Revisions to the Platform Hidalgo Development and Production Plan to Include Development of the Western Half NW/4 of Lease OCS-P 0450

Accompanying Information Volume
Coastal Zone Consistency Analysis and Findings

Submitted to:
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COASTAL ZONE CONSISTENCY ANALYSIS AND FINDINGS
FOR THE
DEVELOPMENT OF THE WESTERN HALF OF LEASE
OCS-P 0450

Plains Exploration and Production Company (PXP), operator of the Point Arguello Unit, is proposing to develop oil and gas resources on the and the western half of the northwest quarter (NW/4) of lease OCS-P 0450 (western half of OCS-P 0450). The proposal is to drill a maximum of two (2) wells for development of the reserves on the western half OCS-P 0450. The eastern half of lease OCS-P 0450 is already been developed as part of the Point Arguello Unit.

The oil and gas reserves from the western half of OCS-P 0450 will be developed from Platform Hidalgo, which is one of the existing Point Arguello platforms. The only new equipment that may be required for development of the western half of OCS-P 0450 is the possible addition of a crude oil stabilizer on Platform Hidalgo, and the installation of two (2) new production wells using existing well slots on Platform Hidalgo.

The two (2) wells will be directionally drilled using existing well slots on the platforms. Drilling of the wells on the western half of OCS-P 0450 is expected to last about six months with production lasting approximately six years. With drilling and production expected to be concluded in this timeframe, the reserves from the western half of OCS-P 0450 will be produced within the remaining productive life of Point Arguello platforms. This will maximize the reserves recovered in the shortest period of time and within the environmental time frame and footprint of the existing Point Arguello facilities as actually foreseen and evaluated in the Point Arguello/Southern Santa Maria Basin Area Study EIS/EIR.

Plains Exploration and Production Company (PXP), operator of both Point Arguello and the western half of OCS-P 0450, is proposing to drill development wells from Platform Hidalgo. The proposal is to drill a maximum of two (2) wells.

Oil production from the western half of OCS-P 0450 will be combined with Point Arguello Unit oil and transported to Gaviota in the existing PAPCO oil pipeline. From Gaviota, the combined oil production will be transported to refineries in the existing All America Pipeline.

Gas from the western half of OCS-P 0450 will be combined with Point Arguello Unit gas on the production platforms. The combined gas will be sweetened for platform use or sale to shore via the existing PANGL pipeline. Gas volumes in excess of platform needs or sales to shore will be re-injected into the producing reservoir for later recovery. Sweetened gas that is sent to shore will be used as fuel for the PAPCO turbine generators that produce steam for oil heating and electricity for facility use and sales to the grid.

In brief, the development and production of oil and gas reserves from the western half of OCS-P 0450 will be accomplished by drilling extended reach wells from the existing Point Arguello Unit platforms using existing wells slots, pipelines, equipment and facilities. Development of the reserves on the western half of OCS-P 0450 will be accomplished within the expected lifetime of the Point Arguello Field. The total number of wells drilled for the Point

Arguello Unit, Rocky Point, and the western half of OCS-P 0450 will be significantly less than the number of wells originally anticipated and approved for the Point Arguello Unit alone.

The proposed development activities for the western half of OCS-P 0450, which are described in detail in the Platform Hidalgo Development and Production Plan (DPP) Revision and the Accompanying Information Volume, are consistent with the policies of the California Coastal Management Program. The proposed activities will be conducted in a manner to ensure conformity with that program. The development of the western half of OCS-P 0450 will use existing onshore and offshore facilities. This will ensure minimum impact on the environment while producing a needed domestic energy source. Each of the applicable California Coastal Zone Management Plan policies, as set forth in the California Coastal Act, are hereinafter stated and evaluated relative to the development activities proposed for the western half of OCS-P 0450.

Based upon the evaluation included in this document, along with the information presented in the DPP revision document and the accompanying information, the proposed development activities complies with the State of California's approved coastal management program and will be conducted in a manner consistent with such program.

