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Date Received: 10-7-81
Item Number:
Hearing Date: 10-28-82
Analyst: MG-C

CONSISTENCY CERTIFICATION AND STAFF RECOMMENDATION

Consistency Certification No. CC-33-82
3 and 6 Month Periods End: 7-28-82/10-28-82
Chevron USA Inc.

APPLICANT FOR FEDERAL PERMITS:

FEDERAL PERMIT FOR WHICH COMMISSION CONCURRENCE WITH APPLICANT'S CONSISTENCY CERTIFICATION IS REQUIRED:

Minerals Management Service Exploratory Well Drilling Permit; OCS Exploration Plan

ACTIVITY LOCATION:

On the Outer Continental Shelf on OCS Parcel 0450, approximately 7 miles northwest of Point Arguello in the Santa Maria Basin.

ACTIVITY DESCRIPTION:

Drilling 2 wells on OCS P-0450, to explore for oil and gas from the Zapata Concord, a semisubmersible drill rig. (Exhibits 1 and 2)

PUBLIC HEARING AND VOTE:

Public hearing and possible action at the Commission's October 27-29 meeting in the Port of Los Angeles.

STAFF NOTE: CONSISTENCY

Under regulations which implement the Federal Coastal Zone Management Act, the Minerals Management Service cannot grant a permit for any activity described in an Outer Continental Shelf (OCS) Plan of Exploration until the Coastal Commission concurs with a certification by the oil company applicant that the activity is consistent with the California Coastal Management Program (CCMP) or determines that the activity has no effect on the coastal zone.

Applicant's Consistency Certification and Findings. The applicant has submitted a consistency certification for its OCS Plan of Exploration for OCS P-0450, stating that the proposed activities described in detail in the Plan of Exploration will be conducted in a manner consistent with California's Coastal Management Program. The Commission has concurred in the consistency certifications for three wells in this plan during a period when the Commission was receiving certifications for one well per company per month. Now that the Air Quality Task Force has completed its study of NOx reduction measures the Commission is again reviewing OCS Plans in their entirety. The six-month deadline for Commission action on this OCS Plan was February 10, 1982 however Chevron granted a waiver until October 28, by which time the Commission must act on the rest of the plan.

October 10, 1982

I. Concurrence

The Commission hereby concurs with the consistency certification made by Chevron for OCS P-0450 as consistent with the policies and objectives of the California Coastal Management Program.

II. Findings and Declarations

The Commission finds and declares as follows:

A. Project Description. Chevron USA Inc. proposes to drill two wells on OCS P-0450 in the Santa Maria Basin, about 7 miles southwest of Point Arguello (Exhibits 1 and 2), on the tract for which Chevron paid \$333,000,000 - the highest bid in Lease Sale #53. The Commission has approved three wells on this tract. The Environmental Report submitted with the OCS plan states that onshore support, including boat and helicopter transportation of crew and supplies, would be based at Port Hueneme, Carpinteria and Santa Barbara airport. The wells would be drilled in a water depth of 433 and 509 feet and to a well depth of 11,000 feet. Total drilling time will be 85-110 days.

B. Protection of Marine Resources. Oil and gas exploration can have an adverse impact on the marine environment if the drilling and associated support activities occur close to habitats of sensitive flora and fauna. Protection of marine resources is required of activities in or affecting the coastal zone. Section 30230 of the Coastal Act provides the following:

Marine resources shall be maintained, enhanced, and, where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Use of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific and educational purposes.

OCS P-0450 is close to Point Arguello, a haul-out and breeding area for California sea lions and harbor seals (Exhibit 3). Also several species of seabirds feed and rest in this area and the rocky intertidal areas close to shore. Point Conception, within 12 miles of tract 0450, is a rich intertidal area with extensive kelp beds. The Sea Otter Range, located in the northern part of the Santa Maria Basin, is 25 miles from tract 0450 although sightings of sea otters have been made as far south as Purisima Point and even Point Arguello. However, the range and main habitat of the sea otter is still mainly in the area shown in Exhibit 3.

The offshore Point Conception/Point Arguello area is a migration route for grey whales, which generally travel within 5 miles of shore. The migration season runs from November to May, including both the northward and southward migrations.

