

EXHIBIT 1

RESOLUTION OF THE BOARD OF SUPERVISORS  
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF APPROVING AMENDMENTS )  
TO THE SANTA BARBARA COUNTY LOCAL ) RESOLUTION NO: 96-298  
COASTAL PROGRAM TO AMEND THE COASTAL ) CASE NO.: 96-GP-010  
LAND USE PLAN TO ADD NEW TEXT AND A )  
POLICY REGARDING THE DEVELOPMENT OF )  
OFFSHORE OIL AND GAS RESERVOIRS FROM )  
ONSHORE SITES WITHIN THE COUNTY'S )  
TWO CONSOLIDATED OIL AND GAS PLANNING )  
AREAS )

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WITH REFERENCE TO THE FOLLOWING:

- A. On October 17, 1994, the Molino Energy Company proposed that the County initiate amendments (94-OA-017) to the County Local Coastal Plan (LCP), specifically Article II, Chapter 35 of the Santa Barbara County Code (commonly known as the Article II Coastal Zoning Ordinance [CZO]), to allow for onshore oil and gas drilling into and production of offshore hydrocarbon reservoirs. The proposed CZO amendments are necessary to allow the Molino Energy Company to carry out its proposed Molino Gas Project.
- B. On April 18, 1995, the Board of Supervisors initiated by Resolution 95-180 the proposed CZO amendments and directed Planning and Development staff to conduct environmental analysis of the proposed CZO amendments and present its findings to the Planning Commission for consideration of recommended approval.
- C. On June 12, 1996, County staff completed a California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) of the proposed physical Molino Gas Project and CZO amendments. As a result of the analysis, it was found that adopting the proposed CZO amendments without an LCP amendment could result in a lack of article consistency between Chapter 3.6, Industrial and Energy Development, of the Coastal Land Use Plan (CLUP) regarding onshore drilling into offshore oil and gas reservoirs and the CZO. As such, the EIR identified as a mitigation measure that any inconsistency could be rectified by changing the introductory text of Chapter 3.6 and by the addition of a policy (6-5C) to address onshore to offshore development of oil and gas reservoirs. The Project EIR further identified that no additional impacts would occur as a result of amending the CLUP.
- D. These proposed changes to the CLUP were not included in Resolution 95-180 and required initiation. At a Special Hearing on July 2, 1996, the Planning Commission initiated and recommended approval of the CLUP amendments to fulfill the requirements of Section 35-180 of the CZO, State Planning and Zoning Law, and the California Coastal Act regarding amendments to a certified Local Coastal Program.

- E. It being deemed to be in the interest of orderly development of the County and important to the preservation of the health, safety, and general welfare of the residents of said County, the Board of Supervisors has amended the Local Coastal Program as specified below (Proposed additions are underlined; proposed deletions are struck through):

Amend text under "2. State Tidelands Fields, Production Areas," of subsection 3.6.3 OIL AND GAS DEVELOPMENT to read as follows:

Several State Tidelands leases exist offshore Santa Barbara County on parcels between Point Conception and the Ventura County line. State Tidelands consists of ocean waters from the mean high tide line to three miles offshore. The principal agency responsible for managing these waters and subsea mineral resources is the State Lands Commission.

Many areas within the State Tidelands offshore Santa Barbara County are included in the State Oil and Gas Sanctuary. The State Lands Commission has prohibited oil and gas leasing and development in these areas. The State Oil and Gas Sanctuary offshore Santa Barbara County consists of State Tidelands waters from Summerland to Goleta Point, from Point Conception north, and a few previously active offshore leases between Ellwood and Point Conception that have been quitclaimed to the state as illustrated in Figure 3-2.

Oil and gas extraction has been declining in the State Tidelands, though it could increase with improved market conditions, use of enhanced recovery techniques and future leasing. Oil and gas extraction in the State Tidelands can come from many types of production methods. Technology exists that allows production of some offshore hydrocarbon from wells situated at an onshore location, by using directional drilling techniques. Although directional drilling is not new, constantly improving technology allows industry to reach further distances offshore, in some cases avoiding the need for offshore platforms to recover resources. Unocal ~~used~~ is using directional drilling technology to produce offshore reserves from onshore wellheads at Government Point until the early 1990s. ARCO also employed directional drilling techniques to produce offshore oil from wellheads in the Dos Pueblos and Ellwood areas.

On March 26, 1996 the voters approved an initiative, Measure A96, that makes legislative approvals for directional drilling projects (as well as other onshore facilities that support offshore oil and gas development) subject to voter approval unless they are located within the Gaviota Consolidated Oil and Gas Planning Area (defined by the initiative as APNs 81-130-07, 81-130-52, and 81-130-53 in their entirety as of June 13, 1995) or the Las Flores Canyon Consolidated Oil and Gas Planning Area (defined by the initiative as APNs 81-220-14 and 83-220-19 in their entirety as of June 13, 1995). A portion of these two sites is partially designated for industrial uses to accommodate facilities for processing oil and gas production from offshore reservoirs (M-CD and M-CR zone designations). Based on current projections of future oil and gas production, there is no need to expand the M-CD and M-CR designated portions of these two planning areas to accommodate additional processing facilities. In response to the Molino Project proposal and Measure A96, the County determined that onshore exploration and production of offshore oil and gas reserves is allowed from the Consolidated Planning Areas. Moreover, any new exploration and production operations within the two Consolidated Planning Areas will likely be safer if these exploration and production operations are separated from consolidated processing activities. Consequently, the County has designated M-CD and M-CR zones within the Consolidated Planning Areas for processing, and the AG-II and M-CR zones within the Consolidated Planning Areas for exploration and production of offshore reserves, in order to separate these activities

within the Consolidated Planning Areas to accommodate safety concerns. Although production and processing may occur within the M-CR zone designation, specific production projects can be separated from processing facilities based on a case-by-case analysis of safety impacts.