Section 30211-PUBLIC ACCESS

Development shall not interfere with the public's right of access to the sea where acquired through use or legislative authorization, including, but not limited to, the use of dry sand and rocky coastal beaches to the first line of terrestrial vegetation.

Assessment
Development of the western half of OCS-P 0450 will not involve the construction of any new onshore of offshore facilities. The drilling phases of the proposed project will contribute increased truck traffic in the coastal area associated with equipment transport. The truck traffic will be to and from Port Hueneme, which will serve as the port for moving drilling supplies to and from the existing Platform Hidalgo. It has been estimated that a maximum of 10 truck trips a week will be needed to support the drilling operations. None of the trucking activities to Port Hueneme will interfere with the public's right of access to the sea.

Finding
The proposed project would not provide new public access, nor will it interfere with existing access. The proposed project is consistent with this section of the Coastal Act because the project will not interfere with the public's right to access.

Section 30230-MARINE RESOURCES; MAINTANANCE, and
30231-BIOLOGICAL PRODUCTIVITY; WASTE WATER

30230. Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economical significance. Uses 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.

30231. 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, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface waterflow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

Assessment

The entire Santa Barbara Channel area contains a large number of important marine resources. Section 4.1.2 of the Environmental Evaluation describes in detail the seabirds, marine mammals, fish resources, and other flora and fauna of the area.

The development of the western half of OCS-P 0450 will not require any new offshore structures or facilities. The development will occur from Platform Hidalgo, which is one of the existing Point Arguello Platforms. Platform Hidalgo has had a moderate biological impact, creating additional habitat and a localized increase in the number of fish and other marine organisms. The marine resources that have been documented at the Point Arguello Platforms are discussed in Section 4.1.2 of the Environmental Evaluation. The presence of Point Arguello platform structures has resulted in increased fish production and this effect is considered to be beneficial.

The development of the western half of OCS-P 0450 will not result in any increase in sanitary waste discharges or brine from the desalinization unit. Both of these discharges are subject to and comply with the existing EPA NPDES permit conditions. All discharge points on the Outer Continental Shelf are located further than 3,280 feet (1,000 m) seaward of the State 3-mile (5 km) boundary and will not affect the water quality or biological productivity of the State's waters.

The development of the western half of OCS-P 0450 will result in additional produced water discharges at the Point Arguello Platforms. However, the volume of produced water discharges associated with the western half of OCS-P 0450 will be less than the Point Arguello Unit discharge volumes (see Table 2.5 of the Environmental Evaluation). The peak produced water discharge for the Point Arguello Field is projected to be 150,000 bbls per day. The development of the western half of OCS-P 0450 is projected to increase the peak produced water discharge rate to156,500 bbls/day (a 4% increase). Produced water discharged from the Point Arguello Platforms creates a minor, localized impact in the vicinity of the discharge point by increasing the concentration of such constituents as suspended solids/turbidity, oxygen demand, oil and grease, and trace metals. Any concentration of materials above normal background levels is diluted rapidly by waves and currents. All produced water discharges are subject to and comply with the existing NPDES permit requirements.

All solid wastes generated aboard the platform, with the exception of washed drill cuttings and drilling muds, will be collected and disposed of at appropriate onshore facilities in accordance with EPA and local disposal permit conditions.

Oil contaminated solids, spent oils, solvents, etc. will be containerized, transported onshore and disposed of in an appropriate disposal site or as specified in the local disposal permit. Produced water, along with any other drainage water containing oil, will be processed in a flotation unit on the platform to remove free oil and suspended solids such that it will meet federal permit requirements prior to discharge to the ocean. Deck drainage from rain runoff and washdown is processed in either flotation units or gravity segregation units such that it complies with NPDES permit requirements prior to discharge to the ocean.

The U.S. EPA and The Bureau of Safety and Environmental Enforcement (BSEE) strictly regulate discharges into the marine environment, including the discharge of drilling muds and cuttings. The ocean disposal of oil contaminated waste is prohibited. The proposed well locations are beyond 3,280 feet (1,000 m) of State waters; according to a policy established by the Commission in 1980, discharges of drilling muds and cuttings from operations conducted more than 3,280 feet (1,000 m) from the State's 3-mile (5 km) boundary do not affect the coastal zone.

