

**SYU LFC INTERIM TRUCKING
JUSTIFICATION**

1.0 Introduction

ExxonMobil Production Company, a division of Exxon Mobil Corporation (ExxonMobil or “Applicant”) is submitting the LFC interim trucking application to allow production operations to re-start at the Santa Ynez Unit following shutdown of the Plains All American Pipeline (PAAPL) Line 901 and subsequent preservation of the SYU facilities while PAAPL conducted an investigation and prepared plans for the repair or replacement of the pipeline. The application requests operation of the interim trucking until a pipeline alternative is available. The interim truck loading facilities would be located in Las Flores Canyon (LFC) approximately twelve (12) miles west of Goleta and consist of the activities described in Attachment A.3 Description.

2.0 County Permitting Requirements and Policies

It is ExxonMobil’s understanding that both the County’s Inland Zoning Ordinance, Article III of Chapter 35; Sec. 35-296.4B. Findings Required for Approval of Development Plans for Facilities in the South Coast Consolidation Planning Area; Section 35.296.5j Development Standards and Land Use and Development Code (LUDC) Chapter 35 – Coastal Zoning Ordinance, Division 9, Section 35-154 (Onshore Processing Facilities Necessary or Related to Offshore Oil and Gas Development) provide bases for the proposed interim trucking. Under Section 35.296.5j, the code requires that all oil processed by the facility shall be transported from the facility and the County by pipeline except under the following conditions:

All oil processed by facilities which receive oil from offshore fields exclusively or from both offshore and onshore fields shall be transported from the facility and the County to the final refining destination by overland pipeline, except in the case of highly viscous oil or during an emergency, as stipulated below.

“Final Refining Destination” shall mean a refinery in California where final refining of the subject oil into products is accomplished. Exceptions: Oil shall be considered to reach its final refining destination if (a) the oil has been transported out of the State of California, and does not re-enter before final refining; or (b) the oil has been transferred to truck or train after leaving the County by pipeline and does not reenter the County by truck or train, and is not transferred to a marine terminal vessel for further shipment to a port in California prior to final refining.

Transportation by a mode other than pipeline may be permitted only:

- 1) For that fraction of the oil that cannot feasibly be transported by pipeline; and
- 2) When the environmental impacts of the alternative transportation mode are required to be mitigated to the maximum extent feasible.

In all cases, the burden of proof as to the infeasibility of transport by pipeline and the need for alternate transportation modes shall be on the shipper.

Similarly, under CZO 35-154, transportation by a mode other than pipeline may be permitted only:

- 1) Within the limits of the permitted capacity of the alternative mode; and
- 2) When the environmental impacts of the alternative transportation mode are required to be mitigated to the maximum extent feasible; and
- 3) When the shipper had made a commitment to the use of a pipeline when operational to the shipper’s refining center of choice; and
- 4) When the County has determined use of a pipeline is not feasible by making the following finding:
 - a) A pipeline to the shippers’ refining center of choice has inadequate capacity or is unavailable within a reasonable period of time;

A permit based on this finding may be granted by the Board of Supervisors with a permit.

- All permits for the use of a non-pipeline mode of transportation may specify the duration for such permitted use. Such permits may be extended upon a showing of good cause based upon a consideration of the findings listed above. The burden of proof as to pipeline unavailability and the need for and use of other transportation systems shall be on the shipper.

ExxonMobil believes the request for interim trucking of SYU production complies with the above requirements from the Inland Zoning Ordinance and the Coastal Zoning Ordinance as described below:

- SYU facilities will operate within the permitted capacity of the alternative transportation mode. Under the LFC Interim Trucking, SYU will operate at a production level of approximately 10,000 to 12,000 barrels per day of oil. This amount of oil can be transported to markets using no more than the requested seventy (70) crude transport trucks per day.
- The environmental impacts of the alternative transportation mode will be evaluated during permit processing to assure that impacts are mitigated to the maximum extent feasible.
- ExxonMobil has made a commitment to use a pipeline alternative when it becomes available to transport processed crude to the shipper's refining center of choice. Once a pipeline is operational, all shipping of SYU oil by crude transport trucks will cease.
- ExxonMobil believes that the County can clearly make the determination that the use of the existing PAAPL pipeline is unavailable and not feasible for transporting oil for a reasonable period of time due to its current shutdown

status. Note the PAAPL pipeline is currently the only pipeline option to transport SYU oil to markets.

