MINUTE ITEM
This Calendar Item No. C79
was approved as Minute Item
No. 79 by the State Lands
Commission by a vote of 2
to Ø at its 7/11/97
meeting.

CALENDAR ITEM
C79

A 35, 37

S 18

07/11/97
W 40718
PRC 2199.1
PRC 2894.1
PRC 2920.1
A. Willard
G. Scott
J. Planck

CONSIDER APPROVAL OF THE PROPOSED DEVELOPMENT PLAN FOR OIL & GAS LEASE NOS. PRC 2199.1, PRC 2894.1 AND PRC 2920.1 SANTA BARBARA COUNTY

BACKGROUND:
Oil & Gas Lease Nos. PRC 2199.1, PRC 2894.1 and PRC 2920.1 were issued between July 25, 1958, and August 18, 1962, to Chevron U.S.A. (Chevron) and Shell Western E&P(SWEPI). The Commission approved an assignment of SWEPI's interests to Molino Energy Company LLC (Molino) on August 3, 1994. A separate calendar item requests the remaining interests in these leases be assigned from Chevron to Molino, and, in turn, that a 40 percent undivided interest in these leases be assigned from Molino to Benton Oil and Gas Company Inc. (Benton).

A Final Molino Gas Project EIR was produced in June, 1996, and was approved by the County of Santa Barbara in September, 1996, subject to a number of conditions which are outlined in the County's "Conditions of Approval" dated September 3, 1996. Molino and Benton submitted a Proposed Development Plan for the leases on May 15, 1997. The applicants propose to develop the offshore gas fields by drilling from an onshore drill site in Gaviota, in an area designated by the California Coastal Commission and the County of Santa Barbara as a "Consolidated Oil and Gas Planning Area" using "extended reach" drilling technology. Commission staff recommend approval with conditions as stated in the recommendations section.

STATUTORY AND OTHER REFERENCES:
A. Public Resources Code section 6800, et. seq.
B. Public Resources Code section 8750, et. seq.
C. California Code of Regulations: Title 2, Division 3, Articles 3 through 3.4 and Article 3.6

PERMIT STREAMLINING ACT DEADLINE:
September 18, 1997

OTHER PERTINENT INFORMATION:

1. An EIR was prepared and certified for this project by the County of Santa Barbara, Sch. No. 95031016. The California State Lands Commission staff has reviewed such document and Mitigation Monitoring Plan adopted by the lead agency. On September 3, 1996, the County of Santa Barbara Board of Supervisors unanimously approved the Final Environmental Impact Report for this project (CEQA Findings attached herewith as Exhibit B), and issued the Conditions of Approval for the Final Development Plan (94-FDP-024), Conditional Use Permit (94-CP-063), and Oil and Gas Exploration and Production Plan (94-PP-001), a copy of which is attached herewith as Exhibit C.

2. On September 11, 1996, the California Coastal Commission considered and approved the Santa Barbara County Local Coastal Plan amendment which would allow Molino to proceed with the proposed development.

3. During the administrative process before the County of Santa Barbara and the California Coastal Commission all environmental groups except *Get Oil Out* withdrew their opposition to the project.

4. The onshore drilling and production site will be approximately three acres in size, and located within an area designated by the County as a Consolidated Oil and Gas Planning Area. Activities at the site will be limited to well drilling, separation of gas and natural gas liquids, and gas dehydration, in accordance with the County's site designation.

5. The project will be developed in several Phases. There will be various amounts of drilling and facility construction during each phase. A proposed schedule of the activities and the phases is attached herewith as Exhibit D.

6. The site is a marine facility as that term is defined in Public Resources Code section 8750.

7. Findings made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, sections 15091 and 15096) are contained

in Exhibit B, attached hereto.

8. A Statement of Overriding Considerations made in conformance with the State CEQA Guidelines (Title 14, California Code of Regulations, section 15093) is contained in Exhibit B, attached hereto.

EXHIBITS:

A. Location Maps of Oil and Gas Leases and Proposed Facility
B. Santa Barbara County CEQA and Administrative Findings
C. Santa Barbara County Conditions of Approval (Sept. 3, 1996)
D. Proposed Schedule for the Molino Gas Project

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT AN EIR, EIR #95-EIR-002, STATE CLEARINGHOUSE #95031016, WAS PREPARED AND CERTIFIED FOR THIS PROJECT BY THE COUNTY OF SANTA BARBARA AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

2. ADOPT THE FINDINGS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTIONS 15091 AND 15096(h), AS CONTAINED IN EXHIBIT B, ATTACHED HERETO.

3. ADOPT THE MITIGATION MONITORING PROGRAM, AS CONTAINED IN EXHIBIT C, ATTACHED HERETO.

4. ADOPT THE STATEMENT OF OVERRIDING CONSIDERATIONS MADE IN CONFORMANCE WITH TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15093, AS CONTAINED IN EXHIBIT B, ATTACHED HERETO.

5. APPROVE THE LEASE DEVELOPMENT PLAN AS SUBMITTED MAY 15, 1997, BY MOLINO ENERGY COMPANY, LLC, AND BENTON OIL AND GAS COMPANY, INC., SUBJECT TO THE FOLLOWING CONDITIONS:

   A. COMMISSION STAFF ENGINEERING APPROVAL OF INSTALLATION OF FACILITIES, WELL DRILLING AND LOCATIONS;

B. COMMISSION STAFF SYSTEM SAFETY REVIEW AND APPROVAL;

C. AN APPROVED OIL SPILL CONTINGENCY PLAN;

D. COMPLIANCE WITH METERING, DRILLING AND PRODUCTION INSPECTION BY COMMISSION STAFF PURSUANT TO THE TERMS AND CONDITIONS OF THE LEASES AND STATE LANDS COMMISSION REGULATIONS;

E. AN APPROVED OPERATIONS MANUAL, PURSUANT TO TITLE 14. CALIFORNIA CODE OF REGULATIONS SECTIONS 2170 THRU 2175.

6. APPROVE THE DEVELOPMENT PLAN AS SUBMITTED MAY 15, 1997 BY MOLINO ENERGY COMPANY, LLC, AND BENTON OIL AND GAS COMPANY, INC., SUBJECT TO THE REQUIREMENTS AND INSPECTIONS SET FORTH IN PUBLIC RESOURCES CODE SECTION 8750 ET. SEQ.

7. DELEGATE TO THE EXECUTIVE OFFICER OR HIS DESIGNEE, THE AUTHORITY TO EXECUTE ANY DOCUMENTS OR APPROVALS RELATED TO THE CONDITIONS OUTLINED IN ABOVE AND FOR ALL SUBSEQUENT PHASES OF THE PROJECT AS OUTLINED IN THE SUBJECT DEVELOPMENT PLAN.

Figure ES-3 Proposed Project Location

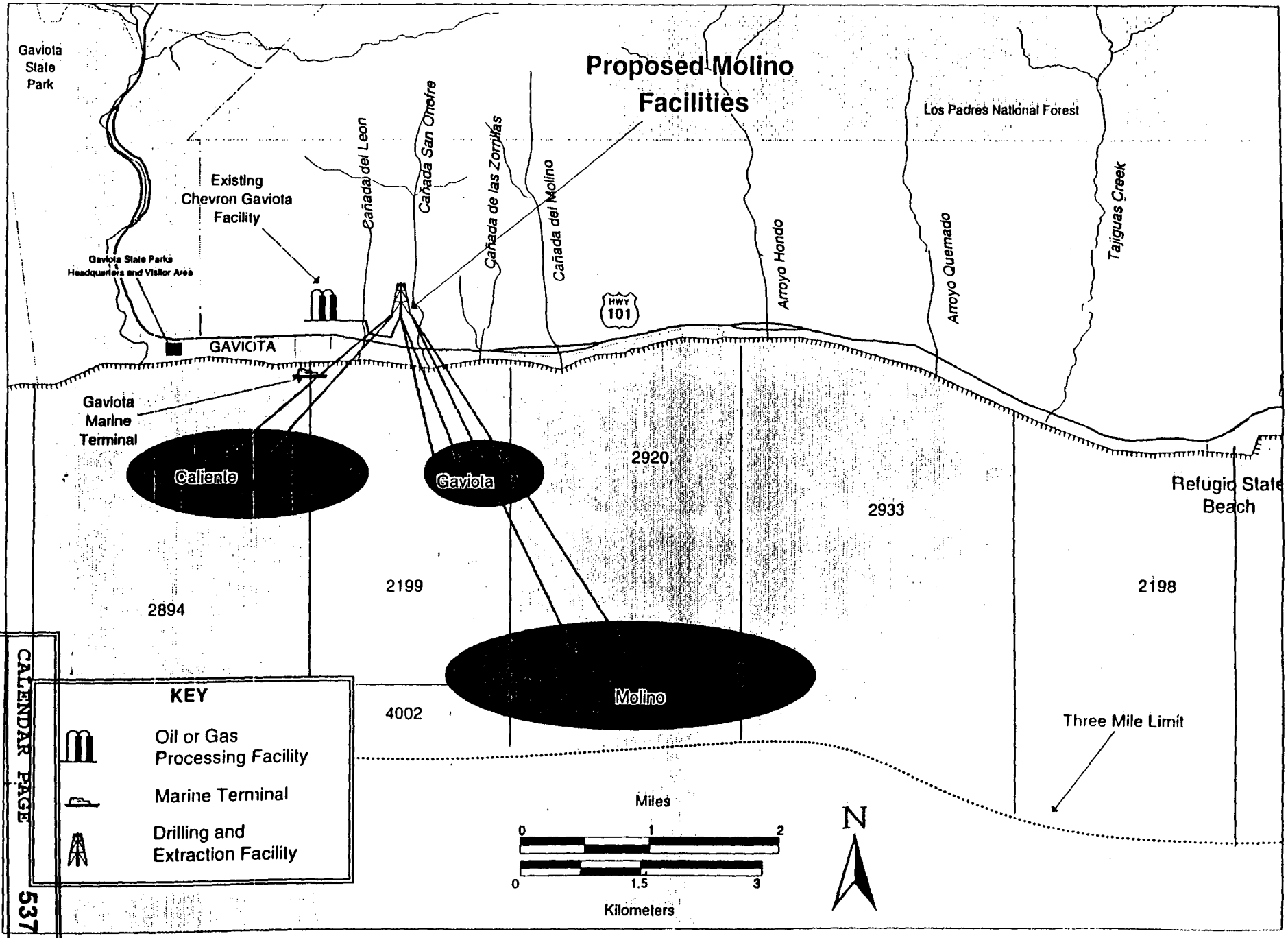

Figure ES-1 Gaviota Consolidated Oil and Gas Processing Site Boundary and Consolidated Oil and Gas Planning Area Boundary

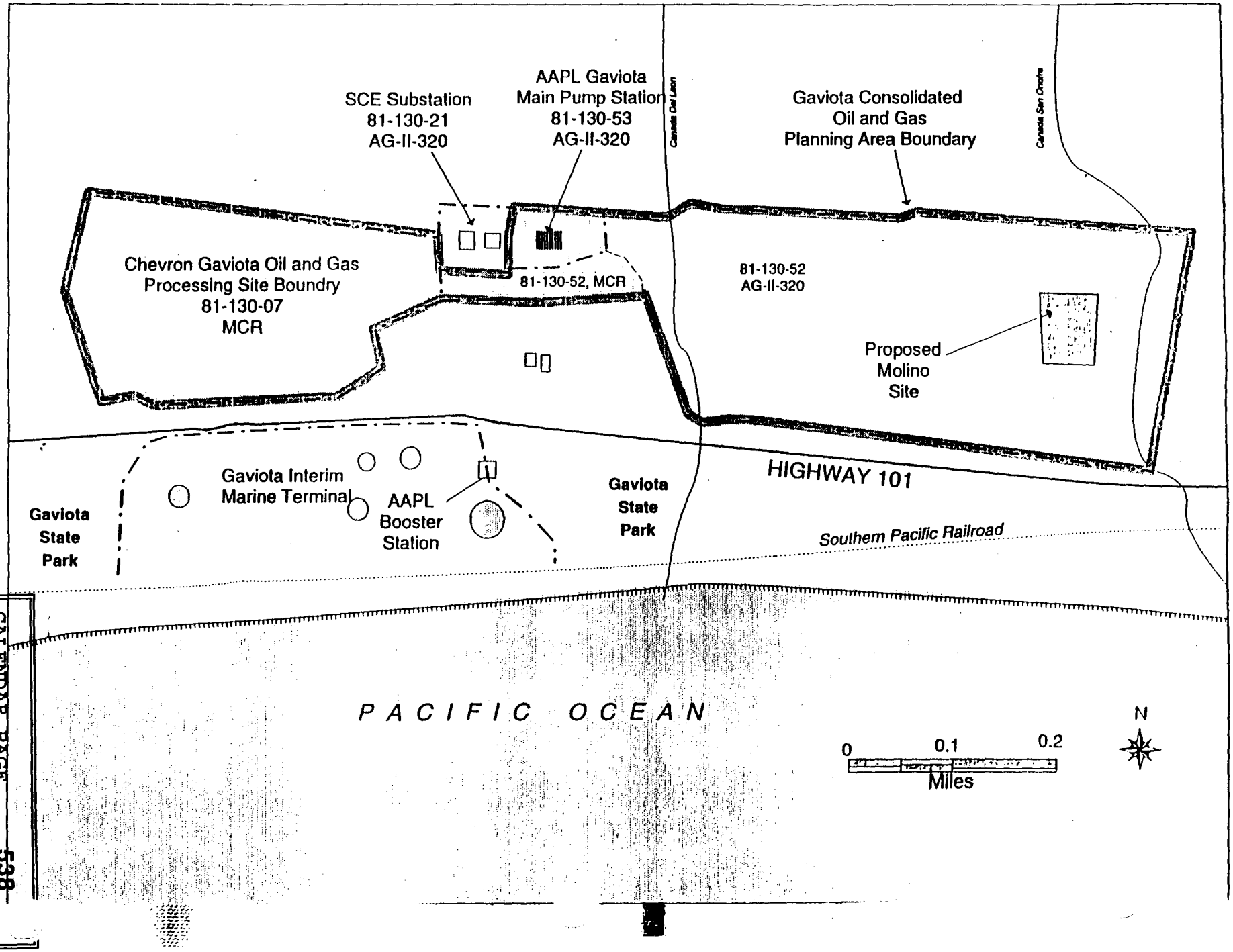

EXHIBIT B

CEQA AND ADMINISTRATIVE FINDINGS

1.0 CEQA FINDINGS

FINDINGS PURSUANT TO PUBLIC RESOURCES CODE §21081 AND THE CALIFORNIA ENVIRONMENTAL QUALITY ACT GUIDELINES §15090 AND §15091:

1.1 CONSIDERATION OF THE EIR

The Final Environmental Impact Report (EIR), 95-EIR-02, was presented to the Board of Supervisors and all voting members of the Board have reviewed and considered the EIR and its appendices prior to approving this proposal. In addition, all voting Board members have reviewed and considered testimony and additional information presented at or prior to the public hearing on September 3, 1996. The EIR reflects the independent judgement of the Board of Supervisors and is adequate for this proposal.

1.2 FULL DISCLOSURE

The Board of Supervisors finds and certifies that the Final EIR constitutes a complete, accurate, adequate and good faith effort at full disclosure under CEQA. The Board further finds and certifies the Final EIR has been completed in compliance with CEQA.

1.3 LOCATION OF RECORD OF PROCEEDINGS

The documents and other materials which constitute the record of proceedings upon which this decision is based are in the custody of the Clerk of the Board of Supervisors at 105 E. Anapamu Street, Santa Barbara, CA 93101.

1.4 FINDINGS THAT CERTAIN UNAVOIDABLE IMPACTS ARE MITIGATED TO THE MAXIMUM EXTENT FEASIBLE

The Final Impact Report for the Molino Gas Project identifies six environmental impacts which cannot be fully mitigated and are considered significant and unavoidable (Class I). The impacts occur in the following issue areas: Risk of Upset/Hazardous Materials, Biology and Visual Resources. To the extent the impacts remain significant and unavoidable, such impacts are acceptable when weighed against the overriding social, economic, legal, technical and other considerations, including effects on employment for highly trained workers set forth in the Statement of Overriding Considerations included herein. Each of the Class I impacts identified in the Final EIR is discussed below, along with the appropriate findings per CEQA Guidelines §15091.

Risk Of Upset/hazardous Materials

Impact Summary: During the exploration phase of the project, natural gas liquids (NGL) will be transported by truck to the Chevron processing facility. There is the potential for spills which could have significant consequences should the NGL ignite. During the full production phase,

NGL will be transported by a new, high pressure pipeline to the Chevron facility. There is the potential for pipeline ruptures which could result in fire and explosions.

Mitigation Measures: In order to reduce the potential impacts of NGL spills, trucking will only be permitted during the exploration phase of the project (Phase 1) to minimize the volume of NGL transported by truck. In addition, the truck transportation would not be allowed to occur between the hours of 4-6 p.m. to avoid peak rush hour traffic in the area. In order to reduce the impacts of NGL pipeline transportation, Molino Energy Company will be required to implement the following safety mitigation measures: Personnel training for potential NGL accidents and spills; extensive internal and external pipeline corrosion prevention equipment and procedures; colored marker buried immediately above the pipeline to reduce the possibility of third party damage; extensive performance testing of the pipeline warning systems, pipeline block valves at creek crossings and development and implementation of Emergency Response and Hazardous Materials Management Plans. No other measures are known that would reduce the impact to a level of insignificance.

Biology

Impact Summary: During the exploration and full production phases, sensitive species or habitats may be impacted by direct or incidental damages caused by accidents associated with the project. Impacts could be caused by fire, explosions, spills of NGL or other hazardous materials and construction activities. Approximately four acres of the endangered species Gaviota tarplant would be eliminated by the project. Approximately five acres of native grassland would also be eliminated by the project.

Mitigation Measures: All emergency response and related plans will be required to include site-specific measures to protect sensitive habitats from direct or incidental damages caused by accidents. The plans will include procedures to minimize damage due to clean-up and repair operations, as well as measures for the restoration of biological resources to pre-accident conditions. A Gaviota tarplant mitigation plan will be developed, in cooperation with the California Department of Fish and Game, to reduce impacts. Molino Energy Company will also be required to contribute to the mitigation bank on the Gaviota Tarplant Reserve. To reduce the impacts to native grassland, bunch grass will be used in the revegetation effort. No other measures are known that would reduce the impact to a level of insignificance.

Visual Resources

Impact Summary: Operation of the 180 foot drill rig during the exploration and full production phases of the project would subject visual receptors on U.S. Highway 101 to partial views of the drill rig mast head.

Mitigation Measures: Because of the height and location of the drill rig in close proximity to Highway 101, there are no mitigation measures that would reduce this impact. However, future operators would have to provide funding for the Coastal Resource Enhancement Fund (CREF) for offsite coastal resource enhancement. Facility and ancillary equipment could be screened from public view by appropriate landscaping measures and facility design. The area already supports significant oil and gas development and the additional visual impact of the drill rig and production equipment, although significant, would be less obtrusive there than in other undeveloped areas of the coast.

1.5 FINDINGS THAT CERTAIN IMPACTS ARE MITIGATED TO INSIGNIFICANCE BY CONDITIONS OF APPROVAL.

The Final EIR (95-EIR-02) also identifies several subject areas for which the project is considered to cause or contribute to significant, but mitigable environmental impacts. Each of these impacts is discussed below along with the appropriate findings as per CEQA Guidelines §15091:

Risk Of Upset/Hazardous Materials

Impact Summary: There is the potential for spills of NGL and other hazardous substances within the drilling and production facility.