The proposed well locations are on a lease on which the Bureau of Land Management invoked the biological stipulation to alert the lessee and the Minerals Management Service that hard bottom areas are present within the lease's boundaries. Because Chevron has selected drilling sites at least 1500 feet away from these hard bottom sites, no survey is required by MMS.

Because the proposed wells will be drilled at least 12 miles from the Sea Otter Range, buffer established by the Commission in Lease Sale 53 beyond which OCS activities may be

found consistent with Section 30230 of the Act, and will be drilled at least 6 miles from the pinniped breeding areas at Point Arguello, the Commission finds that the exploratory drilling itself will not significantly affect these marine mammals. However, because of the chance, even though small, that an oil spill could result from these exploratory activities and harm these animals, the Commission cannot find the proposed project consistent with Section 30230, although, as explained in Section I, the project would meet the policies of Section 30260.

C. Protection Against the Spillage of Crude Oil. Regardless of the precautions taken against well blowouts and resulting spills of crude oil in the open ocean, there is always a risk of this occurring at a drill site. Such a spill may reach the coast of California and damage marine life, scenic areas, and recreational areas. Because of this risk, the proposed drilling operations must be consistent with Section 30232 of the Coastal Act, incorporated in Chapter 3 of the Coastal Management Program, which states:

Protection against the spillage of crude oil, gas petroleum products, or hazardous substances shall be provided in relation to any development or transportation of such materials. Effective containment and cleanup facilities and procedures shall be provided for accidental spills that do occur.

Chevron has provided onsite equipment and personnel training, and works with oil spill cooperatives, which have dedicated oil spill response vessels. (See Appendix A)

Protection of Coastal Wetlands and Streams. The Commission and the County of Santa Barbara have expressed specific concerns about the protection of the Santa Maria and Santa Ynez Rivers and the San Antonio and Jalama Creeks if an oil spill threatens these areas. This concern is based on the limited amount of time that oil spill containment and cleanup equipment will function in the waters north of and around Point Conception, increasing the possibility of these streams becoming contaminated. The County has recommended that Clean Seas be required to locate oil spill booms at the mouths of these waterways to improve the response time to them.

The Commission agrees that provisions must be available for the protection of these streams if they are threatened. However, a high percentage of the time these rivers and creeks may not be open to the ocean. Much of the time that they are open the water is flowing toward the ocean, reducing the likelihood of oil contamination. Under conditions when they are threatened, Clean Seas can have equipment and personnel to the area within 3 to 4 hours. Clean Seas has two fast response units designed specifically for this purpose. They include:

- 1) a 15-foot trailer equipped with small containment boom, a skimmer, a storage bag, absorbents, rakes and shovels; and
- 2) a 2.5-ton truck equipped with a larger boom, skimmer, and associated tools.

Additional equipment can be obtained from the larger Clean Seas vans if this becomes necessary.

Other strategies may be necessary to protect these waterways. In many cases the incoming current in the rivers or streams would exceed the capability of the oil containment booms to function. In these situations the stream mouth may have to be closed using heavy earthmoving equipment. This would eliminate additional contamination, and would provide a quiet water situation behind the closure to help recover any oil that has gotten into the stream.

However, to best determine the most effective means of protecting these streams, the Commission directs the staff to visit them, with the County staff if possible, during the late fall, winter and spring months when the streams open to the sea. After these site visits, the Commission may hold a drill with the applicant to test response capability to a hypothetical spill near the mouths of the streams. The Commission will continue to work with the industry and the County to develop the most effective strategies to protect these streams and wetlands. The County agrees with this approach.

The Commission's standard of review is based on the maximum feasible capability to reduce the impacts of a spill, if one occurs. Section 30232 of the Coastal Act requires that effective oil spill containment and cleanup be provided for spills. The Commission cannot find that Plan of Equipment consistent with this policy due to the limited capability of state-of-the-art oil spill equipment. However, Section 30260 of the Coastal Act provides that coastal-dependent industrial facilities can be sited if the adverse impacts are mitigated to the maximum extent feasible.

The Commission finds that the oil containment and cleanup equipment, and measures for response, as provided in the proposed Plan of Exploration and Consistency Certification made by Chevron provide maximum feasible mitigation and are consistent with Section 30260 of the Coastal Act. Concurrence by the Commission is not an indication of satisfaction with the degree of protection afforded coastal resources by the oil spill containment and cleanup equipment provided. The Commission staff's forthcoming oil spill response capability study may indicate the need to update and increase standards for onsite and cooperative oil spill cleanup and containment capabilities. Such findings will be used in future consistency certifications and permit reviews.