Subsea wells, located on the sea floor, are used to extract hydrocarbons below the sea surface and then the product is shipped by pipeline to a processing facility onshore. Subsea wells offshore Santa Barbara County are were used by Phillips Petroleum to produce gas from State Tideland Lease PRC-2933 and by ARCO to produce oil from State Tideland Lease PRC-2793.

Platform production is achieved by drilling from an immobile, offshore structure for oil and gas. Piers and manmade islands are used in situations where the hydrocarbon field is near the coastline, directional drilling techniques could make pier and offshore island production obsolete.

Offshore oil development in the State Tidelands is was most intense in the CVCPA, with four platforms: Hope, Hilda, Hazel, and Heidi, all operated by Chevron. These platforms were abandoned in 1996. Chevron's Carpinteria processing facilities received and processed production from these four platforms for shipment to the Los Angeles area via pipeline. The processing facilities still serve offshore platforms in federal waters.

The State Tidelands of the SCCPA contain ~~ARCO-Mobil's~~ platform Holly offshore Ellwood, this is the only ~~other~~ existing platform in State Tidelands waters off Santa Barbara County. Two other platforms have been removed from this planning area in 1988, they are Texaco's platforms Herman and Helen.

There has been no development of oil and gas reserves in State Tidelands in the NCCPA and none is expected since the area is part of the State Oil and Gas Sanctuary.

Amend text under subsection "Where" of section 3.6.4, LAND USE PLAN PROPOSALS to read as follows:

Oil and gas wells dedicated solely to exploration or production of onshore oil and gas fields are permitted in Coastal Dependent Industry and Agriculture II designations and are conditionally permitted uses in Mountainous Areas, Open Lands, Rural Residential, and all other industrial classifications (refer to Table 3-1). Oil and gas wells dedicated to exploration or production of offshore oil and gas fields are permitted in Coastal Related Industry designations and are conditionally permitted uses in Agriculture II designations only within the Gaviota and Las Flores Canyon Consolidated Planning Areas as specified in policies 6-5B and 6-5C. By retaining the AG-II designation within the Consolidated Planning Areas, the County limits the use of industrially zoned (M-CR and M-CD) areas within the Consolidated Processing Sites available for processing facilities; and also, by allowing exploration and production on AG districts, but not processing, the County provides for the separation of processing and production to accommodate safety concerns.

[Policy 6-5B was explicitly added by Measure A96 and is the subject of a separate Board Resolution to effectuate its terms (provided herein for reference only):

Policy 6-5B (Voter Approval):

"1. Any legislative approvals (e.g. zoning amendment, General Plan amendment, Local Coastal Plan amendment, Development Plan, or other legislative action) which would authorize or allow the development, construction, installation, or expansion of any onshore support facility for offshore oil and gas activity on the South Coast of the County of Santa Barbara (from Point Arguello to the Ventura County border) shall not be final unless such authorization is approved, in the affirmative, by a majority of the regular election. For the purpose of this measure, the term "onshore support facility" means any land use, installation, or activity proposed to effectuate or support the exploration, development, production, storage, processing, or other activities related to offshore energy resources.

2. The voter approval requirement set forth in Section 1 above shall not apply to onshore pipeline projects or to onshore support facilities that are located entirely within an existing approved consolidated oil and gas processing site at Las Flores Canyon (designated as of June 13, 1995 as APN 81-220-14, 81-230-19) or Gaviota (designated as of June 13, 1995 as APN 81-130-07, 81-130-52, 81-130-53).

3. The terms, policies, and zoning amendments set forth herein shall expire at the end of twenty-five (25) years after the effective date of this ordinance unless extended by the Board of Supervisors or by another vote of the electorate."]

Amend Section 3.6 Industrial and Energy Development Policies of the Coastal Land Use Plan by adding Policy 6-5C as follows:

Policy 6-5C: Exploration or production of offshore oil and gas reservoirs (including reservoirs which traverse the mean high tide line) from onshore sites shall be restricted to locations within the Las Flores Canyon and Gaviota Consolidated Oil and Gas Planning Areas, which are comprised of the parcels identified in Policy 6-5B.2 above. Such exploration and production is compatible with AG-II and M-CR designated land uses within these two Consolidated Planning Areas.

NOW THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

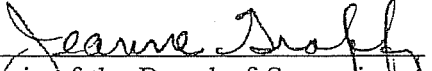
1. The above recitations are true and correct.
2. Pursuant to the provisions of Section 65356 and 65857 of the Government Code and Section 30514 of the Public Resources Code, the above described changes are hereby adopted as amendments to the Santa Barbara County Coastal Land Use Plan.
3. The Board certifies that these amendments are intended to be carried out in a manner fully in conformity with the said California Coastal Act.
4. The Chair and the Clerk of the Board are hereby authorized and directed to sign and certify all maps, documents and other materials in accordance with this resolution to reflect the above described action by the Board of Supervisors.

PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this 23 day of July, 1996 by the following vote:

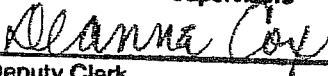
AYES: Schwartz, Graffy, Wallace, Staffel and Urbanske

NOES: None

ABSENT: None

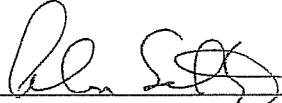
  
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Chair of the Board of Supervisors  
County of Santa Barbara

ATTEST  
KENT M. TAYLOR  
Clerk of the Board of Supervisors

By:   
\_\_\_\_\_  
Deputy Clerk

APPROVED AS TO FORM:

Steven Shane Stark  
County Counsel

By:   
\_\_\_\_\_  
Deputy Counsel

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