

Secretary's Decision on the Plan of Development  
Santa Ynez Unit

Pursuant to the terms of the Santa Ynez Unit Agreement, approved by the United States Geological Survey on November 12, 1970, Exxon Company--U.S.A., the unit operator, submitted for approval on November 11, 1971, a supplemental plan of operations, (hereinafter referred to as the initial plan of development), for the Santa Ynez Unit. This initial plan of development has been the object of extensive technical and environmental analysis by the Geological Survey, the subject of a draft environmental impact statement published on July 23, 1973, three days of public hearings on October 2-4, 1973, and a final environmental impact statement made available to the Council on Environmental Quality on May 3, 1974. Based upon the discussion of the potential environmental impact as set forth in the environmental impact statement, a copy of which has been before me for my consideration in reaching this decision, and other factors before me for consideration, some of which are discussed here, I have determined that the initial plan of development should be approved as provided below.

On February 6, 1968, two years before enactment of the National Environmental Policy Act, the Department of the Interior conducted its first wildcat lease sale in the Santa Barbara Channel. Seventy-one leases were awarded. The eighteen leases in the area covered by the Santa Ynez Unit as originally formed were awarded to Exxon Company--U.S.A., formerly Humble Oil and Refining Company, Shell Oil Company, and Standard Oil Company of California. One lease within the unit was relinquished on October 2, 1972. The leases conveyed certain rights to the lessees subject to the limitations in the Outer Continental Shelf Lands Act and valid regulations issued pursuant thereto. Among the rights conveyed by the leases was the exclusive right to drill for, extract, remove and dispose of all oil and gas deposits on the lease and the right to construct or erect and to maintain platforms, pipelines and other works and structures necessary or convenient to full enjoyment of the lease rights.

Of necessity my decision with respect to this initial plan of development could not be made without considering the rights conveyed by these leases and the context of these leases within the history of oil and gas development on federal and State lands in the Santa Barbara Channel. The relevant history after the sale of 1968 begins with the blowout of

well A-21 on lease OCS-P 0241 on January 28, 1969. The Department took a number of steps in response to the causes and results of that accident so as to reduce to an absolute minimum the possibility that such an event could occur again. Drilling and production operations were suspended on six active leases and safety reviews were made of all other leases in the Santa Barbara Channel to determine if further operations could be conducted safely. Clearances were given on a lease-by-lease basis. The outer Continental Shelf operating regulations and orders were reviewed and revised as appropriate to strengthen operating requirements and provide for the absolute liability of the lessee for the cost of cleanup of any oil spill. In March 1969, Secretary Hickel issued a Public Land Order withdrawing from leasing certain outer Continental Shelf lands adjacent to the State Santa Barbara Oil Sanctuary, thereby creating a Federal Ecological Preserve to be used for scientific, recreation, and other similar uses. In addition a Federal Buffer Zone seaward of the Federal Ecological Preserve was created as an adjunct to it. In 1970 the administration submitted legislation to the Congress for the purpose of terminating twenty existing leases immediately seaward of the State Santa Barbara Oil Sanctuary and the Federal Ecological Preserve and Buffer Zone. A National Energy Reserve would have replaced these twenty leases. In 1971 and 1973 similar legislation, but covering 35 leases, was

submitted to Congress. In November 1973, during testimony on this and other legislation relating to the Santa Barbara Channel, subsequent to commencement of the oil embargo, the administration withdrew its support of its legislation and asked Congress not to act on any legislation relating to the Santa Barbara Channel. The administration announced that it was reconsidering its position with respect to oil and gas development in this area of the Santa Barbara Channel and would communicate to Congress its decision with respect to the administration's legislation and other legislation after the reevaluation was completed.

In February 1969, the California State Lands Commission, reacting to the then recent blowout, revoked all existing offshore exploration drilling permits and imposed a moratorium on all new drilling on existing State tidelands leases. The Commission based its decision on what it found to be the lagging state of technology in providing reliable oil containment and recovery techniques and devices.