The drilling of the two wells will be done with water based muds. No oil based muds will be used as part of the development. A discussion of the impacts of washed mud and cuttings disposal is included in Section 4.1.3 of the Environmental Evaluation. In summary, there is much documentation that supports the fact that most water based drilling muds (the type anticipated for this project) are relatively nontoxic to marine organisms. The discharges of washed muds and cuttings will not result in any long-term adverse impacts to the biological productivity of communities within the area of discharge or nearby vicinity, with the exception of the burial of benthic organisms in the immediate area of discharge; however, the areas subject to burial should experience only short-term impacts.

Between 1986 and 1989 39 development wells were drilled from the platforms residing on the Point Arguello Field. The effects of drilling mud and drill cuttings discharged as a result of these wells on neighboring hard-bottom epifauna were studied in detail during the comprehensive California Monitoring Program (CAMP) Phases II and III, which lasted from 1986 to 1995. The final conclusion provided in the Phase III report was that platform discharges have not caused changes to nearby hard-bottom communities. Equal numbers of positive and negative effects were indicated for dominant taxa, and there was no consistent pattern of response for a single taxon over the three habitat types (deep high and low relief, and shallow low relief). Statistical tests concluded that the cumulative distribution of responses could have been due to chance alone. Based on the results of CAMP Phases II and III, adverse impacts to hard-bottom epibiota as a result of drilling mud and drill cuttings discharges from the proposed development of the western half of OCS-P 0450 are not expected to occur.

The release of drilling muds and cuttings will produce a displacement of sediment and localized turbidity in the vicinity of the platform. The sediment effects are physical in nature, as only "clean" cuttings and drilling muds are to be discharged into the surrounding waters in accordance with existing NPDES permits.

The literature indicates that while marine mammals hear man-made noises and sounds generated by vessels, there is no indication that they are affected deleteriously by the noise (Richardson *et al*., 1995). Because noise and vessel sounds generated from this project are highly localized and short-term in nature, adverse impacts to marine mammals from noise are not expected. The literature indicates that some species such as dolphins may be attracted to vessels, but the majority will maintain distances of 100-200 m. As described in the Point Arguello Project EIR/EIS, supply vessels, although unlikely, may collide with marine mammals.

Richardson et al. (1995) cite only a single source of information on the levels of noise produced by platform-based drilling activities. Gales (1982) recorded noise produced by one drilling and three drilling and production platforms offshore California. The noise produced was so weak that they were nearly undetectable even along side the platform in sea states of Beaufort 3 or better. No sound levels were computed, but the strongest received tones were very low frequency, about 5 Hz, at 119-127 dB re 1μPa. The highest frequency recorded was about 1.2 Hz. Richardson et al. (1995) predicted that the radii of audibility for baleen whales for production platform noise would be about 2.5 km in nearshore waters and 2 km near the shelf break (MMS 2000).

For gray whales of the coast of central California, Malme et al. (1984) recorded a 50-percent response threshold to playback at 123 dB re 1μPa. This is well within 100m in both the nearshore and shelf-break waters. Therefore, the predicted radius of response for gray whales, and most likely other baleen whales, would also be less then 100m. Richardson predicted similar radii of response for odontocetes and pinnipeds (MMS 2000). As such, noise impacts to marine mammals would be limited to within 100m of the platform.

Finding

The proposed activities are consistent with the enumerated policies for the following reasons:

1. Compliance with BSEE regulations (prohibiting ocean dumping of muds containing toxic compounds), EPA and Regional Water Quality Control Board NPDES permit requirements.

2. The effects of drill cuttings disposal are limited to: 1) localized smothering of less mobile elements of the benthic epifauna and infauna at the base of the drilling platforms and on the lower portions of the structures, and attendant reduction of available food to animals at higher trophic levels; and 2) a temporary increase in water turbidity and consequent reduction of light for plant photosynthesis. Based upon the marine surveys that have been conducted around the Point Arguello Platforms, the discharge of the cuttings associated with the drilling of the Point Arguello Unit wells does not appear to have affected the marine life. The discharge of drilling muds at the platform site will not affect marine resources and productivity within coastal State waters.