D. Commercial Fishing. The Coastal Act seeks to protect the habitats of all marine animals, including those fished commercially. Section 30231 provides:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained, and where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment . . .

The proposed wells are within the Department of Fish and Game designated Fish Block 644. The primary species of fish caught are Bocaccio, Petrale sole, and shrimp. Shrimp beds, a recent development in the area, extend from Point Arguello to Point Buchon.

The representatives of the fishing industry have found that the proposal by Chevron to drill on OCS P-0450 does not present a conflict to their trawling activities. Petrale sole, the major fish caught in the vicinity, have moved out of the area and therefore will not be fished here. Furthermore, Chevron has agreed to drag nets over the well site, if needed, after the drillship has left, to remove any debris or muds that have collected on the sea floor, causing potential obstructions to trawlers.

The DFG continues to make the point that discharge of drill muds and cuttings could adversely affect the benthic biota in the immediate area of the drill site.

Because the drilling would conflict with commercial fishing activities, and because the Commission has concluded that the discharge of muds and cuttings beyond 1,000 meters of State waters have no demonstrated effect on the coastal zone, the Commission finds that the proposed activities would be consistent with Section 30231 of the Coastal Act.

E. Onshore Support Facilities. Section 30250 of the Coastal Act states that new industrial development "shall be located within, contiguous with, or in close proximity

to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources."

Chevron has stated in its Environmental Report that it is proposing to use Port Hueneme, Carpinteria, and Santa Barbara Airport for all its support activities--all crew and, supply boat and helicopter trips to service the drill rig crews will originate and return to these areas. Although this individual drilling proposal will not affect onshore use in the Santa Maria Basin area, the increases in drilling in this basin may lead to the need for an additional service base to service the Basin and the western Santa Barbara Channel. The staff is currently working with the counties of Santa Barbara and San Luis Obispo and the oil industry to study alternate sites for additional service and crew bases if needed.

F. Geologic Hazards. Section 30253(1) of the Coastal Act states that new development shall minimize risks to life and property in areas of high geologic . . . hazard". The Division of Mines and Geology and the State Lands Commission routinely review OCS Plans of Exploration to determine whether the proposed drilling program can be safely conducted in view of the geologic conditions of the lease and well site. Both agencies have reviewed the Chevron proposal and have concluded that no geologic hazards are present that would pose a risk to life or property in the area of the operations, and that the drilling program is a safe one.

G. Air Quality. Section 30253(3) of the Coastal Act states that new development "shall be consistent with requirements imposed by an air pollution control district or the State Air Resources Control Board as to each particular development."

From January 6, 1982 to August 31, 1982, the Commission had a policy limiting oil company applicants for consistency review to one well per month during the course of a study on measures to reduce nitrogen oxides (NOx) emissions from drilling operations. That study is now completed, having identified two methods of reducing NOx. The Commission also passed a resolution ending the one well per company per month limitation as of August 31, when the NOx reduction study would be completed. Any OCS plans submitted after that date for consistency review would be considered as a whole.

The Air Resources Board states that data on meteorology and pollutant transport in the Santa Maria Basin are not as complete as for the Santa Barbara Channel but that emission from OCS drilling activities will have a significant adverse effect on onshore air quality. The ARB has recommended that the Commission require an oil company applicant to implement nitrogen oxides (NOx) control measures identified as "interim" in the Air Quality Task Force, once implementation is approved by the American Bureau of Shipping; that the applicant install devices on the drilling vessel to gather data on fuel consumption, and hence NOx emission, from drilling activities; and that, where such equipment already exists on a drilling vessel, an applicant collect data on wind speed, direction and temperature.

The applicant has agreed to implement interim NOx control measures once ABS approval is obtained, to install fuel measuring equipment and collect wind data if the drilling vessel is so equipped.