Given this historical background I was faced with a number of difficult issues in reaching a decision whether the initial plan of development submitted by Exxon Company, the unit operator, should be approved. Even though Exxon and others have drilled numerous exploratory wells in the deeper Channel waters, including the Santa Ynez Unit area, this is

the first development plan submitted since the actions to reduce oil seeps following the 1969 blowout. One new production platform had been approved, but its approval was based in large part upon the recommendation of the DuBridge Committee whose report indicated a need for such a platform in order to reduce the pressures in the fractured Dos Cuadros reservoir.

Furthermore, approval of this initial plan of development would be made prior to completion of our reevaluation of oil and gas operations in the 35 lease area proposed for a National Energy Reserve and before completion of the Santa Barbara Channel exploration and development environmental impact statement currently being written to assess the impacts of oil and gas operations throughout the entire Santa Barbara Channel region. I was concerned that a decision to approve the initial plan of development could be misconstrued as a determination by the Department, prior to completion of the Santa Barbara Channel statement, that full scale operations should proceed throughout the entire Channel. The program decision option document prepared for my consideration in arriving at a decision, presented the alternative for my consideration of delaying action on this plan of development until the Santa Barbara Channel region impact statement was completed.

With respect to this issue, the Department has never imposed a moratorium on oil and gas development in the Santa Barbara Channel. Following the blowout of 1969 there were suspension orders issued and safety clearances required prior to permitting further exploration and development to proceed. This, however, never constituted a moratorium on oil and gas operations. The legislation submitted to terminate 35 leases and create a National Energy Reserve placed a temporary suspension on these leases pending consideration of the legislation by the Congress. It did not represent, however, a decision that these leases would never be developed should Congress fail to act on the legislation. Except for these interim measures taken by the Department, the Department's position has consistently been that development should proceed as usual in accordance with statutory and regulatory obligations imposed upon the Department and the lessees. Therefore, characterization of this present decision as anything other than an approval of a proposal for a significant production operation in a specific section of the Channel would be unwarranted. Clearly, it does not constitute a decision on full scale development of the Santa Barbara Channel.

In respect to our commitment to the Congress made in November 1973, when the administration withdrew support for its legislative proposal to create of a National Energy Reserve, we were careful to point out at the time that our reevaluation was with respect to development of oil and gas resources on the 35 leases included in the legislation. This reevaluation was not intended to extend to other areas in the Santa Barbara Channel. The Department had been and remains opposed to other legislative proposals relating to the entire Santa Barbara Channel. With respect to the 35 leases in the administration's legislative proposal, we intend to honor our commitment to the Congress to advise them of our decision with respect to this legislation prior to taking any steps to approve development of these leases.

Recognizing that the Department had never written an impact statement on the entire Santa Barbara Channel, the statement presently in preparation was initiated in conjunction with our commitment to Congress to reevaluate the legislative proposal to create a National Energy Reserve. We decided that this statement to be of maximum value should encompass the entire Santa Barbara Channel rather than just the specific 35 leases. However, the statement was designed to analyze the environmental impacts which could result from exploration and development of leases and unleased lands for which no

specific development proposals were pending before the Department. The Santa Ynez initial plan of development had been submitted to the Department long before initiation of the Santa Barbara Channel region environmental impact statement. Initiation of the Channel statement did not change the Department's intent that the Santa Ynez proposal would be analyzed through its own individual environmental impact statement and that a decision would be made with respect to that proposal independently of the Santa Barbara Channel impact statement.

Another issue which confronted me related to the attitude of the State of California toward oil and gas development within State territorial waters and development of the State's Coastal zone. The State Lands Commission on December 11, 1973, unanimously decided to lift the five year moratorium which it had imposed on oil and gas development in State tidelands. The moratorium was lifted to the degree that development and exploratory drilling will be permitted from existing structures. No new leases are expected to be issued nor will exploratory drilling from mobile vessels be permitted. The Commission adopted a staff report indicating that the oil industry had developed safety equipment and procedures



sufficient to minimize the possibility of a major oil spill occurring and to provide for effective cleanup in the event of a spill. To me this suggested that the State Lands Commission now felt that the risks involved with oil and gas operations were acceptable in light of the current state of technology and the need for energy.

