal operators have committed (by letter of August 3, 1992) to amend the OSCP to incorporate measures to protect onshore recreational and sensitive habitat resources.

A requirement for additional public access on the marine terminal property would not be an appropriate condition for Chevron's tankering request since no changes are being made to the marine terminal itself.

Cumulative Impacts

The marine terminal operator's contributions to CREF mitigate the project's contributions to cumulative land use/recreation impacts to the maximum extent feasible.

7.4.1.7 Cultural Resources/Paleontological Resources

Project Specific Impacts

The potential for oil spill cleanup activities to significantly impact cultural or paleontological resources along the coast (Class II) is adequately mitigated by the recent commitment by GTC to amend its Shoreline Cleanup Plan to require archaeological and paleontological monitors during spill cleanup activities involving earth disturbance.

7.4.1.8 Visual Resources

Project-Specific Impacts

The presence of tankers in the nearshore area would represent a Class I impact

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on the visual resources of the Gaviota Coast. Short of moving the mooring further offshore, which constitutes a project alternative, no mitigation is available to physically reduce this impact. However, the reduced project duration and the reduction in the number of tanker visits both are mitigating aspects of the project description. The visual effects of an oil spill would be significant and unavoidable (Class I). Mitigation in the form of projects completed through contributions to the County's CREF partially offset the visual impact of tankering. The marine terminal operator has committed to an additional mitigation measure which requires the screening of any oil spill equipment stored offsite. Taken together, these measures will mitigate the visual effects of Chevron's tankering to the maximum extent feasible.

Cumulative Impacts

Although the cumulative visual impacts would remain significant and unavoidable (Class I), the project-specific mitigation measures for visual resources would reduce the project's contribution to these cumulative effects to the maximum extent feasible.

7.4.1.9 Socioeconomics

Project-Specific Impacts

The impacts of an oil spill on socioeconomic issues such as tourism are significant (Class I). Preparation and implementation of the County's Socioeconomic Impact Recovery Plan, as agreed to by the marine terminal operator, would provide maximum feasible mitigation for these impacts. All of the mitigating measures for the socioeconomic impacts of an oil spill are already permit conditions for the GMT. Therefore, the project-specific and cumulative socioeconomic impacts of the Chevron tankering project are mitigated to the maximum extent feasible.

7.4.2 Pursuant to CEQA Guidelines 15091(a)(2), the Board finds that:

*(2) 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.*

7.4.2.1 Marine Biology

Project Specific

The effects of catastrophic oil spills would be significant and unavoidable for several sensitive species (including southern sea otters and California brown pelicans), kelp beds,

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pinnipeds, cetaceans, the intertidal zone, areas of special biological interest, ichthyoplankton, fish, marine birds and Los Angeles/Long Beach harbor (Class I). Most of the feasible mitigation measures which could reduce either the likelihood of spills or the potential impacts of spills on marine biota are already in place as conditions on the GIMT. A shoreline inventory is currently being assembled for Santa Barbara County to provide advanced preparedness for an oil spill event, strategy for protection of biota and sensitive habitats, and programs for cleanup and rehabilitation in the event oil contacts marine biota.

However, preparation of shoreline inventories for other areas which could be impacted by an oil spill from Chevron's proposed tankering project is a mitigation measure recommended in the FEIR/S. Implementation of this measure is outside the County's discretion and would require actions by other jurisdictions such as the State Lands Commission and could be imposed by that agency as part of its review of the GTC lease application.

7.4.3 Pursuant to CEQA Guidelines 15091(a)(3), the Board finds that:

*(3) Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the final EIR.*

7.4.3.1 Air Quality

Project Specific Impacts

Chevron's short-term tankering proposal would result in the violation of certain air quality standards. These significant impacts would include the exceedance of the one-hour NO<sub>2</sub> CAAQS (Class I). A water-injection retrofit to *Chevron Oregon*-class tanker turbines has been suggested as a mitigation measure to reduce NO<sub>2</sub> impacts resulting from operation of marine tankers. Although this mitigation measure appears to be technologically feasible and should be pursued for a long-term tankering project, the time consuming process of obtaining Coast Guard approval and the first-time implementation of the technology on marine tankers renders this control measure infeasible for Chevron's short-term tanker proposal.

7.5 CEQA Finding #3

The Board of Supervisors finds that:

*The Project Alternatives not chosen are either not feasible, not environmentally preferable, or not as beneficial as the Proposed Project.*

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**7.5.1 No Project Alternative/Use of Existing Pipelines**

The "No Project" alternative addresses the scenario in which the project is not permitted. The "No Project" alternative would involve utilization of all of the existing pipeline systems (AAPL to Kern County and Gulf Coast; AAPL/FCPL 63 to Los Angeles; and AAPL/Texaco to San Francisco). Transportation of Point Arguello crude oil by existing pipelines is considered environmentally preferable to the proposed project due to significant reductions in impacts involving air quality, system safety, marine water quality and marine biology. However, existing pipelines have limited capacities, and cannot fully transport Point Arguello production to the Producer's refinery destination of choice, Los Angeles, at this time (see discussion of existing pipeline capacities, Section 5.1.1). Considerable expense and effort has been invested in modifying Los Angeles refineries to accommodate heavy, high-sulfur crude, such as Point Arguello crude, and the highest capability to refine heavy crude is in Los Angeles. Additional OCS production is expected when Exxon's SYU project commences operation. Exxon has indicated it is interested in transporting partial volumes of its production to Los Angeles. The No Project alternative is not as beneficial as the conditionally-approved project because the approved project provides Chevron the opportunity to cause the construction of a new pipeline capable of providing transportation for existing and future OCS production to Los Angeles. As long as Chevron is in compliance with its pipeline commitment, it may use alternative modes of transportation to transport full production to its Los Angeles refinery center of choice. Therefore, the "No Project" alternative, or complete reliance on existing pipeline systems, is not as beneficial as the proposed project.

**7.5.2 Use of Future Proposed Pipelines**

Several proposed pipelines capable of transporting Point Arguello crude oil from Gaviota to Los Angeles are analyzed in 92-EIR-04. All of the proposed pipeline alternatives are environmentally preferable to the proposed marine tankering project. However, the time period needed to develop additional pipeline transportation systems is estimated at three to five years. Therefore, use of proposed pipelines to transport full volumes of Point Arguello production to Los Angeles is not a feasible alternative at this time. Chevron's tankering permit will be terminated as soon as a pipeline capable of transporting its production to Los Angeles is operational or Chevron fails to meet its commitment to cause the building of a pipeline to Los Angeles.

**7.5.3 Marine Tankering Through a Single Point Mooring**

The existing six point mooring at the Gaviota Interim Marine Terminal is the

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facility through which Chevron's oil would be shipped. Marine tankering through a single point mooring (SPM) at Gaviota is another alternative addressed in 92-EIR-04; this alternative would offer significant environmental advantages in terms of long-term effects on air quality, marine resources, system safety, visual quality and land use resources due to placement of the SPM further offshore (10,000 feet rather than 3,500 feet at present) and improved technology. Due to the construction impacts of an SPM, the short-term nature of Chevron's proposed tankering project (three years or less), the limited throughput volume, and Chevron's commitment to cause the construction of a pipeline to Los Angeles and use it as soon as it is operational, converting the existing spread mooring at Gaviota to an SPM is not an environmentally preferred or feasible alternative at this time. However, if Chevron's stated commitment to use a pipeline is not reinforced by signing a throughput and deficiency agreement (T&D) at the appropriate milestone, Chevron's commitment to pipeline transportation cannot be relied on, and the County must insure that any longer-term tankering occur from the environmentally superior marine terminal design. Therefore, Chevron's tankering through the six point mooring will be required to cease, pursuant to Condition MM-7 of 92-CDP-081, until it can be shipped through an environmentally preferred mooring.

**7.5.4 Marine Tankering Through an SPM at Las Flores Canyon**

The alternative of shipping Chevron's oil through an SPM at Las Flores Canyon is not currently feasible since Exxon has given up its lease from the State Lands Commission and no longer intends to construct a marine terminal. The significant impacts that would be required to construct a new terminal, mooring and pipeline would make this alternative less desirable than use of the GIMT for a short-term tankering project.

**7.5.6 Reduced Throughput Alternative**

Chevron's tankering project is a subset of the reduced throughput alternative analyzed in 92-EIR-04 and therefore its approval by the Board, with conditions, implements this alternative. As such, Chevron's project incorporates and improves upon the environmental advantages of the reduced throughput alternative.

**7.6 Statement of Overriding Considerations**

**7.6.1 Introduction**

CEQA Section 15092(b) states that, for projects that will have a significant effect on the environment:

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*A public agency shall not decide to approve or carry out a project for which an EIR was prepared unless:*

(2) *The agency has:*

- (a) *Eliminated or substantially lessened all significant effects on the environment where feasible as shown in findings under Section 15091, and*
- (b) *Determined that any remaining significant effects on the environment found to be unavoidable under Section 15091 are acceptable due to overriding concerns as described in Section 15093.*

In order to approve the project, the Board of Supervisors is therefore required to determine that the significant impacts are acceptable due to overriding considerations outlined in Section 15093 of CEQA. Pursuant to Section 15093 of CEQA, the Board of Supervisors is required to balance the benefits of a proposed action against its unavoidable environmental risks in determining whether to approve the project. If the benefits outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable".

The Board of Supervisors finds that where significant impacts were not reduced to insignificance, the mitigation measures imposed reduced the impact to the maximum extent feasible. Impacts which remain potentially significant after maximum feasible mitigation include air quality, marine water resources, marine biology, marine resource harvesting, system safety, land use, visual resources, and socioeconomics.

7.6.2 Reasons for overriding the project's significant environmental effects

7.6.2.1 Progress toward development of a pipeline to Los Angeles

The overriding consideration for approving Chevron's tankering project despite its significant unavoidable impacts is that the permit will be tied to a set of milestones requiring measurable progress toward the permitting and development of a common-carrier pipeline to Los Angeles. This permit for marine transportation of oil, a less environmentally preferred mode of transportation, will be valid only insofar as progress toward development of a common-carrier pipeline to Los Angeles, is demonstrated. Pipeline transportation is the environmentally

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preferred mode of transportation, offering significant environmental advantages in terms of long-term effects on air quality, marine resources, system safety, visual quality and land use resources. Should a new pipeline to Los Angeles develop as part of this project approval, pipeline transportation of crude oil production from existing projects in Santa Barbara County, such as Exxon's Santa Ynez Unit project and possibly ARCO's Ellwood project, would be assured, reducing the possibility of marine tankers/barges loading off Santa Barbara County shores in the future.

The construction of new state-of-the-art pipeline capacity for transporting crude oil produced on the Outer Continental Shelf to the desired markets in Los Angeles will provide the following important benefits:

- a. Effectuating the pipeline preference policies adopted by the California Coastal Commission and Santa Barbara County;
- b. Reducing the total amount of tankering potentially required over the life of the Point Arguello Project;
- c. Providing an economically reasonable pipeline transportation option for moving Exxon Santa Ynez Unit production and ARCO Ellwood production to Los Angeles; and,
- d. Providing a new state-of-the-art pipeline to supplement the aging and overburdened Southern California pipeline system.

**7.6.2.2 Potential reduction in single-hulled tankering**

Approving interim tankering will allow full Point Arguello oil production to reach Los Angeles markets as "neat" crude, allowing refineries to substitute this crude for other crude currently being tankered into Los Angeles, possibly reducing the number of single-hulled tanker trips. The tankers and crude oil ultimately backed out of Los Angeles will depend on the overall crude slate of all refineries in Los Angeles.

**7.6.2.3 Economic benefits**

The authorization of interim marine tankering in amounts up to a maximum of 50 MBD from the GIMT to Los Angeles will allow the Point Arguello Project to reach full production levels (estimated at 85 MBD) as allowed under existing permits. This increased level

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of production will result in economic and other benefits at the local, state and federal levels. These benefits have been previously identified in the EIRs prepared for the GIMT and the Point Arguello Project and include:

- a. An increase in royalty revenues to the Federal Government;
- b. Increased domestic oil resource production in accordance with Federal policy; and
- c. Decreased United States dependence on foreign oil production.

**7.6.3 Conclusion**

The Board of Supervisors has considered the Project's unavoidable potential impacts and the mitigation measures required for these impacts, as described in these findings. In accordance with Section 15093 of the State CEQA Guidelines, the Board has balanced these potential impacts against the benefits of the proposed project. The Board finds that, on balance, the benefits of the project outweigh the risks of significant unavoidable impacts, and that these impacts are acceptable, based on the overriding considerations described in Section 7.6.2.

