

Oil and water: Venoco Inc. pursuing adjusted lease to extract more oil offshore of Goleta

Brenna Swanston, Santa Maria Sun, 10-27-16

Venoco Inc. is attempting to adjust the lease boundary for its oil drilling operations in the South Ellwood Oil Field, about 2 miles offshore of Goleta. The proposed project is meeting resistance from local conservationists and some Goleta city officials, who argue that the company's facilities are outdated and the oil drilling practices endanger the environment and human health.

The adjustment would re-zone the parameters of Venoco's current Platform Holly lease, allowing the company to relocate its six wells and improve oil recovery. Venoco claims the project would give access to 60 million more barrels of oil, and the company has offered to end its South Ellwood Oil Field operations and close its facilities in 25 years if the State Lands Commission approves the request.

"By being able to relocate bottom hole locations on existing wells into this portion of the South Ellwood field, we more efficiently extract these resources and deliver them to market," Venoco Chief Operations Officer Mike Wracher wrote in an email to the *Sun*. "This increase in efficiency will allow Venoco to extract the resources faster and ultimately end operations much sooner than status quo."

"Status quo," as defined by the company, equals about 40 years—so Venoco would be retiring Platform Holly and the Ellwood Onshore Facility in Goleta about 15 years ahead of schedule, according to Wracher.

The company has also guaranteed a permanent quitclaim of all its leases in the oil field and a permanent quitclaim of the company's oil and gas leases that overlay a separate oil field off Carpinteria.

But Linda Krop, chief counsel for the Environmental Defense Center, told the *Sun* she doesn't buy into Venoco's offer. She said any project promising to yield 60 million more barrels of oil would probably take longer than 25 years, and that even 25 years is too long to keep Platform Holly and the Ellwood Onshore Facility—both of which were built in the '50s—in operation.

"All they have to do is come in at the end of 25 years and ask for an extension," Krop said. "We don't believe that that's a guarantee, and we also believe that would be 25 years of the Ellwood Onshore Facility that we're trying to shut down now."

Backing up: Platform Holly is the oil drilling platform out at sea where Venoco extracts a mixture of oil, gas, and water from beneath the ocean floor. The extractions then go to the Ellwood Onshore Facility, where they are separated and processed. The gas is thereafter sent straight to market, and the oil travels via pipeline to refineries outside of Santa Barbara County.

In May of 2015, the massive Refugio Oil Spill shut down Plains All-American Pipeline 901, which was integral in transporting Venoco's oil from the Ellwood Onshore Facility. This forced Venoco to halt operations at the South Ellwood Oil Field, which spurred a lawsuit by Venoco—which also declared bankruptcy—against Plains All-American for more than \$12 million in lost earnings.

The pipeline is still shut down for inspection, and there's no exact plan for when and how it will resume operation. Wracher said the South Ellwood Field project would have to wait to start until the pipeline is back up and running.

But Krop said the project is too dangerous to approve in the first place. The Ellwood Onshore Facility processes hydrogen sulfide gas, which is deadly to humans. When the facility was first built, it was relatively isolated from society, but now it's surrounded by people.

"It's especially concerning to have that kind of gas processed in such close proximity to the neighborhoods and people that use these recreational areas," Krop said.

These concerns echo the popular opinion among Goleta residents. The city of Goleta has held hearings on the prospect of terminating operations at the Ellwood Onshore Facility, which would throw a wrench in Venoco's plans. Wracher said the company disagrees with the city's concerns, but wouldn't specify how Venoco would respond if Goleta succeeded in shutting down the Ellwood Onshore Facility.

Krop added that the area where Venoco wants to expand operations is part of a state marine sanctuary, where leasing is prohibited to support any oil and gas development. In fact, Arco was prohibited from developing the area in the 1980s.

"The promise to the community was this area would not be developed," Krop said. "Here we are 30 years later, and Venoco is trying to drill into that same area. So that's another reason we oppose the project. We don't think it's legal to begin with."

And while the area in question isn't really geologically viable for fracking, Krop said the operations are still dangerous because of the unique diversity of marine life in the Santa Barbara Channel.

"An oil spill there would be just devastating," she said. "There are so many reasons this project is outdated and doesn't belong here. They've been producing for 50 years, and now it's time to restore the natural environment."

But Wracher disagreed, saying Platform Holly and Ellwood Onshore Facility are up to date and can handle another 25 years of operation.

"We hold safety, for our employees, the public, and the environment, as our No. 1 priority," he said. "These facilities are maintained to the highest standards and meet all the requirements to operate now and into the future."

He said the company has made updates to Platform Holly to ensure it's "a stronger, more robust structure today than when it was first installed."

The project's draft environmental impact report came out last month, and the State Lands Commission is accepting comments on the draft until Nov. 14 at 5 p.m.