



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET - 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123

KATHLEEN MOLLOY PREVISICH, PLANNING DIRECTOR

March 25, 2014

AGENDA DATE: April 9, 2014

Agenda Item #: 6

Time: After 9:00 a.m.

Planning Commission
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

CONSIDER AMENDING THE SANTA CRUZ COUNTY GENERAL PLAN TO CLARIFY EXISTING POLICY 5.18.4, WHICH PROHIBITS OIL AND GAS EXPLORATION AND DEVELOPMENT

Members of the Commission:

The purpose of this item is to consider a proposed amendment to the General Plan to clarify that policy 5.18.4, which prohibits oil development, applies to onshore oil and gas exploration, development, and facilities within the unincorporated area of Santa Cruz County.

Background

On September 10, 2013 the Board of Supervisors took action to approve an urgency ordinance (Exhibit F) establishing a temporary moratorium on onshore oil and gas exploration and development within the unincorporated area. The Board also reviewed a draft General Plan Amendment to permanently ban oil and gas exploration and development in Santa Cruz County, and referred the proposed Amendment to your Commission for public hearing and recommendation (Exhibits B and C).

On October 22, 2013 the Board extended the moratorium for 10 months and 15 days (Exhibit E), as allowed by State law. The moratorium will expire on September 6, 2014, if not renewed or replaced with a permanent ban.

The Board's actions followed a series of Board actions and reports in 2013, which are summarized below:

- **January 8:** The Board of Supervisors receives a preliminary report on proposed State legislation to regulate hydraulic fracturing, commonly known as "fracking," and directs staff to return with recommendations to submit to the State.
- **February 12:** The Board accepts and files a staff report on hydraulic fracturing, adopts a Resolution expressing concerns about the proposed State regulations for hydraulic fracturing (Exhibit H), directs the Chairperson to contact the State Division

of Oil, Gas, and Geothermal Resources (DOGGR) to express concern and request a local hearing, and directs staff to report back on the potential for hydraulic fracturing in Santa Cruz County and on County authority to regulate the activity. (Subsequently, DOGGR scheduled an additional workshop in Monterey, in April, 2013.)

- **April 16:** The Board accepts and files a detailed report describing oil and gas development potential in the Monterey Formation underlying Santa Cruz County (Exhibit G), reviews additional safeguards on hydraulic fracturing, and directs staff to return with a General Plan Amendment clarifying that existing General Plan prohibitions on support facilities for offshore oil drilling in Santa Cruz County also apply to onshore oil and gas exploration.

Oil and Gas Resources in Santa Cruz County

While there is a substantial potential for hydraulic fracturing to occur as part of developing oil and gas resources in the Monterey Formation and other geologic formations in the southern part of the State, the potential for further oil exploration and development in Santa Cruz County is uncertain. It appears to be low at this time because the vast majority of the resource potential is in southern California, where the industry is making large capital investments in the oil and gas resources that have already been evaluated, essentially recovering the “low hanging fruit”. There is no active production of oil and gas resources in Santa Cruz County. However, drilling, and the use of hydraulic fracturing well stimulation, in Santa Cruz County at some point in the future cannot be entirely ruled out. Technically feasible and economically viable approaches may be discovered by the oil industry to tap the shale oil potential in the Monterey Formation, and interest could turn from the developed resource areas in southern California to the Monterey Formation in other parts of the State, including in Santa Cruz County. Exhibit G provides further information regarding the potential for hydraulic fracturing in Santa Cruz County.

Potential adverse effects associated with oil and gas exploration and development

Oil and gas exploration and development, including hydraulic fracturing and other well stimulation techniques, represent a potentially significant adverse effect on public health, safety and welfare and the natural environment. Oil and gas exploration and development has the potential to contaminate air, soil, surface water and groundwater resources, deplete water supplies, affect scenic viewsheds, create noise pollution and dust, and increase risk from seismic activity, explosion and fire. Fluids associated with drilling and well stimulation, including fracking fluids, must be disposed of, typically in deep injection wells. Among the hazardous substances used in fracking are at least 14 human carcinogens, including benzene, phthalates and formaldehyde, and more than 23 compounds listed as Hazardous Air Pollutants under the Clean Air Act or regulated under the federal Safe Drinking Water Act¹. Oil and gas operations can adversely affect recreation and tourism, impact wildlife, interfere with neighboring agricultural activities, and increase greenhouse gas emissions.

Proposed General Plan Amendment

According to the California Attorney General, and supported by a review of case law, cities and counties may prohibit oil and gas operations within their boundaries. The County of Santa Cruz has existing policies and regulations addressing oil development in the General Plan and County Code. The General Plan states that oil development is prohibited and that

¹ University of California, Berkeley, Center for Law, Energy and the Environment, “Regulation of Hydraulic Fracturing in California.”

any General Plan Amendment that would allow oil development be approved by the vote of the people (General Plan Policy 5.18.4). The County Code states that a vote of the people is required for any onshore facility necessary for or intended to support offshore oil or gas exploration or development (County Code 16.55.020). Although General Plan Policy 5.18.4 prohibits on- and off-shore oil development, it could be interpreted as applying only to facilities supporting off shore operations as reflected in the ordinance. It would therefore be beneficial for the General Plan policy to be amended to clarify that the policy applies to onshore oil and gas exploration and development, and to state more specifically the types of facilities covered by the policy.