The ARB has stated that it has not changed its position on supporting consistency review of only one well per company per month, although it recognizes that this limitation does not necessarily reduce the number of drill rigs operating in a basin. The ARB still believes that the only way to fully mitigate air quality impacts from offshore drilling is to limit the number of drill rigs in a given basin. It does not believe that the

measures identified in the NOx control study fully mitigate the pollutants' impacts on onshore air quality. However, the ARB is not recommending that the Commission object to this Plan of Exploration.

The Commission agrees with the ARB that limiting the number of drill rigs in a basin is the most effective means of reducing air pollution impacts; however, the Commission has found that limiting companies to one well per month in consistency review does not achieve this objective or reduce the overall number of wells drilled in an area. Decisions to drill are based on information gathered by the oil companies in drilling the first well on an OCS tract. If results from the first well are promising, then the company would apply for an additional well. If results are not promising, then no more wells will be drilled even if several have been approved. The Commission is now trying to find an effective and equitable way to limit the number of drill rigs in a basin at any given time but has not yet reached a solution.

The Commission finds that the proposal is consistent with Section 30253 and the CCMP because the applicant has agreed to implement the interim NOx control measures as soon as ABS approval is obtained and to collect data necessary to improve NOx emission and pollutant transport information. The Commission, however, is concerned that investigations continue on pollutant reduction measures, and that long-term measures be developed that will reduce NOx and other pollutant emission more to a greater degree than interim measures.

H. Vessel Traffic Safety. The principal Coastal Act policies applicable to vessel traffic safety are Sections 30260 which apply specifically to coastal-dependent industrial development such as the proposed exploratory drilling project. Under 30260 and 30262 the project must first be tested under all applicable Chapter 3 policies. If the proposal does not meet these policies the project is analyzed under Section 30260, quoted and discussed below.

Because of the risk of ramming or collision and the subsequent risk of oil spills and hazards to coastwise vessel traffic, the Commission finds the location of drilling vessels on the OCS affects the use of land and water in the coastal zone. Therefore, the Commission considers the effects on navigation in each drilling proposal reviewed for consistency with the CCMP.

The proposed drilling is located in the Santa Maria Basin, north of the existing Vessel Traffic Separation Scheme in the Channel. Because no traffic lanes are designated in the Santa Maria Basin, and substantial navigation does occur along the coast, and weather is foggy or stormy several months of the year, the presence of temporary structures could present a hazard to navigation and risks of oil spill. The Commission finds therefore that the proposed activities do not meet the Chapter 3 policies of the Coastal Act and must be analyzed under Section 30260. The Commission notes that the applicant's agreement to install and operate a 24-hour radar alarm device does constitute mitigation of the hazards posed by the project, as discussed in Section I.

I. Industrial Development. Coastal-dependent industrial development such as offshore oil drilling must first be tested under all applicable policies in Chapter 3. If the proposal does not meet these policies, development is analyzed under the less stringent requirements of Section 30260. The proposed development does not meet Sections 30230 or 30232 of the Coastal Act. Therefore, the three tests of Section 30260 apply:

Coastal-dependent industrial facilities shall be encouraged to locate or expand within existing sites and shall be permitted reasonable long-term growth where consistent with this division. However, where new or expanded coastal-dependent industrial facilities cannot feasibly

be accommodated consistent with other policies of this division, they may nonetheless be permitted in accordance with this section and Sections 30261 and 30262 if (1) alternative locations are infeasible or more environmentally damaging; (2) to do otherwise would adversely affect the public welfare; and (3) adverse environmental effects are mitigated to the maximum extent feasible.

The first requirement of Section 30260 is that the applicant must demonstrate that alternative locations for the project are either infeasible or more environmentally damaging. Chevron could directionally drill from other points on this lease to reach the same targets. These other locations would be more environmentally damaging because of the extended time and risk that would be involved in directional drilling. The Commission finds, therefore, that the project meets the requirements of the first test.

The second requirement concerns the public welfare. Clearly it is in the interest of the public welfare to search for domestic sources of oil and gas. However, this is not the only consideration in determining whether the project meets the public welfare test. Commercial fishing activities and facilities, biological resources, and recreational uses also must be considered as significant aspects of the public welfare. The proposed wells would not be located within a designated biologically sensitive area or sanctuary, vessel traffic separation scheme nor would they affect beach use unless an oil spill occurs. The drilling would not directly conflict with commercial fishing. Because Chevron has agreed to drag the well site after drilling, if needed, the Commission finds the proposal meets the requirements of the second test.

