

CALIFORNIA STATE LANDS COMMISSION

200 Oceangate, 12th Floor
Long Beach, CA 90802-4331



March 30, 2006

PAUL D. THAYER, Executive Officer

(916) 574-1800 FAX (916) 574-1810

California Relay Service From TDD Phone **1-800-735-2929**
from Voice Phone **1-800-735-2922**

Contact Phone: (562) 590-5205

Contact FAX: (562) 590-5210

RECEIVED
COUNTY OF SANTA BARBARA

APR 03 2006

PLANNING AND DEVELOPMENT
DEPARTMENT - ENERGY DIVISION

File Ref: PRC 3242.1

PRC 3120.1

PRC 421.1

PRC 3904.1

W 40912

W 30119

W 9777.2

W 9409.32

Mr. Stephen Greig
VENOCO, Inc.
6267 Carpinteria Ave., Suite 100
Carpinteria, CA 93013

RE: *Development Plan Application for Ellwood Oil Pipeline Installation and Field Improvements*

Dear Mr. Greig:

This will acknowledge the receipt by our office on March 1, 2006, of your development plan application and associated materials for Venoco's "Ellwood Oil Pipeline Installation and Field Improvements" (Plan) submitted in response to our August 31, 2005, incomplete letter.

The Plan calls for development of the State's offshore oil and gas leases PRC 3120 and PRC 3242, a request for a boundary extension of each lease, construction and installation of a new 10" onshore pipeline from the Ellwood Onshore Facility (EOF) to the PXP All American Pipeline at Las Flores Canyon, drilling of up to 40 new wells to develop the State resources, decommissioning of the Ellwood Marine Terminal, and other associated work at the EOF and on Platform Holly. The Plan and Venoco's responses to our concerns are detailed and have answered many of our prior questions. That submission, as augmented by the email responses to clarify some of our lingering concerns (attached herewith), have provided staff sufficient information to deem this application complete.

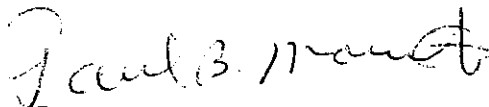
Accordingly, the time limits established by law for the Commission to complete the environmental document and to act upon the project (Government Code § 65950 et seq., and 14 California Code of Regulations) will be initiated.

Venoco has previously been advised of the requirement to send electronic versions of all submissions, and our standards regarding those documents. Please forward to our Long Beach Office (c/o Paul Mount) and to our Sacramento Office (c/o Dwight Sanders) one (1) electronic version of the entire document, in Microsoft Office (.doc, .xls, .ppt) or PDF format, or a combination of those formats. Please incorporate the responses included in your emails in the document, and forward an electronic copy of the original submission along with the responses as updated.

It is staff's intent to enter into a Memorandum of Understanding (MOU) with the County of Santa Barbara (Energy Division), the city of Goleta (City), and potentially the California Coastal Commission (CCC) to prepare the requisite environmental impact report (EIR) for the Plan. We believe that this arrangement will result in the most efficient and thorough compliance with the CEQA. We will provide Venoco a copy of the executed MOU. We are copying the County and City on this correspondence so they have all of the information transmitted. In a related matter, it has come to our attention that information regarding a new incineration plan for the EOF sour gas has not yet been provided to the Santa Barbara Air Pollution Control District. Although such information is not specifically required under the CSLC application, it will certainly be needed to complete the EIR.

Please be advised that Jeff Planck will serve as the Commission's Project Manager for this project and Eric Gillies will serve as the Commission's Environmental Officer. If you have any questions or desire clarification of the attached comments, you may contact Mr. Planck by e-mail at planckj@slc.ca.gov or at (562) 590-5306, and Mr. Gillies by e-mail at gilliee@slc.ca.gov or at (916) 574-1897.

