




**COUNTY OF SANTA BARBARA
PLANNING AND DEVELOPMENT**

MEMORANDUM

TO: Board of Supervisors

FROM: Doug Anthony, P&D Deputy Director, Energy Division 

DATE: September 24, 2008

RE: **Tranquillon Ridge Appeals**
Case Nos. 08APL-00000-00019; 08APL-00000-00020; and 08APL-00000-00021

The above-reference appeals are scheduled to be heard at your meeting of October 7, 2008. These hearings were continued from August 19 and September 9. On September 16, the Board rescheduled the second continuance from October 17 to October 7. This memo is to apprise the Board of developments related to these appeals that have occurred since the hearings were first continued and supersedes P&D's September 5, 2008 memo to your Board.

ExxonMobil Withdrawal

On August 11, 2008, ExxonMobil withdrew from the appeal (Case No. 08APL-00000-00019) it had filed jointly with Sunset Exploration, Inc. ExxonMobil's withdrawal letter was previously transmitted to your Board. Sunset Exploration has not withdrawn and has indicated it will present its appeal at the October 7 hearing. Staff is recommending that the Board acknowledge ExxonMobil's withdrawal when it takes action on this appeal.

Vaquero Energy Withdrawal

On September 15, 2008, Vaquero Energy withdrew its appeal (Case No. 08APL-00000-00020). Vaquero Energy's withdrawal letter is included herein as Attachment A. Staff is recommending that the Board accept Vaquero's withdrawal.

Additional FDP Revisions

Staff has identified revisions to the PXP Pt. Pedernales Final Development Plan in addition to those recommended in the original Board Letters for the appeals. These additional recommended revisions are primarily to clean-up and clarify certain conditions. The revisions will be discussed at the October 7 hearing; briefly, they are:

1. Change the permit revision date from August 19, 2008 to October 7, 2008 throughout the FDP and fix minor typos.
2. Condition A-17: Change date in second bullet from August 19, 2013 to October 7, 2013.
3. Condition Q-9: Add language to clarify requirements (see Attachment B).

Attachments: A. September 15, 2008 Vaquero Energy Appeal Withdrawal Letter
B. Recommended Revisions to PXP FDP Condition Q-9

ATTACHMENT A

Vaquero Energy Appeal Withdrawal Letter



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Refer To File #: 111111-2222

September 15, 2008

Michael Allen
Clerk of the Board of Supervisors
County of Santa Barbara
105 East Anapamu Street
Santa Barbara, CA 93101

Re: Withdrawal of Vaquero Energy, Inc. Appeal - Proposed PXP Tranquillon Ridge Oil and Gas Development Project (Hearing Date - October 17, 2008)

Dear: Mr. Allen

We continue to represent Vaquero Energy, Inc. ("Vaquero") regarding its appeal to the Board of Supervisors of the Santa Barbara County Planning Commission's approval, with conditions, of the proposed PXP Tranquillon Ridge Oil and Gas Development Project and accompanying Final Environmental Impact Report (County EIR No. 06-EIR-000000-00005: State Clearing House No. 2006021055) ("Project").

This letter shall constitute notice of withdrawal of the appeal of the Project by Vaquero. Please inform the Board of Supervisors of Vaquero's decision to withdraw the appeal. Vaquero's issues with PXP and the Tranquillon Ridge Project have been satisfactorily resolved.

Thank you for your attention to this matter.

Sincerely,

Gregory W. Sanders
of Nossaman LLP

GWS/cjm

ATTACHMENT B

Recommended Revisions to PXP FDP Condition Q-9

Staff recommends the following revisions to Condition Q-9 to clarify certain requirements. Deleted language is in strike-through type; added language is underlined.

Q-9 CONSOLIDATION OF OIL AND GAS FACILITIES

PXP shall operate its facilities as consolidated oil and gas facilities, including gas reinjection facilities, with access for use available on a nondiscriminatory and equitable basis. County retains the right to verify that the use of the facility is conforming with State and County policies on consolidation and to impose additional permit conditions where necessary to assure these policies are being fulfilled to the extent feasible. The intent of this condition is to ensure the multi-company use of oil and gas transportation and processing facilities.

Regarding the consolidation of oil and gas processing, and gas reinjection facilities, in the event that the need for such facilities is demonstrated by other developers to the Planning Commission, PXP shall make available to such other developers any excess capacity of the PXP project facilities. In the event that sufficient excess capacity does not exist within the PXP project facilities to serve the needs of such other developers as demonstrated to the Planning Commission, PXP shall make its ~~Lompoc Heating, Separating, and Pumping Facility~~Oil and Gas Plant property available to other developers for the construction of additional permitted oil and gas-related facilities. In the event that such necessary facilities are not permissible pursuant to the County's consolidation policies, PXP shall reduce its throughput on a pro-rata basis to accommodate such other developers.

Prior to the issuance of the Land Use Permit for the ~~HS&P-Lompoc Oil and Gas Plant~~ and at any time thereafter, as requested by the County, PXP shall submit to the Director of Planning and Development terms under which other producers in the area would be permitted to enter and use either the facilities or property for oil and/or gas processing or storage facilities, or ancillary facilities including but not limited to electrical substations, water treatment facilities, and wastewater loading facilities. PXP shall submit these terms within 30 days of a request by the Director, who may grant reasonable extensions for good cause. When specifically requested by the County, such terms shall include PXP's proposed cost-of-service rate to be charged for access and shall include any costs, assumptions and methodology used to calculate the proposed rate. If these terms are determined by the Director to be unreasonable unacceptable to potential users of the facility and if agreement cannot be reached, the County reserves the right to impose an equitable and non-discriminatory cost-of-service rate, and/or additional conditions as described above to amend the permit. The intent of this condition is to ensure the efficient and maximum multi-company use of oil and gas transportation and processing facilities.