Based on the above discussion, the project alternatives analyses, and evaluation of the feasibility of additional mitigation measures, the Board of Supervisors finds that:

*The unavoidable significant impacts of the project are found to be acceptable due to overriding considerations.*

**8.0 COASTAL ZONING ORDINANCE FINDINGS**

8.1 No tankering permit can be issued unless all of the necessary findings under the Coastal Zoning Ordinance can be made. CZO Section 35-154.5(i) states, in its pertinent part, that

*Transportation by a mode other than pipeline may be permitted only:*

- (1) *within the limits of the permitted capacity of the alternative mode; and*

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- (2) *when the environmental impacts of the alternative transportation mode are required to be mitigated to the maximum extent feasible; and*
- (3) *when the shipper has made a commitment to the use of a pipeline when operational to the shipper's refining center of choice; and*
- (4) *when the County has determined that use of a pipeline is not feasible by making one of the following findings:*
  - (a) *A pipeline to the shipper's refining center of choice has inadequate capacity or is unavailable within a reasonable period of time;*
  - (b) *The costs of transportation of oil by common carrier pipeline is unreasonable taking into account alternative transportation modes, economic costs, and environmental impacts; or*

**8.2 CZO §35-154.5(i)(1): Permitted Capacity of Alternative Mode**

8.2.1 Chevron and the Point Arguello producers may only transport crude oil by tanker within the limits of the permitted capacity of the Gaviota Interim Marine Terminal. The conditionally approved project for tankering up to a maximum of 50,000 BPD is within the maximum 100,000 BPD (over a 60 day average) throughput limitation proposed as a condition of the GIMT Final Development Plan (Condition A-14). The County's Final Development Plan for the GIMT has not expired. Termination of the GIMT FDP is triggered by various events as follows: upon a determination by the County that pipelines to both the Texas Gulf Coast and Los Angeles areas are operational, and a new consolidated marine terminal at Las Flores Canyon is not available, the County may require terminal operations to cease within 90 days (FDP Condition R-1(a)); or, when a new consolidated marine terminal at Las Flores Canyon is operational (FDP Condition R-1(d)). Because the County has not yet made either determination, Chevron's proposed project is within permitted capacity of the County's Final Development Plan for the GIMT.

8.2.2 In order to operate the Gaviota Interim Marine terminal, the Gaviota Terminal Company must also receive permits from the California Coastal Commission, the State Lands Commission and the Army Corp. of Engineers, which have concurrent jurisdiction over the marine terminal. Previously-issued permits by the California Coastal Commission and State Lands Commission have expired. GTC has pending applications before the California Coastal Commission and the State Lands Commission for a new permit and lease requesting, with

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respect to Point Arguello field crude, a throughput of 50,000 BPD to be tankered to Los Angeles by Chevron *OREGON* Class vessels for a period of three years. If GTC's applications to the Coastal Commission and State Lands Commission are approved, the tankering permitted by this permit would be within the permitted capacity of the GIMT.

8.2.3 The conditionally approved project requires that no tankering commence until Chevron provides the County with copies of permits from the California Coastal Commission, State Lands Commission and U.S. Army Corp. of Engineers demonstrating that the GIMT has adequate permits for shipping volumes of crude over time equal to or greater than those volumes authorized in this permit. Therefore, the conditionally approved project can be found consistent with CZO § 35-154.5.i(1).

8.3 CZO §35-154.5(i)(2): Maximum Feasible Mitigation

8.3.1 Chevron and the Point Arguello producers may only transport crude oil by tanker when the environmental impacts of the alternate transportation mode are required to be mitigated to the maximum extent feasible. LCP policy 6-8(e) provides that assurances that the environmental impacts caused by the alternate transportation mode will be mitigated to maximum extent feasible may be provided by either the shipper or the transportation facility operator.

8.3.2 In issuing the Final Development Plan for the Gaviota Interim Marine Terminal, the County found that significant environmental impacts from the marine terminal facility "will be mitigated to the maximum extent feasible by the implementation of Conditions noted in the Class I Impact Summary Table." Board of Supervisors Final Permit Actions, CZO Finding 8.1.1(b). Approximately 145 mitigation measures were imposed as permit conditions on the GIMT to mitigate potential impacts to the maximum extent feasible. On August 9, 1991, the County completed its review of all submittals furnished by the Gaviota Terminal Co. to comply with the Board of Supervisors' Marine Emergency Management Study and the permit conditions to the Final Development Plan for the GIMT. RMD has confirmed that GTC has complied with all conditions of the FDP that require County approval of submittals prior to startup. GTC has committed that before startup of marine tankering from the GIMT, it will conduct a full scale exercise, retrofit Mr. Clean III as a holding vessel, make mooring modifications, install a VTS at Gaviota, and satisfy the County's Financial Responsibility Ordinance. The impacts of Chevron's proposed tankering project will be substantially reduced by implementation of these mitigation measures imposed upon the Gaviota Interim Marine Terminal.

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8.3.3 On August 9, 1991, this Board acknowledged that, as of that date, the mitigation measures required by the GIMT FDP conditions and committed to by GTC will, if implemented as provided in the agreement of that date, assure that the environmental impacts of the GIMT project facility components are in fact mitigated to the maximum extent feasible. The final SEIR/S (92-EIR-04) for Chevron's current tankering application has identified thirty-five new mitigation measures that the marine terminal operator could implement to further substantially reduce potential impacts of marine tankering from the GIMT. The Gaviota Terminal Company has committed to implement or be in compliance with each of these measures on or before the commencement of marine tankering from the GIMT.

8.3.4 Additional feasible mitigation measures from the final SEIR/S have been imposed upon Chevron as conditions of the issuance of 92-CDP-081. The conditionally approved project requires Chevron to implement or be in compliance with each of the mitigation measures required as a condition before commencing tankering pursuant to 92-CDP-081.

8.3.5 The milestone requirements of the conditionally approved project permit tankering only if Chevron is in compliance with its pipeline commitment to develop a pipeline to Los Angeles. These milestone requirements further substantially reduce the potential impacts of Chevron's marine tankering project.

8.3.6 Taken together, the actions required by Chevron and GTC as described in Findings 8.3.2 through 8.3.5 assure that the environmental impacts of Chevron's tankering project are required to be mitigated to the maximum extent feasible.

**8.4 CZO §35-154.5(i)(3): Pipeline Commitment**

8.4.1 During the 1983 consistency certification review process for Chevron's Point Arguello project, Chevron committed to transport its oil through an available pipeline or take the lead in constructing a pipeline if one was not available by January 1, 1986. By letter dated November 4, 1983, to the California Coastal Commission, Chevron stated the following (partial quotation):

*"Chevron commits to transport its California offshore crude oil produced from the Point Arguello field by pipeline to its El Segundo refinery. This commitment is contingent on obtaining the required permits and the construction of an industry-sponsored crude oil pipeline to Los Angeles... However, if such a pipeline is not under construction by January 1, 1986, Chevron will assume the lead role in arranging for the design, permit, organization*

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*and capitalization of an industry-sponsored pipeline to Los Angeles."*

8.4.2 In January 1984, a joint venture was formed by Chevron Pipeline Company, Four Corners Pipeline Company, Shell Oil, and Texaco Refining and Marketing Inc. to finance the construction of an industry pipeline pursuant to the agreement made during the consistency certification of Chevron's Arguello field platforms to pipeline crude oil and take the lead in constructing an onshore pipeline to Los Angeles refineries. The construction and language of the County's oil transportation policies and Condition Q-6 of Chevron's Final Development Plan were adopted by the County in reliance on Chevron's promise to implement the pipeline transportation agreement made during the consistency certification process.

8.4.3 The Coastal Commission has determined with respect to Chevron's FDP that Condition Q-6 was adopted by the County in reliance on Chevron's agreement, made during the consistency certification of Chevron's Point Arguello field platforms, to pipeline crude oil to its El Segundo refinery and to take the lead in construction of an onshore pipeline in the event that construction of a pipeline to Los Angeles was not underway by January 1, 1986.

*Condition Q-6, which is at issue in this appeal, was adopted by the County with the anticipation that any transportation mode other than onshore pipelines would take place only on an interim or emergency basis until a pipeline from Gaviota to El Segundo was complete. In 1984, when the Condition was imposed, a consortium of oil companies was proposing to build an onshore pipeline from Gaviota to the Los Angeles basin. Thus, the condition allows for non-pipeline transportation only in accordance with LCP policies, including LUP Policy 6-8 and CZO 35-154.5(i), which require the use of onshore pipelines when they become available unless their use would not be feasible for a particular shipper. Moreover, Q-6 expressly requires pipeline transportation for any oil produced beyond "Phase I" (100,000 BPD); not only does the condition embody the preference for onshore pipelines, it clearly contemplates only the temporary use of modes other than pipelines. Coastal Commission Appeal No. A-4-STB-89-33, Staff Report and Recommendation on Substantial Issue, June 30, 1989, p. 12; Staff Report and Recommendation on Coastal Development Permit Appeal, July 28, 1989, p.9.*

8.4.4 In 1989, during the Coastal Commission's consideration of the appeal by the League of Women Voters of Santa Barbara, Inc. and Get Oil Out, Inc. of the CDP issued by the County upon Chevron's first application for a tankering permit, Chevron acknowledged its pipeline commitment:

*"Chevron understands that an oil transportation commitment was made to the*

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*Commission on November 4, 1983, as part of the Commission's consistency review [of Point Arguello platforms related to the Gaviota project]. Chevron had intended to provide the Commission with an update of progress on that commitment before the end of 1989. Chevron states that it is now reviewing the legal status of the [Angeles] pipeline permit and the potential economic feasibility in light of significantly lower production forecast than were available in 1983." Coastal Commission Appeal No. A-4-STB-89-33, Staff Report and Recommendation on Substantial Issue, June 30, 1989. p. 14.*

8.4.5 On November 2, 1989, in a letter to Catherine Callahan (Santa Barbara County RMD Energy Division), Chevron provided an update on the progress of its oil transportation commitment. Chevron stated that it was aware of considerable local governmental opposition to the SCPS project within the Los Angeles basin by the summer of 1986, and that by October 1987 it knew that attempts to obtain the necessary permits for it to construct the SCPS would be complicated by litigation and local opposition. Chevron claimed that the SCPS project ultimately proved infeasible due to increasing political opposition in the permitting process, escalating costs, and decreasing estimates of the crude oil production to be transported by the pipeline. Chevron claimed that the two conditions of its November 4, 1983 commitment – "obtaining required permits and sufficient industry support" – made the SCPS project economically infeasible.

8.4.6. Chevron's failure to build the industry-sponsored SCPS pipeline to Los Angeles did not satisfy or exhaust its obligation under the 1983 consistency certification to "assume the lead role in arranging for the design, permit, organization and capitalization of a pipeline to Los Angeles."

8.4.6.1. By the summer of 1986, as the environmental review of the SCPS project proceeded, Chevron was aware of considerable political opposition to construction of the proposed SCPS pipeline in Los Angeles. Between October 1987 and 1990, Chevron failed to propose or pursue alternatives to the SCPS, and took no action to acquire permits for a pipeline to Los Angeles notwithstanding its doubt that political opposition to the proposed routes of the SCPS pipelines could ever be overcome.

8.4.7. Since its abandonment of SCPS, Chevron has acknowledged the technical and economic feasibility of other proposed pipelines to Los Angeles.

8.4.7.1 At a public workshop before the Planning Commission on October 25, 1990, on Chevron's then pending Condition Q-6 tankering application, Chevron's

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representative, Richard Hughes, stated Chevron had completed sufficient investigation of heated pipelines to Los Angeles, including the Pacific Pipeline System alternative and Four Corners Pipeline (FCPL) Line 90, to be confident one could be developed. Mr. Hughes stated Chevron was committed to limiting the term of its tankering permit to four years, during which construction of a pipeline to Los Angeles would be pursued subject to performance milestones and a performance bond. (October 25, 1990 Planning Commission Q-6 Workshop, transcript pages 19-21, 193-94.)

8.4.7.2 On October 30, 1990 Chevron submitted to the County a "Statement of the Point Arguello Project Sponsors In Support of Application For Approval of Marine Tankering Under FDP Condition Q-6" (Statement of Project Sponsors). The Statement of Project Sponsors again acknowledged Chevron's investigation of pipelines to Los Angeles. Based on these investigations, the Statement incorporated a change in the project description proposed by Chevron to set a limit on interim tankering at no more than four years, said limit being tied to milestones and a performance bond established for the purpose of assuring that reasonable progress was being made toward completion of a feasible pipeline to the Los Angeles area.