3. The produced water, separated from the crude oil, will be sent to water treatment facilities for oil removal at the platforms. The produced water cleanup facility allows the produced water to be discharged to the ocean. Treatment prior to disposal consists of a skim tank for removal of oil and suspended solids by gravity separation. The water is then passed through a

flotation cell to remove suspended oil. The clean water is then discharged to the ocean. The produced water discharged from the platform will meet EPA issued NPDES requirements.

Section 30232-OIL AND HAZARDOUS SUBSTANCE SPILLS

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.

Assessment

The development of the western half of OCS-P 0450 will result in a slight increase in the risk of an oil spill originating in Federal and State waters and onshore locations over what exists today for the Point Arguello Unit production. Section 4.4.2 of the Environmental Evaluation provides a discussion of the oil spill risk associated with the proposed development project. Potential spills could be associated with the platform and the on and offshore pipelines. Protection against the spillage of crude oil is a routine part of PXP's operations. It should be noted that the risk of an oil spill from the Point Arguello Field Platforms and pipelines with the development of the western half of OCS-P 0450 is less than the oil spill risk projected as part of the 1984 EIR/EIS for the Point Arguello Field Development. The reduction in oil spill risk is primarily driven by a reduction in the number of wells drilled from the platforms, which has served to reduce the likelihood of a blowout. The1984 EIR/EIS evaluated the drilling of 154 wells on the three Point Arguello platforms. With the proposed development the total number of wells drilled will be less than 75. The other main driver in reducing the oil spill risk has been the lower production levels from the Point Arguello Platforms. The 1984 EIR/EIS evaluated production rates of up to 250,000 bbls per day, and estimated a total production level of approximately 500 million barrels of oil. With the addition of the western half of OCS-P 0450, peak production levels will be around 31,000 bbls per day, and the total recovered reserves from the combined Point Arguello and western half of OCS-P 0450 will be somewhere around 250 million barrels. Both of these factors have served to reduce the oil spill risk associated with the Point Arguello Platforms.

An Oil Spill Response Plan for each platform has been developed, and submitted to and approved by the BSEE, which describes the measures that will be taken in the event of an oil spill and the personnel and equipment available to implement spill containment and cleanup procedures. The basic procedure for a spill is to immediately ensure personnel safety, stop the pollutant flow, begin the containment and cleanup procedure, and contact designated company personnel and Government agencies. The platform personnel would conduct the initial response activity. For a spill beyond the capability of the platform personnel and equipment, the primary sources of assistance would be the industry-sponsored spill containment cooperative - Clean Seas.

Additional information on the oil spill equipment and response can be found in the Oil Spill Response Plans that have been submitted to and approved by the BSEE.

Finding
The proposed activities are consistent with the policy to protect against oil spills because: 1) all possible protective measures have taken to prevent accidental spills; and 2) in the unlikely event that an oil spill does occur, all available means will be implemented to mitigate its impacts and to ensure that it does not adversely impact the marine resources of the area.

Section 30234-COMMERCIAL FISIIING AND RECREATIONAL BOATING FACILITIES

Facilities serving the commercial fishing and recreational boating industries shall be protected and, where feasible, upgraded. Existing commercial fishing and recreational boating harbor space shall not be reduced unless the demand for those facilities no longer exists or adequate substitute space has been provided. Proposed recreational boating facilities shall, where feasible, be designed and located in such a fashion as not to interfere with the needs of the commercial fishing industry.

Assessment
The drilling phase for development of the western half of OCS-P 0450 will involve vessel movements to and from Platform Hidalgo and Port Hueneme. It is projected that one supply boat trips per week above and beyond what is currently required to support the Point Arguello Unit operations will be needed to support the drilling operations. The supply boats that will be used are the existing boats that service the Point Arguello Platforms. Therefore, the development of the western half of OCS-P 0450 will not reduce commercial fishing or recreational boating harbor space at Port Hueneme. No additional supply boat trips above what is required for the Point Arguello Unit project will be needed once drilling is complete.