Mitigation Measures: Safety, Inspection, Maintenance and Quality Assurance Program and Hazard and Operability analyses will be prepared for the facility. These mitigation measures have been found to mitigate this impact to a level of insignificance.

Air Quality

Impact Summary: Reactive organic compounds emissions from operation of the Molino Gas Project would exceed the County's Significance Criteria for operational emissions and would exacerbate the existing ozone exceedances. Emissions associated with the well test flaring would lead to an exceedance of the 1-hour state NO_X air quality standard. Emissions produced during construction and pipeline installation would exacerbate the existing ozone and PM_{10} exceedances.

Mitigation Measures: Molino Energy Company will be required to provide offsets if required by the APCD, or provide other offsite emission reductions. Molino Energy Company will have to install either a stream assisted flare, a thermal oxidizer, or an open pipe flare instead of the proposed air assisted flare to reduce operational impacts. In order to reduce overall emission levels, the following mitigation measures will be enforced: Water will be applied to all disturbed areas to reduce dust; all disturbed soils will be stabilized; a person will be designated to monitor dust control measures; all streets will be swept at the end of the day; dust control measures will be recorded on the construction plans; traffic speeds will be regulated on unpaved roads; catalytic converters will be installed on all internal combustion engines; all diesel engines will have their

timing retarded, use high pressure injectors and diesel fuels with a low sulfur content, and be maintained in proper operating condition. These mitigation measures have been found to mitigate these impacts to insignificant levels.

Geology

Impact Summary: There will be a short term increase in the amount of soil that is exposed to wind and water erosion. The topsoil has moderate to very high erosion potential and increased sedimentation may occur. The pipeline may become exposed over the long term due to flowing water. Potentially expansive soils could result in subgrade movements, causing distress to structures, slabs or equipment. Potentially liquefiable soils could result in ground failure and damage to structures. Differential settlement may occur on the equipment pad if structures are placed across cut/fill boundaries. Soil expansion potential along the pipeline alignment is potentially high, possibly resulting in differential stress. Severe, seismic-induced ground motion could occur at the site.

Mitigation Measures: Erosion control measures will be implemented. A soils engineer will complete soils analyses and review impacts and mitigation measures once the project design is complete. Expansive soils could be overexcavated or structures could be supported on shaft foundations. If necessary, facilities will be placed only on cut pads or designed to tolerate potential differential settlement. The pipeline will be required to be buried at a depth of at least six feet in the creek crossing. Drill site facilities and pipelines will be designed to withstand maximum credible earthquakes of magnitude 7.5, and associated ground accelerations. These mitigation measures have been found to mitigate these impacts to insignificant levels.

Hydrology

Impact Summary: There is the potential for short term sedimentation impacts due to grading on steep slopes and disturbance of creek bottoms for pipeline installation. The road and pipeline creek crossing could create significant impacts to the current or course of water movement during periods of high flow. Flooding may result in exposure of the pipeline, due to scour.

Mitigation Measures: Erosion and sediment control plans will be implemented. Construction that will impact waterways will be restricted to methods set forth in an approved erosion control plan, but preferably during low flow periods. These mitigation measures have been found to mitigate these impacts to insignificant levels.

Biology

Impact Summary: Construction activity adjacent to streams or wetlands could cause landslides resulting in localized burial of stream or wetland habitats. During construction and operations, spillage of motor vehicle fuels, lubricants, coolants, hydraulic fluids, etc., into streams, wetlands

and/or Gaviota tarplant habitat could degrade these sensitive resources. The use of invasive weeds or native but non-local plant materials for facility landscaping may reduce habitat values. If water is present in Cañada de Leon during construction, aquatic wildlife may be crushed by construction traffic and downstream habitats would experience increased turbidity and sedimentation. Construction may affect oaks and other native trees in woodland habitats at Cañada San Onofre and Cañada de Leon. For sensitive wildlife species that may breed within the proposed impact areas, construction impacts could cause mortality or disruption of breeding. Disturbed areas may be colonized by non-native or non-local species.

Mitigation Measures: Construction fencing or similar barriers will be used to keep traffic away from sensitive habitats. State and local agency approved environmental monitors will be used during all grading in native habitats. Construction corridors will be clearly marked and all work will remain within the boundaries. No equipment maintenance will occur within 100 feet of a stream or wetland. Local sources for native plants will be utilized; if non-native species must be used (e.g., for facility screening), measures should be taken to prevent them from spreading beyond the facility. The construction schedule will be adjusted to coincide with periods of minimal streamflow. The creek will be flumed across the zone that would be used prior to the grading of the crossing and silt fences will be installed immediately downstream of the construction area. If avoidance of oak trees is not possible, any isolated oaks or native specimen trees (greater than six inches diameter at breast height) removed or killed as a result of the project will be replaced in the same habitat at a ratio of ten saplings for each tree removed. Pre-construction surveys will be performed to assess the occurrence of sensitive animal species and individuals will be relocated out of the impact areas (amphibians and reptiles only). Breeding sites will be avoided. In all construction areas, topsoil will be salvaged and exposed slopes will be restored and revegetated. Specific requirements will be developed in a Restoration, Erosion Control and Revegetation Plan. These mitigation measures have been found to mitigate these impacts to insignificant levels.

Archaeological/Cultural Resources

Impact Summary: The closest archaeological site boundary, based on surface artifacts alone, is 100 feet from the drill site pad area. The subsurface extent of the site has not been investigated and could potentially extend northward as far as this impact area. Due to the intact nature of the archaeological site, drill pad construction would potentially disturb these significant deposits.

Mitigation Measures: A supplemental Phase 1 archaeological investigation will be performed in the southern portion of the drill pad and in the vicinity of the artifact isolate. Ground disturbances in all areas containing archaeological materials will be monitored by a County-approved archaeologist to ensure that any outstanding resources previously unidentified in Phase 1, 2 or 3 investigations are recorded. Local Native American representatives will be retained by the applicant to monitor all ground disturbances, including archaeological investigations, within cultural resource areas. The applicant and the County will conduct a pre-construction workshop

with cultural resource specialists, Native American monitors and construction personnel, stressing the importance of cultural resources and discussing penalties for their illicit disturbance. These mitigation measures have been found to mitigate these impacts to insignificant levels.

Fire Protection

Impact Summary: Adequate fire protection water has not been incorporated into the project design for the exploration phase. The applicant has not yet prepared an adequate Emergency Response Plan to deal with potential construction and operational incidents. There has been no impoundment basin proposed to surround the NGL storage tanks and truck loading racks to hold any NGL release per the National Fire Protection Association (NFPA 30). The fire protection system has not been adequately designed for the facility.

Mitigation Measures: Additional fire protection water will be provided for the exploration phase. An Emergency Response Plan, approved by the County's emergency response agencies, will be in place prior to construction activities. An impoundment basin will be constructed around the NGL storage area and the truck loading racks. A Fire Protection Plan, approved by the County Fire Department, will be in place prior to construction activities. These mitigation measures have been found to mitigate these impacts to insignificant levels.

Transportation/Circulation

Impact Summary: North and southbound travelers on U.S. Highway 101 could experience unsafe driving conditions or delays as a result of construction/operation traffic entering or exiting the All American Pipeline pump station access road.

Mitigation Measures: Truck traffic entering and exiting the site will be limited to off-peak commuting hours. This mitigation measure has been found to mitigate this impact to an insignificant level.

1.6 FINDINGS THAT IDENTIFIED PROJECT ALTERNATIVES ARE NOT FEASIBLE

The Final EIR, 95-EIR-02, prepared for the project evaluated alternatives to the proposed project. A no project alternative was considered along with alternative project locations and alternative methods of transporting Natural Gas Liquids as methods of reducing or eliminating potentially significant environmental impacts. The criteria used in this analysis of the alternative project sites and transportation routes were selected to address the major environmental and safety impacts that are typically associated with oil and gas development projects. In addition, criteria were developed to address other social issues such as land use implications and federal energy strategies. Technical and economic based criteria were developed to address issues associated with reservoir development and recovery. All alternatives are considered infeasible for the following reasons:

PROJECT ALTERNATIVES

No Project Alternative: Under the No Project Alternative scenario, none of the proposed project components would be constructed or operated and the gas reservoirs would not be developed. While there would be no environmental impacts associated with the No Project Alternative, it would not meet the project objectives and was dropped from further consideration.

Offshore Platform Alternative: This alternative was found to be inconsistent with four of the screening criteria. The emissions from platform operations would exceed the APCD's offset thresholds. The use of a platform could have severe impacts on the marine environment due to a spill during construction or operations. Additionally, the platform would be visible from great distances along Highway 101 and from Gaviota State Park. Given the increased costs of construction and operation of an offshore platform, this alternative was found to be economically infeasible given today's natural gas prices and was dropped from further consideration.

Gaviota Terminal Property: This alternative was found to be inconsistent with five of the screening criteria. The site is in an area of high level air emissions due to the proximity to the Chevron processing facility. Because the site would be close to the ocean there would be the possibility of a significant impact to the marine environment due to any spill or upset condition. Because of the distance from the main target reservoir, only a portion of the gas reserves could be accessed from this site, not allowing the applicant to meet the objectives of the project. Therefore, this alternative was dropped from further consideration.

Gaviota State Park Alternative: This alternative was found to be inconsistent with eight of the screening criteria. The site is located within a popular State Park area, frequented by local residents and out of town visitors. Use of this site would expose park visitors to the hazards and impacts of a natural gas drilling and production project. The proposed project would be inconsistent with the intent of the recreation zone district. The site is also very close to the ocean, and an operational upset could expose the marine environment to severe impacts. The site location and topography suggests that cultural resources may be present onsite. Because of the distance from the main target reservoir, only a portion of the gas reserves could be accessed from this site, not allowing the applicant to meet the objectives of the project and rendering this alternative economically infeasible. Therefore, this alternative was dropped from further consideration.

Brinkman Ranch Property Alternative: This alternative was found to be inconsistent with two of the screening criteria. The drill rig would be visible from Highway 101 for a distance of approximately three miles. Use of the site would not allow the applicant to fully access the Gaviota and Caliente reservoirs, thus not allowing the applicant to meet the objectives of the project. While this site does not offer any environmental advantages over the proposed project, it was carried forth through environmental analysis at the request of the applicant.

Chevron Processing Facility Alternative: This alternative was found to be inconsistent with four of the screening criteria. The site is in an area that has a high level of baseline air emissions due to the ongoing Chevron operations and proximity to the Gaviota Terminal. Use of this site for drilling would create potentially significant safety problems associated with the hazards of a well blowout adjacent to the existing oil and gas processing facility. A well blowout could lead to an unconfined vapor cloud explosion causing sufficient overpressure to damage the propane and butane storage bullets located at the Chevron facility. In addition to the serious safety concerns, use of the site would not allow the applicant to fully access the Molino reservoir, thus not allowing the applicant to meet the objectives of the project. With technology limiting recovery of natural gas reserves from this alternative site location to 60% of what can be recovered from the proposed project site, in addition to the higher costs associated with drilling from the Chevron facility site, this alternative would be economically infeasible and was dropped from further consideration.

Exxon Las Flores Canyon Alternative: This alternative was found to be inconsistent with four of the screening criteria. The site is in an area of high level baseline air emissions due to the proximity to the Exxon and POPCO facilities. Use of this site would not allow for the development of any of the gas reserves, due to the distance from the reservoirs. Development of this site would lead to the same results as the No Project Alternative but was considered as an alternative as it is one of the County's two oil and gas consolidated processing facility sites on the South Coast.

NGL TRANSPORTATION ALTERNATIVES

Use of Trucks during Full Production Phase: This alternative was found to be inconsistent with two of the screening criteria. Truck traffic would result in a substantial increase in operational air pollutant emissions over the proposed project. This alternative would also place additional hazardous materials on U.S. Highway 101 between the drilling site and the Chevron processing facility. This alternative could lead to an increased likelihood of a spill and resulting fire due to a truck accident. This alternative was dismissed from further consideration.

Reinjection of NGL Back into the Reservoirs: This alternative was found to be inconsistent with two of the screening criteria. Reinjection of the NGL would result in increased air emissions over the proposed project. In addition, it is not clear how reinjection of the NGL would affect reservoir productivity, possible leading to reduced recovery or reserves. Also, the loss of revenue from the sale of the NGL, along with the higher operating costs due to the reinjection compressors and wells, could shorten the economic life of the reservoirs. For these reasons, this alternative was dropped from further consideration.

All American Pipeline (AAPL) Route Alternative: This alternative was found to be inconsistent with one screening criterion. This alternative would require disturbing the AAPL corridor which has been successfully revegetated. This disturbance would result in significantly greater

environmental impacts than the proposed project since the proposed route would be placed in the shoulder of an existing roadway and use of the AAPL route would not eliminate any of the road construction impacts. Therefore, this alternative was dropped from further consideration.

1.7 STATEMENT OF OVERRIDING CONSIDERATIONS

The Final EIR for the Molino Gas Project identifies project impacts to biological resources, visual resources, risk of upset and hazardous materials as significant environmental impacts which are considered unavoidable and could occur as a result of the proposed project. Although no mitigation measures can completely eliminate the above mentioned impacts, many conditions of approval have been required to ensure that they are mitigated to the maximum extent feasible. Only the No Project alternative would completely eliminate these impacts. The Board of Supervisors therefore makes the following Statement of Overriding Considerations which warrants approval of the project notwithstanding that all identified impacts are not fully mitigated. Pursuant to §15043, 15092 and 15093 of the CEQA Guidelines, any remaining significant effects on the environment are acceptable due to overriding considerations. The significant environmental impacts identified in 95-EIR-02 are described below, by issue area, and mitigation measures are identified. This section concludes with the Statement of Overriding Considerations.

Risk of Upset/Hazardous Materials

Impact #1. The significant consequences of a Natural Gas Liquid (NGL) spill as a result of truck transportation during the exploration phase of project development.

Molino Energy Company is required to limit the transportation of NGL to the exploration phase (Phase 1) of project development and will conduct training for potential NGL truck accidents and spills. NGL truck traffic will also be restricted to non-peak hours. The County recognizes that pipeline transportation is the safest mode of transporting NGL and that truck transportation of NGL has been limited to the shortest period possible (18 months). However, although construction of the full production phase (Phase 2) NGL pipeline to the Chevron facility during Phase 1 would reduce truck safety impacts, it would also result in potentially unnecessary, significant biological, air quality and geologic impacts should Phases 2 and 3 not occur. Because long term development of the reserves is speculative, construction impacts from the pipeline construction would be too destructive to merit its construction for Phase 1 of the project. Allowing truck transportation to occur during Phase 1 is acceptable because sensitive resources along the proposed pipeline route will not be disturbed if Phase 2 development never occurs and the pipeline is not built.

Impact #2. The significant consequences of a NGL spill associated with pipeline transportation during Phases 2 and 3.

Molino Energy Company is required to conduct training for pipeline accidents and implement extensive internal and external corrosion prevention measures to assure pipeline integrity. The potential for pipeline incident will be reduced by placing colored markers above the pipeline to reduce the potential for third party damage and a pipeline leak detection system will be incorporated and tested at regular intervals. The County recognizes that the pipeline is located on property controlled by Molino Energy Company and is not accessible to the public and further recognizes that pipeline transportation of NGL is the safest form of transportation based on studies by the U.S. Department of Transportation. The impact of long term NGL transportation will be removed from the highway and placed in a pipeline. The impact of a pipeline leak are acceptable because all other alternative transportation methods cause more significant safety concerns. Also development of Phase 2 will provide the County additional construction and technical employment opportunities, and increased tax base, and increased royalties for the state, as enumerated in the concluding statement.

Biology

Impact #3. Sensitive species or habitats may be impacted by direct or incidental damage caused by accidents associated with the project, such as NGL pipeline ruptures and pipeline and facility fires and explosions.

Molino Energy Company is required to develop procedures for protection of sensitive species and habitats in each of the project emergency response plans. The County recognizes that the Molino Gas Project would be sited on a parcel that is contemplated for the development of oil and gas support facilities for offshore oil and gas production. As such, the impacts to sensitive species on this parcel, although mitigated to the maximum extent feasible, must be balanced against the intent of the County's Oil and Gas Consolidation Policies which limit industrialization of the South Coast. The County accepts this impact, but only within the two Consolidated Oil and Gas Planning Areas, because it limits the potential for additional sensitive resource impacts in other areas due to this type of oil and gas development.

Impact #4. The endangered species Gaviota tarplant would be impacted by roadway and facility construction.

Molino Energy Company is required to comply with the provisions of a California Department of Fish and Game Gaviota Tarplant Mitigation Plan and contribute to the mitigation bank for the Gaviota Tarplant Reserve to offset impacts to this sensitive species. The County recognizes that other potential project sites that do not contain Gaviota tarplant or its habitat would not meet the objectives of the project and/or would result in other significant impacts that would be harmful to human health and the environment. The County further recognizes that the Molino Gas Project

would be sited on a parcel that is contemplated for the development of oil and gas support facilities for offshore oil and gas production. As such, the impacts to endangered species on this parcel, although mitigated to the maximum extent feasible, must be balanced against the intent of the County's Oil and Gas Consolidation Policies which limit industrialization of the South Coast. The County accepts this impact to occur to the Gaviota tarplant within the two Consolidated Oil and Gas Planning Areas because consolidated development reduces other impacts such as land use or other habitat loss, including Gaviota Tarplant habitat, due to redundant construction.

Impact #5. Native grassland habitat would be eliminated as a result of the construction of the pipeline roadway and the drilling and production facility.

Molino Energy Company is required to restore all disturbed areas, as appropriate, with native bunch grass. The success of the revegetation effort will be monitored by a County-approved biological specialist. The County recognizes that the impacts to local native grasslands is temporary and losses will be mitigated through the above mentioned revegetation effort. The County further recognizes that the Molino Gas Project would be sited on a parcel that is contemplated for the development of oil and gas support facilities for offshore oil and gas production. The applicant is also required to restore the site to its original condition and revegetate the site in accordance with a County approved plan. As such, the impacts to sensitive species on this parcel, although mitigated to the maximum extent feasible, must be balanced against the intent of the County's Oil and Gas Consolidation Policies which limit industrialization of the South Coast. The County accepts this impact to occur to native grassland within the two Consolidated Oil and Gas Planning Areas because consolidated development reduces other impacts such as land use or other habitat loss, including native grassland habitat, due to redundant construction.

Visual Resources

Impact #6. The drill mast will be visible for up to six years by sensitive receptors from both the north and southbound lanes of U.S. Highway 101.

There are no physical mitigation measures that can reduce the visual impact caused by the drill rig mast. However, Molino Energy Company's contribution to the Coastal Resource Enhancement Fund (CREF) would provide funding necessary to develop alternative, offsite mitigation such as coastal land acquisitions and restoration projects. The County recognizes that the technical requirements of the project require a drill rig of this height to meet the objectives of the project. Further, the County recognizes that the project is consistent with Coastal Land Use Plan Policy 4-3 which states in part, "the height, scale, and design of structures shall be compatible with the character of the surrounding natural environment, except where technical requirements dictate otherwise." Therefore, the County accepts this type of development to occur, but only within restricted geographical areas because it will provide construction and technical

employment opportunities, provide the County with a source of income from income and property taxes, and lead to state royalties from oil and gas production.