8.4.7.3 Chevron's current application acknowledges the feasibility of proposed new pipelines to Los Angeles and retains the requirement to demonstrate progress toward completion of a feasible pipeline to Los Angeles in order to "voluntarily" comply with Chevron's pipeline commitment.

8.4.8 The Board rejects Chevron's contention that the LCP intended to eliminate any inquiry into the feasibility of constructing a new pipeline. The LCP distinguishes between the "general pipeline feasibility" of permitting and constructing a pipeline and the subsequent determination, once a pipeline is constructed and operational, whether pipeline use is not feasible because the costs of common carrier transportation will be unreasonable. The text of the County's Local Coastal Plan provides that "[g]eneral pipeline 'feasibility'" will be determined through the market based on producer choice of refining center, refining capacity in that center, and economic feasibility being tested through ability to obtain financing and the choice to build and operate the pipeline." LCP p. 62.

8.4.9 The Point Arguello producers have chosen Los Angeles as their refining center of choice. No period of tankering is required for Chevron to determine whether Los Angeles is Chevron's appropriate refinery destination. There is adequate refinery capacity in Los Angeles to make a pipeline to that destination feasible.

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8.4.9.1 Chevron invested in the Point Arguello project subject to a commitment to obtain required permits and construct an industry-sponsored crude oil pipeline or, if such a pipeline was not under construction by January 1, 1986, to assume the lead role in arranging for the design, permit, organization and capitalization of an industry-sponsored pipeline to Los Angeles. Chevron's selection of Los Angeles as its refinery center of choice is emphasized by the acceptance of those Point Arguello project members participating as partners in the Gaviota Terminal Company of a permit condition requiring termination of the GIMT upon operation of pipelines to Los Angeles and Texas only.

8.4.9.2 Chevron has consistently identified Los Angeles as its refinery destination of choice in four applications to the County for a permit to tanker. Even Chevron's application to tanker to Hawaii, Oregon and Washington, which was ultimately withdrawn, identified Los Angeles as its refining center of. There has been no evidence proffered to show that Los Angeles cannot absorb the crude oil proposed to be tankered by Chevron.

8.4.9.3 Under the LCP, while the County should assure that producers have access to competitive markets, it need not provide unlimited flexibility to all producers. LCP, p.62.1.

8.4.9.4 The undated Purvin & Gertz Inc. analysis of Point Arguello crude oil marketing submitted by Chevron identifies Los Angeles area refineries as having the highest capability to process neat heavy sour crude oils including Point Arguello of any refining center in the United States. (Point Arguello Crude Oil Marketing, p. 7) The ADL study also shows that Los Angeles has adequate capacity to refine more than 80 MBD of Point Arguello crude.

8.4.9.5 Point Arguello project partners and independent refiners have made considerable investment to upgrade their refineries to accept heavy sour crude such as Point Arguello crude.

8.4.10 Since 1987, three technically and economically feasible pipelines to Los Angeles -- the Pacific Pipeline System, the Cajon pipeline and the FCPL Line 90 reversal -- have been proposed by the private market. Each of these three pipeline companies have chosen to undertake the building and operation of a pipeline to Los Angeles and have invested risk capital in furtherance of that goal.

8.4.11 The determination whether an applicant for a permit to transport oil by tanker pursuant to CZO § 35-154.5.j is in compliance with the CZO pipeline commitment requirement must be made on a case-by-case basis with reference to the particular facts and

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circumstances relevant to the project, including the oil transportation commitments undertaken by that applicant. Chevron's pipeline commitment requires it to take the lead in arranging for the design, permit, organization and capitalization of a pipeline to Los Angeles. The adequacy of Chevron's commitment to use a pipeline when operational must be measured by the implementation of its oil transportation agreement, i.e., to construct a pipeline to Los Angeles and use it when operational.

8.4.12 The County's CZO pipeline commitment requirement is susceptible to different interpretations and, therefore, must be understood to further the goals of the County's Local Coastal Program. As the legislative provisions governing development within the Coastal Zone, the County's LCP is elastic and, in keeping with the growth of knowledge of industry practice in the development oil pipelines, capable of expansion to meet existing conditions to further its purpose. The LCP itself reflects a desire for flexibility in the application of the policies as it encourages periodic review to ensure effectiveness because of uncertainty regarding industry economics and permits. The County may apply the pipeline commitment requirement of its Coastal Zoning Ordinance in furtherance of the purpose of the LCP's explicit preference for pipeline transportation and to assure compliance with Chevron's pipeline commitment made during the consistency certification of its Point Arguello project facilities.

8.4.12.1 In 1984, when the County's LCP and CZO were being formulated, no independent common carrier pipeline companies, requiring shipper commitments to obtain financing to construct a pipeline, proposed to service Texas/Gulf Coast and Los Angeles refinery centers. Instead, the pipeline proposed to serve Texas/Gulf Coast refinery centers was being independently financed and constructed by AAPL without shippers' commitments to use the pipeline. It was also assumed that Chevron would build a pipeline to Los Angeles and that any tankering of Point Arguello crude would occur only on an interim or emergency basis because of Chevron's oil transportation promise made during the Coastal Commission consistency certification of the Point Arguello project. The Board finds that it is improbable that pipeline projects funded without throughput commitments from shippers will ever be proposed by the private market again.

8.4.12.2 In light of Chevron's failure to build the SCPS, the assumption held in 1983 that Chevron would build its own industry-sponsored pipeline is no longer valid. Rather, if there is to be pipeline transportation to Los Angeles for full volumes of Point Arguello crude, it will be through one of the three feasible pipelines currently proposed and pursuing permits. Standard industry practice now requires acquisition of permits and shippers' throughput commitments before the financing necessary to construct a feasible pipeline can be obtained by a common carrier pipeline company. Unless producers or shippers finance pipeline

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construction through prepaid transportation arrangements or similar pre-construction capital commitments, the ability to obtain financing for an independent pipeline project is tested through the ability to obtain construction loans secured by throughput and deficiency agreements. Each of the feasible pipelines identified above will require a throughput and deficiency agreement in order to finance construction of its proposed project. However, the financing for pipeline construction secured by throughput and deficiency agreements will not occur until the proposed pipelines obtain required permits from appropriate governmental agencies.

8.4.13 Chevron has failed to comply with its pipeline transportation commitment made during the Coastal Commission consistency certification process. This history is properly part of the record defining what constitutes an adequate pipeline commitment from Chevron in considering Chevron's compliance with the CZO pipeline commitment requirement.

8.4.13.1 Chevron has failed to act deliberately to acquire permits for a pipeline to Los Angeles. Chevron was aware of political opposition to the SCPS pipeline project by 1986. Chevron failed to assume the lead in developing and acquiring permits for alternative pipelines until 1990, after it had submitted a second application to tanker to the County.

8.4.13.2 Chevron has failed to meet earlier commitments made to the County to use feasible pipelines. In support of their current application to tanker, the Point Arguello producers resubmitted the same letters of commitment to use a pipeline when operational (FDP Condition A-20) that were previously offered by Chevron to demonstrate pipeline commitment. These commitment letters have proven inadequate to ensure compliance with Chevron's pipeline commitment. The Point Arguello producers refused to use Four Corners Line 63 to Los Angeles despite having submitted Condition A-20 commitment letters and notwithstanding the County's finding on November 12, 1990 that this common carrier line was feasibly available within a reasonable period of time if Chevron would commit to use of the pipeline. On appeal to the Coastal Commission, the Commission found that the AAPL and Line 63 pipeline network to Los Angeles was available within a reasonable period of time subject to the producers' commitment to use of the pipelines. Because Chevron improperly withheld its commitment to use the AAPL and Line 63 pipelines, the pipeline companies were unable to complete the necessary modifications capable of being accomplished within a few months to accommodate Point Arguello crude transportation. The Coastal Commission held therefore that Chevron could not demonstrate that pipelines to its refinery destination of choice were not available within a reasonable period of time. Coastal Commission Substantial Issues Staff Report, March 29, 1991, pp. ES(v) and 21.

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8.4.14 In light of Chevron's past failures to comply with its pipeline transportation commitment, the Board finds Chevron's proposed milestones and enforcement consequences inadequate. Pursuant to the CZO, tankering of Point Arguello crude must be subject to and conditioned upon Chevron's compliance with its pipeline commitment to develop a pipeline to Los Angeles. Unless Chevron is in compliance with reasonable milestones satisfying its obligation to assume the lead in developing a pipeline to Los Angeles, findings supporting interim tankering cannot be made. The conditionally approved project contains minimum milestones and enforcement conditions to ensure that tankering will occur only if Chevron is in compliance with its pipeline commitment. These milestone dates for acquisition of permits, execution of throughput and deficiency agreements, and commencement of pipeline construction are consistent with the schedules offered by each of the three feasible pipelines to Los Angeles - the Pacific Pipeline system, the Cajon Pipeline, and Four Corners Pipeline.

8.4.15 Chevron's oil transportation commitment to assume the lead role in arranging for design, permit, organization and capitalization of a pipeline to Los Angeles requires it to contribute venture capital toward the design and permitting of feasible pipelines.

8.4.15.1 Chevron and Exxon are currently funding at least 75% of the permitting and design cost of the Pacific Pipeline System. Exxon is also funding permitting costs for the Four Corners Line 90 reversal. Without industry support of those pipeline companies who have chosen to risk venture capital on proposed feasible pipelines to Los Angeles, there can be no testing of the ability to obtain financing to through throughput and deficiency agreements.

8.4.15.2 Based on these current industry requirements, Exxon informed the Deputy Director of the County Energy Division on July 8, 1992 that it is providing significant financial support to progress engineering and permitting for more than one pipeline system for transportation to Los Angeles.

*"In addition to Pacific Pipeline, Exxon is providing funds to Four Corners Pipeline for preliminary engineering and permitting work for the reversal of Line 90 to preserve it as a potential alternative....To the extent other pipeline projects connecting to the All American Pipeline system appear viable and competitive with Four Corners Pipeline 90 reversal, Exxon would consider providing them with similar financial support. We expect to continue to support more than one pipeline alternative until one is clearly preferred, and thereafter would expect to continue to pursue the preferred pipeline with the intent to enter into a throughput agreement once the viability of the pipeline in terms of permitting and construction is established*

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*and mutually acceptable commercial conditions have been negotiated."*

8.4.15.3 Because of the failure of Chevron to comply with its pipeline commitment, the Board finds that Chevron's participation in providing industry support to each of the feasible pipelines to Los Angeles will be most effective in resulting in an operational pipeline to Los Angeles. The Board declares that it is not its intention to make Chevron a captive shipper of any proposed pipeline to Los Angeles. Chevron's duty is to take all reasonable steps to ensure that at least one of the three feasible pipelines satisfies each of the milestones required by the conditionally approved project. Because the purpose of Chevron's pipeline commitment is to cause pipeline transportation of Point Arguello field crude to Los Angeles, Chevron shall be allowed to satisfy the milestone requirements of the conditionally approved project with only those pipelines to which it will commit its production upon commencement of pipeline operation. Thus, Chevron may determine whether it will provide financial support for engineering design and the acquisition of lead and responsible agency permits for more than one of the feasible pipelines. This market approach towards support of alternative pipeline projects does not relieve Chevron of its obligation to insure that at least one pipeline it supports can satisfy each of the milestone requirements of the conditionally approved project. Chevron assumes the risk of failure to meet milestone requirements of the conditionally approved project by failing to support more than one feasible pipeline project at any one time.

8.4.16 Chevron's tankering application and pipeline commitment requires it to execute a throughput and deficiency agreement sufficient to cause a permanent pipeline to Los Angeles to be built. The milestone date in the conditionally approved project requiring Chevron's execution of an unconditional throughput agreement adequate to secure construction financing falls within the schedule of each of the proposed feasible pipelines to Los Angeles and will cause the construction of a pipeline as soon as feasibly possible. Therefore, the conditionally approved project is preferable as it is consistent with the CZO. Consistent with Chevron's project application, the conditionally approved project requires Chevron to execute a throughput and deficiency agreement adequate to cause a pipeline to be built during the term of tankering or it must cease tankering to Los Angeles.