Findings
The proposed project will not compete with commercial or recreational vessels for available dock space or ancillary facilities and is therefore consistent with the policy stated above.

Section 30240-ENVIRONMENTALLY SENSITIVE HABITAT AREAS; ADJACENT DEVELOPMENTS

Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas.

Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.

Assessment
The proposed development of the western half of OCS-P 0450 will occur from the existing Point Arguello Platforms. No new facilities will need to be built to accommodate the production. The

Point Arguello Field Platforms are not located within or reasonably near any identified environmentally sensitive habitat areas.

The proposed development could impact environmentally sensitive areas such as San Miguel Island and Point Conception in the unlikely event of a major oil spill occurring and reaching the shoreline. The impacts of an oil spill on sensitive biological communities in these areas are discussed in Section 4.2.3 of the Environmental Evaluation. The peak oil production from the Point Arguello Platforms with the development of the western half of OCS-P 0450 is estimated to be approximately 31,000 bbls per day. This is considerably less than the peak oil production from the Point Arguello Field, which was around 80,000 bbls per day, and well less than the 120,000 bbls per day that was estimated in the 1984 EIR/EIS for the Point Arguello Field. The Oil Spill Response Plan for the Point Arguello Platforms and pipelines defines the sensitive ecological areas within possible oil spill paths (determined from trajectory data) and delineates procedures to protect these areas from contamination.

Normal operation of seafloor pipelines would not impact sensitive habitat areas. Should an accidental spill occur, offshore kelp beds, rocky intertidal habitats and several public beaches could be adversely affected. Arguello Inc's Oil Spill Response Plan includes particular reference to these areas to help prevent spill impacts.

Findings
The proposed activities will be conducted so that adverse environmental impacts on important habitat areas will be avoided. The project is consistent with this policy because normal project activities will not impact any environmentally sensitive habitat areas in the general vicinity. Observing the requirements of The Bureau of Safety and Environmental Enforcement (BSEE), which require that immediate action be taken to minimize the impact on water and marine resources, would mitigate the impact of an oil spill or blowout.

Section 30244-ARCHAEOLOGICAL AND PALEONTOLOGICAL RESOURCES

Where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer, reasonable mitigation measures shall be required.

Assessment
The development of the western half of OCS-P 0450 will not require the construction of any new facilities. Development of the western half of OCS-P 0450 will be done using existing well slots on Platform Hidalgo. All oil and gas production will be handled in existing facilities. As such, no activities associated with the proposed development would impact archaeological or paleontological resources. The new wells will penetrate the seafloor underneath the platform, which is not sitting on any offshore archaeological sites.

Finding
The development of the western half of OCS-P 0450 is considered consistent with the enumerated policy because no new structures will be placed onshore or offshore, and as such, no offshore anomalies or onshore sites would be affected.

Section 30251- SCENIC AND VISUAL QUALITIES

The scenic and visual qualities of coastal areas shall be considered and protected as resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas. New development in highly scenic areas such as those designated in the California Coastline Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting.

Assessment
The development of the western half of OCS-P 0450 will not require the construction of any new facilities. The development of the western half of OCS-P 0450 will be done using existing well slots on Platform Hidalgo. All oil and gas production will be handled in existing facilities. As such, no activities associated with the development of the western half of OCS-P 0450 would change the existing scenic and visual qualities of the area.

Finding
The development of the western half of OCS-P 0450 is considered consistent with the enumerated policy because no new structures will be placed onshore or offshore, and therefore, there would be no change in the existing scenic and visual qualities of the area.

Section 30253-MINIMIZATION OF ADVERSE IMPACTS

New development shall:

1. Minimize risks to life and property in areas of high geologic, flood and fire hazard.

2. Assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs.

3. Be consistent with requirements imposed by an air pollution control district or the State Air Resources Control Board as to each particular development.

4. Minimize energy consumption and vehicle miles traveled.

5. Where appropriate, protect special communities and neighborhoods which, because of their unique characteristics are popular visitor destination points for recreational uses.