On the other hand, the California Coastal Zone Conservation Act became effective on February 1, 1973. That Act established the California Coastal Conservation Commission with the responsibility to supervise development of the coastal zone seaward to the outer limit of the State's jurisdiction and extending inland generally to the highest elevation of the nearest coastal mountain range. The Act requires the Commission to prepare, adopt and submit on or before December 1, 1975, to the State Legislature for its adoption and implementation a California Coastal Zone Conservation Plan. The Act provides that on or after February 1, 1973, any person wishing to initiate any development within the permit area, defined generally to be that area between the seaward limit of the jurisdiction of the State and 1000 yards landward from the mean high tide line of the sea, must obtain a permit authorizing such development from one of the regional commissions. There can be no

question that the California Coastal Zone Conservation Plan and the implementation of the permit authority will have a bearing upon future plans for construction and maintenance of needed onshore facilities related to oil and gas development from federal OCS lands as well as from State territorial waters. Thus, an additional issue which I had to consider was whether a decision should be delayed with respect to the initial plan of development for the Santa Ynez Unit until completion of the California Coastal Zone Conservation Plan?

My decision to proceed at this time with approval of the plan of development for the Santa Ynez Unit, as provided below, was based on the following factors relating to the issue of the California Coastal Zone Conservation Plan. The Santa Ynez environmental impact statement contains a thorough assessment of the potential environmental, land use, and socio-economic impacts to the coastal zone area which could result from various aspects of this plan of development. The installation and operation of pipelines are discussed. The impact of the onshore storage and treatment facility upon the Las Flores Canyon and Corral Canyon are thoroughly treated and the near shore loading terminal for shipment of production to refineries is carefully analyzed. This analysis has been conducted in close cooperation and coordination with federal and State agencies as well as

knowledgeable private sources having jurisdiction over, or information with respect to, this area of the coastal zone. The authority of the Coastal Zone Conservation Commission is discussed, as are county zoning and land use plans and other proposed federal and State projects in the area. The cooperation of this Department in the planning and implementation of facilities in the coastal zone will continue throughout the development of this project. In the final analysis it is clear that State agencies rather than the Federal Government must be looked to for approval of onshore facilities and pipelines and loading terminals within State territorial jurisdiction. Thus, my decision approves in concept facilities within State territorial waters and on State lands after consultation with State and local authorities, but it has no bearing upon the ultimate authority and responsibility of the State for issuance of necessary permits for construction of these facilities.

Other issues which confronted me in reaching my decision on the initial plan of development related to specific aspects of the plan and some of its unusual features. The initial plan of development calls for installation of a drilling and production platform in 850 feet of water; water twice as deep as any in which a platform has been installed in the United States OCS previously. The integrity of this

platform is critical due to the seismic problems presented by the incidence of earthquakes in, and in the vicinity of, the Santa Barbara Channel region. The initial plan of development includes an onshore treating and storage facility in the Las Flores Canyon off of Corral Canyon. This site would occupy about 15 acres approximately one mile inland from the coast. As an alternative to the onshore treating and storage facility, the initial plan of development proposes a floating vessel of approximately 28,000 dwt displacement and a single anchor leg mooring system to be used as an offshore treating and storage facility. This would be located 3.2 miles from the shore line in the northeastern portion of federal lease OCS-P 0188. The treated crude oil would be off-loaded to shuttle barges or tankers for transportation to market. Other features of the plan call for a 16 inch oil pipeline and a 12 inch gas pipeline to transport production from the platform to the onshore treating and storage facility. A 30 inch oil pipeline which reduces to 24 inches would transfer treated oil from the onshore facility to marine barges or tankers at a marine loading terminal located 3,500 feet offshore. A submerged production system (SPS) originally proposed by the unit operator has been withdrawn from further consideration by the unit operator pending testing and development of the SPS in the Gulf of Mexico.

The environmental impact statement on the proposed plan of development of the Unit, in a very careful and thorough analysis, discusses the technological feasibility and potential environmental impacts of these components of the initial plan of development. There is no question that environmental impacts will result from the day to day operations of the production system and that the potential for an oil spill can never be completely eliminated, even under the strict regulatory and inspection procedures now employed by the U.S. Geological Survey.

The impact statement does discuss the engineering requirements which must be satisfied by a platform in these water depths if it is to resist the wave, wind, and seismic forces which could occur during the life of the structure. I am satisfied from the discussion of these matters that the engineering and technological capability exists for safe installation and operation of this platform in 850 feet of water. The increased forces which will operate on this platform as compared with platforms in lesser water depths are understood and have been accounted for in the design of the platform. The drilling and production operations are the same for a platform in this water depth as in lesser depths and will be subject to the same careful and rigorous regulation and inspection by the Geological Survey.