Upon due reflection and consideration, the Board of Supervisors finds the substantial benefits provided by the physical project outweigh the significant environmental impacts. In making this statement, we recognize in particular that the County will benefit by expanded employment. During the drilling phases, the Molino Gas Project will employ up to 30 drilling technicians for four years. During operations, approximately 6 permanent employees will be employed for the duration of the project, which is estimated at 20 years. Net fiscal gains to Santa Barbara County could be approximately $12 million for property taxes over the life of the project, and an additional $500,000 of taxes over the life of the project for the gas facility equipment. Approximate royalties for the State could reach $166 million over the life of the project, with approximately $27 million coming to the County if revenue sharing as currently proposed is passed. A new supply of natural gas which will increase energy availability consistent with the Bush and Clinton Administrations' National Energy Strategy of energy independence which promotes development of recoverable reserves and the use of natural gas, which has environmental benefits over other fossil fuels. It is estimated that the Molino Gas Project will produce up to 350 billion standard cubic feet of gas and 12 million barrels of condensate. Further, the County's Coastal Plan recognizes that directional drilling is a "constantly improving technology which will allow industry to reach further distances offshore, in some cases avoiding the need for offshore platforms to recover resources." implying the County's preference for onshore drilling as opposed to offshore platform construction. Therefore, it is concluded that although the project will result in significant, unavoidable impacts to the environment, its overall benefits outweigh the consequences associated with those impacts.

1.8 ENVIRONMENTAL REPORTING AND MONITORING PROGRAM

Public Resources Code §21081.6. requires the County to adopt a reporting or monitoring program for the changes to the project which it has adopted or made a condition of approval in order to mitigate or avoid significant effects on the environment. The approved project description and conditions of approval, with their corresponding permit monitoring requirements, are hereby adopted as the monitoring program for this project. The monitoring program is designed to ensure compliance during project implementation.

These conditions also require that an Environmental Quality and Assurance Program (EQAP) be prepared to ensure compliance during project implementation with those measures included in the project description and with those conditions imposed on the project in order to mitigate or avoid significant effects on the environment.

2.0 ADMINISTRATIVE FINDINGS - MOLINO GAS PROJECT

2.1 Article II Zoning Ordinance Findings: Exploration Plan

Pursuant to §35-158.4 of the proposed amendments to Article II, in addition to the findings set forth in §35-176.5, Exploration Plans, the following findings must be made:

1. *That exploration occurring within a County designated site for consolidated oil and gas processing does not jeopardize space requirements for existing and projected consolidated processing and does not subject operations to undue risk.*

The proposed Molino Gas Project would not be sited within a consolidated processing site. The Molino facilities would be developed on a site approximately 2,000 feet east of the Chevron Oil and Gas Processing Facility. The project site lies within an area defined in the EIR as the Gaviota Consolidated Oil and Gas Planning Area. This Planning Area is reserved for potential development space for onshore facilities that support offshore oil and gas development. The project EIR analyzed siting the Molino Gas Project within the industrially developed Gaviota processing site. This alternative was dismissed from further consideration because of the significant safety impacts that could occur because of the incompatibility of well drilling within the context of a processing facility, as currently configured. Because the Molino Gas Project will not jeopardize space requirements for existing and projected consolidated processing and will not subject the Chevron operations to any undue risk, the project may be found consistent with this finding.

2. *That exploration sites are collocated with other exploration and/or production sites approved after January 1, 1996, to the maximum extent feasible.*

The intent of this finding is to reduce redundant facilities, thereby reducing impacts to the environment. The Molino Gas Project would be the first development project of this type permitted under the proposed LCP amendments. As such, the exploration/production site cannot be collocated with other sites. However, the Molino Gas Project site is designed and would be constructed in such a manner as to minimize environmental impacts. This would be accomplished by requiring the development of site specific erosion control and revegetation plans, approved by the appropriate County and State agencies. Any future development of offshore oil and/or gas reservoirs from within the Gaviota Consolidated Oil and Gas Planning Area would have to demonstrate that the Molino site is infeasible if another site is to be considered.

Pursuant to §35-176.5 of Article II, an Exploration Plan shall only be approved if all of the following findings are made:

2.1.1 There are no feasible alternative locations for the proposed exploratory drilling program that are less environmentally damaging.

The EIR (95-EIR-02) for the proposed Molino Gas Project analyzed seven alternative project sites, three alternatives for the transportation of Natural Gas Liquids (NGL), and three alternatives for the Coastal Zoning Ordinance amendments. Of the seven alternative project sites, none offered any environmental or safety advantages over the proposed site or were either technically or economically infeasible. Therefore, the proposed site is consistent with the requirements of this finding.

2.1.2 Adverse environmental effects are mitigated to the maximum extent feasible.

The EIR prepared for the project, 95-EIR-02, identifies and discusses the potentially significant environmental impacts associated with the proposed project. The EIR concludes that the project will result in Class I impacts in the issue areas of risk of upset/hazardous materials, air quality, biology and visual resources. Imposition of permit conditions of project approval for Molino Energy will mitigate these Class I impacts to the maximum extent feasible, although significant impacts will remain. All Class II impacts identified in the EIR will be reduced to less than significant levels through implementation of permit conditions. All required mitigation measures identified in the EIR have been incorporated into the conditions of approval for this project consistent with this finding.

2.1.3 The project will not be detrimental to the health, safety, comfort, convenience and general welfare of the neighborhood and will not be incompatible with the surrounding area.

As discussed in 95-EIR-02, the project poses a significant risk to the public through exposure to the hazards of natural gas and gas liquids production and transportation. Specifically, travelers on U.S. Highway 101 would be exposed to this hazard during the exploration stage of the project when gas liquids are transported by truck to the Chevron facility. During the full production phase, travelers on Highway 101 could also be affected by plant and pipeline incidents involving flammable and explosive gas and liquids. These impacts will be mitigated to the maximum extent feasible by requiring that adequate safety standards are incorporated into plant and pipeline design, including emergency shut-down systems. Plant and pipeline safety will be monitored through a comprehensive safety, maintenance and inspection program. Other developments in the area are the Chevron oil and gas processing facility and the Gaviota Terminal. The proposed Molino Energy facility should appear relatively small in comparison to these other industrial developments and will be subordinate to the backdrop of the Santa Ynez Mountains.

In determining the overall land use compatibility of the Molino Energy project, County consolidation policies and isolation from heavily populated areas must be considered. Although existing development within the immediate project vicinity is coastal-related industry, recreational and agricultural uses are more typical of the surrounding area. While the industrial nature of the

facility is dissimilar to the recreational and agricultural uses in the surrounding area, it is not incompatible with those uses, and does not dominate any area outside the facility boundaries given the existing larger industrial developments in the vicinity and the intent of the County's consolidation policies. The proposed project can be considered appropriately sited as it is located adjacent to existing facilities in an area designated to accommodate consolidation of oil and gas development.

In addition, pursuant to the Article II Coastal Zoning Ordinance (§35-317.8), the Planning Commission may impose reasonable conditions that require redesign of the project to protect persons and property in the neighborhood and to preserve and enhance the public health, safety and welfare. A condition (P-28) has been imposed to require, under certain conditions, a study to identify measures to reduce exposure to explosion overpressure impacts to the public (e.g., highway travelers). This measure will ensure that the public health, safety, and welfare is protected by reducing the extent to which emergency response personnel would be committed to emergency response at the facility and by reducing exposure of those personnel, as well as persons onsite, to harm.

2.1.4 The development is in conformance with the applicable provisions of Article II and the policies of the Coastal Land Use Plan.

The Article II Coastal Zoning Ordinance does not permit drilling into and production of offshore oil and gas reservoirs from onshore locations. As part of its project application, Molino Energy Company has proposed changes to Article II that would allow this type of activity to occur within a defined study area and specified zone districts. The applicant has also requested that height restrictions be relaxed to allow for this type of project throughout the coastal zone. With approval of these requested changes, the proposed gas drilling and production project can be found to conform with applicable provisions of Article II. As described in Section 7.3 of this staff report dated June 18, 1996 and incorporated herein by reference, the proposed project has also been found to conform with all applicable Coastal Land Use Plan policies.

2.1.5 The site is appropriate for subsequent oil and gas production, should the proposed drilling program be successful.

The drilling and production site was chosen because it offers access to three offshore gas reservoirs from a single, onshore area. Technical advances in the area of extended reach drilling will allow the Molino Energy Company to reach all target reservoir zones, with some down-hole depths greater than 20,000 feet. If the exploration phase confirms reservoir productivity, full production will commence and be conducted from the same drilling and production pad consistent with this finding. Additionally, the drilling site is located in the vicinity of an existing oil and gas processing facility that is fully equipped and permitted to handle additional production volumes consistent with the intent of the County's South Coast Consolidation policies.

2.2 Article II Zoning Ordinance Findings: Production Plan

Pursuant to §35-158.6 of the proposed amendments to Article II, in addition to the findings set forth in §35-176.10, Production Plans, the following findings must be made:

1. *That production occurring within a County designated site for consolidated oil and gas processing does not jeopardize space requirements for existing and projected consolidated processing and does not subject operations to undue risk.*

The proposed Molino Gas Project would not be sited within a consolidated processing site. The Molino facilities would be developed on a site approximately 2,000 feet east of the Chevron Oil and Gas Processing Facility. The project site lies within an area defined in the EIR as the Gaviota Consolidated Oil and Gas Planning Area. This Planning Area is reserved for potential development space for onshore facilities that support offshore oil and gas development. The project EIR analyzed siting the Molino Gas Project within the industrially developed Gaviota processing site. This alternative was dismissed from further consideration because of the significant safety impacts that could occur because of the incompatibility of well drilling within the context of a processing facility, as currently configured. Because the Molino Gas Project will not jeopardize space requirements for existing and projected consolidated processing and will not subject the Chevron operations to any undue risk, the project may be found consistent with this finding.

2. *That production sites are collocated with other exploration and/or production sites approved after January 1, 1996, to the maximum extent feasible.*

The intent of this finding is to reduce redundant facilities, thereby reducing impacts to the environment. The Molino Gas Project would be the first development project of this type permitted under the proposed LCP amendments. As such, the exploration/production site cannot be collocated with other sites. However, the Molino Gas Project site is designed and would be constructed in such a manner as to minimize environmental impacts. This would be accomplished by requiring the development of site specific erosion control and revegetation plans, approved by the appropriate County and State agencies. Any future development of offshore oil and/or gas reservoirs from within the Gaviota Consolidated Oil and Gas Planning Area would have to demonstrate that the Molino site is infeasible if another site is to be considered.

3. *Sufficient pipeline capacity to transport processed crude oil, processed natural gas, and heavier fractions of natural gas liquids is reasonably available for the life of the project.*

Molino Energy Company will construct a Natural Gas Liquids (NGL) pipeline as part of the full production phase of the Molino Gas Project. The NGL pipeline will connect to the Chevron Gaviota Oil and Gas Processing Facility, 2,000 feet to the west. As a condition of project approval (Condition #Q-6), Molino Energy Company will be required to operate the NGL

pipeline on a common carrier basis, providing potential, future operators at the site with an alternative to truck transportation. To ensure that the NGL pipeline is built, Molino Energy Company is required by permit Condition #O-1 to cease trucking NGLs offsite within 18 months of beginning operations. The project can be found consistent with this finding.

Pursuant to §35-176.10 of Article II, a Production Plan shall only be approved if all of the following findings are made:

2.2.1 There are no feasible alternative locations for the proposed production drilling program that are less environmentally damaging.

The EIR (95-EIR-02) for the proposed Molino Gas Project analyzed seven alternative project sites. Of the seven alternative project sites, none offered any environmental or safety advantages over the proposed site or were either technically or economically infeasible. Therefore, the proposed site is consistent with the requirements of this finding.

2.2.2 Adverse environmental effects are mitigated to the maximum extent feasible.

The EIR prepared for the project, 95-EIR-02, identifies and discusses the potentially significant environmental impacts associated with the proposed project. The EIR concludes that the project will result in Class I impacts in the issue areas of risk of upset/hazardous materials, air quality, biology and visual resources. Imposition of permit conditions of project approval for Molino Energy will mitigate these Class I impacts to the maximum extent feasible, although significant impacts will remain. All Class II impacts identified in the EIR will be reduced to less than significant levels through implementation of permit conditions. All required mitigation measures identified in the EIR have been incorporated into the conditions of approval for this project consistent with this finding.

2.2.3 The project will not be detrimental to the health, safety, comfort, convenience, and general welfare of the neighborhood and will not be incompatible with the surrounding area.

As discussed in the EIR (95-EIR-02), the project poses a potential significant risk to the public through exposure to the hazards of natural gas and gas liquids production and transportation. Specifically, travelers on Highway 101 would be exposed to this hazard during the exploration stage of the project when gas liquids are transported by truck to the Chevron facility. During the full production phase, travelers on Highway 101 could also be affected by plant and pipeline incidents involving flammable and explosive gas and liquids. These impacts will be mitigated to the maximum extent feasible by requiring that adequate safety standards are incorporated into plant and pipeline design, including emergency shut-down systems. Overall plant and pipeline safety will be monitored through a comprehensive safety, maintenance and inspection program. Other developments in the area are the Chevron Oil and Gas Processing Facility and the Gaviota

Terminal. The proposed Molino Energy facility should appear relatively small in comparison to these other industrial developments and will be subordinate to the backdrop of the Santa Ynez Mountains.

In determining the overall land use compatibility of the Molino Energy project, County consolidation policies and isolation from heavily populated areas must be considered. Although existing development within the immediate project vicinity is coastal-related industry, recreational and agricultural uses are more typical of the surrounding area. While the industrial nature of the facility is dissimilar to the recreational and agricultural uses in the surrounding area, it is not incompatible with those uses, and does not dominate any area outside the facility boundaries given the existing larger industrial developments in the vicinity and the intent of the County's consolidation policies. The proposed project can be considered appropriately sited as it is located adjacent to existing facilities in an area designated to accommodate consolidation of oil and gas development.

In addition, pursuant to the Article II Coastal Zoning Ordinance (§35-317.8), the Planning Commission may impose reasonable conditions that require redesign of the project to protect persons and property in the neighborhood and to preserve and enhance the public health, safety and welfare. A condition (P-28) has been imposed to require, under certain conditions, a study to identify measures to reduce exposure to explosion overpressure impacts to the public (e.g., highway travelers). This measure will ensure that the public health, safety, and welfare is protected by reducing the extent to which emergency response personnel would be committed to emergency response at the facility and by reducing exposure of those personnel, as well as persons onsite, to harm.

2.2.4 The development is in conformance with the applicable provisions of Article II and the policies of the Coastal Land Use Plan.

The Article II Coastal Zoning Ordinance does not address drilling into and production of offshore oil and gas reservoirs from onshore locations. As part of its project application, Molino Energy Company has proposed changes to Article II that would allow this type of activity to occur within a defined study area and specified zone districts. The applicant has also requested that height restrictions be relaxed to allow for this type of project throughout the coastal zone. With approval of these requested changes, the proposed gas drilling and production project can be found to conform with applicable provisions of Article II. As described in Section 7.3 of this staff report dated June 17, 1996 and incorporated herein by reference, the proposed project has also been found to conform with all applicable Coastal Land Use Plan policies.

2.3 Article II Zoning Ordinance Findings: Development Plan

The pipeline portion of the Molino project requires a Development Plan. Pursuant to §35-174.7.1 of Article II, a Development Plan shall only be approved if all of the following findings are made:

2.3.1 The site for the project is adequate in size, shape, location and physical characteristics to accommodate the density and level of development proposed.

The natural gas drilling and production facility and pipeline would be constructed and operated on approximately four acres of a 80 +/- acre parcel on the Gaviota coast, approximately one-half mile east of the Chevron Gaviota Oil and Gas Processing Facility. The Chevron facility occupies a portion of the parcel that is zoned for oil and gas processing; the remaining portion of the parcel is zoned for agriculture. An air monitoring station is just north of the project site; no other development occurs on the parcel. The general character of the surrounding area is comprised of low rolling hills, riparian corridors, and native and non-native grassland vegetation in a rural setting. The area supports light grazing activities. A geologic report was prepared by Geotechnical Consultants, Inc. (1996) to specifically analyze the proposed drill site. The report concludes that the project is geotechnically feasible. However, the report also recommends that further subsurface exploration, laboratory testing of soils, and engineering analysis be conducted to determine foundation requirements and roadway sections. The major geotechnical conditions that will affect the project are the presence of boulders in areas requiring grading, control of runoff from the site, and erosion control at the stream crossings on the access road west of the site. Although the area is classified as a high seismic risk (as is the majority of Santa Barbara County), no active faults are known to exist in the vicinity of the drill site and associated pipeline. Mitigation measures identified in the EIR have been included in the conditions of approval for this project to ensure that adequate design standards are implemented.

2.3.2 Adverse impacts are mitigated to the maximum extent feasible.

The EIR prepared for the project, 95-EIR-02, identifies and discusses the potentially significant environmental impacts associated with the proposed project. The EIR concludes that the project will result in Class I impacts in the issue areas of risk of upset/hazardous materials, air quality, biology and visual resources. Imposition of permit conditions of project approval for Molino Energy will mitigate these Class I impacts to the maximum extent feasible, although significant impacts will remain. All Class II impacts identified in the EIR will be reduced to less than significant levels through implementation of permit conditions. All required mitigation measures identified in the EIR have been incorporated into the conditions of approval for this project consistent with this finding.

2.3.3 Streets and highways are adequate and properly designed to carry the type and quantity of traffic generated by the proposed use.

As discussed in the EIR (95-EIR-02) and in Section 7.0 of this staff report dated June 17, 1996 and incorporated herein by reference, Highway 101 and other area streets are adequate and properly designed to carry the type and amount of traffic estimated to be generated by the proposed project.

2.3.4 There are adequate public services, including but not limited to fire protection, water supply, sewage disposal, and police protection to serve the project.

Adequate public services are available to serve the proposed project. Fire Station #18 is located approximately two miles west of the proposed drill site and is specifically equipped to respond to emergency calls from oil and gas facilities in the Gaviota vicinity. Adequate operational and fire protection water is available from an existing well located just north of the Chevron facility. Chevron personnel are prepared to respond to emergency situations that may occur outside of their processing facility. No permanent sewage disposal system is needed for this project due to the minimal staffing requirements however, the applicant will provide portable sanitation systems and bottled water for employees during construction and drilling operations. Electricity is provided to the site by existing Southern California Edison transmission lines. A site security plan will be prepared for the facility and will be reviewed and approved by the Sheriff's Office to ensure adequate police protection. Based on this discussion, the finding can be made that there are adequate public services available to serve the proposed project.

2.3.5 The project will not be detrimental to the health, safety, comfort, convenience and general welfare of the neighborhood and will not be incompatible with the surrounding area.

As discussed in the EIR (95-EIR-02), the project poses a potential significant risk to the public through exposure to the hazards of natural gas and gas liquids production and transportation. Specifically, travelers on Highway 101 would be exposed to this hazard during the exploration stage of the project when natural gas liquids are transported by truck to the Chevron facility. During the full production phase, travelers on Highway 101 could also be affected by plant and pipeline incidents involving flammable and explosive gas and liquids. These impacts will be mitigated to the maximum extent feasible by requiring that adequate safety standards are incorporated into plant and pipeline design, including emergency shut-down systems. Overall plant and pipeline safety will be monitored through a comprehensive safety, maintenance and inspection program. Other industrial developments in the area are the Chevron processing facility and the Gaviota Terminal. Compared with these facilities, the Molino facility should appear relatively small in character and will be subordinate to the backdrop of the Santa Ynez Mountains.

