

Venoco Steps Up Defense of Carpinteria Slant-Drilling Initiative

Lara Cooper, Noozhawk, 2-28-10

To tap oil deposits off the Carpinteria coastline, Venoco Inc. wants to install a 140-foot drilling rig at its Dump Road processing facility, center, for an extended-reach project that could mean millions of dollars of royalties for the city. A June 8 ballot measure aims to help make it happen. (Mike Edwards photo / Venoco Inc.)

In face of city officials' fierce opposition, company emphasizes economic benefits, project's rigorous governmental oversight

Carpinteria voters will decide in June whether to approve a slant-drilling operation accessing oil deposits off the seaside city's coast, and although that election is three months away, debate surrounding the issue is already red hot.

The majority of Carpinteria council members have been outspoken about their distaste for the project proposed by Venoco Inc. and placed on the ballot through a citizens' initiative, saying it circumvents the environmental process.

Because ballot initiatives like the Paredon Oil and Gas Development Initiative aren't subject to the California Environmental Quality Act, Venoco's approach to get its project directly before voters has raised some eyebrows.

Noozhawk sat down with Venoco community relations manager Lisa Rivas on Friday to hear the company's perspective on the issue.

Rivas said getting the ballot measure approved is only the first step because the Carpinteria General Plan doesn't have provisions for slant drilling. If the ballot measure passes, the General Plan would be changed to allow for that type of drilling.

Venoco has been planning its slant-drilling project for more than a decade, and would like to see a 140-foot drilling rig installed at its Dump Road processing facility. Chevron owned the facility in the 1950s and sold it to Venoco in 1999, and "it's been there as long as some of these residents and even before," Rivas said.

Extended-reach, or slant, drilling, would allow access to oil and natural gas in the Santa Barbara Channel without using an offshore platform, and could reach up to 11,000 barrels of oil a day.

More than 1,000 signatures were gathered last year to put the Paredon project, now Measure J, on the June 8 ballot as a citizens' initiative.

On environmental review, Rivas contends the project will face rigorous oversight on the other side of the ballot box.

A slew of oversight organizations — the state Coastal Commission, State Lands Commission and the Santa Barbara County Air Pollution Control District, among others — would still have to review the project after voter approval "to make sure it's the safest it can be," Rivas said.

"These are not new regulators to us," she said. "They do that now with our operations — new and existing.

They will have the same oversight in the future of our operations."

If voters do sign off on Venoco's proposal, company representatives say Carpinteria and the county would be entitled to royalties and revenue of as much as \$200 million. Venoco has also said 20 acres of coastal land would be donated to the city as open space, and \$5 million will be donated to the Carpinteria Education Foundation.

The reservoir would also have property taxes, to the tune of \$250,000, associated with it that Rivas said would return to city coffers.

Some residents have raised concerns about making sure the money makes its way back into the community.

Rivas said the only way the money wouldn't end up back in Carpinteria is if the initiative doesn't pass.

As tempting as the offer could be for anemic city finances, Measure J has received a largely prickly reception from Carpinteria decision makers.

The council voted unanimously to put the measure on the ballot, but the only other option the city had was to approve the project outright. The city has spent almost \$300,000 appealing a Superior Court ruling to put the item on the ballot in the first place, which is still mired in the appellate process.

City staff plan to hold informational meetings on the measure, but "there is no objectivity coming anywhere from the council chambers," according to Rivas, with the council taking an official stance against the project last month. Rivas encouraged the public to read the initiative.

If the ballot measure fails, Rivas says Venoco still has the obligation to develop that oil field, and will go offshore if it must.

However, "if it goes offshore, they don't have a say," Rivas said of Carpinteria, adding that that's why the company wants residents to have a chance to vote on the matter.

What could be extracted from the field, somewhere around 11,000 barrels a day, isn't significant when compared to larger sources like Saudi Arabia, Rivas said. But she said that all of the leases off the California coast, including Venoco's, add up to a significant dent in the demand for domestic oil.

"We see a great benefit from an oil project perspective as well as from a community perspective," she said.