The third requirement is that adverse impacts be mitigated to the maximum extent feasible. Chevron's dragging of site, if needed, and coordination with fishermen, its use of the best available oil spill control and containment equipment and use of a 24-hour radar alarm system fulfill this third test. It should be noted, however, that the Commission will continue to examine the issue of oil spill response capability and may require additional protection in the development stage.

The Commission therefore finds that the proposed wells meet the three requirements of Section 30260 and are consistent with the CCMP.

J. NPDES. Because Chevron is proposing to drill in a location beyond 1000 meters of the coastal zone, the Commission will not review the discharge of drilling fluids and cuttings as allowed under the Environmental Protection Agency's NPDES permit. In its October 1981 resolution, the Commission found that discharges beyond 1000 meters of the coastal zone have not been shown to affect the use of land and water in the coastal zone. The Commission, therefore, decided not to review these for consistency. The Commission continually reviews new information on this issue and may require consistency review in the future for discharges beyond 1000 meters of the coastal zone if evidence is presented which indicated such discharges affect the uses of land and water in the coastal zone.

APPENDIX A

Onsite Equipment (First Line of Defense). Oil spill containment and cleanup equipment stored on an exploratory drilling vessel or on a production platform is primarily designed to provide a first line of defense for a major spill or to contain and clean up small spills that may occur. This equipment must be able to surround the largest areas possible within an acceptable period of time. If the equipment is too large and difficult to handle, then its purpose is defeated. The following list includes the equipment which the Commission has established as minimum requirements for Plan of Exploration consistency certifications in the past. The applicant has committed in its plan to include this equipment onboard the drilling vessel:

- 1) 1,500 feet of open ocean oil spill containment boom;
- 2) one oil skimming device capable of open ocean use;
- 3) bales of oil sorbent material capable of containing 15 barrels of oil;
- 4) a boat capable of deploying the oil spill boom on the site at all times or within fifteen minutes of the drilling vessel; and
- 5) oil storage capacity of 29 barrels, minimum, for recovered oil.

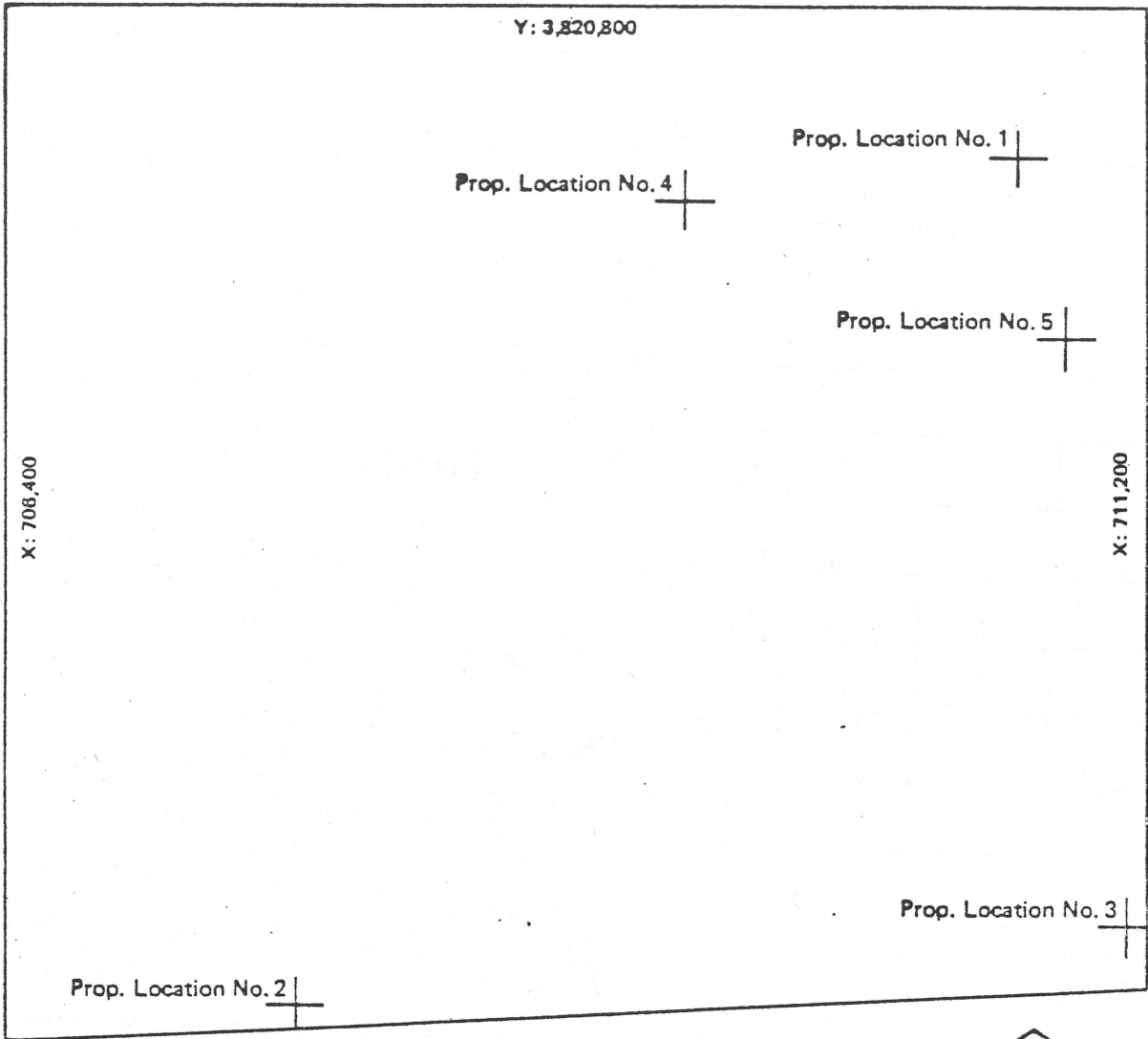
Oil Spill Cooperatives (Major spills, second line of defense). Removal of spilled oil in coastal or marine waters is undertaken by the party responsible for the spill, under the supervision and, if necessary, the direction of the U.S. Coast Guard. Because of this requirement, oil production companies operating in the Outer Continental Shelf belong to oil spill cooperatives which have oil spill cleanup equipment designed for open ocean use. The oil spill cooperative used for the Santa Barbara Channel and the Santa Maria Basin in Clean Seas.