In addition, pursuant to the Article II Coastal Zoning Ordinance (§35-317.8), the Planning Commission may impose reasonable conditions that require redesign of the project to protect persons and property in the neighborhood and to preserve and enhance the public health, safety and welfare. A condition (P-28) has been imposed to require, under certain conditions, a study to identify measures to reduce exposure to explosion overpressure impacts to the public (e.g., highway travelers). This measure will ensure that the public health, safety, and welfare is protected by reducing the extent to which emergency response personnel would be committed to emergency response at the facility and by reducing exposure of those personnel, as well as persons onsite, to harm.

2.3.6 The project is in conformance with the applicable provisions of Article II and the Coastal Land Use Plan.

The Article II Coastal Zoning Ordinance does not permit drilling into and production of offshore oil and gas reservoirs from onshore locations. As part of its project application, Molino Energy Company has proposed changes to Article II that would allow this type of activity to occur within a defined study area and specified zone districts. The applicant has also requested that height restrictions be relaxed to allow for this type of project throughout the coastal zone. With approval of these requested changes, the proposed gas drilling and production project can be found to conform with applicable provisions of Article II. As described in Section 7.3 of this staff report dated June 17, 1996 and incorporated herein by reference, the proposed project has also been found to conform with all applicable Coastal Land Use Plan policies.

2.3.7 In designated rural areas the use is compatible with and subordinate to the scenic, agricultural and rural character of the area.

Equipment associated with the proposed project includes a 180 foot drilling rig and numerous gas production facilities in heights up to 20 feet. The gas production facilities would be screened from public view through landscape screening and the natural topography. The drill rig, however, will not be completely screened from public views, with approximately 150 feet of the drilling mast visible from the north and southbound lanes of Highway 101. The general character of the surrounding area is comprised of low rolling hills, riparian corridors, native and non-native grassland vegetation. One-half mile to the west is the Chevron Gaviota Oil and Gas Processing Facility on the north side of Highway 101 with the Gaviota Terminal on the south side. The visible portions of the drilling rig would expand the visual impacts of coastal industrialization to a coastal plane historically used for agriculture. However, compared with the Chevron Processing Facility and Gaviota Terminal, the Molino facility, once the drill rig is removed, should appear relatively small in character and will be subordinate to the backdrop of the Santa Ynez Mountains.

In determining the overall land use compatibility of the Molino Energy project, County consolidation policies and isolation from heavily populated areas must be considered. Although

existing development within the immediate project vicinity is coastal-related industry, recreational and agricultural uses are more typical of the surrounding area. While the industrial nature of the facility is dissimilar to the recreational and agricultural uses in the surrounding area, it is not incompatible with those uses because of the distance from those uses, and does not dominate any area outside the facility boundaries given the existing larger industrial developments in the vicinity and the intent of the County's consolidation policies. The proposed project can be considered appropriately sited as it is located adjacent to existing facilities in an area designated to accommodate consolidation of oil and gas development.

2.3.8 The project will not conflict with any easements required for public access through, or public use of a portion of the property.

No public access easements exist on the subject properties affected by the project.

2.4 Article II Zoning Ordinance Findings: Conditional Use Permit

Because the pipeline crosses three ESHs -- Canada de Leon, native grasslands and Gaviota Tarplant -- a Conditional Use Permit must be issued if the project is to be approved. Pursuant to §35-172.8 of Article II, a Conditional Use Permit application shall only be approved if all nine required findings can be made. The first eight findings are identical to the eight findings required to be made for approval of a Final Development Plan and are discussed in Section 2.3 above, and are incorporated herein by reference. The following is an addition to one of those findings addressed above and the ninth finding required to be made for approval of a Conditional Use Permit.

2.4.1 Adverse impacts are mitigated to the maximum extent feasible.

In addition to those findings made in 2.3.2 above, the following addresses the impacts from pipeline construction to Gaviota Tarplant. The Coastal Zoning Ordinance includes requirements in the ESH Overlay district for mitigation to significant environmental resources, including rare plant species. Section 35-97.7 states that the method for protecting habitat areas includes placing conditions of approval on the proposed development. The ESH Overlay section suggests as possible conditions: limiting the size of the proposed work; requiring replacement of vegetation; establishing monitoring procedures and maintenance activity; staging the work over time; deed restrictions and conservation and resource easements. All of these approaches has been applied to the Molino project to limit the extent of impact to Gaviota Tarplant habitat, and to ensure the viable habitat remains to sustain the plant (see Conditions C-1, H-1, H-5, H-6, H-7, H-8, R-2). Thus, although a CUP is required for the pipeline because of its impact to Gaviota Tarplant as an ESH, the provisions in the CZO that guide mitigation to ESHs envision the type of conditioning that has been used on the Molino project. The finding that maximum feasible mitigation can be made.

2.4.2 The proposed use is not inconsistent with the intent of the zone district.

The purpose and intent of the AG-II-320 zone district is to provide large prime and non-prime lands in the rural areas of the County for long term agricultural use. The zone district allows industrial facilities such as oil and gas drilling and production sites pursuant to specific permits outlined in Division 9, Oil and Gas Facilities as described in §35-150 of the Article II Coastal Zoning Ordinance. The Board's recent amendments to the CZO require a Conditional Use Permit for onshore drilling into offshore reservoirs for agricultural-zoned parcels within the two consolidated planning areas. The parcel proposed for the Molino Gas Project, app. 80 acres, is zoned AG-II but has had only limited grazing on it since the Chevron Gaviota facility was constructed on an adjacent parcel. The parcel does not contain prime agricultural soils. Further, the Molino Gas Project will only use 4 acres to develop the production site, which will have a minimal impact on the limited grazing activities. At project termination, Molino Energy Company will be required to abandon project facilities and restore the site to a condition consistent with the underlying zone district designation. This shows that the Molino Gas Project can occur within an agricultural parcel and not impact the agricultural activities. Therefore, the proposed project is not inconsistent with the intent of the AG-II-320 zone district.

2.5 Article II Zoning Ordinance Findings: Oil and Gas Pipelines

Pursuant to §35-157.4 of Article II, in addition to the findings required for Development Plans set forth in §35-174.4, no Final Development Plan which proposes new pipeline construction outside of industry facilities shall be approved unless the following findings are made:

2.5.1 Use of available or planned common carrier and multiple-user pipelines is not feasible.

There are no available or planned common carrier or multiple-user pipelines that could serve the Molino Gas Project. However, the Molino Gas Project NGL line will be required by project Condition Q-6 to be operated on a common carrier basis for future, potential shippers. Therefore, the project may be found consistent with this finding.

2.5.2 Pipelines will be constructed, operated and maintained as common carrier or multiple-user pipelines unless the Planning Commission determines it is not feasible. Applicants have taken into account the reasonable, foreseeable needs of other potential shippers in the design of their common carrier and multiple-user pipelines. Multiple-user pipelines provide equitable access to all shippers with physically compatible stock on a nondiscriminatory basis.

The Molino Gas Project NGL pipeline is required by condition of approval Q-6 to be operated on a common carrier basis. Therefore, the project may be found consistent with this finding.

2.5.3 *New pipelines are routed in approved corridors that have undergone comprehensive environmental review unless the Planning Commission determines that such corridors are not available, safe, technically feasible, or the environmentally preferred route for the proposed new pipeline.*

The Final EIR for the Molino Gas Project (95-EIR-002) analyzed the alternative of placing the Molino Gas Project NGL pipeline within the All American Pipeline (AAPL) corridor, just north of the proposed drilling and production site. The AAPL corridor was analyzed in EIR SCH No. 83110902 and was determined to be the environmentally preferred route over other alternatives. The County's pipeline consolidation policy 6-14A requires that all new pipelines be restricted to approved corridors that have undergone comprehensive environmental review unless the Planning Commission determines that such corridors are not available, safe, technically feasible or the environmentally preferred route. In the case of the Molino Gas Project NGL line, the project EIR concluded that the alternative of placing the NGL pipeline along the existing access road to the production site was environmentally superior to the AAPL route, because placing the NGL pipeline in the AAPL corridor would result in significant, additional impacts to Gaviota tarplant which has reestablished along the AAPL route. Therefore, the project may be found consistent with this finding.

2.5.4 *When a new pipeline route is proposed, it is environmentally preferable to all feasible alternative routes.*

As stated in the finding analysis in 2.5.3 above, the Molino Gas Project NGL pipeline route along the site access road was determined to be the environmentally preferred alternative. The existing AAPL corridor was dropped from further consideration after it was determined that additional excavation along the right-of-way would impact the State-listed, endangered Gaviota tarplant that has reestablished along the route. Impacts resulting from the construction of the proposed NGL pipeline route were determined to be minimal. Therefore, the project may be found consistent with this finding.

2.5.5 *When a new pipeline is proposed, the project's environmental review has analyzed the cumulative impacts that might result from locating additional pipelines in that corridor in the future.*

The new NGL pipeline route would initially transport only the Molino Gas Project NGL production to the Chevron Processing Facility. The cumulative project analysis in the EIR determined that future projects occurring in the Gaviota Consolidated Oil and Gas Planning Area could be accomplished from the single Molino site, based on the location of the accessible, offshore reservoirs. It is likely that the Molino Gas Project NGL pipeline corridor could serve all future development from the Gaviota site. In selecting the proposed NGL pipeline route as the environmentally preferred alternative, the EIR concludes that the initial construction of the NGL pipeline route, if mitigated as proposed, would result in minimal impacts to the

environment. The majority of the proposed route would follow an existing site access road. Re-excavation of the pipeline corridor to install additional pipelines would likely result in similar impacts that also could be mitigated to a level of insignificance. Therefore, the project may be found consistent with this finding.

2.5.6 Concurrent or "shadow" construction has been coordinated with other pipeline projects that are expected to be located in the same corridor where practical.

There are no other pipeline projects that are proposed in the same corridor or area of the Molino Gas Project that could coordinate construction timing. Therefore, the project is not inconsistent with this finding.

CREF FINDING

Finding for Imposition of Mitigation Fee: requiring payment to the Coastal Resource Enhancement Fund (CREF) as a condition of permit approval to offset a Class I significantly adverse impact to the visual quality of the rural and coastal landscape.

Specific Findings Required by Law:

California enacted Assembly Bill No. 1600 (AB-1600) in 1978 which applies to any action of a local agency "establishing, increasing, or imposing a fee as a condition of approval of a development project" on or after January 1989. This legislative act requires cities and counties to identify the purpose of the fee, the use of the fee, and the reasonable relationship between the purpose and use of the fee. It further requires cities and counties to determine that the burden (i.e., amount) of the fee imposed is reasonably related to the use. Where monetary exactions are imposed on a case by case basis, the County must also meet the "rough proportionality" test set forth in Dolan v. City of Tigard.

Applicable Impact:

The proposed drilling rig for the Molino Gas Project is 180 feet high and, due to this exceptional height, requires an amendment to the height restrictions currently contained in the Coastal Zoning Ordinance to be permitted in the Coastal Zone. Based on the Environmental Impact Report (EIR) analysis, the introduction of a rig this high into a rural landscape constitutes a significantly adverse visual impact (its proposed location is approximately 350-400 yards from U.S. 101 and approximately 1,000 yards from the Gaviota Oil and Gas Processing Facility). While the EIR (Section 5.11.3.3) identifies this impact as unmitigable via direct measures (except for the no project alternative, the proposed location is the environmentally preferred one of all the alternatives examined) it does identify the payment of mitigation fees to the Coastal Resources Enhancement Fund (CREF) as a means of offsetting these Class I impacts to the visual quality of the area to the maximum extent feasible. The fee being imposed by condition N-1 is $71,880 annually in 1997 dollars (i.e., as of January 1997 on the Consumer Price Index) while the drilling rig is standing for primary drilling operations and $17,970 in 1997 dollars each time a rig is used for well workovers that entail a significantly shorter period of time than primary drilling operations.

Use of Fee Being Imposed:

The Board of Supervisors established the Coastal Resources Enhancement Fund (CREF) in the mid-1980s as a condition of permit approval on four offshore oil and gas projects. Its purpose is to offset impacts to coastal tourism, coastal recreation, coastal visual aesthetics, and coastal environmental resources that cannot be mitigated to insignificance via direct measures. It applies to both offshore platforms and onshore support facilities, including processing and storage

facilities. Visual impacts necessitating mitigation fees result from facilities that interfere with coastal terrace viewsheds; these facilities are incompatible with the otherwise rural landscape seen from U.S. 101 and the Southern Pacific's rail line. The exaction of the mitigation fee provides an alternative to prohibiting oil and gas development in scenic viewsheds by offsetting to the maximum extent feasible the impact to the public caused by the adverse visual intrusion; moreover, it provides decision-makers with evidence to support LCP policy consistency analysis and to make overriding considerations that Class I environmental impacts have been mitigated to the maximum extent feasible.

In 1987, the Board of Supervisors adopted formal guidelines for the CREF that established a methodology for calculating the amount of impact fees and established a methodology for allocating the fees to public projects (including those ventured by non-profit organizations) that ensures the use of the fees has a reasonable relationship to the purpose of the exaction.

To offset significantly adverse impacts to visual aesthetics, the Board of Supervisors typically uses CREF to fund capital improvements that help preserve relatively pristine coastal lands, either through acquisition, conservation easement, and other administrative activities such as planning necessary to accomplish the same goal. The Board of Supervisors also uses CREF to enhance public access to areas that provide special panoramic views as a means of offsetting the significantly adverse impacts posed by oil and gas facilities on the coast.

Calculation of Fees:

Since 1988, the calculation of CREF fees has been based upon a point system from 0-5 (where 5 represents the maximum impact) to classify the severity of an impact to a particular coastal resource, such as visual quality. The specific level of severity is judged in large part on a comparative basis to impacts from similar types of projects (i.e., other oil and gas projects). The severity of visual impacts is further based on the extent of intrusion by the source of the visual impact based on the existing character of the specific viewshed being impacted; i.e., erecting a new stack in the same immediate location where other stacks already exist is not considered as severe as erecting a stack in a previously unimpacted area. Exxon has been assessed 2 points annually for visual impacts of its two new platforms (Harmony and Heritage) for the life of their existence between 5-8 miles offshore in the Santa Ynez Unit. Chevron had initially been assessed the maximum 5 points annually for visual impacts from its onshore processing facility at Gaviota, the three offshore platforms associated with the Point Arguello field, and shorter-term impacts on the pipeline corridor. This assessment was adjusted to 4 points in the second five-years because the platforms are often hidden by fog and the pipeline corridor had been widely revegetated. In both Exxon's and Chevron's cases, the assessment occurs for the life of the operation.

For the Molino Gas Project, proportionality with other oil and gas projects on the Gaviota Coast would result in an assessment of 3 points annually, but only for the period of time in which the

drill rig is present. The 3 points are justified by the drill rig's proximity to U.S. 101 (between 350 and 400 yards) and the Southern Pacific railroad.

The County has equated each point assessed for CREF fees at $20,000 in 1988 dollars, and adjusts this amount every five years to reflect inflation, using the Consumer Price Index (CPI) for the Los Angeles--Long Beach metropolitan area. There is no precise formula for determining the exact cost of offsetting the loss of visual amenities along a relatively pristine coastal terrace which is largely rural. However, mathematical precision is not required; the County is required only to "make some effort to quantify its findings" supporting any fee, beyond "conclusory statements". Dolan v. City of Tigard (1994) 114 S. Ct. 2309, 2322. Therefore, such efforts to quantify the visual impact fee may work best if accomplished in a somewhat fiscally conservative manner to ensure the fee does not pose an undue burden. The $20,000 figure is based on a conservatively low estimate of incremental loss in recreational, visual, tourist amenities due to the adverse impacts of offshore and related onshore oil and gas development. The CPI adjustment after the first five years, made for 1993, changed the dollar equivalency for each point to $23,960.

For the Molino Gas Project's drill rig, the amount of the exaction is considered to be reasonable if it equals or is conservatively less than the costs of the capital improvements required to offset the significantly adverse impact to the coastal viewshed. Such offsets are limited to acquisitions and easements, and come at high costs; for example acquisition of Santa Barbara Shores cost $11.5 millions, acquisition of Wilcox cost $3.5 million, acquisition of two parcels in the Carpinteria Salt Marsh cost $0.5 million (none of these costs reflecting administrative, legal, master planning, and post-acquisitional management costs). Other coastal preservational efforts along the Gaviota coast cost $40,000 just for preliminary tasks. The Molino drill rig is planned to be used four years for primary drilling of exploratory and production wells. Except for short-term well workovers thereafter, the total exaction will be $287,520. Although this amount is not, in itself, sufficient to fund an entire capital improvement to offset the impact, it is determined to be a sufficient amount to leverage other funding sources.

Summary of Finding:

The CREF fee imposed is an annual assessment of $71,880, commencing with the deployment of the drill rig and lasting until removal of the drill rig. Use of the rig thereafter for shorter workovers of wells will be limited to one-fourth the annual contribution, or $17,970. All payments after 1997 will be adjusted according to the Consumer Price Index to reflect 1997 dollars, and will fall due in January of each year.

Considering the experience of preserving coastal land and providing coastal access, both for purposes of enhancing those remaining visual amenities of the coast and its rural landscape, this amount is considered to be fiscally conservative and roughly proportionate to the cost of

mitigating visual impacts of the Molino Gas Project. The fees will be dedicated towards capital improvements of the coast that enhance its visual aesthetics.

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EXHIBIT C

CONDITIONS OF APPROVAL

MOLINO GAS PROJECT
Final Development Plan (94-FDP-024),
Conditional Use Permit (94-CP-063), and
Oil and Gas Exploration and Production Plan (94-PP-001)

MOLINO GAS PROJECT FINAL DEVELOPMENT PLAN CONDITIONS
(94-FDP-024, 94-CP-063, & 94-PP-001)
September 3, 1996

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A. GENERAL

A-1 Project Description

This Final Development Plan, 94-FDP-024, Conditional Use Permit, 94-CP-063, and Oil and Gas Exploration and Production Plan, 94-PP-001, (collectively referred to as the "FDP"), is based upon and limited to the project described in the FDP application including subsequent modifications, the EIR project description including subsequent modifications, CEQA analysis and current conditions of approval as set forth below.

In summary, the project description is as follows (see 95-EIR-002, State Clearinghouse No. 95031016 and application 94-FDP-024 for a complete project description):

Molino Energy Company will develop sweet (no Hydrogen Sulfide) natural gas reserves in State Tidelands leases PRC 2920, PRC 2199 and PRC 2894 from an onshore drilling and production site just north of U.S. Highway 101. The drilling and production pad is approximately 2,000 feet east of the Chevron Gaviota Oil and Gas Processing Facility on Assessor's Parcel No. 81-130-052. Three offshore gas fields are targeted for development: the Molino, Caliente and the Gaviota. The project will be developed in three phases. Phase 1 will involve testing of the reservoirs for productivity by drilling one or two wells and constructing minimal test production equipment at the drill site capable of handling 15 million standard cubic feet of gas per day (MMSCFD). If the test well(s) prove favorable, Phase 2 will commence and involve the drilling of additional wells into the reservoirs, construction of a 60 MMSCFD gas production facility and the construction of a 3,000 foot Natural Gas Liquids (NGL) pipeline to the Chevron Gaviota Facility for NGL transportation. Phase 3 would involve the testing and eventual full production of the additional reservoirs.

Phase 1 production is anticipated to be approximately 10 to 15 MMSCFD of sweet gas and Phase 2 and 3 gas production is anticipated to peak at approximately 60 MMSCFD. During Phase 1, the produced NGLs will be transported by truck to the Chevron Facility for processing; Phase 2 and 3 NGL production will be transported to the Chevron Facility via the new NGL pipeline. Phase 2 and 3 NGL production is anticipated to average approximately 1,030 barrels per day.