The text of the proposed General Plan Amendment before your Commission, attached as Exhibit B, is unchanged from the Board meeting of September 10. The Amendment would prohibit development, construction, installation, or use of any facility necessary for or intended to support offshore and onshore oil or gas exploration or development. It specifies that subsurface facilities are subject to the prohibition. Existing language is retained to reflect the voter's intentions regarding onshore facilities to support offshore drilling, as expressed in Measure A, codified as County Code Chapter 16.55.

CEQA

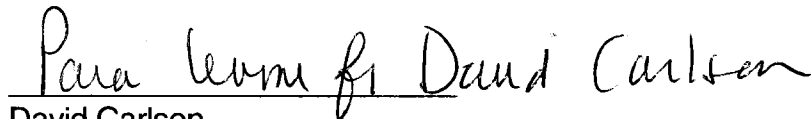
The proposed Amendment is an action by the County to assure the maintenance and protection of the environment. Therefore, the proposed Amendment is exempt from the California Environmental Quality Act under Class 8, "Actions by Regulatory Agencies to Protect the Environment". A Notice of Exemption is attached as Exhibit D.

Recommendation

It is therefore RECOMMENDED that your Commission take the following action:

1. Hold a public hearing on the proposed General Plan Amendment (Exhibit B)
2. Adopt the attached resolution (Exhibit A) recommending that the Board of Supervisors approve the CEQA Notice of Exemption (Exhibit D) and adopt the proposed Amendments (Exhibit B) prohibiting oil and gas exploration and development in Santa Cruz County.

Sincerely,



David Carlson
Resource Planner

Reviewed by:



Paia Levine
Principle Planner

Exhibits:

- (A) Planning Commission Resolution
- (B) Proposed General Plan Amendment clean copy
- (C) Proposed General Plan Amendment underline strikeout
- (D) Notice of Exemption
- (E) Ordinance 5164, Extension of Interim Ordinance Establishing Temporary Moratorium on Oil and Gas Development
- (F) Ordinance 5161 Interim Ordinance Establishing Temporary Moratorium on Oil and Gas Development
- (G) Board of Supervisors Letter from Meeting of April 16, 2013
- (H) Resolution of the Board of Supervisors Expressing Concerns Regarding Proposed State Regulations for Hydraulic Fracturing
- (I) Chapter 16.55 of the County Code

cc: County Counsel

BEFORE THE PLANNING COMMISSION
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. ____

On the motion of Commissioner
duly seconded by Commissioner
the following is adopted:

**PLANNING COMMISSION RESOLUTION RECOMMENDING AMENDMENT OF
THE SANTA CRUZ COUNTY GENERAL PLAN REGARDING PROHIBITION ON
OIL AND GAS EXPLORATION AND DEVELOPMENT**

WHEREAS, great interest has been shown by the oil and gas industry in extracting oil and gas from the Monterey Shale Formation; and the Monterey Shale Formation underlies much of the County of Santa Cruz; and

WHEREAS, the County of Santa Cruz includes numerous areas of great environmental sensitivity subject to damage by poorly regulated extraction activities; and

WHEREAS, the County of Santa Cruz has limited supplies of surface and subsurface potable water; and

WHEREAS, the County of Santa Cruz is a seismically active area with several active earthquake faults; and

WHEREAS, hydraulic fracturing activities elsewhere have resulted in allegations of significant adverse impacts, including pollution of air and groundwater, exhaustion of local aquifers, noise pollution and alleged seismic problems; and

WHEREAS, the proposed General Plan Amendment is consistent with other parts of the adopted General Plan; and

WHEREAS, the proposed amendment is exempt from the California Environmental Quality Act under Class 8, Actions by Regulatory Agencies to Protect the Environment; and

WHEREAS, at its regular meeting on April 9, 2014 the Planning Commission conducted a duly noticed public hearing and considered the proposed General Plan Amendment, and considered all evidence and testimony received at the public hearing;

NOW, THEREFORE, BE IT RESOLVED, that the Planning Commission recommends that the Board of Supervisors approve the CEQA Notice of Exemption (Exhibit D, Planning Commission staff report) and adopt the proposed General Plan Amendment (Exhibit B, Planning Commission staff report) prohibiting oil and gas exploration and development in Santa Cruz County.