ExxonMobil is requesting the duration of the interim trucking permit continue for an extendable period of 7 years or until a pipeline alternative is available.

3.0 Facility Status

On May 19, 2015 an incident occurred where a failure in the Line 901 pipeline (operated by Plains All American Pipeline Company or Plains) resulted in the shutdown of the pipeline that SYU had utilized to transport crude to refineries. Since that time PAAPL has been investigating the situation and preparing plans for the repair or replacement of the pipeline. During the period after the pipeline shutdown, ExxonMobil temporarily suspended operations and underwent temporary preservation of the facilities to maintain the integrity of the equipment until production is resumed. ExxonMobil plans to re-start the SYU facilities and utilize interim trucking until a pipeline alternative is available.

4.0 Review of Applicable LUDC Provisions and Comprehensive Plan Policies

4.1 ExxonMobil FDP

ExxonMobil FDP Condition VI-1: Requires the transportation of oil processed at ExxonMobil's oil treatment facility by pipeline. Transportation by a mode other than pipeline may be permitted only in accordance with Coastal Zoning Ordinance Section 35-154.5(i).

ExxonMobil's review of CZO 35.154.5(i) indicates that this section references "permits for expanding, modifying, or constructing oil processing or related facilities" and

requires that such activities be conditioned to require that all oil processed by the facility be transported from the facility by pipeline with the exception that oil can be transported by a mode other than pipeline within certain limitations.

- The LFC interim trucking will not expand, modify, or involve construction of oil processing or related facilities. The oil processing and related facilities are existing at LFC. The LFC interim trucking would require installation of connections from the process systems to a truck loading area for the purpose of loading crude transport trucks and handling the loading vapors. These facilities and piping connections would be blinded off and placed out of service once a pipeline alternative is available.
- The limitations associated with transporting processed oil by a mode other than pipeline (Section 5.i) are discussed in Section 2.0.

4.2 Land Use Development Code Provisions

LUDC 35.51.070 B: Requires certain development standards for onshore processing facilities related to offshore oil and gas development.

- The LFC interim trucking to transport product to markets complies with the “development standards for onshore processing facilities” as noted below. Most of these development standards are addressed by existing SYU requirements or conditions; the LFC Interim Trucking would have no additional impact.
- The LFC interim trucking will comply with the identified regulations.
 - Noise: The LFC interim trucking will not substantially change the noise generated at LFC;

- Authority to Construct: ExxonMobil will obtain an APCD Authority to Construct/Permit to Operate for the emissions associated with the transport truck loading operations at LFC;
- Smoke: The LFC interim trucking will not generate visible emissions of smoke;
- Visual compatibility: Proposed new infrastructure and truck loading are within a developed area and outside of public view; the Interim Trucking will be consistent with current activity along the transportation routes (trucks traveling the highway);
- Outdoor lighting: The LFC interim trucking will require the installation of additional lighting for safety- all lighting will be shielded so as not to directly shine on adjacent properties;
- Grading: The LFC interim trucking grading expected to be minimal as pad space is available (i.e., pipe supports, containment berm, drainage, loading areas);
- Erosion: The LFC interim trucking will include adequate measures to prevent erosion under the existing Storm Water Pollution Prevention Plan (SWPPP);
- Exterior color: Installed piping associated with LFC interim trucking will blend in with existing facilities;
- Transportation of processed oil: Reference review of CZO 35.154.5(i) above (same condition);
- Delivery hours: The LFC interim trucking will not utilize streets within a residential zone; Reference Attachment C.4 for additional information;
- Equitable, nondiscriminatory access to consolidated facilities: The LFC interim trucking will not impact existing SYU requirements;
- Facility and site abandonment: The LFC interim trucking will not impact existing SYU condition;

LUDC 35.52.060 B: Requires certain development standards for applicable zones in which treatment and processing facilities are allowed.