The project has an anticipated life of approximately twelve to twenty years. Upon project completion, all above ground facilities will be removed and the site will be restored consistent with a County approved abandonment and restoration plan. The NGL pipeline will be purged, capped and abandoned in place.

A-2 Acceptance of Permit Conditions

Acceptance of this permit shall be deemed as acceptance of all conditions of this permit and waiver of any objections thereto.

A-3 Grounds for Permit Modification or Revocation

Failure to abide by and faithfully comply with any conditions for the granting of this permit shall constitute grounds for the modification or revocation of this permit by the Planning Commission

A-4 Court Costs

Molino Energy Company agrees as a condition of the issuance and use of this permit to defend at its sole expense any action brought against the County by a third party challenging either its decision to issue the permit or the manner in which the County is interpreting or enforcing the conditions of the permit. Molino Energy Company will reimburse County for any court costs and attorneys fees which the County may be required by a court to pay as a result of such action where Molino Energy Company defended or had control of defense of the suit. County may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve Molino Energy company of its obligation under this condition. County shall bear its own expenses for its participation in the action.

A-5 Costs of Implementing and Enforcing Conditions

The County's permit compliance program for oil and gas projects requires each permit holder to fund County monitoring of each permit holder's compliance efforts. This condition, along with Condition C-1, shall serve as implementation of the EIR Mitigation Monitoring Program in 95-EIR-002 for 94-FDP-024. Molino Energy Company agrees to participate in this permit compliance program and to fund all reasonable expenses incurred by the County and/or County contractors for permit condition implementation, reasonable studies, and emergency response directly and necessarily related to monitoring and enforcement of these permit conditions and applicable County ordinances. Molino Energy Company shall provide a deposit for these expenses and shall reimburse County within 30 days of invoicing by County.

A-6 Failure to Comply

In the event that Molino Energy Company fails to comply with any order of the Santa Barbara County Administrative Officer or the Board of Supervisors issued hereunder or any injunction of the Superior Court, it shall be liable for a civil penalty for each violation to the extent imposition of such civil penalty is authorized by and imposed under applicable laws, rules, or regulations.

Said civil penalty shall be in addition to Molino Energy Company's obligation to reimburse the County of Santa Barbara (and others) for actual damages suffered as a result of Molino Energy Company's failure to abide by the conditions of this permit or by the orders of the County Administrative Officer, the Board of Supervisors, or any court of competent jurisdiction.

A-7 Access to Records and Facilities

As to any condition which requires for its effective enforcement the inspection of records or facilities by County or its agents, Molino Energy Company shall make such records available or provide access to such facilities upon reasonable notice from County. County agrees to keep such information confidential where permitted by law and requested by Molino Energy Company in writing.

A-8 Substantial Conformity

The procedures, operating techniques, design, equipment and other descriptions (hereinafter procedures) described by Molino Energy Company in: 1) its Final Development Plan application to the County (94-FDP-024) and in subsequent clarifications and additions to that application; 2) its Conditional Use Permit application to the County (94-CP-063) and in subsequent clarifications and additions to that application; 3) its Oil and Gas Exploration and Production Plan (94-PP-001) and in subsequent clarifications and additions to that application; and 4) as described in 95-EIR-002 and any subsequent environmental review, are incorporated herein as permit conditions and shall be required elements of the project. Since these procedures were part of the project description which received environmental analysis, a failure to include such procedures in the actual project could result in significant unanticipated environmental impacts. Deviations from the project description, environmental review or conditions of approval may require further environmental review and a modification to 94-FDP-024, 94-CP-063, or 94-PP-001. Therefore, modifications of these procedures will not be permitted without a determination of substantial conformity or a new or modified permit. The use of the property and the size, shape, arrangement and location of buildings, structures and landscaped areas shall be in substantial conformity with the approved Final Development Plan 94-FDP-024, Conditional Use Permit 94-CP-063 and Oil and Gas Exploration and Production Plan 94-PP-001 and approved modifications to them.

A-9 Authority for Curtailment

In addition to the authority to enforce and secure compliance with the provisions of the permit under the Article II Coastal Zoning Ordinance of Chapter 35 of the Santa Barbara County Code, the County Administrative Officer, or in his/her absence a designated appointee, may order that curtailment of activities which is required to protect the public health and safety. Said action may include, but is not limited to, ordering temporary, partial or total facility shutdown. Such an order shall be made only in the event that the Administrative Officer has reasonable and probable cause to believe that the continued unrestrained activities of permittee will likely result in or threaten to result in material danger to public health, welfare, or safety, or in the environment and provided such violations can be expected to continue or recur unless operations are in whole or in part shut down or reduced pending the necessary corrections.

Before issuing any curtailment order, the County Administrative Officer shall set a time for hearing and shall give written notice of the time and place of the hearing and of the alleged violations. Such notice shall be given to the person in charge of the operation of the facility at least 24 hours before the hearing.

at which time there will be an opportunity for all concerned parties to present evidence regarding the alleged violations. The notice may be served in person or by certified mail.

In the event the Administrative Officer, or in his/her absence the designated appointee, determines that there is an imminent danger to the public health and safety resulting from violations, he/she may summarily order the necessary curtailment of activities without prior notice and hearing and such order shall be obeyed upon notice of same, whether written or oral. At the same time that notice of the order is conveyed, the Administrative Officer shall set a date, time and place for a publicly noticed hearing and review of said order as soon as possible which date shall be no longer than 48 hours after such order is issued or served. Said hearing shall be conducted in the same manner as a hearing on prior notice. After such hearing, the Administrative Officer may modify, revoke, or retain the emergency curtailment order.

Any order of the Administrative Officer may be appealed to the Board of Supervisors within three working days after such order is made.

If such appeal is not filed with the Board of Supervisors, the Administrative Officer's order becomes final. If there is an appeal, the order of the Administrative Officer shall remain in full force and effect until action is taken by the Board of Supervisors. The decision of the Board of Supervisors shall be a final Administrative Action. Such decision shall not preclude Molino Energy Company from seeking judicial relief.

Once Molino Energy Company has shown that the conditions of violation no longer exist and are not reasonably likely to recur, the Administrative Officer shall modify the curtailment order to account for such compliance and shall entirely dissolve the order when it is shown that all of the violations have been corrected and are not likely to recur.

A-10 Conditions Separately Remain in Force

In the event that any condition contained herein is determined to be invalid, then all remaining conditions shall remain in force.

A-11 Conflicts Between Conditions

In the event that any condition contained herein is determined to be in conflict with any other condition contained herein, then where principles of law do not provide to the contrary, the condition most protective of natural environmental resources and public health and safety shall prevail to the extent feasible.

A-12 Injunctive Relief

In addition to any administrative remedies or enforcement provided hereunder, the County may seek and obtain temporary, preliminary, and permanent injunctive relief to prohibit violation of the conditions set forth herein or to mandate compliance with the conditions herein. All remedies and enforcement procedures set forth herein shall be in addition to any other legal or equitable remedies provided by law.

A-13 Molino Energy Company Liability

The owner and the operator of the facility shall be jointly and severally liable without regard to fault for all legally compensable damages or injuries suffered by any property or person that result from or arise out of any hydrocarbon or water spillage, fire, explosion, odor, or air pollution, in any way involving hydrocarbon liquids or gas or the impurities contained therein or removed therefrom and which arises out of construction or operation of the Molino Gas Project facilities. For the purpose of this condition, the "facility" shall be deemed to include all facilities described and approved pursuant to 94-FDP-024, 94-CUP-063, 94-PP-001, and any subsequent, approved revisions. This condition shall not inure to the benefit of any of the owners of the Molino Gas Field, including the State of California. This declaration of strict liability and the limitations upon it shall be governed by the applicable law of California on strict liability. Molino Energy Company shall indemnify, defend and hold harmless the County, its officers, agents, and employees, from andy and all claims, demands, costs, expenses, including attorneys fees, judgements or liabilities arising out of the location of the facilities.

A-14 Facility Throughput and Source Limits

All facilities constructed under this permit shall be limited to the following maximum production volumes: Phase 1 shall be limited to 15 Million Standard Cubic Feet of Gas Per Day (MMSCFD); Phase 2/3 shall be limited to 75 MMSCFD. The subject volume will be produced from the Molino, Gaviota and Caliente sweet gas reservoirs; specifically from leases PRC 2920, PRC 2199 and PRC 2894 as described in 95-EIR-002. Molino Energy Company shall obtain a new or modified permit, or authority to continue operation under the existing permit prior to undertaking any of the following activities which may, in the judgement of the County, result in significant changes to the impacts on the County. Such changes could include but are not limited to: 1) facilities modifications; 2) changes in facilities throughput; and 3) introduction of production to the facility from sources other than those described above.

A-15 Permit Violations

Any person, firm or corporation, whether as a principal, agent, employee, or otherwise, found to be in violation of any provision or conditions of this permit, shall be punishable as set forth in the applicable section of the Article II Coastal Zoning Ordinance.

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Each and every day during any portion of which any violation of this Article or the rules, regulations, orders or permits issued hereunder, is committed, continued, or permitted by such person, firm or corporation shall be deemed a separate and distinct offense.

A-16 Board of Supervisors Authority to Change County Department Responsible for Condition

The Santa Barbara County Board of Supervisors shall have the authority, in a noticed public hearing, to specify or change the Santa Barbara County Department responsible for any conditions contained herein.

A-17 Alternative Mitigation if Condition Invalidated

In the event that any condition imposing a fee, exaction, dedication or other mitigation measure is challenged by the project sponsors in an action filed in a court of law or threatened to be filed therein which action is brought in the time period provided for by Code of Civil Procedures Section 1094.6 or other applicable law, this approval shall be suspended pending dismissal of such action, the expiration of the limitation period applicable to such action, or final resolution of such action. If any condition is invalidated by a court of law, the entire project shall be reviewed by the Planning Commission and no approval shall be issued unless substitute feasible mitigation conditions/measures are imposed.

A-18 Applicability of Conditions to Construction and Operations

These permit conditions are intended to apply to the Molino Gas Project during both the construction and the operation of the permitted facilities. The term "operations" shall be understood to encompass both construction and operation phases unless such an interpretation would be inappropriate.

A-19 Expiration of Permits

Approval of the Final Development Plan, Conditional Use Permit and Oil and Gas Exploration and Production Plan shall expire five (5) years after approval by the Planning Commission, or Board of Supervisors, unless prior to the expiration date, substantial physical construction has been completed on the development or a time extension has been applied for by the applicant. The Planning Commission or Board of Supervisors may, upon good cause shown, grant a time extension for one year.

A-20 Additional Mitigation to have Same Force and Effect as Permit Conditions

Additional mitigation required pursuant to this permit, which has been incorporated into by compliance plan or has been adopted by the Planning Commission or Board of Supervisors in a noticed public hearing, shall have the force and effect of a permit condition. The remedies available to the County upon applicants failure to comply with such additional mitigation includes but is not limited to those

remedies which are available to the County upon Molino Energy Company's failure to comply with a permit condition.

A-21 Chevron Point Arguello Oil & Gas Processing Facility FDP Modifications

This Final Development Plan shall not be in force and effect unless and until the Planning Commission approves the modifications to the Chevron Point Arguello Oil & Gas Processing Facility Final Development Plan 85-DP-32cz.

A-22 Local Coastal Program Amendments

This Final Development Plan shall not be in force and effect unless and until the California Coastal Commission approves the required Coastal Zoning Ordinance and Local Coastal Plan Amendments.

A-23 General Liability and Well Control Drilling Insurance

Prior to construction, Molino Energy Company shall demonstrate to P&D, County Counsel and Risk Management that it carries a minimum of $15,000,000 in General Liability Insurance, and $15,000,000 in Well Control Drilling Insurance on the Molino Gas Project with an insurance company rated "A" or better. The General Liability Insurance policy shall be in effect prior to construction and shall be maintained for the life of the Molino Gas Project, through abandonment of the facility. The Well Control Drilling Insurance policy shall only be required to be in effect while drilling operations are being conducted. Molino Energy Company may satisfy this requirement by having its drilling contractor or subcontractors supply the required insurance, so long as the aggregate insurance maintains the totals required. The County of Santa Barbara shall be named as an additional insured on all policies. The policy(s) shall contain a provision that it may not be modified or cancelled without 60 days notice to County.

B. PERMIT REVIEW

B-1 Construction Review by System Safety and Reliability Review Committee (SSRRC)

Prior to commencement of construction for Phase 1, 2 and 3 and for subsequent modifications, Molino Energy Company shall submit to P&D and to the SSRRC (established by Condition P-1) relevant construction plans, engineering drawings and supporting text demonstrating compliance with the relevant conditions of this permit. Construction may not commence until County has reviewed and approved the appropriate submittal, consistent with the SSRRC review specified in Conditions P-1 and P-2. Within 15 days of submittal, County shall deem the submittal complete, or incomplete and provide a list of deficiencies. Within 15 days of deeming the submittal complete, County shall give written notice of approval of construction plans, or indicate in writing conditions which have not been met, or notify the permittee that the SSRRC review shall be completed within a period of time specified by the SSRRC, based on sound engineering practices. When such conditions have been met,

construction may be commenced. The SSRRC may require post-construction inspections or review of as-built drawings, as necessary to confirm consistency with the approved submittal

B-2 County Imposition of New Conditions and Comprehensive Review of Conditions

If at any time County determines that these permit conditions are inadequate to effectively mitigate significant environmental impacts caused by or potentially caused by the project, or that recent proven technological advances could provide substantial additional mitigation, then additional reasonable conditions shall be imposed by the Planning Commission to further mitigate these impacts. Imposition of such conditions shall only be considered and imposed as part of a comprehensive review of the project conditions. The County shall conduct a comprehensive review of the project conditions and consider adding reasonable conditions which incorporate proven technological advances at any time after permit issuance and at appropriate intervals thereafter. The County may also conduct a comprehensive review of conditions which are not effectively mitigating or will not effectively mitigate impacts at any appropriate time and, based upon that review, impose additional reasonable conditions to effectively mitigate such impacts. Upon appeal and written request of Molino Energy Company to the Board of Supervisors, the Board of Supervisors shall determine whether the new condition required is reasonable considering the economic burdens imposed and environmental benefits to be derived.

B-3 Condition Scheduling Conflicts

In the event that scheduling requirements among or between conditions in this permit (or with this permit and conditions imposed by other agencies) conflict with respect to timing, P&D (in consultation with other departments, agencies, and Molino Energy Company as appropriate) shall resolve such conflict.

B-4 Authority to Begin Construction

Prior to commencing any construction activities associated with this FDP, Molino Energy Company shall obtain a letter(s) from the Director of P&D indicating that all conditions which require approval prior to construction of Phase 1, Phase 2 and Phase 3, as specified by this Final Development Plan, have been satisfied.

B-5 Authority to Begin Operations

After construction and prior to start-up, Molino Energy Company shall obtain a letter from the Director of P&D indicating that all conditions which require approval prior to start-up, as specified by

this Final Development Plan, have been satisfied Start-up, for purposes of this condition, is defined as the introduction of hydrocarbons into the facility production equipment for both Phase 1 and Phase 2/3.

B-6 Fire Department Permits for Excavations

After installation and backfill of the Phase 2 pipeline, Molino Energy Company shall obtain permits pursuant to Chapter 15 of the Code of Santa Barbara County from the Fire Department before any future excavation activity occurs within ten (10) feet of the NGL pipeline or other subterranean, hazardous liquid or gas lines.

B-7 Issuance of Coastal Development Permits

The Director of Planning and Development may issue multiple Coastal Development Permits (CDPs) for portions or phases of the Molino Gas Project, provided that Molino Energy Company satisfies the conditions, or portion(s) of the conditions, that apply to that portion or phase of the project. Issuance of each CDP shall only be valid for the portion or phase covered under that CDP; Molino Energy Company shall not be vested to develop other portions or phases of the project, consistent with applicable law, without an appropriate CDP.

C. MANAGEMENT AND MONITORING

C-1 Environmental Quality Assurance Program (EQAP)

Molino Energy Company shall obtain P&D approval of an Environmental Quality Assurance Program (EQAP) prior to commencement of Phase 1 construction activities, and obtain P&D approval of a revised EQAP prior to commencement of both Phase 2 and 3 construction activities. This EQAP shall encompass both construction and operations phases of the Molino Gas Project, and shall describe the steps Molino Energy Company will take to assure compliance with the conditions contained in the FDP for this project. The EQAP is intended to provide a monitoring and reporting framework for compliance with all conditions, programs and plans specified by these conditions. As such, it will become a comprehensive reference document for the County, other agencies, and the public regarding the Molino Gas Project.

The EQAP shall include:

a. all plans, as specified by these conditions, relevant to construction and operation of the permitted facilities. If separate plans exist, they may be referenced rather than physically included in the EQAP submittal;

b. provisions for an onsite environmental coordinator(s) with overall responsibility for monitoring Molino Energy Company's compliance with the environmental conditions of this permit. These coordinators shall be under contract to the County and funded by Molino Energy Company.

c. provisions for ensuring contractor knowledge of and compliance with these conditions;

d. provisions for the submittal to P&D of monthly reports throughout construction and annual summary reports during operations unless more frequent reporting is deemed necessary by P&D. Upon receipt of compliance reports, P&D shall advise Molino Energy Company of what additional compliance items require reporting prior to the next report. These reports shall describe:

1. Project status, including but not necessarily limited to:

   i. extent to which construction has been completed,
   ii. the origins of the construction labor force
   iii. the rate of production/throughput during operation,
   iv. environmental planning and implementation efforts, and
   v. any revised time schedules or timetables of construction and/or operation that will occur in the next one-year period.

2. Permit condition compliance, including but not necessarily limited to the results of the specific mitigation requirements identified in these conditions and compliance plans.

3. Results and analyses of all data collection efforts being conducted by Molino Energy Company pursuant to these permit conditions.

C-2 24-Hour Emergency Contact

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy company shall provide to P&D, the Office of Emergency Services and the County Fire Department the current name and position, title, address, and 24-hour telephone numbers of the person in charge of the facility, person in charge of construction, and other representatives who shall receive all orders and notices, as well as all communications regarding matters of condition and permit compliance at the site and who

shall have authority to implement a facility shutdown pursuant to Condition A-9 in this Final Development Plan or other County ordinances.

There shall always be such a contact person(s) designated by the permittee. One contact person shall be available 24 hours a day in order to respond to inquiries received from the County, or from anyone in case of an emergency.

If the address or telephone number of Molino Energy Company's agent should change, or the responsibility be assigned to another person or position, Molino Energy Company shall provide to P&D the new information within 24 hours of the effective date of such change.

C-3 Molino Energy Company to Provide Copies of Permits to P&D

Molino Energy Company shall furnish to P&D copies of all local, state, and federal permits relative to the Molino Gas Project within 30 days of receipt by Molino Energy Company.

C-4 Pipeline Construction Confined to Right-of-Way

All pipeline construction activities, including work areas and staging and storage areas of pipe, shall be confined to the approved right-of-way.

C-5 Capacity and Throughput Reports

Molino Energy Company shall report to P&D the volumes and rates of: (1) inlet gas volumes; (2) gas transferred for sales into the Southern California Gas transmission line; and (3) Natural Gas Liquids (NGL) volumes transported to Chevron's Gaviota Processing Facility by truck (Phase 1) and by the NGL interconnect pipeline (Phase 2/3). Reports shall be made on at least a monthly and annual basis and supporting documentation will be provided upon request from P&D.