8.4.16.1 The Board rejects Chevron's establishing an unreasonable tariff criteria for executing throughput and deficiency agreements at this time. The Board has found that all three proposed pipeline projects are feasible, as addressed in the final SEIR/S. The Board finds at this time that Chevron's five criteria for a pipeline can be met equally by all three pipeline projects, with the exception of the tariff criterion which identifies \$2.25/bbl as the tariff a pipeline must meet in order for Chevron to sign a throughput and deficiency agreement. The Board finds that it is premature to determine any pipeline is feasible or infeasible for a

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particular shipper based on a tariff of \$2.25/bbl because the volume necessary to meet that tariff is not specified, because the value of crude oil production when throughput and deficiency agreements must be signed is not known, because final permitting and engineering have not been completed and concomitant costs not been finalized, and because financial arrangements within any throughput and deficiency agreement may contain other financial responsibilities greater than the proposed tariff. The Board may address these and other issues when considering the adequacy of the throughput and deficiency agreement at milestone 2.

**8.5 CZO § 35-154.5.1(4): Pipeline Feasibility**

The Board finds that available capacity in existing operational pipelines exists to allow for shipment of 30 MBD of Pt. Arguello crude oil to Los Angeles.

**8.5.1 Available Pipeline Capacity**

8.5.1.1 All of LCP Policy 6-8 was certified by the Coastal Commission on August 8, 1984, before approval of Chevron's PDP. Policy 6-8(b) provides specific direction for a particular shipper. This subsection states that if a pipeline is in operation to a refining center of the shipper's choice, it is presumed feasible for that shipper. For those situations where refining centers are served by pipeline, Policy 6-8(e) identifies three circumstances in which shippers may use modes other than pipelines to transport oil: (1) pipeline unavailability or inadequate capacity; (2) a refinery upset; or (3) an emergency which may include a national state of emergency.

8.5.1.2 The CZO, in Section 35-154.5.i(4)(a), allows the Board of Supervisors to issue tankering permits when it finds that "a pipeline to the shipper's refining center of choice has inadequate capacity or is unavailable within a reasonable period of time".

8.5.1.3 The CZO specifically places the burden to prove pipeline infeasibility or unavailable capacity on Chevron.

8.5.1.4 Chevron's assertions that the LCP and CZO only envisioned feasible pipelines to be ones that could ship full volumes of neat Pt. Arguello production is not supported by any evidence or legislative history provided by Chevron and is contrary to the goals of the policies to promote the use of operational pipelines.

8.5.1.5 The legislative history of the 1984 LCP amendments does not support Chevron's contention that only pipelines that can provide capacity for full Pt. Arguello

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production can be considered feasible under the LCP. The record of the Board's deliberations in 1984 help define the contours of the policy as an aid in its interpretation and application; it cannot be applied as proposed by Chevron to avoid the requirement to use available capacity in operational policies. Nothing in the Board's policy choice to allow interim tankering during pipeline construction creates an inference that the Board rejected the concurrent obligation to use available pipeline capacity.

8.5.1.6 Chevron has been shipping Pt. Arguello crude oil, blended, in Line 63 to Los Angeles since August of 1991. Volumes of Pt. Arguello crude in that pipeline have steadily increased from 5 MBD to a peak of 31 MBD of Pt. Arguello crude (35 MBD blend) in June 1992. Pt. Arguello crude in Line 63 in 1992 has averaged nearly 25 MBD (29 MBD blend). The Board finds that total available physical capacity in Line 63 for Pt. Arguello crude has averaged 34 MBD (39.5 MBD blend) in 1992. The Board further finds that, based on the August 3, 1992 ADL report provided as an attachment to the staff report, operating Line 63 above 90-95% of its capacity may lead to operational difficulties, including delivering Pt. Arguello blend to refineries. A finding that available capacity in Line 63 equals 30 MBD Pt. Arguello (34.5 MBD blend) can be made at this time. This conclusion is based on the average available capacity over the past year in Line 63, and the constraints from operating Line 63 at volumes greater than 90-95%. The condition of the permit that allows Chevron to ship less than 30 MBD should Line 63 reach pro-ration is reasonable and is consistent with the CZO. Lastly, the Board finds that, contrary to substantial testimony provided by Chevron during Q-6-2, alleged difficulties in obtaining blendstock for shipping Pt. Arguello crude oil in Line 63 have not occurred, nor is there any evidence that they could occur over the three-year life of the project.

**8.5.2 Costs are not unreasonable**

8.5.2.1 The Board reaffirms its finding in denying Chevron's Q-6-2 application that the Coastal Commission's finding in adopting Policy 6-8 in 1984 precludes a determination that a pipeline is not feasible for a particular shipper simply because it is more expensive than tankering.

8.5.2.2 The CZO, in Section 35-154.5.i(4)(c), allows the Board of Supervisors to issue tankering permits when it finds that "the costs of transportation of oil by common carrier pipeline are unreasonable taking into account alternative transportation modes, economic costs and environmental impacts".

8.5.2.3 The CZO specifically places the burden of proof as to unreasonable

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costs on Chevron.

8.5.2.4 Chevron's assertions regarding a "marketability" finding of unreasonable costs are without merit, as addressed in finding 8.5.1.5. Nonetheless, Chevron's assertion that only 15-20 MBD of Pt. Arguello crude can be marketed, as a Line 63 blend, is not supported by the August 3, 1992 ADL report. ADL determined, based on interviews with refinery operators who have been able to refine blended Pt. Arguello crude for the past year, that a market exists in Los Angeles for 20-35 MBD of Pt. Arguello crude (24-42 MBD blend). ADL determined this volume could increase as planned upgrades and operational modifications to Los Angeles refineries are made.

8.5.2.5 The Board further finds that the transportation costs of using Line 63 for blended Pt. Arguello crude are not unreasonable since an average of 25 MBD of Pt. Arguello oil (29 MBD blend) has been shipped in Line 63 in 1992 and since Chevron has elected to transport oil by pipeline to Martinez and on to Los Angeles by tanker at what appear to be higher costs (ADL report).

8.5.2.6 The Board rejects Chevron's contention that isolated statements in the OTP history of County staff can be elevated to binding policy principles that limit the application of the policies.

8.5.2.7 The Coastal Commission did not adopt the intent of rejected LCP Policy 6-8A when it certified the CZO in October 1984. The CCC agreed to an amendment to allow consideration of reasonableness of the costs to ship via common carrier, CZO subsection 4(c), but in the October 1984 findings stated:

*Ordinance 35-154.5(i) as proposed directs that the tariffs for transporting of oil by pipeline are to be judged as to unreasonableness based on a balancing of public and private interest in economic and environmental factors. As stated in the findings for denial for Amendment 6-8A, which are hereby incorporated by reference, the term public and private interests economic and environmental factors is too vague and has the potential to impose differing standards on the consideration of mitigations and therefore is inadequate to carry out the standards of maximum mitigations in the LUP.*

Subsection 4(c), as finally adopted by the Coastal Commission, requires a demonstration that the costs for transportation of oil via common carrier pipeline are unreasonable. The fact that an alternative may be more expensive or less profitable is not sufficient to show that the alternative is infeasible. What Chevron must show is that the

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additional costs or lost profitability are sufficiently severe as to render it impractical to proceed with the project.

8.5.2.8 Chevron's economic analysis of net present values does not address the unreasonable cost of shipping because it compares irrelevant scenarios. The "base case" scenario assumes full tankering of Pt. Arguello production over a 20-year period; Chevron has not applied for such a project. The "No Tankering" scenario assumes only 35 MBD is produced from the Gaviota Facility, all of which is shipped to Los Angeles in Line 63 for 20 years. Chevron has also not applied for such a project. Chevron's economic analysis should have analyzed its proposal as a base case - 35 MBD in pipelines, 20 MBD of which are shipped in Line 63; 50 MBD in tankers; PPS, after three years, for the remaining life of the project - and compared its costs to the approved project - 35 MBD in pipelines, 30 of which are shipped in Line 63, 50 MBD in tankers; PPS, after three years, for the remaining life of the project. The incremental cost difference from such a comparison would need to demonstrate that the additional costs or lost profitability would be sufficiently severe as to render it impractical to proceed with the Pt. Arguello Project. Chevron has provided no evidence that the costs to fill Line 63's available capacity (30 MBD Point Arguello) are unreasonable compared to the costs to fill Line 63 based on Chevron's market assertions (20 MBD).

8.5.2.9 No evidence has been provided by Chevron to demonstrate that its proposal offers less environmental impacts than the project approved by the County, with conditions. Moreover, Unocal's plans to ship up to 20 MBD of Pt. Arguello crude oil in the Sisquoc pipeline by October 1992, may lead to less crude shipped via marine tanker with the project approved by the Board. The costs to ship in the Sisquoc pipeline to the Santa Maria Refinery (\$2.55/bbl) will be competitive with the costs to ship via tanker (\$2.35/bbl) and could therefore lead to Unocal's "bidding away" Pt. Arguello crude oil from marine tanker volumes. Therefore, the project approved by the Board, with conditions, could lead to less environmental impacts than that proposed by Chevron.

**9.0 COMPLIANCE WITH OTHER FDP CONDITION Q-6 REQUIREMENTS**

9.1 Condition Q-6 require Chevron's compliance with the "Contract for Implementation of Conditions E-4, E-7, and E-9 of the Chevron Point Arguello Project Preliminary Development Plan no. 83-Dp-32cz." This agreement requires Chevron to provide interim mitigation for the project until such time as the AQAP is completed. Chevron is in compliance with its interim mitigation requirements. After completion of the AQAP, the District must determine and Chevron must comply with an air quality mitigation plan that will provide for complete mitigation of all project NO<sub>x</sub> and hydrocarbon emissions that cause or contribute to

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onshore ozone standard violations. Chevron has provided the appropriate pre-AQAP compliance mitigation measures. The District and Chevron expect to have final post AQAP air quality mitigation package by September of this year.

**10.0 DURATION OF PERMIT**

10.1 The CZO states that all permits for the use of a non-pipeline mode of transportation may specify the duration for such permitted use. The Board finds that a pipeline capable of transporting adequate volumes of Point Arguello field crude to Los Angeles area refineries is feasibly available and operational by March 9, 1995. All tankering of Point Arguello field crude authorized pursuant to the conditionally approved project shall cease upon linefill of such a pipeline or March 9, 1995, whichever occurs first.

10.2 The duration of this permit is subject to Chevron's compliance with its pipeline commitment. If any time Chevron fails to meet any of the milestones identified in the conditionally approved project to ensure reasonable progress in the development of an operational pipeline to Los Angeles, tankering authorized under this permit shall cease according to the terms of the conditionally approved project.

10.3 In the event Mobil's M-70 pipeline becomes a common carrier pipeline, a connection of several hundred feet between the All American Pipeline and the Mobil M-70 could be feasible within a reasonable period of time. Once connected, the AAPL and Mobil M-70 pipelines would constitute a common carrier transportation network that could accommodate the transportation of partial volumes of neat Point Arguello crude oil to Los Angeles. The status of Mobil's M-70 pipeline is currently in litigation. If, upon resolution of that litigation, Mobil's M-70 pipeline is determined to be a common carrier, the Board shall conduct a public hearing for the limited purpose of re-opening this permit to determine whether additional pipeline capacity may be available and required to be used by Chevron.

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Texaco Trading and Transportation Inc. (TTTI), is the managing partner of the Gaviota Terminal Company (GTC), the operators of the Gaviota Interim Marine Terminal Company (GIMT). In their pending application, the Point Arguello Producers' propose the transport of Point Arguello crude oil from the GIMT to Los Angeles by marine tanker.

The Gaviota Marine Terminal Supplemental Environmental Impact Report/Statement (SEIR/S; 92-EIR-04) is being used by the County to address the impacts associated with Chevron's application. During the preparation of the SEIR/S, additional mitigation measures were identified for the operation and use of the GIMT. Since Chevron's application encompasses the use of the GIMT, these mitigation measures need to be incorporated into the GIMT Final Development Plan to support a maximum feasible mitigation finding for Chevron's application, as required under the County's Coastal Zoning Ordinance Sec. 35-154(5)(i)(2).

TTTI submitted mitigation measure packages on June 29, 1992, and August 3, 1992, to ensure that the impacts of tankering Point Arguello crude from its terminal are mitigated to the maximum extent feasible. On June 29, 1992, TTTI committed to twenty-six new mitigations derived from the Draft SEIR/S and public comments received on the Draft SEIR/S. In addition to the mitigation measures identified in the Draft SEIR/S and public comments, new mitigation measures were identified in the preparation of the Final SEIR/S. On August 3, 1992, GTC submitted a supplemental mitigation measure package based on the Final SEIR/S.