I have compared the proposed design and operation of the onshore treating and storage facility with that of the proposed alternative offshore treating and storage facility. I find that based upon the operational limitations of the offshore treating and storage facility, and the potential for environmental harm from operations at that facility, that the onshore treating and storage facility is the more desirable means for treatment of the oil and gas produced from the Santa Ynez Unit. The onshore facility is designed for expansion to accommodate the entire estimated production of oil and gas from the Santa Ynez Unit. In fact, this facility can be expanded to accommodate all production from the western portion of the Santa Barbara Channel without a great additional commitment of land. The offshore floating vessel's treatment and storage capacity limitations are such that additional offshore floating vessels or an alternative onshore facility might be needed for future production from other areas within the Santa Ynez Unit or outside the unit. Furthermore, the offshore facility would not be equipped to process gas produced from the unit, and the gas would have to be reinjected into the reservoir. The result would be that an estimated 370 to 550 billion cubic feet of recoverable gas would be lost to the local market, at least until some shoreside facility is approved.

The continuous operation and integrity of the offshore floating facility would be adversely affected by high winds and waves. The impact statement points out that the mooring system has been designed to moor the fully loaded storage vessel safely in 20' foot high seas and 75 mph winds. If these design limitations are approached the vessel would be released from the mooring and taken to a sheltered port. Off-loading of the treated and stored oil could be conducted in 8 to 10 foot significant wave height seas. These limitations make it apparent that there may be instances during the course of a given year in which production operations would have to be halted on the platform so that the capabilities of the offshore treating and storage facility would not be over extended leading to possible polluting incidents.

Another feature making the offshore treating and storage facility less desirable is the fact that the production from the platform would have to be transferred onto the floating vessel and then transferred off the floating vessel to a shuttle barge or tanker for transport to market. The onshore treating facility on the other hand would require only one bulk transfer point for the production from a pipeline at the marine leading terminal to a shuttle barge or tanker.

I also considered the matter of aesthetics in determining that the onshore facility would be preferable. As pointed out in the environmental impact statement, the secluded location of the onshore facility and the extensive landscaping included in the plans for the facility will screen the facility from site from the coastal highway, U.S. 101, except for brief moments. During such moments only a few slender gas-handling vessels will be visible. This is a minimal aesthetic intrusion when compared to the offshore treating and storage facility, only 3.2 miles offshore, which would be visible constantly during clear weather from a broad expanse of coastline.

A further consideration that suggested to me a preference for the onshore facility is the potential environmental impact which would result should an oil spill of any consequence occur from either the onshore or offshore facility. A spill from the offshore facility could easily expand over a large area on the waters of the Santa Barbara Channel, contaminate kelp beds present between the proposed location for the offshore facility and the coast, and reach



beaches which receive heavy recreational use. The damages which could result from such an offshore oil spill are well documented in the environmental impact statement.

On the other hand, the potential impact from an accident on the onshore facility appears to me to be considerably less. I agree with the analysis and conclusion reached in the impact statement that the possibility of an accident from an onshore facility resulting in major oil pollution of the marine environment is remote. A significant spill from the onshore facility which resulted in contamination of a segment of lower Corral Creek but did not reach the water would certainly result in detrimental impacts to the immediate local environment, but would not be nearly as harmful as a spill on the waters of the Channel. Furthermore, I am advised that the onshore treating and storage facility design and operation would be required to comply with the regulations of the Environmental Protection Agency, 40 CFR Part 112, which require the preparation and implementation of a Spill Prevention Control and Counter Measure Plan for non-transportation related onshore facilities. Effective preparation and implementation of such a plan should further minimize the risk of an oil spill reaching the waters of the Santa Barbara Channel. These factors have convinced me that the onshore facility is more desirable

from the technological, environmental and aesthetic points of view than the suggested alternative offshore facility. For these reasons I have decided to approve both the onshore facility and the alternative offshore facility with the reservation specified hereinafter.