- The LFC interim trucking at LFC will comply with “development standards for treatment and processing facilities”. The onshore processing facilities are currently in place at LFC and are not being modified.
- The LFC interim trucking will comply with the identified regulations.
 - Noise: Reference review of LUDC 35.51.070 B above (same condition);
 - Outdoor lighting: Reference review of LUDC 35.51.070 B above (same condition);
 - Visible gas flares: The LFC interim trucking will not alter this existing requirement;
 - Grading: Reference review of LUDC 35.51.070 B above (same condition);
 - Erosion: Reference review of LUDC 35.51.070 B above (same condition);
 - Prevention of access: The LFC interim trucking will not impact access;
 - Truck operating hours and routes: The LFC interim trucking will not utilize streets within a residential zone; Reference Attachment C.4 for additional information;
 - Noxious odors: The LFC interim trucking will not generate noxious odors;
 - Equitable, nondiscriminatory access to consolidated facilities: The LFC interim trucking will not impact SYU requirement;
 - Transportation of processed oil: The LFC interim trucking will not change requirement to transport SYU processed oil by pipeline during normal operations to final refining destination unless other transportation modes are permitted; Currently SYU operations have been temporarily suspended with the shutdown of the PAAPL pipeline; Crude transport truck transportation of

- product from LFC to markets is required due to lack of ability to utilize an existing pipeline; No transport by waterborne vessel will be utilized;
- Additional standards: The LFC interim trucking will not impact existing SYU requirements;
 - Facility and site abandonment: The LFC interim trucking will not impact existing SYU requirements;

LUDC 35.55.040 B: Requires certain findings for Development Plans for Treatment and Processing Facilities within South Coast Consolidated Planning Area.

- This regulation does not appear to apply to the LFC interim trucking to transport product to markets.

LUDC 35.84.040: Requires development of a new land use authorization through a planning permit granted in compliance with this Development Code and shall be established only as approved by the review authority and in compliance with any conditions of approval, except when the change is approved in the following manner: Minor Changes, Substantial Conformity Determination, Amendment, or Revision.

- This regulation does not appear to apply to the LFC interim trucking to transport product to markets.

4.3 Land Use Elements

- Hillside and Watershed Policy 7: The LFC interim trucking will not degrade water quality of groundwater basins, nearby streams, or wetlands. Operations will be conducted in an existing developed area that has proper drainage and containment.
- Land Use Development Policy 12: LFC interim trucking will not change the requirement to transport SYU processed oil by pipeline during normal operations

to final refining destination unless other transportation modes are permitted; Currently SYU operations have been temporarily suspended with the shutdown of the PAAPL pipeline; Crude transport truck transportation of product from LFC to markets is required due to lack of ability to utilize an existing pipeline; No transport by waterborne vessel will be utilized;

- Visual Resource Policy 2: The LFC interim trucking will not change the existing LFC height, scale, and design of structures. Operations will be conducted within an existing developed area.

4.4 Circulation Element

- Policy E: The LFC interim trucking appears to be consistent with the Land Use Element's Land Use Development Policy #4 with regard to roadway and intersection capacity. The application contains in Attachment C.2 a Trucking Quantitative Risk Analysis. This analysis demonstrates that the trucking operations will not significantly impact roadway and intersection capacity.

4.5 Local Coastal Plan

- Policy 6-3: LFC has been subjected to a previous environmental review that provided a number of mitigation measures to reduce environmental impacts. The LFC interim trucking will not substantially change the results of the previous environmental review.
- Policy 6-8: The LFC interim trucking will not change the requirement to transport SYU processed oil by pipeline during normal operations to final refining destination unless other transportation modes are permitted; Currently SYU operations have been temporarily suspended with the shutdown of the PAAPL

pipeline; Interim trucking of product from LFC to markets is required due to lack of availability of an existing pipeline;

- Policy 6-9: The LFC interim trucking will not significantly change the existing emergency response plan. LFC Operations will review the current plan to determine what, if any additional measures are required for LFC interim trucking.

4.6 Hazardous Waste Elements

- 7-1: The LFC interim trucking will utilize the Crude Oil Transportation Risk Management and Prevention Program (Reference Attachment C.4) to promote strong enforcement of existing laws for full protection of public health and the environment.
- 7-2: The LFC interim trucking will utilize the existing SYU risk management strategies for hazardous waste transportation in the County. LFC Operations will review the current strategies to determine if additional measures are required for the LFC interim trucking

4.7 Safety Element

- Policy Hazardous Facility Safety 1-A: Risk Estimates: The LFC interim trucking will not significantly change the existing risks associated with operation of LFC facilities. LFC Operations will review the risks associated with LFC interim trucking to determine if additional measures are required.
- Policy Hazardous Facility Safety 2-B: Unacceptable Risk Involving Modifications to Existing Development: Risk Estimates: The LFC interim trucking will not exceed any of the criteria that represent an unacceptable high level of risk.

Reference Attachment C.2, Trucking Quantitative Risk Analysis and Attachment C.3, LFC Loading Risk Analysis.