Sincerely,



Paul B. Mount II, P.E.
Chief, Mineral Resources Management Division

Attachments

cc: Mr. Doug Anthony
County of Santa Barbara Energy Division
Planning and Development Department
123 East Anapamu Street
Santa Barbara, CA 93101

Ms. Allison Dettmer
California Coastal Commission
45 Fremont, Suite 2000
San Francisco, CA 94105

Mr. Kenneth Curtis
Director of Planning and Environmental Svcs.
City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117

From: "Bob VanNostrand" <bvannostrand@venocoinc.com>
To: "Rick Nobles" <NOBLESR@slc.ca.gov>, "Marina Voskanian" <VOSKANM@slc.ca.gov>
Date: 03/28/2006 5:08 PM
Subject: RE: FW: Venoco Oil Pipeline Project, Clarifications
Attachments: PRC 3120.1 Lease Ext Legal Rev 2.pdf

CC: "Jeff Planck" <PLANCKJ@slc.ca.gov>, "George Ramsay" <gramsay@venocoinc.c...

Rick you are correct.

I inadvertently sent the outdated legal description in my previous email. The correct acreage is per the plat, approximately 794 acres. The correct legal description is attached herein.

Please let me know of any further concerns.

Bob Van Nostrand
Senior Facilities Project Manager
Venoco, Inc.
(805) 961-2302 office
(805) 455-9663 cell

-----Original Message-----

From: Rick Nobles [mailto:NOBLESR@slc.ca.gov]
Sent: Tuesday, March 28, 2006 4:51 PM
To: Marina Voskanian; Bob VanNostrand
Cc: Jeff Planck; George Ramsay; Roger K. Hamson; Steve Greig
Subject: RE: FW: Venoco Oil Pipeline Project, Clarifications

Bob and Marina:

I took a quick look at the attachments. There appears to be a discrepancy between the acreage stated on the plat (793.85) and legal description (1013.850). Our boundary staff will need to be involved as the process moves forward, but I wanted to call this to your attention at this time.

Regards,

Rick

>>> "Bob VanNostrand" <bvannostrand@venocoinc.com> 03/28/2006 2:16 pm >>>

Hi Marina

Venoco has one more adjustment to more accurately describe the 3120 lease extension. Unfortunately the description sent to you yesterday incorrectly extended the lease past the 3 mile boundary into Federal water.

Attached to this email is a corrected map and corrected legal description for the 3120 lease extension. These files should replace their counterparts from yesterday's email submittal.

Please call me with any questions.

Bob Van Nostrand
Senior Facilities Project Manager
Venoco, Inc.

(805) 961-2302 office
(805) 455-9663 cell

-----Original Message-----

From: Marina Voskanian [mailto:VOSKANM@slc.ca.gov]
Sent: Tuesday, March 28, 2006 10:44 AM
To: Bob VanNostrand
Cc: George Ramsay; Roger K. Hamson; Steve Greig
Subject: Re: FW: Venoco Oil Pipeline Project, Clarifications

Thank you Bob. I did receive this email as you promised to send. I have forwarded to our staff, and once we had a chance to review I will let you know if we have any questions.

Sincerely,
Marina Voskanian, PE
Chief, Planning & Development
CA State Lands Commission
Tel: 562-590-5291

>>> "Bob VanNostrand" <bvannostrand@venocoinc.com> 03/27/2006 5:24 PM >>>

Marina

We thank you and your staff for providing Venoco with the opportunity to meet on Thursday, March 23, 2006 and discuss our project description submittal. As discussed, we are forwarding to you a brief recap of various comments and clarifications that were discussed in the meeting.

We have numbered our comments for ease in referencing, should you want to call and discuss any items in further detail.

1) Appendix N-1, clarification regarding our response to comments 2 a, b, f, and g:

Venoco agrees that certain environmental surveys and reports (seafloor survey, biological survey, and safe separation determination) are required as part of the environmental review of this project and will be conducted by the EIR contractor or an approved sub-consultant. Additional information regarding proposed marine spreads to be utilized (number of vessels to be deployed, anchoring plans, etc.) will be prepared and provided to the EIR contractor following and based on the above referenced surveys.

An initial determination of the proposed offshore marine spread(s) is provided in Appendix E. Section E.3.4 discuss equipment associated with the offshore power cable and 2" water line; Section E.3.5 discuss equipment associated with the platform modifications; and Section E.3.7 discuss the equipment associated with the EMT demolition.