Pursuant to GIMT FDP Conditions A-28 and A-30, GTC has submitted letters of commitment and plan modifications to incorporate the mitigation measures into the GIMT FDP (86-DP-90cz). Pursuant to GIMT FDP Condition A-28, GTC has submitted letters of commitment to implement new mitigation measures to comply with existing conditions on the GIMT FDP (86-DP-90cz). Condition A-28 reads as follows:

*A-28 "All plans, procedures, programs, demonstrations, letters of commitment, and the project description as submitted for environmental analysis of the project, subsequent modifications of this permit and the above referenced plans, programs, procedures, demonstrations, and letters prepared pursuant to this permit are incorporated herein and have the force and effect of a permit condition. The remedies available to the County upon the applicant's failure to comply with such plans, procedures, etc., include, but are not limited to, those remedies which are available to the County upon the applicant's failure to comply with a permit condition."*

Pursuant to GIMT FDP condition A-30, GTC intends to incorporate additional mitigation measures into plans required by the conditions of the GIMT FDP permit (86-DP-90cz). Condition A-30 reads as follows:

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A-30 *"Unless other agency approval is required, a plan submitted by GTC under this permit may be modified by written agreement between GTC and the Resource Management Department. In the absence of such an agreement, if the director of the Resource Management Department makes a determination that a modification to a plan is reasonable, feasible and necessary for the effective implementation of the intent of the plan, the director may require the modification to achieve that purpose by giving GTC written notice of the determination, the reasons therefore and the modification required.*

*GTC may appeal the director's determination to the Planning Commission within ten (10) calendar days of the date that notice of the director's determination is given to GTC. Any such notice from the director shall include procedures for appeal of the director's determination to the Planning Commission and, thereafter, to the Board of Supervisors pursuant to Coastal Zoning Ordinance Sec. 35.182.3. The director's determination shall be stayed pending appeal.*

*In connection with the determination whether to require a modification to a plan, the provisions of Condition A-24 shall apply and the remaining useful life of the Gaviota Interim Marine Terminal shall be considered."*

The basic intent of GIMT FDP condition A-30 is to allow for modifications to plans as required under GIMT FDP conditions through modifications approved by the Director of the Resource Management Department which will apply for the remaining useful life of the Gaviota Interim Marine Terminal.

GTC's representatives have confirmed that the measures identified in the Condition A-28 commitment letters and A-30 plan modifications must be implemented or complied with on their "effective date", i.e., at or prior to the commencement of marine tankering to ensure maximum feasible mitigation. The implementation of these measures at or before the commencement of tankering is also a condition of the "Q-6" shipper's permit. In the event GTC sought to withdraw commitments made under its Condition A-28 and A-30 submittals, Chevron's tankering permit would be revoked and ineffective since the requirement of maximum feasible mitigation would no longer exist.

Pursuant to FDP condition A-30 the plan language submittals must have final approval from the Director of Resource Management. Prior to this approval staff will ensure that the appropriate County agencies provide review and subsequent approvals. Following this approval from County agencies, staff will prepare a recommendation package for final approval by the Director. In order to meet the maximum feasible mitigation finding as required for the Q-6 permit, all of the plan language must be agreed upon by August 17, 1992 (Q-6 hearing) to ensure A-28 and A-30 compliance.

Staff has divided the mitigation measures into those submitted on June 29, 1992 and

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subsequent commitments made as of August 3, 1992. The mitigation measures are further divided into four categories: 1) applicant-proposed measures that required a modification to the GIMT FDP; 2) mitigation measures that relate to existing GIMT FDP conditions and that have been proposed by the applicant to be adopted via letters of commitment pursuant to conditions A-28 and A-30 of the Gaviota Interim Marine Terminal permit (86-DP-90cz); 3) measures that are unresolved or outstanding but which may be necessary for a finding of maximum feasible mitigation to be made; and 4) measures that are identified in the SEIR/S but not required at this time of the GIMT FDP.

### 1.0 JUNE 29, 1992 COMMITMENTS - Identified in DSEIR/S & Public Comments

#### 1.1 Mitigation Measures Implemented by FDP Modification

The mitigation measures described in this section were added on July 14 and 15, 1992 by approval from the Planning Commission to the GIMT FDP as new conditions L-8 and R-4 as part of required maximum feasible mitigation finding.

- 1) **Mitigation Measure:** GTC shall participate in the continued development of the County Socioeconomic Impact Recovery Plan (SEIRP) report.

**GTC Proposed Compliance:** GTC requested a modification of the GIMT FDP (86-DP-90cz) to incorporate the following new condition:

- L-8: " *GTC shall participate in an industry-wide program with the Resource Management Department, the Santa Barbara County Association of Governments, and the Office of Emergency Services to update a Socioeconomic Impact Response Plan within a reasonable time frame specified by the County. The Plan shall include provisions to regularly adjust the plan based on existing information as available. The plan shall also include a component to assess and mitigate the socioeconomic impacts of an oil spill.*"

**Staff Comments:** Resource Management Department, Energy Division staff are currently developing the SEIRP guidelines which provide a methodology for determining the impacts to socioeconomics in the event of an oil spill. The GTC commitment to add a new permit condition is consistent with the addition of a similar condition to the Unocal Pt. Pedernales FDP permit. This new permit condition was approved by the Planning Commission July 14, 1992.

- 2) **Mitigation Measure:** GTC shall add a tanker cessation condition to the GIMT FDP.

**GTC Proposed Compliance:** GTC requested a modification of the GIMT FDP (86-DP-90cz) to incorporate the following new condition (R-4 condition language below

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represents the condition language approved as modified by the Planning Commission and public input at the July 14 and 15 Planning Commission hearings):

R-4: *This condition is effective if marine tankering of Point Arguello crude oil from Gaviota commences.*

*If, pursuant to CZO §35-154.5.i, the Board of Supervisors approves a permit with a cessation date allowing the transportation of a shipper's crude oil from the Gaviota Interim Marine Terminal by marine tanker, and tankering commences in accordance therewith, GTC shall not load that shipper's crude oil onto marine tankers at the Gaviota Interim Marine Terminal after said cessation date, if any. The cessation of marine tankering of crude oil pursuant to a shipper's permit required by this condition and condition Q-5 of this permit is a burden accepted by GTC along with the benefits of this permit. GTC agrees that upon commencement of marine tankering of crude oil from its terminal facilities, GTC shall be estopped from challenging the limitations on use of GTC's marine terminal to transport crude oil provided by this condition. GTC further agrees that as a condition of the use of this permit and the use of its facilities by shippers holding valid County permits to utilize the terminal facilities, that it waives any and all rights reserved in Condition A-1 of this permit to challenge the limitations of marine tankering provided by this condition under vested rights, preemption, the commerce clause or any other legal theory.*

*The requirements of this Condition shall in no way affect the rights of any party to transport oil via marine tanker, pursuant to CZO §35-154.5(i)(4)(b) or CZO §35-154.5(i)(4)(d).*

**Staff Comments:** The addition of this permit condition to the GIMT FDP adequately addresses the requirement for this condition to facilitate the maximum feasible mitigation finding.

### **1.2 Mitigation Measures Implemented by A-28/A-30 Letters of Commitment**

The mitigation measures described in this section have been committed to by the applicant through the provisions of existing permit conditions A-28 and A-30. The Board of Supervisors will consider the adequacy of these measures when they decide on August 17, 1992 whether or not a finding of maximum feasible mitigation can be made for Chevron's tankering request.

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### 1.2.1 Mitigation Measures Implemented by A-28 Letters of Commitment

#### Air Quality

- 1) **Mitigation Measure:** Retrofit support vessel engines through a combination of turbocharging, injection timing retard, and enhanced intercooling to reduce NO<sub>x</sub> emissions.

**GTC Proposed Compliance:** GTC has provided an A-28 letter of commitment stating it will comply with condition E-12 by equipping support vessel engines, to the maximum extent feasible given engine size and on-board space limitations, with turbocharging, injection timing retard and enhanced intercooling.

**Staff Comments:** GTC has informed staff that it has previously retrofitted support vessel engines through a combination of turbocharging and injection timing retard to reduce NO<sub>x</sub> emissions. GTC has agreed to retrofit the support vessels further by adding enhanced intercooling.

#### Marine Biology

- 1) **Mitigation Measure:** To prohibit nearshore discharge of any clean ballast which could introduce foreign species, tankers arriving from ports other than those along the west coast of North America shall, when safety will not be jeopardized, exchange ballast at a depth of no less than 2,000 meters before proceeding to the terminal.

**GTC Proposed Compliance:** GTC has provided an A-28 letter of commitment to implement this mitigation measure as part of its obligation to comply with FDP condition G-2 which prohibits the discharge of dirty ballast water.

**Staff Comments:** The Draft SEIR/S recommends a prohibition on the discharge of ballast, yet also notes that such a prohibition raises concerns regarding vessel safety. The mitigation measure described above was prepared in consultation with a world expert, Dr. Jim Carleton, on the impacts of deballasting and addresses both biological and system safety concerns.

#### Visual

- 1) **Mitigation Measure:** Screen oil spill equipment stored offsite, if applicable.

**GTC Proposed Compliance:** GTC has provided an A-28 letter of commitment to implement this mitigation measure as part of its obligation to comply with FDP condition K-1.

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**Staff Comments:** The screening of oil spill equipment is currently not required for the GIMT. In addition, at this time no GTC oil spill equipment is located offsite of the GIMT facility. However, staff believes that this screening measure should be added to accommodate storage of oil spill response equipment offsite in the future, if applicable.

### 1.2.2 Mitigation Measures Implemented by A-30 Letters of Commitment

#### Marine Water Quality

- 1) **Mitigation Measure:** In preparation for a catastrophic oil spill, GTC to update the Oil Spill Contingency Plan, as applicable, consistent with the mitigation measures identified as part of the System Safety section of the SEIR/S.

**GTC Proposed Compliance:** GTC has proposed changes to the Oil Spill Contingency Plan required under GIMT FDP condition P-3 to incorporate system safety measures identified for preparation of a catastrophic oil spill.

**Staff Comments:** The changes to the Oil Spill Contingency Plan proposed by GTC meet the intent of the mitigation measure for Marine Water Quality.

#### Marine Biology

- 1) **Mitigation Measure:** Vessels shall avoid kelp areas by using vessel traffic lanes and shall develop kelp restoration plans if kelp is disturbed.

**GTC Proposed Compliance:** GTC proposes changes to the Mooring Operations Manual required under GIMT FDP condition P-2 to identify support vessel corridors which avoid kelp and to make vessel operators aware of the need to avoid kelp.

**Staff Comments:** The changes proposed by GTC adequately address this mitigation measure.

#### System Safety

- 1) **Mitigation Measure:** Increase crew size by adding a third mate to enhance overall safety.

**GTC Proposed Compliance:** Chevron OREGON class tankers will add a third mate to the standard crew complement for all tankers calling at Gaviota. GTC to revise Mooring Operations Manual required under GIMT FDP condition P-2 to reflect this

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change by adding language requiring the vessel to have a minimum of four licensed deck officers.

**Staff Comments:** The addition of a staff member with decision-making capabilities is important for enhancing the overall safety on the tanker. The proposed changes to the Mooring Operations Manual adequately address this mitigation measure.

- 2) **Mitigation Measure:** Use of Gaviota Pier or Ellwood Pier for transport of mooring master to tanker to eliminate transport time, fatigue to Mooring Master and improve safety conditions.

**GTC Proposed Compliance:** GTC's Final Development Plan (FDP) specifically excludes the use of the pier at Gaviota State Beach and GTC does not expect that permission to use the Gaviota Pier would be granted. GTC will continue to investigate the feasibility of obtaining access to the Ellwood Pier as the pick up and drop off point for mooring masters. Revisions have been incorporated into the Mooring Operations Manual as required under GIMT FDP condition P-2 to require use of Ellwood Pier when available.

**Staff Comments:** GTC is unable at this time to use the Gaviota Pier at Gaviota State Park due to its restrictions related to recreational use only, although emergency use is allowed. The proposed changes to the Mooring Operations Manual adequately address this mitigation measure.

- 3) **Mitigation Measure:** Improve bridge simulation training for masters to include full bridge simulator training in response to emergency conditions, such as: 1) Anchors failing to drop on approach, 2) Steering gear or main propulsion failing on approach, 3) Departure in weather too severe for line boat assistance.