Assessment

The development of the western half of OCS-P 0450 will not require the construction of any new facilities. The western half of OCS-P 0450 will be developed using existing well slots on Platform Hidalgo. All oil and gas production will be handled in existing facilities. As such, no activities associated with the proposed development would affect areas of high geologic, flood or fire hazard. Since no new facilities are being proposed as part of development of the western half of OCS-P 0450, there would be no new impacts to geologic stability, or the construction of protective devices that would alter natural landforms along bluffs and cliffs.

The proposed development of the western half of OCS-P 0450 will be covered by the existing Permits to Operate (PTOs) for the Point Arguello Facilities that have been issued by the Santa Barbara County Air Pollution Control District (SBCAPCD). Estimates of the emissions associated with the proposed development are provided in Section 4.2.2 of the Environmental Evaluation. All of the emissions associated with the development of the western half of OCS-P 0450 will be offset consistent with SBCAPCD rule and regulations.

Energy consumption will be minimized during the proposed activities by the use of recycled waste heat from the turbine generators for oil treatment, and utilization of treated produced gas generated from the Platform to help supply normal operating fuel requirements both for the Platform and the onshore facilities. Produced gas from the project will be used to generate electrical power, which may be sold to the grid. The project itself represents a net production of energy. As discussed in Section 4.0 of the Environmental Evaluation, the proposed project activities will not constitute a major impact to transportation systems in the area or create a substantial increase in vehicle trips per day. The proposed project activities will not disrupt or affect any special communities or neighborhoods.

Finding

The proposed development of the western half of OCS-P 0450 is consistent with the goals and intent of the above policy for the following reasons:

1. Since no new structures will be built as part of the proposed development, no project components will impact high geologic, flood or fire hazards.

2. The proposed development will occur from Platform Hidalgo, which is one of the existing Point Arguello Platforms. The platform structures have been designed to remain stable, even under maximum credible earthquake conditions. The platforms have also been designed to withstand extreme oceanographic conditions.

3. The BSEE drilling rules, the BSEE approved drilling procedures that will be developed for the proposed wells, and implementation of best available safety technology minimize the risk of blowout resulting from communication between a higher pressure strata and a lower pressure strata.

4. The development of the western half of OCS-P 0450 will use the existing pipelines associated with the Point Arguello Field. These pipelines have been designed to minimize the risk of damage from geologic hazards and to ensure their structural integrity. The onshore pipelines were installed within or near an existing right-of-way and did not require the construction of new protective devices that substantially alter natural landforms along bluffs or cliffs.

5. The development of the western half of OCS-P 0450 will be covered under the existing PTOs for the Point Arguello Facilities that have been issued by the SBCAPCD. Air emissions associated with the proposed development will be offset consistent with SBCAPCD rules and regulations.

6. Energy consumption will be minimized during the proposed activities by use of recycled waste heat and processed gas. Produced gas from the project will be used to generate electricity, which will be sold to the grid.

7. The Santa Barbara/Ventura Coastal areas provide a number of recreational opportunities that attract tourism to the region. The proposed project will be situated approximately 25 miles (40 km) from the Channel Islands National Park, which provides a popular visitor destination for limited recreational use. Project activities will occur at a sufficient distance from the park to preclude any adverse impacts during normal activities. Recreational resources along the coastline will not be disrupted since there is no construction activities associated with the proposed project. No long-term effects on recreational opportunities are expected as a result of the development of the western half of OCS-P 0450 since all activities will occur from existing oil and gas development facilities.

Section 30260-INDUSTRIAL DEVELOPMENT; LOCATION OR EXPANSION

Coastal-dependent industrial facilities shall been 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.

Assessment

The development of the western half of OCS-P 0450 will not require the construction of any new facilities. The western half of OCS-P 0450 will be developed using existing well slots on Platform Hidalgo. All oil and gas production will be handled in existing facilities. None of the existing facilities that will be needed for the development will have to be expanded, with the exception of a possible new oil stabilizer on Platform Hidalgo. As such, the development of the western half of OCS-P 0450 will not result in and new or expanded industrial development over what exists today.

Finding
The development of the western half of OCS-P 0450 will not result in any new or expanded industrial development over what exists today.