2) Appendix N-1, clarification to our response for comment 2a and 2b:

In a fashion similar to the above, and acknowledged by the CSLC to be not required in order to deem the application complete, Venoco agrees that seismic hazard evaluation reports will be conducted during the EIR process. This information will then be used to conduct geotechnical and pipeline engineering.

3) Should biological surveys be seasonally specific, Venoco understands that general mitigations may be proposed to address species that may be present in the project areas, but not identified due to the timing of the surveys. As an alternative, Venoco may investigate conducting biological surveys prior to the selection of the EIR contractor. Providing an approved survey will not alter the timing of the environmental review process for the Project.

Venoco agrees that the final schedule for having the EIR contractor oversee responsibility for will be impacted by these concerns. After the project is deemed complete, we suggest that a scheduling meeting be held to discuss anticipated timelines for preparation of the required environmental survey reports.

4) Appendix N-1, Page N-18, missing answer to comment #5.

Due to a pagination mix-up, our comment response was inadvertently left out of the final submittal. No expansion of the onshore water separation and disposal system is contemplated. Water disposal, including increased water amounts associated with increased production, will be handled by the offshore 3-phase separation equipment aboard platform Holly.

5) Appendix N-1, clarification to our comments for No. 1, 2, and "Platform Holly Structural Issues:"

Although not specifically stated in our response, any updates/modifications to platform Holly will be subject to the 1,000 year seismic criteria. This is a project which is already underway, and subject to third party CVA certification. The platform model, which is used for the seismic analysis work, has been updated with the proposed project elements, including anticipated drilling plans.

6) CSLC staff (Judy Bowen) clarified that for any structures left behind at EMT (including grouted pipelines) that a long-term abandonment agreement would need to be agreed to and executed by Venoco.

Venoco understands this requirement.

Venoco has also modified several drawings as discussed with CSLC staff to more accurately reflect the project specifics and the existing conditions at the site. The legal descriptions of the lease extensions were also revised as discussed. These documents are attached as pdf files to the e-mail. Hard copies of the drawings to all agencies, including the SLC will be provided under separate cover.

I will call you tomorrow to verify your receipt of this email and to answer any questions you may still have on our application.

Bob Van Nostrand
Senior Facilities Project Manager
Venoco, Inc.
(805) 961-2302 office
(805) 455-9663 cell

From: "Bob VanNostrand" <bvannostrand@venocoinc.com>
To: "Jeff Planck" <PLANCKJ@slc.ca.gov>
Date: 03/28/2006 5:04 PM
Subject: RE: FW: Venoco Oil Pipeline Project, Clarifications

CC: "George Ramsay" <gramsay@venocoinc.com>, "Roger K. Hamson" <rhamson@veno.

Jeff

Thank you for the continuing review. I believe the following two clarifications address your latest correspondence.

1. The crane that was originally part of the application will now be installed prior to the end of 2006 to meet APCD requirements.
2. The Platform Holly structure will be requalified to meet the 1,000 year seismic criteria.

Please contact me at any time if you have any further concerns or questions.

Bob Van Nostrand
Senior Facilities Project Manager
Venoco, Inc.
(805) 961-2302 office
(805) 455-9663 cell

-----Original Message-----

From: Jeff Planck [mailto:PLANCKJ@slc.ca.gov]
Sent: Tuesday, March 28, 2006 4:37 PM
To: Bob VanNostrand
Cc: George Ramsay; Roger K. Hamson; Steve Greig
Subject: Re: FW: Venoco Oil Pipeline Project, Clarifications

Hi Bob

A couple of things that need to be clarified in your response, and I think we are done:

1. Please indicate that the crane that was part of the application will be replaced prior to the end of 2006 to meet APCD requirements as you stated in our meeting. This also leads to the second point:
- 2 Your response item #5, regarding "clarification" regarding the structural issues was not specific enough. Chandra's comment was:

"The first sentence in its response is not 100% clear regarding Venoco's commitment to requalify the Platform Holly to meet 1,000 year return period seismic criteria. We will need a clarification and commitment from Venoco with a clear statement that "The Platform Holly structure will be requalified to meet the 1,000 year seismic criteria".

Please address these items as soon as possible. Thank you for your time and attention to these concerns.

Jeff Planck, Project Manager