**GTC Proposed Compliance:** GTC has agreed to revise the Mooring Operations Manual as required under GIMT FDP condition P-2 in order for the bridge simulation training for mooring masters to be improved by adding provisions within the MOM to ensure that the appropriate emergency response training procedures are included in order to improve bridge simulation training for mooring masters.

**Staff Comments:** The proposed changes to the Mooring Operations Manual provides descriptions of emergency response procedures for mooring and berthing of tankers which adequately addresses this mitigation measure.

- 4) **Mitigation Measure:** Revise operational limits to include: 1) Conditions for aborting loading and departure operations; 2) Prohibition of night berthing, daylight berthing only; 3) Tsunami warning in Mooring Manual.

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**GTC Proposed Compliance:** 1) GTC has made modifications to the Mooring Operations Manual to clarify that the mooring limits inherently consider future conditions and that, if conditions are expected to reach or exceed the mooring limits, preparations to deberth should begin prior to the mooring limits being reached. GTC will revise the Mooring Operations Manual to reflect this change. 2) GTC intends to add a new section in the Mooring Operations Manual to address night berthing. 3) GTC proposes to include a Tsunami warning in the Mooring Operations Manual.

**Staff Comments:** The proposed changes to the Mooring Operations Manual adequately address these mitigation measures related to operational limits by adding the following language to the Mooring Operations Manual: 1) The addition of more conservative mooring limits; 2) a new section which permits night berthing under the following conditions a) GTC must install a frequency agile RACON navigation system to mark the approach line which GTC has committed to through this mitigation package; b) GTC must install range lights or an equivalent system to mark the anchor drop locations which GTC has committed to through this mitigation package; c) GTC must add more stringent operational limits for improved visibility during night berthing, including ensuring that mooring buoys are lit; d) The Chevron Oregon class vessels berth at the Gaviota facility 25 times before night berthing is initiated and the Mooring Masters in attendance must have a minimum of 10 daylight berthings before making a night berthing; 3) Addition of a modification that prohibits mooring at the Gaviota facility when a tsunami warning has been issued by the U.S. Weather Service.

- 5) **Mitigation Measure:** Improve hose handling operations to include: 1) elimination of synthetic rope hose strops; 2) Quick Release manifold coupling; 3) Check valves on hose ends.

**GTC Proposed Compliance:** 1) GTC has made modifications to the Mooring Operations Manual so that in accordance with OCIMF Guidelines, the Cargo Master or the Mooring Master will inspect the hose strops prior to each use. 2) GTC proposes for the hose connections to be made using quick release manifold couplings. 3) The MOM has been modified to employ proper hose handling procedures.

**Staff Comments:** The proposed changes to the Mooring Operations Manual adequately address this mitigation measure.

- 6) **Mitigation Measure:** Establish Ship Traffic Warning System (STWS) for improved safety which includes Global Positioning System (GPS) on tankers calling at terminal.

**GTC Proposed Compliance:** GTC is currently committed to the Ship Traffic Warning System as agreed with OES and sees no reason to change the operational

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characteristics of that system. GTC will modify the Mooring Operations Manual as required under FDP condition P-2 to include the use of a global positioning system that will be implemented on all Chevron Oregon class vessels.

**Staff Comments:** The proposed changes to the Mooring Operations Manual adequately address this mitigation measure as well as all previously made commitments.

- 7) **Mitigation Measure:** Requirement for coordination with Marine Spill Response Corporation (MSRC) to improve offshore spill response as MSRC becomes operational.

**GTC Proposed Compliance:** GTC has modified the Oil Spill Contingency Plan as required under GIMT FDP condition P-3 to include discussions of the appropriate level of coordination with the MSRC in the event of an oil spill.

**Staff Comments:** MSRC plans to be operational in February 1993. The intent of this measure is to ensure coordination with the MSRC for assistance from MSRC services in the event of a large oil spill. The proposed changes to the Oil Spill Contingency Plan adequately address this mitigation measure.

- 8) **Mitigation Measure:** Monitor progress on current studies regarding the development of the use of dispersants as a valid countermeasure.

**GTC Proposed Compliance:** GTC will add a section to the Oil Spill Contingency Plan requiring the monitoring of progress on current studies regarding dispersants and will make changes to GTC's Oil Spill Contingency Plan as new information and/or requirements develop.

GTC partnership companies, along with other petroleum industry companies are currently contributing to dispersant and in-situ burning studies through MSRC and the California Department of Fish and Game, Office of Oil Spill Prevention and Response.

**Staff Comments:** The proposed changes to the Oil Spill Contingency Plan adequately address this mitigation measure.

- 9) **Mitigation Measure:** Continue investigation of feasibility of in situ burning. Santa Barbara County Air Pollution Control District and Santa Barbara County Fire Department to be involved with post-ignition and smoke production models.

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**GTC Proposed Compliance:** GTC will add a section to the Oil Spill Contingency Plan requiring the monitoring of investigations of the feasibility of in situ burning and will make changes to the GTC Oil Spill Contingency Plan as new information and/or requirements develop.

**Staff Comments:** The proposed changes to the Oil Spill Contingency Plan adequately address this mitigation measure. Also, see #8 above.

- 10) **Mitigation Measure:** Improve oil spill prevention and response plan to include identification of sensitive habitat areas both in terms of providing better protection and so that they will not be adversely affected while deploying the oil spill response.

**GTC Proposed Compliance:** The GTC Oil Spill Contingency Plan will be modified to include provisions for protecting all environmentally sensitive areas in the event of an emergency situation.

**Staff Comments:** The proposed changes to the Oil Spill Contingency Plan as well as GTC's participation in the ongoing Shoreline Inventory project adequately address this mitigation measure.

- 11) **Mitigation Measure:** Improve efforts to eliminate chronic small oil spills and other pollution problems by increasing the level of mitigation measures for impacts of these spills.

**GTC Proposed Compliance:** GTC will make changes to the Mooring Operations Manual that specify monitoring by the Mooring Master with assistance from the Environmental Cargo Officer (ECO) during mooring and unmooring operations and during the cargo transfer for inspection of the transfer lines in order to avoid and eliminate the incidence of small spills from leakage. The ECO will also be responsible for monitoring for oily sheen and any deck discharge. Personnel on either the boom boat or the line launch will have this responsibility as well.

**Staff Comments:** This mitigation measure is general in nature and was developed through the public comment process. The majority of the system safety mitigation measures proposed and committed to by GTC increase the effort to improve the elimination of chronic small oil spills and other pollution problems. The collective effort and the changes to the Mooring Operations Manual adequately address the intended concerns of this mitigation measure.

- 12) **Mitigation Measure:** Improve safety measures at offshore mooring to include modern technology as follows: Add calibration of the oxygen content meter on an Inert Gas System (IGS) to the checklist for the mooring master. The meter should be

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calibrated in accordance with manufacturer's instruction no less than 24 hours prior to loading crude.

**GTC Proposed Compliance:** GTC has agreed to modify the Mooring Master's Duties and Responsibilities, Exhibit A of the Mooring Operations Manual, in accordance with OCIMF Guidelines, to provide for the following: 1) Ensure the calibration of the portable oxygen analyzer(s) on the ship used to measure oxygen level on the ship. The analyzers will be calibrated within 24 hours of commencement of the inerting process while oil is being discharged at a receiving terminal. 2) Ensure that Portable Remote Terminal Unit (RTU) and Oxygen Analyzer are installed and tested in accordance with written procedures approved by the USCG and County Fire Department. The portable oxygen analyzers on the tanker may be calibrated either by the Mooring Master or ship's crew prior to use.

**Staff Comments:** The proposed changes to the Mooring Operations Manual by adding additional requirements to the Mooring Master's Checklist adequately ensure that the required oxygen analyzers are calibrated in accordance with OCIMF procedures as approved by the USCG and the Santa Barbara County Fire Department.

- 13) **Mitigation Measure:** Modify Oil Spill Response Plan to protect the impact to the three state park units for use as staging areas in the event of an oil spill. Plans should include the identification of environmentally sensitive habitat areas so that they will not be adversely affected during deployment of oil spill response equipment.

**GTC Proposed Compliance:** GTC has proposed to modify the Oil Spill Contingency Plan and Shoreline Cleanup Plan to stress the importance of protecting the impact to the three state parks in the event of an oil spill if they are used as staging areas.

**Staff Comments:** The proposed changes to the Oil Spill Contingency Plan adds language which specifies that any staging and deployment of emergency response equipment in the Gaviota, Refugio, and El Capitan State Parks will be carried out with as little impact as possible. The guidelines provided for by SEIRP which is being incorporated into the GIMT FDP as part of this mitigation package will also help to mitigate this impact.

- 14) **Mitigation Measure:** Provide a contingency plan for replacement vessels during absence of Oil Spill Response Vessels described in the Mooring Operations Manual.

**GTC Proposed Compliance:** Whenever all required oil spill response vessels, or equivalent vessels, are not available, no berthing of tankers will occur at the Gaviota Terminal. GTC has agreed to make changes in the Mooring Operations Manual that

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specify that no berthing will occur if the required oil spill response vessels, or equivalent vessels, are available. This constitutes a contingency plan for GTC.

**Staff Comments:** GTC's commitment not to moor at the terminal without the required Oil Spill Response Vessels provides adequate coverage of this mitigation measure.

- 15) **Mitigation Measure:** Replace Walosep W-1 with modified skimmer as soon as available.

**GTC Proposed Compliance:** GTC has agreed to install a GT 185 skimmer. The Mooring Operations Manual will be revised to identify a GT 185 among the equipment on the CYNDY TIDE.

**Staff Comments:** The proposed changes to the Mooring Operations Manual which provide for replacement of this piece of oil spill response equipment adequately addresses this mitigation measure. Consistent with all of GTC's A-30 commitments for plan modifications, GTC is required to have this new skimmer in place aboard the CYNDY TIDE prior to the commencement of tankering.

- 16) **Mitigation Measure:** Installation of real-time wind, wave and current data for mooring operations.

**GTC Proposed Compliance:** GTC has agreed to install a current meter and has modified the Mooring Operations Manual to include use of the current meter during mooring operations.

**Staff Comments:** The proposed changes to the Mooring Operations Manual provide adequate commitment that GTC will comply with this mitigation measure.

- 17) **Mitigation Measure:** Improve navigational aids/range markers (i.e., RACON) at the terminal.

**GTC Proposed Compliance:** GTC has agreed to modify the Mooring Operations Manual pursuant to an A-30 letter of commitment to install an onshore radar beacon to assist in mooring operations. The modification will include the use of the beacon during mooring operations.

**Staff Comments:** The proposed changes to the Mooring Operations Manual provide adequate commitment that GTC will comply with this mitigation measure.

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- 18) **Mitigation Measure:** Replacement of oil-water separator (storm water accumulator) within the terminal facility.

**GTC Proposed Compliance:** GTC has agreed to address this mitigation measure, through modifications to the Safety, Inspection, Maintenance Quality Assurance Plan (SIMQAP) as required under GIMT FDP condition P-2 to allow the SSRRC to determine any problems associated with the structural integrity of the oil water separator.

**Staff Comments:** As part of FDP condition P-1 the storm water accumulator underwent SSRRC review. As part of this review it was agreed that the storm water accumulator would be visually inspected annually for structural integrity. The proposed change to the SIMQAP adequately address this mitigation measure. The SSRRC will be performing this review and all recommended changes will be concluded prior to the commencement of tankering.

### Cultural Resources

- 1) **Mitigation Measure:** Requirement for archaeological and paleontological monitors during spill cleanup activities involving earth disturbance.

**GTC Proposed Compliance:** GTC proposes to incorporate this requirement into their Shoreline Cleanup Plan.

**Staff Comments:** GTC's proposed plan amendment adequately responds to the mitigation measure. This measure addresses both cultural resources, as described in the SEIR/S, and paleontological concerns raised by a state agency responding to the SEIR/S.

### Socioeconomics

- 1) **Mitigation Measure:** For impacts to solid waste disposal develop a solid waste disposal plan and obtain approval of Solid Waste Division, County Department of Public Works.

**GTC Proposed Compliance:** GTC has proposed, under an A-30 commitment letter, revisions to all abandonment plans to require recycling of all recyclable equipment and material, disposal of non-recyclable, non-hazardous solid wastes at approved disposal sites, and investigation and remediation of hazardous materials according to hazardous waste disposal regulations in effect at the time of abandonment.

