



A PLAN TO END OIL DRILLING OFFSHORE CALIFORNIA

This fact sheet explains the rationale for the Tranquillon Ridge Plan, the benefits that would be bestowed upon the State of California, and how the Plan has been strengthened to address concerns raised by the California State Lands Commission.

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California's coast is threatened with drilling from 27 oil platforms, none of which has any end date for operations. Many of these platforms are operating well beyond their expected lifespan due to new slant drilling technology which facilitates tapping into reserves up to a five mile radius around a platform. Every year that these facilities continue to operate, the risk of problems, especially the risk of an oil spill, increases. In addition to existing drilling operations, these platforms could be used in the future to slant drill into new areas. The main threat of expanded oil development in California is the area located offshore Pt. Conception in Santa Barbara County, because this area contains known oil reserves that can be slant drilled from existing platforms and processed and transported using existing infrastructure. Even with the exclusion of California from the new draft federal leasing plan, we need to protect our coast from existing drilling operations.

BENEFITS OF THE TRANQUILLON RIDGE PLAN

PXP is currently drilling into the Tranquillon Field in federal waters from Platform Irene, located near Pt. Conception, and proposes additional drilling from the same platform into adjacent state waters. Environmental groups in Santa Barbara County (Get Oil Out! and Citizens Planning Association, represented by the Environmental Defense Center) originally opposed PXP's Tranquillon Ridge Project because, although the project would use an existing platform, pipelines and processing facilities, it would have extended the life of all of these facilities. In 2008, these groups negotiated a unique settlement agreement with PXP to not only prohibit any extension of the life of these facilities, but to also shut down all four platforms operating offshore Pt. Conception. The purpose of this agreement is to end all ongoing oil drilling operations offshore northern Santa Barbara County and prevent any new drilling operations. The benefits of this Plan include:

- Current oil drilling from three of the platforms will be shut down in 9 years, and the related onshore processing facilities will be removed. The fourth platform will be shut down in 14 years, and the onshore facilities will be removed. Hundreds of onshore oil wells will also be shut down in 14 years. ***Without the agreement, drilling (including into the Tranquillon Ridge Field) will continue indefinitely.***
- Approximately 4,000 acres of coastal area lands will be conveyed to the public, including the lands containing the onshore oil wells and processing facilities. These lands will be initially granted to The Trust for Public Land (TPL) and will be permanently protected for open space and natural resource preservation, research, education and recreation. 3,700 acres will be added to the State's Burton Mesa Ecological Reserve in northern Santa Barbara County, and approximately 200 acres will be preserved along the Gaviota Coast.
- All direct greenhouse gas emissions from the Tranquillon Ridge Project will be mitigated, and PXP will donate an additional \$1.5 million for GHG emission reductions in Santa Barbara County.



Santa Barbara County approved the Tranquillon Ridge Project in 2008, but the State Lands Commission voted 2-1 to deny the leases for the project. In doing so, the Commission expressed concerns about enforceability of the end dates, potential title issues that may frustrate the land conveyances, and the confidentiality of PXP's agreement with the environmental groups. Although the agreements with the Environmental Parties and TPL have the full force and effect of the law, we have negotiated additional assurances to meet these concerns, secure approval of this plan, and put an end to existing oil drilling off the California coast.

ISSUE	PROJECT CHANGE
The agreements between PXP and the Environmental Parties and TPL were confidential.	<i>2010 Plan: The new settlement agreement with the Environmental Parties and the TPL agreement are available for public viewing on EDC's website (www.environmentaldefensecenter.org).</i>
The State may not be able to enforce the end dates.	<i>2010 Plan: PXP has agreed to make the State of California a third party beneficiary of its agreement with the Environmental Parties. The State will be able to enforce all of the terms of the agreement, including the end dates.</i>
The federal government may interfere with the end dates.	<i>2010 Plan: The agreement has been strengthened to require PXP to not only cease production, but to also surrender its federal leases in accordance with the end dates. These requirements are enforceable in court. MMS cannot force PXP to continue producing. When the leases are surrendered, MMS can be expected to review PXP's Abandonment Plan to make sure that it is not economically profitable for PXP to continue producing. PXP has agreed that in the unlikely event that production were to continue, the profits would have to be disgorged and dedicated for environmental purposes. Therefore, continued production could not be economically profitable. Even in the unlikely event that MMS disagrees with PXP's Abandonment Plan, the federal government's remedy would be to try to seek compensation from PXP, not force PXP to continue producing or condemn PXP's facilities.</i>
There may be title issues regarding some of the lands to be conveyed.	<i>2010 Plan: TPL has completed its land investigations and provided written confirmation that there are no title or physical condition issues that would interfere with conveyance of the lands to TPL for permanent public use and conservation.</i>
Greenhouse gas emission mitigation measures must be capable of verification and enforcement.	<i>2010 Plan: The original agreement went beyond any agency requirements at the time, requiring PXP to hire an independent auditor to reduce emissions as much as feasible, and then to offset any remaining emissions on a 1:1 basis. Since the execution of the original agreement, the State of California has developed protocols for dealing with GHG emission reporting and offsets. In addition, local air districts are developing GHG programs. Hence, the agreement has been updated to provide that offsets must meet the protocols established by the California Air Resources Board, California Climate Action Registry, or Santa Barbara County APCD.</i>