Dedicated Oil Spill Response Vessels. Clean Seas currently has a 136-foot oil spill response vessel stationed in Santa Barbara harbor. The vessel, Mr. Clean, is outfitted with equipment which is designed for response to oil spills in the open ocean. Clean Seas is continuing to investigate state-of-the-art equipment additions to the vessel, and the Commission staff is currently working on potential improvements through the Oil Spill Response Capability study. This vessel will provide the initial response from Clean Seas to oil spills in the Santa Barbara Channel from Point Conception to Point Dume, and beyond the Channel Islands.

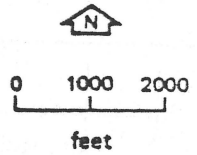
Clean Seas has recently acquired a second oil spill response vessel which will be fully equipped with oil spill containment and recovery equipment (Exhibit 4). This vessel, Mr. Clean II, is located in Port San Luis to provide the initial response to oil spills north of Point Conception.

Personnel Training. An adequate oil spill response training program must recognize the different roles necessary to provide an acceptable response to an oil spill. In general, the program can be broken down to two categories: 1) training for supervisory personnel; and 2) training for workers charged with actually putting equipment into the water. This training can be done by an individual oil company, or through the local oil spill cooperative depending on the level of the training.

EXHIBIT 2

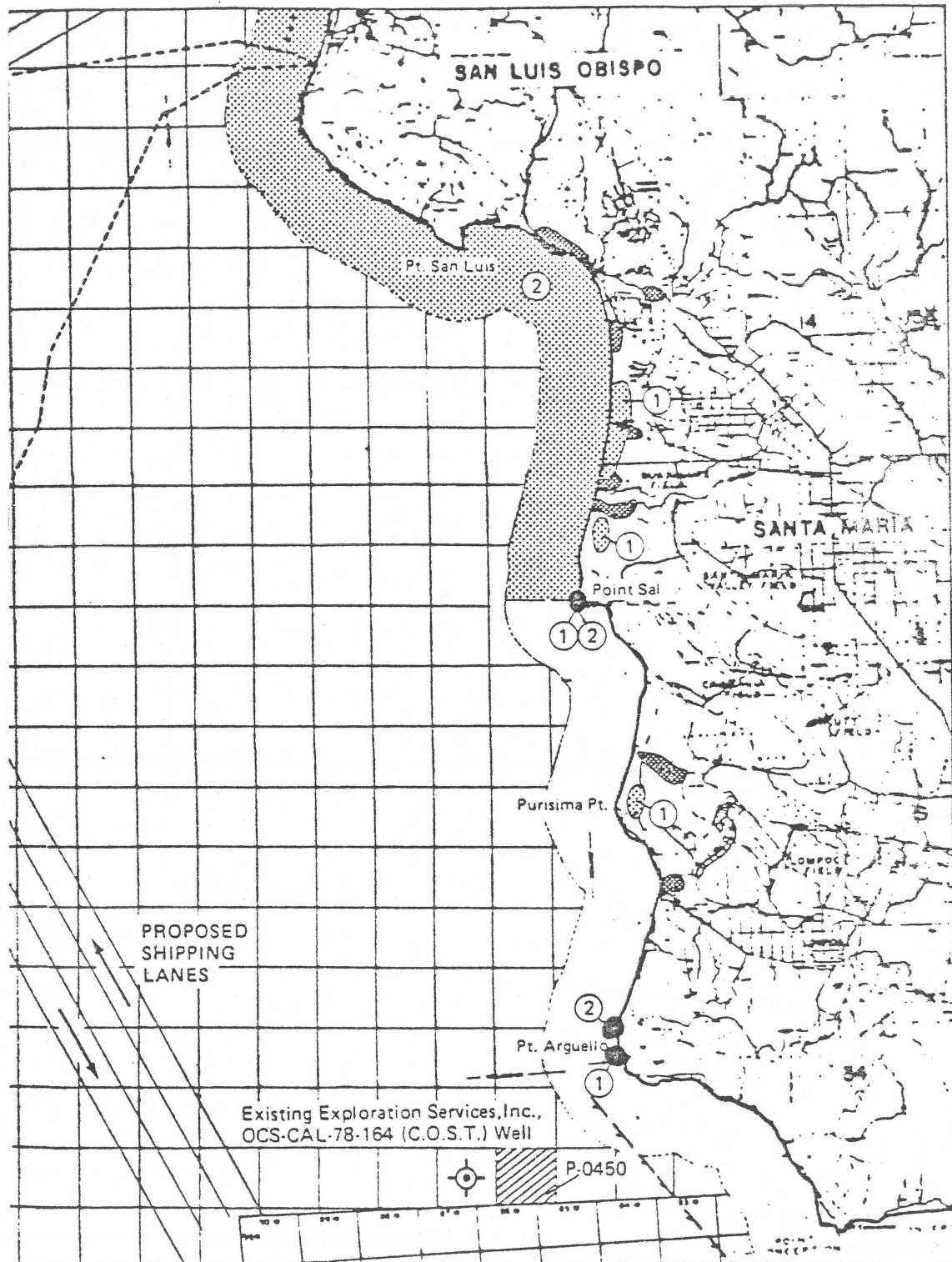


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




~~PROPOSED~~ PROPOSED WELL LOCATIONS—LEASE P-0450

EXHIBIT 3



LEGEND

-  Areas of Special Biological Importance, Coastal Wildlife Areas
-  Marine Mammal Areas, Pinniped Haul-out and/or Breeding Area
 - 1. California Sea Lion
 - 2. Harbor Seal
-  Rare or Endangered Species Areas
 - 1. California Least Tern Habitat
 - 2. Sea Otter Range