Section 30262-OIL AND GAS DEVELOPMENT

Oil and gas development shall be permitted in accordance with Section 30260, if the following conditions are met:

a. The development is performed safely and consistently with the geologic conditions of the well site.

b. New or expanded facilities related to such development are consolidated, to the maximum extent feasible and legally permissible, unless consolidation will have adverse environmental consequences and will not significantly reduce the number of producing wells, support facilities, or sites required to produce the reservoir economically and with minimal environmental impacts.

c. Environmentally safe and feasible subsea completions are used when drilling platforms or islands would substantially degrade coastal visual qualities unless use of such structures will result in substantially less environmental risk.

d. Platforms or islands will not be sited where a substantial hazard of vessel traffic might result from the facility or related operations, determined in consultation with the USCG and the Army Corps of Engineers.

e. Such development will not cause or contribute to subsidence hazards unless it is determined that adequate measures will be undertaken to prevent damage from such subsidence.

f. With respect to new facilities, all oilfield brines are reinjected into oil producing zones unless the Division of Oil and Gas of the Department of Conservation determines to do so would adversely affect production of the reservoirs and unless injection into other subsurface zones will reduce environmental risks. Exceptions to reinjection will be granted consistent with the Ocean Waters Discharge Plan of the State Water Resources Control Board and where adequate provision is made for the elimination of petroleum odors and water quality problems.

Where appropriate, monitoring programs to record land surface and near-shore ocean floor movements shall be initiated in locations of new large scale fluid extraction on land or near shore before operations begin and shall continue until surface conditions have stabilized. Costs of monitoring and mitigation programs shall be borne by liquid and gas extraction operators.

Assessment
The development of the western half of OCS-P 0450 will not require the construction of any new facilities. The Western half of OCS-P 0450 will be developed using existing well slots on

Platform Hidalgo. All oil and gas production will be handled in existing facilities. The proposed development of the Western half of OCS-P 0450 will be fully integrated into existing oil and gas operating facilities. The only new items required for the project are the production wells and a possible new oil stabilizer on Platform Hidalgo. This represents that maximum possible use of consolidated facilities.

The use of subsea completions has been determined to be an infeasible alternative for the development of the western half of OCS-P 0450. The use of subsea completions would serve to increase visual impacts because a drilling vessel would be required onsite during the drilling phase and frequently during the production phase to accomplish well workovers; and testing. The introduction of additional seafloor obstructions would pose a greater impact to commercial fishermen than that resulting from the proposed use of existing offshore platforms. There is also more environmental risk associated with the use of subsea completions because they are not as accessible to control or service in case of a malfunction. In the case of the proposed project, artificial lift will be required to extract the resource, thus reducing the potential for using subsea completions.

Produced water from the western half of OCS-P 0450 will be discharged at the platforms, which is what is occurring today for the Point Arguello Unit produced water. The water treatment and discharge system has been designed to meet the existing NPDES discharge permit requirements that are in place for the Point Arguello Platforms.

Finding

The proposed activities are consistent with the enumerated policies for the following reasons:

The development of the western half of OCS-P 0450 will occur from the existing Point Arguello Platforms, which were designed and installed to meet all of the safety requirements. No new offshore or onshore structures will need to be built for the proposed development.

The casing and mud program for the project will use the best available safety technology to minimize the risk of a blowout resulting from communication between a higher pressure strata and a lower pressure strata. All wells will be drilled following BSEE approved drilling procedures.

The development of the western half of OCS-P 0450 will utilize existing facilities for the drilling, processing and transportation of the oil and gas production. This represents the maximum possible use of existing facilities.

Platform Hidalgo, which is one of the existing Point Arguello Platforms, will be used for the development of the western half of OCS-P 0450. This platform is located sufficiently clear of the northbound shipping lane of the designated VTSS. The platforms were sited in accordance with the requirements of the U.S. Army Corps of Engineers and the U.S. Coast Guard.

Produced water will be discharged at the existing Point Arguello Platforms in Federal Waters in accordance with the existing NPDES discharge permit requirements.