D. GEOLOGY

D-1 Grading, Drainage and Erosion Control Plans

Prior to commencement of construction activities for Phase 1, Molino Energy Company shall submit final Grading, Drainage and Erosion Control Plans for approval by the County of Santa Barbara Planning and Development Department, Building & Safety Division, Public Works Department, and County Flood Control. These Plans shall later be amended and resubmitted for review and approval

for both Phase 2 and 3 activities, prior to commencement of additional construction The plans shall include the following:

a. Methods such as retention basins, drainage diversion structures, and spot grading shall be used to reduce siltation into adjacent streams during grading and construction activities.
b. Grading on slopes steeper than 5:1 shall be designed to minimize surface water runoff.
c. Temporary storage of construction equipment shall be designated on the final site plan
d. A drainage plan illustrating impervious conduits that channel surface water to existing drainage canyons. This plan shall also include a maintenance and inspection program to ensure proper functioning.
e. Grading shall be limited to the dry season (usually April 15 to November 1) unless a Building & Safety-approved erosion control plan is in place and all measures therein are in effect. Rainy season erosion control measures will be utilized to control runoff and erosion in the event that revegetation is not completed prior to the rainy season.
f. Soil should be kept damp during grading activities to reduce the effects of dust generation.
g. All exposed graded surfaces shall be reseeded with native ground cover to minimize erosion. This requirement shall be noted on all grading and building plans. Graded surfaces shall be reseeded within 60 days of grading completion.
h. Excess topsoil to be stockpiled on site shall be segregated from other soils to facilitate future land restoration and shall be piled so as to be protected from wind and water erosion.
i. Where fill is placed upon a natural or excavated slope steeper than 20 percent (i.e. 4:1), a base key shall be constructed at the toe of the fill and the fill shall be benched into the existing slope. The base key shall be embedded at least 2' into competent inorganic soils. The fill shall then be benched horizontally into the existing slope at least 2' normal to the slope as the fill is brought up in layers. Keying and benching operations shall be monitored by a soils engineer.
j. The maximum height and steepness of all cut and fill slopes shall comply with the County of Santa Barbara Grading Ordinance.
k. Cut slopes shall be constructed no steeper than 1.5:1. Fill slopes shall be constructed no steeper than 2:1.
l. Areas to receive fill shall be stripped of vegetation, organic topsoil, debris, and other unsuitable material. Engineered fill shall be placed in layers not exceeding 8" in loose thickness, properly moistened and compacted, and tested for 90 percent compaction, as required.
m. If further measures are considered necessary to mitigate problems posed by expansive soils, the following alternatives shall be considered by a soils engineer:
    - Over-excavation of expansive soils and replacement with non-expansive fill.
    - Support of structures on drilled shaft foundations.
    - Lime treatment of the expansive subgrade.

n. Project facilities shall be sited on cut pads to provide relatively uniform foundation support and reduce differential settlement. Alternatively, structure foundations shall be designed to tolerate potential differential settlement.

o. Project grading and earthwork shall be observed and tested by a geotechnical engineer or his representative to verify compliance with recommendations in the project geotechnical report(s).

p. All recommendations included in the project geotechnical report (Geotechnical Consultants, 1994) shall be incorporated into the final project design, including: exploratory borings, soil sampling, and laboratory testing of sampled materials shall be provided by a geotechnical engineer to provide engineering index properties for design of foundations and pavements

q. Grading of steep slopes shall be minimized to facilitate restoration efforts.

r. The size of the disturbed area associated with grading/construction activities shall be minimized.

s. Surface roads shall be covered with gravel or other suitable material to minimize erosion.

t. Restore disturbed soil to elevation/topography per final approved Grading Plan.

D-2 Seismic Safety Design for Facilities and Pipelines

The drill site facilities and pipelines shall be designed to withstand maximum credible earthquakes and associated peak ground accelerations that have been determined for the site (Geotechnical Consultants Report, 1994). Soil analyses shall be completed for liquefaction potential. Once project design has been developed and the criteria for the facility performance has been established, the soils engineer shall review the mitigation measures and modify them as appropriate.

D-3 Pipeline Trench Inspection

Inspection of the trench for pipelines or trench spoil to identify any potential geologic hazards shall be made by a professional geologist or soils engineer approved by P&D prior to the installation of the pipeline. If hazards not previously accounted for in the pipeline design are encountered, appropriate mitigation measures must be developed and must be incorporated prior to pipeline installation. The timing of such inspections shall not result in any unreasonable delays in installation of the pipeline.

D-4 Limitations on Grading

In order to minimize impacts caused by grading, only Phase 1 grading shall be permitted until it is determined that Phase 2 development will occur.

D-5 Pipeline Design and Burial Depth

Molino Energy Company shall assure that the pipeline at the Cañada de Leon Creek crossing is buried at a minimum of 6' to prevent scour from maximum stream flows. The depth of the pipeline shall be marked on the approved plans and the method of calculation of burial depth shall be approved by the County Flood Control District. Pipeline design and burial depth elsewhere along the right-of-way shall be subject to data contained in the geotechnical report (Geotechnical Consultants Report, 1994) and any subsequent data assimilated by the pipeline trench inspection mandated in Condition D-3, regarding the topography of the pipeline ROW and potential presence of expansive and loose granular soils that are potentially subject to liquefaction, soil settlement, lurching, and differential settlement. Pipeline design and burial depth shall be subject to the approval of Santa Barbara County Flood Control and Planning and Development, Building and Safety Division.

D-6 Erosion Control Structures along Pipeline Corridor

Molino Energy Company shall submit detailed plans for any proposed temporary or permanent erosion control structures to P&D and the Flood Control District prior to construction of Phase 2 activities. The plans shall be approved prior to construction of the NGL pipeline. Emphasis shall be given to consideration of temporary erosion control structures, such as trench plugs and water bars.

D-7 Stockpile of Earth Materials on Right-of-Way

Stockpiling of large volumes of earth material shall only occur within the road right-of-way and the drilling and production pad except as approved by P&D.

D-8 Non-Permitted Excavations

Excavations shall not be permitted where conventional pipeline fills would not provide adequate slope stabilization. If slope stabilization impacts cannot be avoided, detailed plans of the excavation (with limits of cut and fill and slope restoration method) shall be submitted prior to construction for review and approval.

E. AIR QUALITY

E-1 Statement of Scope

Nothing contained herein shall be construed to permit a violation of any applicable federal, state or local air pollution law, rule, or regulation.

E-2 Dust Control Plan

Prior to construction, Molino Energy Company shall submit to P&D a Dust Control Plan, approved by the Air Pollution Control District (APCD), which includes the following measures:

a. During grading, construction, earth moving, excavation, and transportation of cut or fill materials, water trucks or sprinkler systems are to be used a minimum of two times per day to prevent dust form leaving the site and to create a crust after each day's activities cease, except when soil water content would exceed the level recommended by the soils engineers for compaction or when weather conditions warrant a reduction in water application. Additionally, adequate dust control shall be used to keep fugitive dust from being transmitted outside of the property boundaries or pipeline ROW. Increased dust control watering would be performed when wind speeds would exceed 15 miles per hour. The amount of additional watering would depend upon soil moisture content. Reclaimed water shall be used whenever cost-effective.

b. After clearing, grading, earth moving, or excavation is completed, the entire section of disturbed soil shall be treated immediately by watering or revegetating or spreading soil binders to minimize dust generated on the site from leaving the site until the area is paved or otherwise restored to its previous state.

c. Any disturbed area that would not be covered with a foundation or paving within 14 days after completion of disturbing activities shall be stabilized using soil coating mulch, dust palliatives, compaction, reseeding, or other approved methods. Soil stockpiled for more than two days shall be covered, kept moist, or treated with soil binders to prevent dust generation. Trucked soil loads shall be covered in transit.

d. All streets will be swept at the end of the day, if visible soil material is carried onto adjacent public paved roads (SCAQMD, 1993).

e. Traffic speeds on all unpaved roads is to be reduced to 15 mph or less (SBCAPCD, 1995).

f. Molino Energy Company shall designate a person or persons to monitor the dust control program and to order increased watering as necessary to prevent transport of dust off-site. Their duties shall include holiday and weekend periods when work may not be in progress. The name and telephone number of such persons shall be provided to the OEC and APCD prior to issuance of the Coastal Development Permit for finish grading of the facility (SBCAPCD, 1995).

g. Prior to construction, Molino Energy company shall include all dust control requirements as a note on a separate information sheet to be recorded with the site construction plans. All requirements shall be shown on grading and building plans.

E-3 Fugitive ROC and NO_x Emissions

In the event that emission offsets of ROC and NO_x emissions from the Molino Gas Project components are not required by APCD Rules and Regulations, Molino Energy Company shall still be required to mitigate ROC and NO_x emissions of the Molino Gas Project components to less than 25 pounds per day, on a yearly average, as dictated by the County of Santa Barbara's Environmental Significance Threshold Guidelines. The mitigation shall be approved by the APCD prior to land use clearance.

E-4 Construction Equipment Emissions Mitigations

Prior to construction, Molino Energy Company shall submit to P&D a Construction Equipment Emissions Control Plan, approved by the Air Pollution Control District (APCD), which includes the following measures:

a. All gasoline-powered equipment shall be equipped with properly engineered and operated catalytic converters.

b. For stationary and portable diesel-fired equipment (but not for mobile equipment), engines shall either: 1) have fuel injection timing retarded a minimum of 2° from the manufacturer's specification; or 2) the engine shall be guaranteed by its manufacturer to emit no more than 10.0 grams NO_x/BPH-hr. (or, equivalent to 800 ppmv NO_x at 15% oxygen). Retarded fuel injection means that timing is initiated closer to Top Dead Center (BTC) for each engine's power cylinder(s).

c. All Caterpillar engine types 3306 and 3406 DITA shall use high pressure injectors to reduce NO_x and have their injection timing retarded by 2° BTC.

d. Molino Energy Company shall instruct construction personnel to carpool to the extent feasible.

e. Materials delivery to the site shall be coordinated to consolidate deliveries.

f. Engines and emission systems shall be maintained in proper operating condition.

E-5 Facility Shall Emit No Detectable Odor

All facilities permitted under this Final Development Plan shall be designed, constructed, operated and maintained such that no odor shall be detectable at any point along or outside the exterior boundary of the Molino Gas Project property.

E-6 Project Consistency with Clean Air Plan

To ensure that the project is consistent with the Clean Air Plan, the project shall incorporate all feasible mitigation measures approved by the APCD prior to installation of the permitted production equipment. These mitigation measures shall reduce project emissions to a level of insignificance.

E-7 Flare Location

The facility flare shall be located so as to reduce impacts on the air monitoring and meteorological station located north of the production facility.

E-8 Reduction of NO_x Emissions from Flare

Molino Energy Company shall use either a steam-assisted flare, a thermal oxidizer, or an open pipe flare to reduce potential NO_x emissions. The flare chosen shall not exceed 0.133 lbs/NO_x MMBTU.

E-9 Additional Air Quality Emissions Reductions

Prior to the start of Phase 2 and annually thereafter, Molino Energy Company shall mitigate, through the APCD's Innovative Technology Program or through other acceptable methods, total project ROC and NOX emissions to zero to the satisfaction of P&D upon consultation with APCD. The reponsibility for identifying and securing mitigation shall rest with Molino Energy Company.

F. SURFACE AND GROUND WATER

F-1 Ground Water Monitoring

Water-metering devices and air lines shall be installed on the Zachary/Brinkman well to determine water levels and to measure the quantity of water removed from the well. Water levels shall be monitored on a monthly basis and reports shall be submitted to Planning and Development Department, Energy Division. Records of water levels and volumes of water removed provide the basis for sound management of groundwater resources.

F-2 Stream Flow Diversion

During construction of the pipeline across Cañada de Leon Creek, stream flow, if any, shall be diverted around construction areas to maintain downstream flows. Baseline water flow shall be maintained in the stream in order to avoid adverse impacts to other sensitive habitats.

F-3 Sediment Retention Devices in Cañada de Leon Creek

Sediment retention devices that allow continued stream flow shall be installed directly downstream of the Cañada de Leon Creek crossing during construction.

F-4 Construction and Maintenance at the Cañada de Leon Creek Crossing

Construction, excavation, and maintenance procedures at the crossing at Cañada de Leon Creek shall employ adequate erosion control measures and occur during the dry season (usually April 15 to November 1), in order to minimize erosion loss downstream and protect surface water quality. Construction and maintenance procedures may occur at other times with prior approval from P&D and the County Flood Control Agency in accordance with an approved Erosion Control Plan.

F-5 Surface Drainages During Construction

During construction of the pipeline and drilling and production site, there shall be no permanent blocking of surface drainages.

F-6 No Staging Areas Within Riparian Habitat Corridors

No staging areas shall be permitted within riparian habitat corridors.

F-7 Well Pumping Rates

An average daily pumping rate of 21 gallons per minute (gpm) shall not be exceeded during pumping of the Zachary/Brinkman well. This level should minimize depletion of the aquifers and resultant decrease in water quality. In the event that sustained well production limits the gross production of the well, the pumping rate shall be adjusted accordingly and/or an alternate water source can be established.

(Section "G" is not used.)

H. BIOLOGY

H-1 Restoration, Erosion Control and Revegetation Plan (RECRP)

✓ Molino Energy Company shall submit a Restoration, Erosion Control and Revegetation Plan (RECRP) for the final approved pipeline route and drilling and production sites. The RECRP shall be reviewed by P&D and the California Department of Fish & Game and approved by P&D prior to the issuance of the Coastal Development Permit for Phase 1. Once approved, the Plan shall be implemented by Molino Energy Company. Successful completion of the RECRP shall be monitored by a qualified independent biologist retained by the County and funded by Molino Energy Company. The RECRP shall contain, but not be limited to, the following:

a) The Cañada de Leon Creek crossing shall be culverted or "flumed" if necessary to maintain streamflow. After construction is finished, the streambed and banks shall be restored to their previous condition (slope, soil compaction, and substrate type) prior to November 1.

b) Cañada slopes shall be temporarily stabilized with jute netting or other materials as necessary, and seeded or planted for long-term stabilization with locally obtained native riparian, oak woodland, and coastal sage scrub species; non-native species shall not be used. During the ensuing rainy season, the crossing locations shall be checked after storm events for possible erosion problems. Erosion control and repairs shall be implemented prior to the next rainy season if deemed necessary. All activities in Cañadas de Leon and San Onofre shall be in conformity with the conditions of a Streambed Alteration Agreement obtained from the CDF&G and, if applicable, a Section 404 permit from the U.S. Army Corps of Engineers. Copies of permit applications and permits, when received, shall be provided to the County.

c) Fencing or other barriers shall be installed along the edges of Cañada San Onofre Creek and Cañada de Leon Creek to limit non-essential ground disturbances and prevent debris from

falling in the streambeds. Debris that does fall into the streambeds shall be removed immediately.

Topsoil shall be used in re-surfacing impacted areas such as facility berms and utility corridors. Subsoil and rock materials shall not be disposed on the surface but may be used to re-fill utility trenches, stabilize gullies, or provide base material for facilities and roads. All graded and excavated areas are to be stabilized and re-seeded immediately after construction.

h) Native bunch grass shall be used to revegetate the disturbed areas between the drilling and production site and the Chevron Point Gaviota Processing Facility.

i) Procedures for stockpiling and replacing topsoil, replacing and stabilizing backfill, such as at stream crossings, and steep or highly erodible slopes shall be identified. Additionally, provisions shall be made for recontouring to approximate the original topography.

j) Specific plans for control of erosion, gully formation, and sedimentation, including, but not limited to, sediment traps, check dams, diversion dikes, culverts and slope drains shall be identified. The Plan shall identify areas with high erosion potential and the specific control measures for these sites.

k) Procedures for containing sediment and allowing continued downstream flow at stream crossings.

l) Only native plant materials collected from the Gaviota coastal terrace shall be used in the revegetation of grassland and coastal scrub vegetation along the access and utility corridors, and in facility landscaping. All native materials will be ordered from the contractor in advance of construction activities to the extent feasible. The species to be used in seed mixes, as well as the source of materials, and the facility landscaping plan, shall be reviewed by a County-approved botanist prior to implementation.

m) A detailed irrigation plan for all revegetated areas requiring irrigation for establishment of plant materials shall be developed.

n) Molino Energy Company's commitment for continual monitoring of the revegetation and erosion control methods to ensure their success and to minimize the intrusion of weeds. Non-native weeds are to be controlled in disturbed sites using manual or chemical means as necessary to ensure the successful establishment of native plants. All weeding or use of herbicides shall be monitored by a CDF&G and County approved biologist.

o) Time and performance criteria for release of monitoring requirements

H-2 Pipeline Pre-Construction Survey

A preconstruction survey shall be conducted by a qualified wildlife biologist acceptable to state and local agencies to locate active badger dens, desert woodrat nests, or other sensitive wildlife species on the construction ROW prior to construction. Active badger dens and desert woodrat nests shall be flagged and avoided to the maximum extent feasible.

H-3 Construction Fueling and Lubrication

Fueling and lubrication of construction equipment shall not occur outside of the pad area. No more than two (2) barrels of fuel shall be kept at construction sites, exclusive of pipeline construction fuel tanks, within 0.25 miles of all perennial creeks and flowing streams. Molino Energy company shall submit plans for clean-up and restoration of affected areas in the event of a construction fuel spill.

H-4 Pipeline Construction Timing to Avoid Breeding Birds

Pipeline construction shall begin after July 1 and end prior to the onset of the rainy season (usually November 1) to avoid impacts to breeding birds. If it is desirable to begin construction of the pipeline earlier, a qualified wildlife biologist acceptable to P&D shall survey creek crossings and other habitat for sensitive bird species that may be breeding. If no sensitive bird species are found to be breeding in or within 500 feet of the corridor, construction may proceed between the end of the rainy season (April 15) and July 1 without additional mitigation for those species. These sensitive species include, but are not limited to the: southern California rufous-crowned sparrow, Bell's sage sparrow, yellow warbler, blue grosbeak, and grasshopper sparrow.

H-5 Sensitive Resources Within Construction Right-of-Way

In those habitats such as riparian areas, oak woodlands and sensitive species areas where specimens are to be avoided within the approved corridor and temporary (for construction only) extra work spaces, Molino Energy Company shall assure contractor compliance with this condition by marking and/or fencing those resources. These areas include, but are not limited to, the sensitive resources identified in 95-EIR-002 and onsite by the OEC.