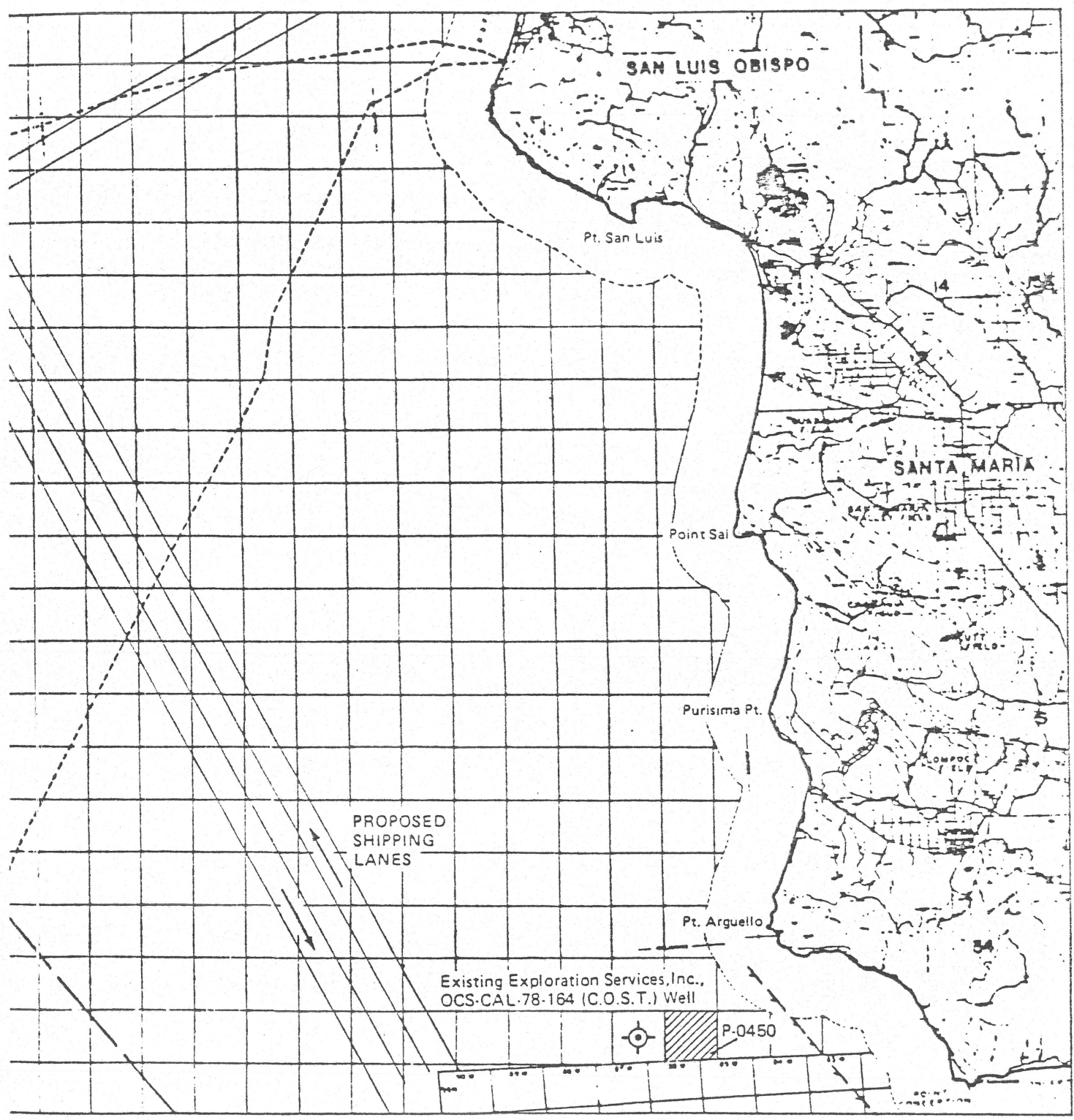
ECOLOGICALLY SENSITIVE AREAS IN THE VICINITY OF LEASE P-0450

Supervisory Training. The Clean Seas oil spill cooperative conducted a two-day training program for supervisory or management personnel operating in the Santa Maria Basin. Chevron sent their oil spill "Containment and Cleanup Coordinator, Offshore Containment and Cleanup Coordinator, Onshore Containment and Cleanup Coordinator, and other individuals with management or supervisory functions to the training session. The session focused on the supervisor's role in directing workers to use equipment properly, interface with the Clean Seas organization, and making the supervisors aware of proper coastal resource protection goals.

Equipment Use Training for Workers. Workers responsible for actual use of the oil spill equipment must receive "hands on" training to use the equipment properly. Chevron has inhouse training procedures that include full deployment of all offshore oil spill containment and cleanup equipment. The Clean Seas oil spill cooperative puts on training sessions that cover use of specific types of equipment. Member oil companies shall send personnel to these sessions.

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EXHIBIT 1



LOCATION MAP