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Staff Comments: The revisions proposed by GTC will be submitted to the Solid Waste Division of the County's Public Works for approval. Provisions of the abandonment are provided in GTC's FDP condition R-2.

### 1.3 Outstanding Mitigation Measures

This section addresses a mitigation measure which was suggested by an SEIR/EIS commentor. The measure is very general and is not readily converted into condition language at this time.

#### System Safety

- 1) **Mitigation Measure:** Revise the Mooring and Terminal Manuals (P-2) to include responsibilities for the Fire Department through implementation of the Fire Prevention Program to reduce the risk associated with crude oil transfer operations.

Staff Comments: Staff is continuing to work with the Fire Department to clarify any additional requirements for the Fire Inspector based upon recent studies prepared by the Fire Department. Santa Barbara County Fire Department staff are currently in the process of completing a study regarding the risk associated with marine fire hazards. When completed, this study will provide the additional material needed by the Fire Department to determine further modifications to the Mooring and Terminal Manuals.

### 1.4 Mitigation Measures not Applied/Not Requiring Further Action

This section identifies those mitigation measures that are not applicable at this time, either because they are existing permit conditions, they have been applied to a shipper's permit, they do not relate to the Los Angeles - Gaviota tanker route, they are infeasible, or they are otherwise inapplicable at this time.

#### Air Quality

- 1) **Mitigation Measure:** Stringent vessel fuel specifications limiting chromium and arsenic content to levels below those assumed in the California Air Resource Board (CARB) specification profile was suggested as a mitigation measure from the Draft SEIR/S. In further discussions with the APCD, the use of reformulated diesel was suggested as a more feasible mitigation measure.

**Required Implementation Mechanism:** This mitigation measure is more appropriately applied as a condition of Chevron's Q-6-4 shipper's permit.

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**Staff Comments:** Further study by the APCD has determined that these mitigation measures are not appropriate for Chevron's short-term tankering request.

- 2) **Mitigation Measure:** Retrofit Chevron OREGON class tanker turbine engines (General Electric Company, 12,500 horsepower) to include water injection to reduce NO<sub>x</sub> emissions.

**Required Implementation Mechanism:** This mitigation measure is more appropriately applied as a condition of Chevron's Q-6-4 shipper's permit.

**Staff Comments:** The feasibility of this measure has not been demonstrated at this time. The County's Air Pollution Control District is continuing to investigate this item since it does have potential to significantly reduce tanker emissions. Although this mitigation measure appears to be technologically feasible and should be pursued for a long-term tankering project, the time consuming process of obtaining U.S. Coast Guard approval and the first-time implementation of the technology on marine tankers renders this control measure infeasible for Chevron's short-term tankering proposal.

### Marine Water Quality

- 1) **Mitigation Measure:** Provide additional monitoring for the discharge of trace metals or toxic substances as well as visual monitoring for oil sheen.

**Staff Comments:** This mitigation measure, raised as a comment to the Draft SEIR/S, has not been adopted. The provision for the monitoring of a visual sheen is covered by the duties of crew members which include the duties of the Environmental Cargo Officer. Additional monitoring for the discharge of trace metals which are not discharged as part of normal operations, has been determined to be unnecessary and therefore infeasible at this time.

### Marine Biology

- 1) **Mitigation Measure:** Use of identified tanker route along which any potential spill has a one percent probability of impacting the habitats of special interests.

**Staff Comments:** This mitigation has been deleted, the intent is not applicable for southern route to Los Angeles destinations.

- 2) **Mitigation Measure:** Completion of a comprehensive shoreline inventory so that habitats can be returned to their pre-spill states and proper rehabilitation can occur.

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**Staff Comments:** This mitigation measure is already being implement as an existing requirement per the Marine Emergency Management Study.

### Marine Resource Harvesting

- 1) **Mitigation Measure:** Make operator payments to Fisheries Enhancement Fund and Local Fishermen's Contingency Fund.

**Staff Comments:** This mitigation measure is already being implemented as existing GIMT FDP permit conditions M-3 and M-8 provide for contributions to these funds.

- 2) **Mitigation Measure:** Tanker operators participation in fisheries training programs.

**Staff Comments:** This mitigation measure is already being implement as an existing GIMT FDP condition M-6 provides for participation in these programs.

- 3) **Mitigation Measure:** Post-spill compensation for financial losses to fishermen, kelp harvesters, associated commercial businesses and mariculturists.

**Staff Comments:** This mitigation measure has been deleted. The intent of this measure is provided for through incorporation of the SEIRP, as well as continued payments into the Fisheries Enhancement Fund and Local Fishermen's Contingency Funds. Existing legislation (Oil Pollution Act of 1990) provides mechanisms for compensation to parties directly affected by oil spills such as kelp harvesters; imposition of a project condition to this effect is not necessary.

- 4) **Mitigation Measure:** Post-spill education/promotion programs to draw recreational fishermen back.

**Staff Comments:** This mitigation measure has been deleted. The intent of this measure will be provided for through incorporation into SEIRP.

### System Safety

- 1) **Mitigation Measure:** Periodic (i.e., bi-annually) update of existing Oil Spill Contingency Plan and an analysis of existing pipeline capacities.

**Staff Comments:** This mitigation measure is being implemented through a current requirement to update the Oil Spill Contingency Plan. The analysis of pipeline capacities for the next three years has been completed as part of the analysis for Chevron's Q-6-4 shipper's permit.

## GIMT MITIGATION PACKAGE

- 2) **Mitigation Measure:** Move present location of VTSS south of Santa Cruz, Santa Rosa, and San Miguel islands in order to provide a greater degree of safety to all vessels that transit that area. This would also aid in directing major vessel traffic farther offshore in a shorter period of time.

**Staff Comments:** This mitigation measure has not been adopted. This mitigation measure was raised as a comment to the Draft SEIR/S and staff has determined that it is not a feasible mitigation.

- 3) **Mitigation Measure:** Requirement to man the Ship Traffic Warning System (STWS) at Gaviota.

**Staff Comments:** This mitigation measure was deleted because it contradicts a previous GTC commitment to have an operator man the STWS at Gaviota.

- 4) **Mitigation Measure:** Cooperate with USCG to implement extended VTSS and add Precautionary Zone.

**Staff Comments:** This mitigation measure has been deleted. An existing U.S Coast Guard requirement provides for GTC's cooperation to implement the extended VTSS and the addition of a precautionary zone.

- 5) **Mitigation Measure:** Requirement for use of double-hulled tankers.

**Staff Comments:** This mitigation measure is being implemented as a condition of Chevron's Q-6-4 shipper's permit.

### Land Use/Public Recreation

- 1) **Mitigation Measure:** Additional CREF contributions for recreational impacts.

**Staff Comments:** This mitigation measure is being implemented with contributions to CREF are covered under GIMT FDP condition N-2.

### Visual

- 1) **Mitigation Measure:** Additional CREF contributions for visual impacts.

**Staff Comments:** This mitigation measure is being implemented with contributions to CREF covered under GIMT FDP condition N-2.

## GIMT MITIGATION PACKAGE

### 2.0 AUGUST 3, 1992 COMMITMENTS - Identified in FSEIR/S

#### 2.1 Mitigation Measures Implemented by A-30 Letters of Commitment

##### Marine Biology

- 1) **Mitigation Measure:** Because of high viscosity of Santa Barbara crude, manual cleanup methods are currently considered to be the best option.

**GTC Proposed Compliance:** GTC has proposed modifications to the Shoreline Cleanup Plan (Condition P-23) to give greater emphasis to manual techniques for clean up and appropriate bioremediation techniques.

**Staff Comments:** The changes to the Shoreline Cleanup Plan proposed by GTC meet the intent of the mitigation measure for Marine Biology.

- 2) **Mitigation Measure:** High-pressure washing, steam cleaning, and other harsh treatments kill many organisms that survive the original oiling. These cleanup methods should be avoided.

**GTC Compliance:** GTC has proposed modifications to the Shoreline Cleanup Plan (Condition P-23) to add language specifically discouraging these harsh treatments.

**Staff Comments:** These harsh treatments are not currently recommended techniques in the Shoreline Cleanup Plan and are not at this point recommended for approval by the County. The addition of language clarifying GTC's intent not to use these unapproved cleaning techniques meets the intent of this mitigation measure.

- 3) **Mitigation Measure:** Specific plans for the use of dispersants and fertilizers, tailored to the central and southern California coast, need to be researched, tested, and pre-approved.

**GTC Compliance:** GTC has proposed modifications to the Shoreline Cleanup Plan (Condition P-23) to further monitor developments in the use of fertilizers, tailored to the southern California coast, and will incorporate recommendations for their use as effective new techniques are identified.

**Staff Comments:** GTC has already committed to monitor developments in the use of dispersants as part of the June 29, 1992 A-30 letter of commitment. The addition of language specific to the use of fertilizers in the Shoreline Cleanup Plan meets the intent of this mitigation measure.

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- 4) **Mitigation Measure:** Breeding colonies of birds and mammals are particularly sensitive to human disturbance. Specific plans for avoiding disturbance to these areas by a cleanup effort need to be in place.

**GTC Compliance:** GTC has proposed modifications to the Shoreline Cleanup Plan (Condition P-23) to indicate the sensitivity of breeding colonies of birds and mammals to human disturbance during manual cleanup efforts and to require minimizing this disturbance. Tables 2-9 and 2-10 of the Plan already identify rookeries and haulout areas where disturbance should be minimized. However, GTC notes that the cleanup efforts may very well be in the hands of the state or federal agencies if breeding colonies are potentially affected and GTC may no longer be in charge of the cleanup effort.

**Staff Comments:** The proposed changes to the Shoreline Cleanup Plan meets the intent of this mitigation measure.

- 5) **Mitigation Measure:** Bird and mammal cleanup plans should be updated as research and experience discover more successful means of returning healthy animals to the wild.

**GTC Compliance:** GTC has proposed modifications to the Wildlife Contingency Plan (Condition P-23) to add that GTC will monitor developments in the areas of marine bird and mammal cleanup after oil spills and will incorporate effective new methods into this Plan as they are identified.

**Staff Comments:** The proposed changes to the Wildlife Contingency Plan meet the intent of this mitigation measure.

- 6) **Mitigation Measure:** Restoration techniques for kelp and surf grass should be surveyed periodically for the most promising methods, which should then be added to the spill response plan.

**GTC Compliance:** GTC has proposed modifications to the Shoreline Cleanup Plan (Condition P-23) to monitor developments in the areas of kelp and surf grass restoration after oil spills and will incorporate effective new methods into the Shoreline Cleanup Plan as they are identified.

**Staff Comments:** The proposed changes to the Shoreline Cleanup Plan meets the intent of this mitigation measure.

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- 7) **Mitigation Measure:** The participation in support of studies on dispersants and fertilizers, studies on bird and mammal cleanup and kelp and surf grass restoration, on data inventories of marine resources should be monitored.

**GTC Compliance:** GTC has proposed modifications to the relevant manuals (i.e., Shoreline Cleanup Plan, Wildlife Contingency Plan, etc.) to monitor developments in the areas of fertilizers for bioremediation, bird and mammal cleanup techniques, and kelp and surf grass restoration techniques as proven new techniques and products become available.

**Staff Comments:** GTC has already committed to monitor the developments in the use of dispersants and in-situ burning as part of the June 29, 1992 A-30 letter commitments. The other items in the mitigation measure are also covered, for the most part, by other A-30 commitments made by GTC as part of the June 29, 1992 and August 3, 1992 packages. The proposed changes to relevant plans adequately meets the intent of this mitigation measure.

### Fisheries

- 1) **Mitigation Measure:** Notification to fishermen of tanker schedules.

**GTC Compliance:** GTC has proposed modifications to the Mooring Operations Manual (Condition P-2) to include the following means of notification to fishermen of tanker schedules:

- a. Fishermen will be notified that tanker schedules will be available on a 24-hour basis by calling the marine terminal.
- b. Schedules that have been updated daily will be posted at the Santa Barbara Harbor fuel dock.
- c. The range lights at GIMT will be turned on 24 hours prior to the arrival of a tanker.

**Staff Comments:** The proposed changes to the Mooring Operations Manual adequately meets the intent of this mitigation measure.

### Land Use

- 1) **Mitigation Measure:** Advanced coordination with State Park personnel and avoidance of exercises during peak park periods.

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**GTC Compliance:** GTC has proposed modifications to the Oil Spill Contingency Plan with regards to impacts to Gaviota, Refugio and El Capitan State parks in the event of an emergency situation.