H-6 Gaviota Tarplant Mitigation Plan

Prior to any construction, Molino Energy Company shall prepare a mitigation plan for Gaviota tarplant *(Hemizonia increscens ssp. villosa)* acceptable to the CDF&G, and contribute to the mitigation bank on the Gaviota Tarplant Ecological Reserve at a ratio determined acceptable to CDF&G. Timing of Mitigation Bank payments shall be determined by CDF&G. The mitigation plan shall include but not be limited to the following:

a) Molino Energy Company will mitigate impacts to Gaviota tarplant by following accepted construction and restoration procedures for any temporary and permanent impacts, by participating in the Chevron/All American Mitigation Program approved by the CDF&G, and by either restoring the habitat at the drilling and production pad during abandonment or by donating additional land supporting tarplant habitat to the Fish and Game Preserve. This procedure includes Molino Energy Company entering into a California Endangered Species Act Memorandum of Understanding (CESA MOU), pursuant to §2081 of the Fish & Game Code, or compliance with an approved Natural Communities Conservation Plan.

b) Areas of Gaviota tarplant habitat shall be identified and flagged by a qualified botanist acceptable to state and local agencies, during a pre-construction survey and immediately prior

to construction. Grading of the facilities pad and access/utility corridor, and the installation of pipelines and other utilities take place when the Gaviota tarplant is dormant This is typically in the fall before any heavy rains have allowed the seed to germinate.

c) Prior to ground disturbances in Gaviota tarplant habitat, Molino Energy company shall obtain CDF&G and County approval of both temporary and permanent repositories for plants, seedbank, and the upper 3-4 inches of topsoil salvaged from impact areas. Permanent

d) All personnel should be educated to avoid all sensitive plants and native trees, regardless of size, to the maximum extent feasible.

e) Immediately before construction, the driplines of individual native trees within 10 feet of the pipeline construction ROW and designated workspaces shall be flagged or fenced.

f) For each oak or other native tree greater than 3" dbh that is removed or killed as a result of the project, it shall be replaced in the following manner: 10 healthy saplings grown from locally collected seed shall be planted in a similar habitat onsite. Compliance with this condition will be attained if after 5 years from planting the saplings, at least 3 out of 10 (33%) of the saplings is surviving and healthy.

g) In all areas of grading and excavation, the fine sandy loam topsoil associated with the Conception and Milpitas-Positas soils shall be segregated from clay subsoil and rock materials. placement of salvaged materials shall occur before the onset of the rainy season (usually November 1). A CDF&G-approved botanist shall direct all seed and soil salvaging and replacement activities.

d) Grading and construction techniques in Gaviota tarplant habitat shall include procedures approved by CDF&G which include but are not limited to triple-lift soil salvage and protection of the seed bank. In triple-lift soil salvage, the first, 6" lift (the seedbank) is scraped off with a rubber-tired vehicle, windrowed, and flagged so that it will not be disturbed during the remainder of construction. This windrow must be protected from traffic, wind erosion and rain. The second lift consists of the remaining sandy loam topsoil, and is kept separate from the clay layer (third lift) beneath. Following pipeline installation, the lifts are replaced in reverse order, and the area stabilized using a dilute mixture of wood fiber and m-binder only (no seed), applied by a hydroseeder. If it appears that erosion will be a problem, the area may be lightly seeded with Zorro fescue, rose clover, and *Nasella pulchra.*

e) Performance criteria and monitoring schedule shall be developed in consultation with CDF&G.

H-7 Gaviota Tarplant Endowment Fund

Prior to issuance of the Coastal Development Permit for Phase 2, Molino Energy Company shall make a one-time contribution of $23,000 to the County to establish an endowment fund for the research of habitat restoration and species propagation of the Gaviota tarplant *(Hemizonia increscens ssp. villosa)*. This fund will be managed by the P&D, Energy Division, who in consultation with the State Department of Fish & Game, will prepare and solicit a request for proposals to secure the necessary technical expertise to conduct the research necessary to protect this rare and endangered plant.

H-8 California Department of Fish and Game Permit

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy Company shall receive a permit (1603) if required from the California Department of Fish and Game. This permit shall include provisions to ensure that the proposed construction schedule will not interfere with reproductive activities of regionally rare or rare, threatened or endangered bird, amphibian, and fish species or other species of special concern, in those environmentally sensitive habitats identified in 95-EIR-002 and shall submit this confirmation to the Planning and Development Department.

H-9 Landscaping and Revegetation Bond

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy Company shall submit a bond or other security agreement to P&D for approval by the County Counsel to ensure that all landscaping and revegetation programs are completed to the County's specifications.
Prior to P&D's issuing a release from the bond or other security agreement, a biologist and landscape architect hired by P&D, at Molino Energy Company's expense, shall conduct a field review of all revegetated and landscaped areas to insure consistency with the intent and specifications of the Restoration, Erosion Control and Revegetation Plan (Condition H-1). Necessary repairs or changes in landscaping or revegetation shall be made at Molino Energy Company's expense.

H-10 Post-Construction Survey

One year after construction of the pipeline and production facilities, or, if realignments occur, one year after the construction of any pipeline realignments, Planning and Development shall conduct a survey at Molino Energy Company's expense to determine the actual impact caused by construction. The report will identify areas with potential for further impact, e.g., high erosion areas, that will require immediate remedial measures. The survey shall also contain an examination of previous mitigation measures and identify improvements to these measures based on the impacts during construction and potential impacts caused by operation. Molino Energy Company shall implement improvements to the

mitigation measures agreed to by P&D, on a schedule approved by P&D This process shall be repeated as often as necessary as determined by P&D, but not more than annually.

H-11 Herbicide Use

Herbicides shall not be used during pipeline construction.

H-12 Gaviota Tarplant Conservation Easement and Preserve Addition

Within one year of the start of Phase 2 production, Molino Energy Company agrees to donate an additional four acres of land to the California Department of Fish and Game's Gaviota Tarplant Ecological Reserve. The four acres are located north of the existing preserve on land currently owned by Chevron. Molino Energy Company shall make all reasonable efforts to purchase the property from Chevron at market value. If Molino Energy Company is unable to make such purchase at a reasonable cost then the County of Santa Barbara reserves the right to acquire the property by condemnation. If the property is acquired by condemnation then Molino Energy Company shall reimburse the County for all the costs to acquire or attempt to acquire the property.

Within one year of the start of Phase 2 production, Molino Energy Company shall establish a conservation easement on four acres of Gaviota Tarplant habitat located south of the proposed access road. The conservation easement shall be in favor of the California Department of Fish and Game and it shall permanently protect the habitat from disturbance other than grazing approved by the Department of Fish and Game.

Once Molino Energy Company has secured unencumbered title to the Gervais Parcel, it shall work with the Department of Fish and Game, and other agencies to try and permanently preserve additional Tarplant habitat. Options include sale, tax donations, land exchanges, and further conservation easements.

(Section "I" not used.)

J. CULTURAL RESOURCES

J-1 Phase 1 Cultural Resources Survey

Prior to construction, a supplemental Phase 1 archaeological investigation shall be performed on the southern boundary of the Drill Pad, and in the vicinity of the artifact isolate. Systematic backhoe trenching shall be used for LRW-96-01 boundary definition, and shovel test pits (STPs) shall be used

for identifying the potential presence of sub-surface archaeological remains in the vicinity of the artifact isolate. If sub-surface materials are identified on the southern Drill Pad boundary, excavation shall continue until the extent of the remains are defined including their relationship to LRW-96-01. A program for carrying out this sub-surface boundary definition shall be prepared by a County-qualified archaeologist and reviewed and approved by the County prior to construction. If sub-surface remains are identified and cannot be avoided by redesign, a Phase 2 significance assessment shall be conducted prior to construction in areas that may be impacted by construction. The program shall be under the direction of a County-approved archaeologist and comply with County Cultural Resource Guidelines (1993). If significant cultural remains are identified, a Phase 3 data recovery mitigation program shall be conducted consistent with County Cultural Resource Guidelines.

J-2 Construction Monitoring by Qualified Archaeologist

Ground disturbances in all areas containing archaeological materials shall be monitored by a County-approved archaeologist to ensure that any outstanding resources previously unidentified in Phase 1, 2, or 3 investigations are recorded. In the event these types of resources are encountered, construction shall be temporarily redirected until the find can be evaluated and recorded, pursuant to County Cultural Resource Guidelines (1993).

J-3 Pre-Construction Workshop

The applicant shall inform all construction workers during a pre-construction workshop that vandalism or collection of archaeological, ethnic or historic remains is strictly forbidden. The workshop shall be coordinated by the project archaeologist, and written notification of the workshop shall be provided to P&D ten (10) days in advance of meeting.

J-4 Native American Monitors

Local Native American representatives shall be retained by Molino Energy Company to monitor all ground disturbances within archaeological sites. Native Americans shall be provided results of additional archaeological surveys or significance assessments and be consulted in determining ways to avoid cultural resources by project redesign.

J-5 Non-Burial Associated Artifacts

If non-burial associated cultural resource artifacts are recovered during pipeline installation (the location of such artifacts being unknown prior to installation), such artifacts shall become the property

of the Native Americans. with the disposition of the artifacts carried out as per the approved County Guidelines.

J-6 Staging Areas

No equipment staging areas shall be allowed within archaeological site areas.

J-7 Modification of County Guidelines

If the County cultural resource guidelines are modified and approved prior to construction of the Molino Gas Project facilities, Molino Energy Company shall abide by the requirements set forth in the modified guidelines.

K. VISUAL RESOURCES

K-1 Board of Architectural Review

All facility design, including buildings, structures, landscaping and signs, shall be in accordance with plans approved by the County Board of Architectural Review (BAR), Section 35-184 of the Article II Coastal Zoning Ordinance. Prior to approval of the Final Development Plan, Molino Energy Company shall submit to the BAR and the P&D and obtain their approval of a plan demonstrating that Conditions K-2 through K-6 are met.

K-2 Lighting Plan

No unobstructed or unshielded beam of exterior lighting shall be directed toward any area outside the exterior boundaries of the Molino Gas Project drilling and production site. Any lighting along roadways within the project shall utilize low intensity, ground level, shielded fixtures. Prior to the issuance of a Coastal Development Permit for Phase 1, a Lighting Plan shall be prepared by Molino Energy Company and reviewed and approved by P&D to determine if all feasible measures to reduce obtrusive night lighting and glow from the facilities are implemented.

K-3 Glare or Radiation

No glare or other radiation resulting from facilities constructed pursuant to this Development Plan, other than lighting fixtures, gas flares, and heat exchangers shall be detectable at any point along or outside the exterior project boundaries.

K-4 Paint Color

Prior to the operation of any facilities, all facilities, except heat exchangers at the project site visible from Highway 101 shall be painted using non-reflective paint in visually compatible colors to blend in with the surrounding structures and landscape. No new glare shall be created by above-ground facilities. The paint color shall be approved by the Board of Architectural Review prior to land use clearance.

K-5 Berming

The earthen berms surrounding above-ground facilities shall be designed to look natural (mounded form), rather than manufactured (flat surfaces).

K-6 Drilling and Production Facility Landscaping Plan

Molino Energy Company shall submit a Drilling and Production Facility Landscaping Plan to P&D for review and approval prior to construction of the Phase 2 gas production facilities. This plan shall be implemented upon completion of construction of the Phase 2 facilities and shall address means of visually screening the production facility from the U.S. 101 view corridor. The Plan shall utilize only native species.

K-7 Odors, Gases, Liquids or Visible Emissions

Molino Energy Company will ensure that all normal Molino Gas Project facility operations will be conducted in such a manner so as not to generate offensive odors, fumes, noxious gases or liquids or visible emissions of smoke.

K-8 Removal of Debris

During the life of the project, Molino Energy Company will remove any and all above ground debris located on the project site, including any pipelines, tanks, pumps and separators no longer in use and/or not intended to be used in the future.

K-9 Screening of Stored and Excavated Materials

All construction, operational and excavated materials shall be stored away from highly visible route segments along Highway 101, whenever possible to reduce impacts of foothill and mountain views.

K-10 Confinement to Pipeline Right-Of-Way

All pipeline construction activities, equipment, and materials storage shall be confined to within the pipeline right-of-way.

(Section "L" is not used.)

(Section "M" is not used.)

N. COASTAL RESOURCE ENHANCEMENT FUND

N-1 Coastal Resource Enhancement Fund

Molino Energy Company shall contribute to a Coastal Resources Enhancement Fund, developed by the County and designed to be used for enhancement of coastal recreation, aesthetics, tourism and/or environmentally sensitive resources. Molino Energy Company's contribution to the fund shall be $71,880 annually (adjusted in accordance with CREF reallocation schedule to January, 1997 dollars in accordance with inflation measured by the Consumer Price Index for the Los Angeles-Long Beach metropolitan area) while the drilling rig is standing for primary drilling operations (up to four years). The contribution shall be adjusted to $17,970 (also adjusted to January, 1997, dollars) for each quarter, or any portion thereof, that the drilling rig stands for well work overs and abandonment procedures. This determination is based on the legislative finding made for this condition. Proposals for the use of this Fund will be solicited, accepted and evaluated by the County Planning and Development Department and approved by the County Board of Supervisors in noticed public hearings. In the event the State shares a portion of royalty received from the Molino Gas Project with the County to mitigate environmental impacts, Molino may request that the Planning Commission consider eliminating or reducing the contribution required by this Condition N-1.

O. TRANSPORTATION

O-1 Construction Transportation and Parking Plan

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy Company shall develop and submit to the Planning and Development Department for review and approval, a Construction Transportation and Parking Plan. The Plan shall include the transportation routes and arrival and departure schedules for all construction and production trucks, including those that transport NGL. The plan shall demonstrate that adequate on and/or off site parking for all private vehicles belonging to employees, contractors, and other project-related personnel is available. The Plan shall also include but not be limited to provisions for worker parking within the project development area and implementation of a policy of car, van or small bus pooling, as necessary, to facilitate employees commuting from outside the Santa Barbara area.

O-2 Truck Traffic

Molino Energy Company shall limit the duration of NGL truck transportation to no more than 18 months from the start of Phase 1 production, or until the start of Phase 2 production, whichever is shorter.

In order to reduce the impacts caused by construction and operations truck traffic, the following measures shall be implemented:

a. During the construction phase, trucks may not arrive at or leave the site between the hours of 4:00 pm - 6:00 pm to avoid prime commuting hours. Additionally, trucks may not leave the site heading south on Highway 101 between the hours of 7:00 am - 9:00 am.

b. During the operations phases, laden NGL trucks may not arrive at or leave the Molino site between the hours of 7:00 am - 9:00 am and 4:00 pm - 6:00 pm.

c. All trucks leaving the Molino site heading north on U.S. Highway 101 shall use the Mariposa Reina interchange on-ramp to access U.S. Highway 101 North, in order to gain adequate traffic entrance speeds.

P. SYSTEM SAFETY AND RELIABILITY

P-1 Risk Mitigation

A Risk Management Program to substantially reduce the risks of project-related accidents which may result in loss of life and/or injury, and damage to property and/or the natural environment shall be administered by the Santa Barbara County P&D the assistance of the Systems Safety and Reliability Review Committee (SSRRC).

The SSRRC shall consist of a representative from the County Air Pollution Control District, the County Fire Department (which includes the Office of Emergency Services and Environmental Health Services on an as-needed basis), the Energy Division and the Building & Safety Division of the Planning and Development Department. Other County departments, as deemed necessary by the SSRRC, may be consulted. All reasonable costs associated with this County review shall be borne by Molino Energy Company. Molino Energy Company shall be entitled to participate fully in the review process.

Molino Energy Company shall submit all appropriate construction plans, Process Hazards Analyses (PHA), and Hazard and Operability Studies (HAZOPs) for the proposed facility and ancillary equipment to the SSRRC who may employ a third-party technical review in order to evaluate project design and help identify possible design hazards prior to issuance of land use clearances and design modifications thereafter. The HAZOPs shall be reviewed and approved by the SSRRC prior to construction for each Phase of the project. This review shall also evaluate all mitigation identified in the EIR. Molino Energy Company shall modify the project design to reduce the risks identified by the

SSRRC. Recommendations identified for the proposed facilities shall be implemented prior to operations of the expanded facility. Molino Energy Company shall submit operating procedures for the SSRRC review and approval. Recommendations concerning operating procedures shall be adopted for the affected facilities prior to operation of the proposed facilities. In the event of a disagreement, the SSRRC may either develop alternate mitigation or request the mitigation be required by the County Planning Commission through adoption of a new or modified permit condition. The SSRRC may require as-built inspections and the submittal of as-built drawings for approval prior to the operation of any plant modifications.

P-2 Safety Inspection, Maintenance And Quality Assurance Program

The Molino Energy Company shall submit a detailed Safety Inspection, Maintenance and Quality Assurance Program (SIMQAP) for all facilities and pipelines which shall be implemented during construction and operations. Separate SIMQAP plans may be submitted for Phase 1 and Phase 2/3 activities. The SIMQAP shall be reviewed and approved by the SSRRC. The SIMQAP for construction shall be approved prior to construction, and the SIMQAP for operation shall be approved prior to operation for each Phase of the project. The plan is a dynamic document and, as such, updates including new procedures, safety and maintenance technologies and processes, shall be reviewed jointly by Molino Energy Company and the SSRRC. The SIMQAP shall be revised as appropriate. The SIMQAP shall include, but not be limited to, evaluation of staffing levels for safe operation of the plant in emergency situations, establishing procedures for review of safety inspection records, regular maintenance and safety inspections, periodic safety audits, development of safety system testing protocols, training and experience standards for personnel and use of simulation techniques in training programs, inspections of all trucks carrying hazardous and/or flammable material prior to loading, monitoring of critical safety devices and systems, and review of the routing of all trucks carrying hazardous material. Molino Energy Company shall implement the approved plan and shall provide for involvement of the Onsite Environmental Coordinator (Condition C-1), County staff, or its consultants in all inspections as appropriate. All costs associated with this review process shall be borne by Molino Energy Company.

P-3 Emergency Response Plan

Molino Energy Company shall submit to the applicable County Departments and the County Fire Department an Emergency Response Plan (ERP) that addresses response procedures to be implemented by Molino Energy Company for accidental events that pose significant threats to public health and safety, property, or the environment.

The ERP shall be reviewed and approved by the County Fire Department (which includes the County Office of Emergency Services), and the Planning and Development Department prior to commencement of drilling operations. Separate ERPs may be required for Phase 1 and Phase 2/3 activities. Approval of the ERP shall include its consistency with the County's Model Oil and Gas Industry Emergency Response Plan. The ERP shall include specific measures to avoid impacts on cultural resources, sensitive habitats, and sensitive biological resources identified in the project EIR whenever possible without affecting emergency response. Molino Energy Company shall demonstrate the effectiveness of its ERP by responding effectively as determined by OES to one emergency response drill prior to Phase 1 and prior to approval of the Plan by OES. The ERP shall be submitted sufficiently prior to Molino Energy Company's projected start-up date so as to allow reasonable time for review and the planning of a drill required prior to ERP approval.

The ERP shall be a dynamic document and, as such, shall be jointly reviewed by the County and Molino Energy Company, and revised when warranted to incorporate new planning strategies or procedural changes, new technologies, and the acquisition of more effective, feasible response equipment as it becomes available. Any changes shall be submitted to the County Fire Department (and the County Office of Emergency Services), and Planning and Development for their review and approval, prior to implementation. Molino Energy Company shall demonstrate the ongoing effectiveness of the ERP by responding to no more than two surprise drills each year which may be called by the County. If critical operations are underway, Molino Energy Company need not respond to the drill at that time but shall explain the nature of the critical operations and why response is not possible. The County may then call for an additional surprise drill in the same year. Molino Energy company shall implement all reasonable changes based on review of drill performance, which will further enhance overall emergency response planning and capabilities.

P-4 Funding County Emergency Response Plan

In order to assure that County emergency response procedures adequately interface with the Molino Gas Project emergency response procedures, Molino Energy Company shall provide its reasonable pro-rata share of funds to the County to implement a County Emergency Response Plan for oil and gas industry related emergencies. The County shall request funds from other oil and gas industry operators holding P-4 permit conditions (or similar requirements) to aid in funding of the County Emergency Response Plan. When available, OES shall provide Molino Energy Company with an estimate of the pro-rata share of funds to be provided by Molino Energy Company and the method for allocating such costs among other operators. Molino Energy Company's participation in the Area Oil and Gas Industry ERP Mutual Aid Agreement shall be documented in a letter agreement to be approved by OES prior to operations.

P-5 Hazardous Material and Waste Management Plan

Prior to start-up, Molino Energy Company shall submit a Hazardous Material and Waste Management Plan (HMWMP) to the County Fire Department and P&D for all facilities. The HMWMP shall be reviewed and approved by Fire and P&D prior to start-up.