The other aspects of the plan of development such as the connecting pipelines and the near shore loading terminal to be employed in conjunction with the onshore storage and treatment facility are thoroughly treated in the environmental impact statement. These facilities raise no particular problems which are not adequately accounted for in their design and the regulatory mechanisms that will be employed to supervise their installation and continued operation. Under these conditions the potential environmental impacts resulting from their installation and operation are within acceptable limits.

Upon full consideration of the aforementioned issues, it remained my responsibility to balance the potential environmental damages associated with development against the anticipated benefits which could be expected to follow development of the Santa Ynez Unit.

The demand for energy in this country greatly exceeds the existing supply from domestic sources. If the Santa Ynez Unit is not developed the estimated 730 million to 1.1 billion barrels of recoverable oil and 370 billion to 550 billion cubic feet of recoverable gas underlying the unit would be unavailable to meet the Nation's energy demands. The State of California alone imports approximately one-third of its current requirements for petroleum products. Estimates by the Resources Agency of California indicate that imports must be increased to meet State needs in 1980.

In this period of double digit inflation, the substitution of domestic petroleum for imported petroleum could play a significant role in dampening inflationary pressures.

Development which would reduce the outflow of funds for imported oil and the balance of payments deficit that may have an inflationary effect, and which can be implemented with appropriate safeguards for the environment, will benefit practically every U.S. citizen.

The Nation has learned in recent months the costs involved with relying heavily on foreign sources for oil and gas. Undeniably, excessive dependence on foreign supply leaves the nation vulnerable to critical energy shortages in the event that these supplies are temporarily curtailed and to severe economic disruptions due to the expense of importing

foreign energy sources. Additionally, the nation has observed the effect of higher energy prices on overall domestic prices.

Based upon my review of the issues pertinent to this decision and the potential environmental impacts as discussed in the environmental impact statement I have concluded that the benefits flowing to the nation along with increased domestic supplies of oil and gas outweigh the adverse environmental impact which could result from my affirmative response to the proposal. This conclusion, for which I find ample support in the environmental impact statement and other material relating to supply and demand of energy in the United States, is consistent with the analyses and recommendations made by the Geological Survey and other members of my staff.

Therefore, I approve the initial plan of development for the Santa Ynez Unit as submitted by the unit operator with the following reservation: My approval of the alternative offshore floating treatment and storage facility may be withdrawn if, prior to construction of the offshore facility, I determine that the unit operator has not made diligent, good faith efforts, to obtain permission from the appropriate State

agencies to construct and operate the onshore facility under reasonable terms and conditions. It is necessary to approve the offshore facility at this time and under these terms because delay in approving this facility could result in delaying development of the much needed resources of the Santa Ynez Unit.

It should be clear that my approval is limited to the initial plan of development, that is, the plan as it relates to development of the Honda field by a platform to be installed in 850 feet of water, an oil and a gas pipeline to carry production to shore, an onshore treatment and storage facility, a pipeline to a near shore loading terminal, the near shore loading terminal, and the alternative offshore treatment and storage facility. My approval does not extend to other production facilities for the Hondo field, or development of the Pescado or Sacate fields. Subsequent supplemental plans of development are anticipated for these areas. Environmental assessments will be made for the supplemental plans and a decision will then be made as to the need for additional or supplemental impact statements. Following my approval of this initial plan of development the Geological Survey will review individual applications for the components of the plan in accordance with their normal procedures.

As an adjunct to this decision and in order to gain more scientific data on the impact of oil and gas operations upon the environment in the Santa Barbara Channel and elsewhere, I am initiating a study leading to the design of an environmental monitoring system to be used in the Southern California area including the Santa Barbara Channel. The Department will consult with appropriate federal agencies and California State and local agencies including the Coastal Zone Conservation Commission and the State Lands Commission, as well as knowledgeable private organizations and individuals, to determine the necessary scope and design of the monitoring system to be employed. At a minimum, federal lessees in the Santa Barbara Channel may anticipate the imposition of requirements in the future to monitor the impacts of their operations upon the Channel environment through appropriate sampling procedures and other mechanisms. We hope this monitoring program will be designed and implemented prior to initiation of development drilling from the platform included in the unit operator's plan of development for the Santa Ynez Unit or development drilling from any other platform which may be approved in the future.

  
Acting Secretary of the Interior

Date: Aug 16 1974