**Staff Comments:** The proposed changes to the Oil Spill Contingency Plan adequately meets the intent of this mitigation measure.

### 2.2 Mitigation Measures not Applied/Not Requiring Further Action

#### Air Quality

- 1) **Mitigation Measure:** A more stringent inspection and maintenance program could reduce additional fugitive hydrocarbon emissions by identifying leaking components earlier. A reduction in fugitive hydrocarbon emissions would reduce benzene emissions. The exact emissions reduction potential for this measure cannot be characterized at this time.

**Staff Comments:** This mitigation measure is already apart of the existing mitigation measures for the GIMT and is being implemented through Condition P-2 of GTC's FDP.

#### Marine Biology

- 1) **Mitigation Measure:** Accurate, contemporary knowledge of important habitats and species should be acquired and maintained to insure that important areas are given immediate attention with respect to protecting them from oil in the event of a spill. The entire cleanup effort for a spill and monitoring of its effectiveness and rate of recovery, can be greatly aided by a GIS/data management system, with periodically updated information on coastal resources.

**Staff Comments:** The Shoreline Inventory (Condition P-23) adequately addresses this mitigation measure. The final resource data will also be accessible on a GIS/data management system.

- 2) **Mitigation Measure:** Estuaries and other semi-closed embayments can be protected with the proper use of the right booms and diking under most conditions. Specific plans for these habitats for the entire areas where oil may contact (Morro Bay to San Onofre) should be part of the Oil Spill Contingency Plan.

**Staff Comments:** GTC's Shoreline Cleanup Plan already identifies sensitive estuaries and semi-closed embayments (Section II of the Shoreline Cleanup Plan) and

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procedures are in place to protect these habitats with booms and diking when indicated. The Plan also identifies important habitats for protection (p. 2-101, ff).

### Land Use

- 1) **Mitigation Measure:** GTC's Oil Spill Contingency Plan shall include provision for cleanup of the Channel Islands.

**Staff Comments:** GTC's Oil Spill Contingency Plan (Condition P-3) already includes provisions (OSCP p. 2-13 - 2-15) for cleanup of the Channel Islands.

Q-6-4\ATTACH-A-SR

## EXHIBIT H

### GAVIOTA INTERIM MARINE TERMINAL PROJECT

#### MITIGATION MONITORING PLAN

This Mitigation Monitoring Plan (MMP) has been prepared for the Gaviota Interim Marine Terminal (GIMT) Project. The following mitigation measures are recommended in the SEIR/S and are considered feasible and available to reduce the potentially significant impacts associated with the proposed Project within the jurisdiction of the State Lands Commission (SLC), acting as a Responsible Agency under the California Environmental Quality Act (CEQA). The SLC, in conjunction with Santa Barbara County, the CEQA Lead Agency, and other appropriate agencies, will ensure implementation of the required mitigations.

The Gaviota Terminal Company (GTC) is responsible for full implementation of all mitigation measures specified below. The SLC is responsible for administering this MMP and initiating enforcement action should that become necessary.

#### Mitigation #1: Limit Terminal Use to Chevron Oregon Class Tankers

Only the double-hulled Chevron Oregon, Chevron Washington, and Chevron Louisiana of the Chevron Oregon class tankers shall be allowed to enter and load crude oil at the GIMT. They must arrive at the terminal with all cargo tanks empty. No other double-hulled tankers shall ship oil under this lease unless the Executive Officer, in consultation with the Executive Director of the California Coastal Commission (CCC) and the Director of the Resource Management Department (RMD), County of Santa Barbara has determined that such tanker adequately meets the Project Description of the SEIR/S (92-EIR-04).

#### Mitigation Monitoring:

1. When conducting regular inspections of oil transfer operations, SLC inspectors shall verify vessel identify and ensure that the cargo tanks of arriving vessels are empty as required.

#### Mitigation #2: Require Crew Size of 21

Require crew size of 21 on the Oregon Class tankers arriving to load at the GIMT. This requirement shall include an additional Third Mate, who may act as the Assistant Mooring Master.

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Mitigation Monitoring:

1. When conducting regular monitoring of oil transfer operations, SLC inspectors shall confirm the presence of the required Assistant Mooring Master.

**Mitigation #3: Transport of Mooring Master from Ellwood Pier**

Require the Mooring Master and Assistant Mooring Master to depart for boarding arriving vessels from the Gaviota or Ellwood Pier, if allowed by the County of Santa Barbara.

Mitigation Monitoring:

1. GTC shall provide quarterly written confirmation of compliance with this mitigation to the SLC, including the date, the name of the Mooring Master and Assistant Mooring Master, and the name of the vessel boarded and assisted.
2. When conducting regular monitoring of oil transfer operations, SLC inspectors shall confirm the Mooring Master's and Assistant Mooring Master's compliance with this condition.

**Mitigation #4: Master's Safety Declaration**

The Ship's Master shall present to the Mooring Master, upon boarding the vessel, a signed declaration of the status of all necessary and essential navigational equipment.

The following additions or modifications to the existing GIMT Operations Manual are to be added (numerals refer to the numbering system adopted in the Declaration of Inspection):

3. Mooring lines in good condition.
56. All tools used on deck to be of approved spark proof type.
58. Inert Gas System (IGS) deck water seal inspected and shown to be in sound operational condition.

Mitigation Monitoring:

1. GTC shall submit the required modifications to the terminal Operations Manual for approval by the Executive Officer prior to the commencement of tankering.

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2. GTC shall furnish to the SLC appropriate documentation of the Mooring Master's declarations on demand.

#### Mitigation #5: Bridge Simulation Training

Mooring Masters serving the GIMT shall be required to undertake full bridge simulator training in response to emergency conditions including, but not limited to, anchors failing to drop on approach; steering gear or main propulsion failing on approach; departure in weather conditions too severe for line boat assistance; and night berthing.

##### Mitigation Monitoring:

1. Mooring Masters and Assistant Mooring Masters shall have on file with the SLC valid certificates of full bridge simulator training for response to the above specified emergency and low visibility conditions.

#### Mitigation #6: Inspection and Maintenance

Conservative intervals for the inspection of the mooring system shall be established.

##### Mitigation Monitoring:

1. In order to determine the frequency of inspection and replacement of worn components of the anchor system based on actual conditions in the Gaviota environment, visual inspections of the dip section and ground tackle shall be performed at least annually. After the first year of operation, at least three of the anchors shall be pulled and the chain and "D" shackles at the anchor inspected for wear. The results shall be submitted to the Executive Officer for review and recommendations of appropriate corrective action, if needed.
2. A triennial system safety and structural engineering inspection of the terminal shall be conducted by SLC inspectors to determine allowable anchor loads for actual wind, wave and current conditions.

#### Mitigation #7: Navigational Aids

Install a frequency agile RACON navigation system to mark the marine tanker approach line and bearing information at GIMT in limited visibility conditions. Additional range markers, with adequately sized dayboards, lights and radar reflectors, shall also be provided on shore in order to reduce the risk of dropping an anchor in the vicinity of the PLEM.

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## Mitigation Monitoring:

1. Confirm proper installation of the RACON and range markers, and inspect them to ensure that they are in good operating condition.
2. Require GTC to promptly notify the Executive Officer of any outage or loss of service of any aids to navigation.

## Mitigation #8: Night Berthing

Allow night berthing only when the following conditions at the GIMT are met: (i) A frequency agile RACON navigation system to mark the marine tanker approach line has been installed; (ii) Range lights or an equivalent system approved by the Executive Officer to mark the anchor drop locations have been installed; (iii) Lights on the mooring buoys have been installed and lit for such operations; (iv) The tanker coming in for night berthing at the GIMT has previously moored at the Terminal at least 25 times and the Mooring Master in attendance has conducted at least 10 daylight berthings of the Chevron Oregon class tankers at the GIMT.

## Mitigation Monitoring:

1. Inspect the RACON system, range lights and mooring buoy lights to ensure that they were properly installed prior to commencement of tankering.
2. Require GTC to promptly notify the Executive Officer of any outage or loss of service of any aids to navigation.
3. Require GTC to certify, in advance of each night berthing, that the prior daylight moorings experience requirement of the tanker and of the Mooring Master have been met. This shall also be confirmed by SLC inspectors boarding vessels at the Terminal.
4. Require GTC to list the tanker and Mooring Master experience limitations in its Operations Manual for the terminal prior to the commencement of operations.

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**Mitigation #9: Conditions for Aborting Loading and Departure**

Establish "cease operation" requirements for aborting loading and departure based on an analysis of meteorological/wave relationships pertinent to Gaviota. The limits for ceasing operations, which is a six foot wave, shall be restated to require consideration of existing or predicted wave conditions two hours later when the vessel would be completing departure as follows:

Direction Wind Blows From	Limits for Ships to Maneuver		Limits for Ceasing Loading		Conditions Requiring Departure From Mooring	
	Wind Sp(kt)	Wave Hgt(ft)	Wind Sp(kt)	Wave Hgt(ft)	Wind Sp(kt)	Wave Hgt(ft)
North	18	6	35	6	40	6
Northeast	10	4	35	6	38	6
East	10	4	28	6	46	6
Southeast	10	4	28	6	44	6
South	10	4	28	6	36	6
Southwest	10	4	28	6	37	6
West	26	6	28	6	45	6
Northwest	26	6	35	6	45	6

**Mitigation Monitoring:**

1. The Executive Officer shall obtain confirmation from GTC prior to the start of operation that the Operations Manual has been revised to incorporate these requirements.

**Mitigation #10: Tsunami Warning in Mooring Manual**

GTC shall prohibit tankers from approaching the mooring when visibility drops below one nautical mile or when a Tsunami warning which could affect the Gaviota area has been issued by the National Weather Service.

**Mitigation Monitoring:**

1. Prior to the commencement of tankering, GTC shall provide evidence to the Executive officer that the operations Manual has been modified to include this requirement.

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**Mitigation #11: Real Time Wind, Wave and Current Instrumentation**

Prior to the commencement of tankering, GTC shall provide to the Executive Officer a description of all monitoring equipment that relays information about wind, wave and current conditions, employed at the GIMT and on all tankers calling at the terminal. At a minimum, GTC shall have installed a current meter capable of providing data obtainable from shore and/or the bridge of the tanker prior to the commencement of tankering.

**Mitigation Monitoring:**

1. The Executive Officer shall acknowledge receipt of the complete equipment list and approve the completed installation of the current meter.

**Mitigation #12: Monitoring, Recording and Reporting**

The Mooring Master or Assistant Mooring Master and the Vessel Master shall monitor, agree on, and log, the wind speed and wave height at the mooring at four hour intervals beginning with the arrival of the tanker at the berth, and report the data to the Terminal Person-in-Charge for appropriate entry into the Terminal's operations log. Any significant weather changes shall be reported to the Terminal Person-in-Charge when they occur.

**Mitigation Monitoring:**

1. The Terminal Operations Manual shall be amended to include these requirements prior to the commencement of tankering.
2. The required logged information shall be made available to the SLC inspector upon request.

**Mitigation #13: Emergency Hose Operations**

To reduce hose disconnect time in case of emergencies and reduce the risk of accidental spills, hose equipment operations shall be modified to: replace synthetic rope hose strops with chain and a hose cradle with designed lifting and maneuvering points attached to the hose itself; install quick release manifold coupling such as "camlock" or equivalent hydraulic manifold clamps; and replace butterfly valves on the cargo hoses with keyed valve shafts.

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**Mitigation Monitoring:**

1. SLC inspectors shall confirm that the required equipment replacements have been made and inspect them during vessel inspections to ensure that they are in good operating condition at all times.

**Mitigation #14: Monitoring and Control of Vessel Traffic**

Establish a vessel movement tracking and monitoring system for vessel approach to the GIMT and for assisting in safe mooring and departure operations. This system shall include a VTSS traffic control system on Platform Gail or Platform Grace at the southeast end of the channel.

**Mitigation Monitoring:**

1. Prior to the commencement of tankering, GTC shall provide to the Executive Officer, for review and approval, in consultation with the Minerals Management Service, Coast Guard, L.A./L.B. Marine Exchange, CCC, Counties of Santa Barbara, Ventura and L.A., a plan to install and operate a Vessel Traffic Radar System (VTRS) for coverage of the entire tanker route from west of the GIMT to the L.A./L.B. Harbor as specified by CCC Permit E-92-6, MM-2.
2. GTC shall promptly notify the Executive Officer of any outage or loss of service of the VTRS.