The Plan shall demonstrate compliance with the provisions of the Uniform Fire Code as adopted in Chapter 15 of the Code of Santa Barbara County and the provisions of the Health and Safety Code §25500 et seq, Chapter 6.95 Business Plan Requirements, with the exception of emergency response procedures which are complied with in Condition P-3.

The Hazardous Material and Waste Management Plan shall include but not be limited to the following:

a. Locations and methods for storing hazardous materials and wastes, both within the facility and along the NGL pipeline right-of-way.

b. Treatment procedures, or justification where none are used, to reduce the hazardous nature of the materials before they are permitted to leave the site.

c. Specific routes for transportation of hazardous waste materials to Class I disposal sites consistent with County policy.

d. Letter of commitment that the materials are transferred by a carrier licensed in hazardous material transport.

e. Letter of commitment ensuring complete accounting of intake, processing, and exit of hazardous material and wastes.

f. Detailed description of a monitoring system to be installed, capable of detecting hazardous material and wastes that may escape from primary storage devices.

g. A revised Hazardous Materials Business Plan which accurately reflects the revised chemical inventory of the project site to Environmental Health Services for review and approval, in accordance with the California Health & Safety Code, Chapter 6.95, Section 25,500 et seq.

The HMWMP shall be a dynamic document and, as such, shall be jointly reviewed by the County and Molino Energy Company, and revised as warranted to incorporate new planning strategies, changes in procedures, new technologies, or changes in materials. Any changes requested by Molino Energy

Company or required by the County shall be submitted to Fire and P&D for their review and approval prior to implementation.

P-6 Sour Gas Contingency Plan

Molino Energy Company shall prepare a sour gas contingency plan which addresses the actions that will be taken in the event that hydrogen sulfide is encountered during the drilling and production operations. This plan shall require that the facility be shut down if hydrogen sulfide above 4 ppm is encountered during production and outline what additional measures will be taken if hydrogen sulfide is encountered during production to prevent a hazardous release. No operation with sour gas shall be allowed as part of this permit. Molino Energy Company shall distribute copies of the plan to applicable County Departments and the County Fire Department. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates.

P-7 Site Security Plan

Prior to issuance of a Coastal Development Permit for Phase 1, Molino Energy Company shall submit to Planning and Development, Energy Division and the Santa Barbara County Sheriff's Department for review and approval a site security plan. The plan shall describe the procedures to be implemented by Molino Energy Company which will prevent intentional damage to the gas drilling and production facilities which may result in environmental damage or public safety hazards. The plan shall be reviewed and revised as warranted to require incorporation of new planning strategies, new technologies or changes in plant operation, and changes in notification procedures.

P-8 Pro-Rata Funding of the Santa Barbara County Gaviota Fire Station.

During the life of the project, Molino Energy Company shall contribute its pro-rata share of the maintenance and operating costs of the fire station in the Gaviota area required by Condition P-8 of the Chevron Point Arguello Project, consistent with the terms of the January 21, 1986 Agreement between the County and Chevron, and as amended through the December 4, 1995 Settlement Agreement, Molino Energy Company shall cooperate with Chevron and the County Fire Department in determining the amount of that share and the method of reimbursement. Starting with Phase 2 of the project, Molino Energy Company shall pay its pro-rata share of the construction costs of the Gaviota Fire Station. The costs shall be shared by all oil, gas and other related development permitted in the area between Point Conception and Goleta. If operation of the fire station is discontinued for any reason during the project life, suitable replacement conditions shall be developed and implemented.

P-9 Phase 1 Fire Suppression Water Demand

A dedicated fire fighting water source must be made available for Phase 1, either by increasing the existing tank volume from 10,000 gallons to 20,000 gallons or by providing water through pipeline transportation.

P-10 Fire Protection Plan

All Molino Gas Project facilities shall have fire protection features installed in accordance with the provisions of a Molino Gas Project Fire Protection Plan (FPP). All facilities, construction activities, process equipment, and fire protection equipment shall comply with the standards of the National Fire Protection Association (NFPA), American Petroleum Institute, Uniform Fire Code as adopted in Chapter 15, Community Life Safety, of the Code of Santa Barbara County, and the Santa Barbara County Fire Department. In the event of a conflict between these standards, the Fire Marshal, in consultation with the Molino Energy company, shall make a cost/benefit decision regarding which standards apply.

Prior to construction, Molino Energy Company shall receive Fire Department approval of an FPP which addresses both construction and operation of the Molino Gas Project. Molino Energy Company shall distribute copies of the approved contingency plans to applicable County Departments and the County Fire Department. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates. Separate FPPs may be submitted for Phase 1 and Phase 2/3 activities. The FPP shall include, but may not be limited to, discussions of the following:

- Onsite firefighting equipment and systems
- Fire and gas detection
- Access
- Vegetation management
- Employee training and safe practices
- Process control and monitoring analysis
- Drainage and containment
- Safety, inspection (including County inspectors) and maintenance practices

P-11 LPG/NGL Transportation Plan

In order to minimize, to the maximum extent feasible, the significant risks associated with LPG and NGL transportation throughout Santa Barbara County, all liquified petroleum gases (LPGs and heavier fractions of natural gas liquids (NGLs)) produced by Molino Energy Company's Gas Facility shall be transported according to the provisions of the Board of Supervisors Resolution No. 93-480 as adopted September 7, 1993, and as amended subsequently. This plan shall apply to all NGLs transported between the production site and the processing site located at the Chevron Point Arguello Processing Facility.

Prior to commencement of Phase 1, Molino Energy Company shall prepare and implement a Transportation Risk Management and Prevention Program (TRMPP) which meets County of Santa Barbara approval for natural gas liquids (NGLs) and is consistent with Board Resolution No. 93-480. The TRMPP shall provide administrative controls to assure use of carriers with acceptable safety practices, including but not limited to, the following:

- Strict hiring policies for drivers;
- Training for drivers;
- Prevention of drug and alcohol abuse;
- Truck speed controls;
- Penalties for violations;
- Timely vehicle inspections;
- Timely vehicle maintenance;
- Emergency response;
- Loading and unloading procedures;
- Use of DOT LPG-rated trucks for shipping NGLs; and

Molino Energy Company shall distribute copies of the approved plan to applicable County Departments. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates.

P-12 Phase 1 NGL Transportation Limitations

Molino Energy Company shall limit the duration of NGL truck transportation to no more than 18 months from start of operation of the Phase 1 facilities, or until the start of Phase 2 operations whichever is shorter.

P-13 Use of Chevron Fire Water Supply

Prior to construction of Phase 2 facilities, Molino Energy Company shall submit a report to the County Fire Department, prepared by a certified Fire Protection Engineer, indicating that Chevron's fire water system meets the needs of the Molino Gas Project in quantity, flow and pressure for fire protection for all phases of the project, from construction through abandonment.

P-14 NGL Spill Prevention and Countermeasure Plan

Prior to start-up, Molino Energy Company shall obtain approval of a NGL Spill Prevention and Countermeasure Plan from the County Fire Department and P&D. The Plan shall contain specific measures to minimize impacts to native habitats from damage from a potential spill, including procedures for avoidance of sensitive habitats during clean-up operations. Site specific measures shall be developed for the Cañada de Leon Creek crossing. The Plan shall include provisions for installation of an impoundment basin around the NGL storage tanks and truck loading rack to contain the NGL liquids in the event of a spill. The impoundment basin must meet the requirements of NFPA 30. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates.

P-15 Risk Management and Prevention Plan

Prior to start-up, Molino Energy Company shall obtain review and approval from Environmental Health Services of a revised Risk Management and Prevention Plan prepared as required by Chapter 6.95, Article 2 of the California Health and Safety Code.

P-16 Prevention of Internal Pipeline Corrosion

Molino Energy Company shall implement techniques to prevent internal corrosion in accordance with the requirements of the California State Fire Marshal (Title 5 §51010-5-019 of the California Government Code), 49 CFR 192 Parts 150, 475 and 477, and 49 CFR 195.418 as part of the pipeline maintenance procedures. The internal inspection records shall be submitted to and reviewed by the appropriate governmental agencies. Such activities shall include routinely scheduled pigging of the pipeline to remove pockets of accumulated fluids that contribute to internal corrosion (such as hydrogen sulfide, carbon dioxide, and water), the use of corrosion inhibitors and corrosion coupons, and periodic testing by a state-of-the-art "smart pig" to identify areas where corrosion, pipewall thinning, dents, cracks and other defects have occurred. Specific measures are discussed below:

a) Whenever any section of the pipe is removed for any reason, it shall be inspected for possible internal corrosion and records retained for inspection by the State Fire Marshal.

b) The pipeline shall be tested with a state-of-the-art "smart pig" to identify areas where corrosion, pipewall thinning, dents cracks and other defects have occurred. State-of-the-art pigging will be capable of defining wall-thickness contours around any area of reduced wall thickness. The smart pigging will be done prior to operation of the NGL pipeline and at a subsequent interval to be determined by the California State Fire Marshal. A program of maintenance shall be developed to ensure that permits to perform the work are obtained as soon as possible and that pipeline defects are rectified within one month of securing the necessary permits for severe defects, and within six months for moderate defects. This procedure shall be noted in the SIMQAP and receive approval by the SSRRC prior to operations of Phase 2.

P-17 Prevention of External Pipeline Corrosion

Molino Energy Company shall undertake the following provisions to avoid external pipeline corrosion:

a) The NGL pipeline shall be coated to reduce the potential for external corrosion. Final selection of pipeline coating will be demonstrated, to the satisfaction of the California State Fire Marshal, that the selected coating would provide the maximum level of protection of available coatings for all expected operating conditions; and

b) A baseline pipe-to-soil cathodic profile and reading shall be obtained after the pipeline has been installed, but before any cathodic protection facilities are connected. Other utilities shall disconnect their bonds as well. This measure shall be included on the construction plans which shall be reviewed by the SSRRC.

P-18 Pipeline Hydrotesting

The NGL pipeline shall be hydrotested prior to operation, and every five years thereafter or sooner if warranted by major ground movement that has the potential to undermine the structural integrity of the pipeline. This procedure shall be noted in the SIMQAP which shall be reviewed and approved prior to operations.

P-19 Structural Support for Underground Utilities

Molino Energy Company shall provide structural support for underground utilities in and near the construction area during work in the trench and backfilling operations to prevent damage to such facilities during construction activities.

P-20 Use of Hand Tools in Utility Intensive Areas

Molino Energy Company shall use hand tools (i.e., non-motor operated equipment) in utility intensive areas and within 24 inches of underground structures. Any soil remediation or excavation work in the vicinity of the pipeline shall also require the use of hand tools within 24 inches of the pipeline.

P-21 Underground Utility Damage

Molino Energy Company shall halt work in the immediate vicinity in the event of inadvertent damage to an underground utility, until the owner of the utility has been contacted and repairs have been effected.

P-22 Underground Pipeline Warning Marker

A plastic ribbon or other suitable material shall be buried 12 to 18 inches above the pipeline and shall cover the length of the pipeline. The material shall be brightly colored and be labeled with a warning that this area contains a hazardous liquid pipeline trench. This measure shall be noted on the design and construction plans to be reviewed and approved by the SSRRC.

P-23 Pipeline Route Warning Signs

The entire pipeline route shall be marked with pipeline warning signs a minimum of every 500 feet. Spacing of markers may be greater in agricultural areas provided markers are clearly within sight of each other. Bright colored markers shall be installed above new pipelines that extend offsite of the proposed facility. This type of measure helps reduce the likelihood of external mechanical interference, of which third party damage associated with excavation near the pipelines is the most common cause of pipeline failures.

P-24 Underground Service Alert Notification

Molino Energy Company shall notify owners through the office of Underground Service Alert of any underground facilities (including electrical, water, gas, petroleum pipelines, fiber-optics and agricultural

water delivery and drainage pipelines) 48 hours in advance of excavation in the vicinity of these facilities. Molino Energy Company shall have an electrical contractor on-call at all times during construction near the potentially affected facility to repair any circuits if required by the owner in the event they are damaged during construction. The appropriate response to hazards associated with damage to natural gas pipelines will be determined in consultation with Southern California Gas Company. The County Fire Department shall be notified of the schedule for construction activities in the vicinity of natural gas and other oil pipelines.

P-25 Finished Pipeline Route Maps

Upon completion of pipeline construction, Molino Energy Company shall provide all jurisdictional agencies with at least two copies of maps showing the finished pipeline route and shall include locations accessible by fire department emergency response vehicles. Said maps shall be 7 1/2 minute quadrangle scale, (one inch equals 24,000 inches), and shall represent topographical features.

P-26 Supervisory Control and Data Acquisition and Emergency Shutdown Systems

The pipeline supervisory control and data acquisition (SCADA) and Emergency Shutdown (ESD) systems, including inspection, maintenance and quality assurance procedures for the SCADA and ESD systems, shall be reviewed and approved by the Fire Department and the Building and Development Division prior to Phase 2 and Phase 3 operations, as appropriate. The SCADA and ESD systems shall comply with the provisions of Fire Department Development Standard No. 7 and the National Electrical Code Article 760.

Molino Energy Company shall conduct a comprehensive safety and reliability analysis of the SCADA system as well as the processing facility and NGL pipeline control room prior to commencement of Phase 2 and Phase 3 operations. The analysis shall meet or exceed the guidelines developed by the Institute of Electronic and Electrical Engineers. Any improvements identified in the study shall be included in the suggested hardware and software. Results of the study shall be provided to P&D.

Molino Energy Company shall design the project such that the entire project will integrate the supervisory control and data acquisition (SCADA) or other monitoring system for all the components of this project in a manner so as to provide timely and efficient detection, shutdown, notification and response to an emergency involving any of the project components. Any break, rupture, and/or damage to the facilities shall result in the orderly shutdown of the pumping operations, and will activate the shut off valves in a manner which will minimize environmental damage.

P-27 Link to Chevron Gaviota Control Center

The pipeline SCADA system shall be linked to the Chevron Gaviota Processing Facility's SCADA system such that an upset on the Molino Gas Project NGL Pipeline is noted automatically at the Chevron Control Center. In addition, a red phone "hot line" and an intercompany radio, or equivalent safety measures, shall be installed in each control room. These measures shall be included on the construction plans. Molino Energy Company shall demonstrate to the satisfaction of the County Office of Emergency Services the performance of the SCADA system interconnection and emergency communications systems prior to Phase 2 pipeline operations.

P-28 Update of Operational Risk Assessment

As part of the Condition Effectiveness Study (Condition B-2), Molino Energy Company shall fund the updating of the operational risk assessment for future projects subject to ministerial permitting, as needed, so that any surrounding land use proposals are aware of existing risk, if any.

Q. FACILITY DESIGN

Q-1 Facility Design Requirements Review

All facility design requirements as identified in Condition A-1, and other relevant conditions of this permit, shall be included in engineering drawings and construction plans for review and approval by the SSRRC.

Q-2 Submittal of As Built Drawings

Within one year after initial start-up of the Molino Gas Project (Phase 1), and again within one year of commencement of Phase 2 operations, Molino Energy Company shall submit as-built drawings of the entire facility(s) to County. Any facility modifications required for Phase 3 operations shall also be documented on facility as-built drawings within one year of their construction. Molino Energy Company shall submit as many sets of drawings (up to ten sets) as requested by P&D.

Q-3 Solid Waste Disposal

Solid waste generated on the site shall be transported to a County-approved landfill.

Q-4 Water Conservation Measures

The design of all new and/or modified onsite facilities shall incorporate the use of cost-effective water-conserving fixtures.

Q-5 Energy Conservation Measures

Throughout the project life, as equipment is added or replaced, cost-effective energy conservation techniques shall be incorporated into project design.

Q-6 NGL Pipeline to be Operated on a Common-Carrier Basis

Consistent with Local Coastal Plan Policy 6-14A, the Molino Gas Project NGL pipeline shall be operated on a common-carrier basis. The pipeline shall provide equitable access to all shippers with physically compatible stock on a nondiscriminatory basis. The purpose of consolidated pipeline use is to reduce redundancy of pipeline construction and therefore reduce potential environmental impacts.

R. ABANDONMENT

R-1 Abandonment Determination

When annual average operational throughput of gas processing facilities over any twelve (12) consecutive month period is at or below 2.25 MMSCFD of produced gas on an average annual basis, the Planning Commission shall review this Final Development Plan at a properly noticed public hearing to determine if facility abandonment or facility modifications are appropriate. The 2.25 MMSCFD "trigger" for review of the FDP represents three percent (3%) of the maximum permitted operating capacity of 75 MMSCFD. If, in the future, the County adopts a different trigger to initiate abandonment or the review of the need for permit modifications due to very low throughput, Molino Energy Company shall comply with such County policy. In order to maintain operations at or below the established "trigger" level, Molino Energy Company must provide the Planning Commission with documentation indicating that the low production throughput remains economically viable.

R-2 Abandonment Procedures

Immediately following permanent shut down of the facilities permitted herein, Molino Energy Company shall abandon and restore all facility sites covered under this permit consistent with any pertinent policies in effect at that time. Molino Energy Company shall secure all necessary permits and shall remove any and all abandoned processing facilities and portions of unburied pipeline, constructed and/or operated under this permit, excavate and/or remediate any contaminated soil, re-contour all sites and revegetate all sites in accordance with a County approved abandonment and restoration plan within

one year of permanent shut down. The abandonment plan shall be processed through environmental review. Molino Energy Company shall post a performance bond, or other security device acceptable to County Counsel, prior to commencement of Phase 1 construction for estimated costs of abandoning Phase 1 facilities. Molino Energy Company shall also post a performance bond, or other security device acceptable to County Counsel, prior to commencement of Phase 2 construction for estimated costs of abandoning Phase 2 facilities.

S. LAND USE AND RECREATION

S-1 Staking and Notification of Pipeline Route

Prior to construction, the entire pipeline ROW corridor shall be prominently staked. All affected property owners along the pipeline route shall be notified in writing at least 30 days prior to the commencement of any pipeline construction on their property, and at least 15 days in advance of any deviation, as approved by County, from the staked corridor which crosses their property.

S-2 Right To Enter Property

Prior to entering upon any parcel of property for purposes of commencing construction, Molino Energy Company shall demonstrate to the Planning and Development Department that it has obtained a right-of-way for such parcel or otherwise has obtained the right to enter the property for purposes of constructing the pipeline or drilling and production facility. Prior to commencement of operations of Phase 1, Molino Energy Company shall demonstrate to P&D that the corresponding modifications to the Chevron Gaviota Facility have been made and the right to use the facility has been granted by Chevron.

S-3 Notice to Property Owners

Molino Energy Company shall provide affected property owners written notice at least 48 hours prior to the start of construction on their property, or during operation where relevant.

S-4 Use of Right-Of-Way

Following installation of the pipeline, use of the right-of-way is restricted to operational maintenance of the pipeline except where expressly permitted by the easement or landowner and consistent with other regulations and conditions.

S-5 Interruptions of Service

Interruption of telephone, electrical power, water or other utility services shall be minimized to the extent feasible during the pipeline construction period. Molino Energy Company, or its contractors, shall contact each property owner or the appropriate utility regarding the location of utility lines, and all such utility line locations shall be staked by Molino Energy Company or its contractors prior to the start of construction on the affected property.

S-6 Compliance with County Local Regulations

During construction and operations phases, Molino Energy Company and its contractors shall comply fully with all applicable statutes, ordinances, rules and regulations, including traffic regulations, of the County.

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Proposed Schedule for the Molino Gas Project