PASSED AND ADOPTED by the Planning Commission of the County of Santa Cruz, State of California, this 9th day of April, 2014 by the following vote:

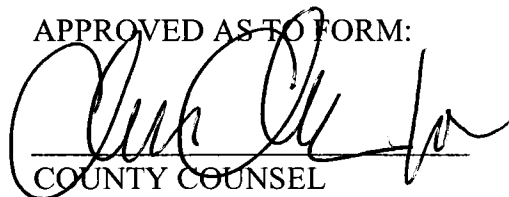
AYES: COMMISSIONERS
NOES: COMMISSIONERS
ABSENT: COMMISSIONERS
ABSTAIN: COMMISSIONERS

RENEE SHEPHERD, Chairperson

ATTEST:

Ken Hart, Secretary

APPROVED AS TO FORM:



COUNTY COUNSEL

5.18.4 a) Offshore Oil and Gas Development

Prohibit development, construction, or installation of any onshore facility necessary for or intended to support offshore oil or gas exploration and development unless a General Plan and Local Coastal Program amendment is approved by the voters of the County which allows such development. (See policies in sections 5.3 and 5.4.)

5.18.4 b) Onshore Oil and Gas Development

Prohibit development, construction, installation, or use of any facility necessary for or intended to support oil or gas exploration or development from any surface location within the unincorporated area of the County of Santa Cruz, whether the subsurface portion(s) of such facility is within or outside the unincorporated area of the County of Santa Cruz, and prohibit development, construction, installation or use of any facility necessary for or intended to support oil or gas exploration or development from surface locations outside the unincorporated area of the County of Santa Cruz which may begin, pass through or terminate below the surface of land located within the unincorporated area of the County of Santa Cruz.

5.18.4 a) Offshore Oil and Gas Development

~~Prohibit on- and off-shore oil~~ Prohibit development, construction, or installation of any onshore facility necessary for or intended to support offshore oil or gas exploration and development unless a General Plan and Local Coastal Program amendment is approved by the voters of the County which allows such development. (See policies in sections 5.3 and 5.4.)

5.18.4 b) Onshore Oil and Gas Development

Prohibit development, construction, installation, or use of any facility necessary for or intended to support oil or gas exploration or development from any surface location within the unincorporated area of the County of Santa Cruz, whether the subsurface portion(s) of such facility is within or outside the unincorporated area of the County of Santa Cruz, and prohibit development, construction, installation or use of any facility necessary for or intended to support oil or gas exploration or development from surface locations outside the unincorporated area of the County of Santa Cruz which may begin, pass through or terminate below the surface of land located within the unincorporated area of the County of Santa Cruz.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

NOTICE OF EXEMPTION

The Santa Cruz County Planning Department has reviewed the project described below and has determined that it is exempt from the provisions of CEQA as specified in Sections 15061 - 15332 of CEQA for the reason(s) which have been specified in this document.

Application Number: Not applicable
Assessor Parcel Number: County wide
Project Location: County wide

Project Description: Proposal to amend the General Plan to prohibit oil and gas exploration or development within the unincorporated area of Santa Cruz County.

Person or Agency Proposing Project: County of Santa Cruz

Staff Contact and Phone Number: David Carlson
(831) 454-3173

- A. ☐ The proposed activity is not a project under CEQA Guidelines Section 15378.
- B. ☐ The proposed activity is not subject to CEQA as specified under CEQA Guidelines Section 15060 (c).
- C. ☐ **Ministerial Project** involving only the use of fixed standards or objective measurements without personal judgment.
- D. ☐ **Statutory Exemption** other than a Ministerial Project (CEQA Guidelines Section 15260 to 15285).

Specify type:

- E. ☒ **Categorical Exemption**

Specify type: Class 8 Actions by Regulatory Agencies to Protect the Environment

F. Reasons why the project is exempt:

The proposed General Plan Amendment is an action to assure the maintenance, and protection of the environment.

In addition, none of the conditions described in Section 15300.2 apply to this project.

Staff Planner: _____ Date: April 9, 2014

ORDINANCE NO. 5164**INTERIM ORDINANCE OF THE COUNTY OF SANTA CRUZ
EXTENDING A TEMPORARY MORATORIUM ON OIL AND GAS
EXPLORATION AND DEVELOPMENT WITHIN THE
UNINCORPORATED AREA OF SANTA CRUZ COUNTY AND
DECLARING THE URGENCY THEREOF**

The Board of Supervisors of the County of Santa Cruz find as follows:

WHEREAS, great interest has been shown by the oil and gas industry in extracting oil and gas from the Monterey Shale Formation, and from other rocks containing accumulations of oil and gas resources; and

WHEREAS, the Monterey Shale Formation, and other rocks potentially containing oil and gas resources, underlies much of the County of Santa Cruz; and

WHEREAS, although no active production of oil or gas resource currently takes place with Santa Cruz County, technically feasible and economically viable approaches may be discovered by the oil industry to tap potential accumulations of oil and gas resources in the Monterey formation or other rocks containing oil and gas resources, and interest could turn from the developed resource areas in southern California to other parts of the State, including Santa Cruz County; and

WHEREAS, oil and gas exploration and development has raised the following public health, safety or welfare concerns: pollution of air, soil, surface water, and groundwater; depletion of water supplies; noise pollution; and seismic hazards; and

WHEREAS, greenhouse gas emissions resulting from oil and gas exploration and burning fossil fuel are warming the planet and causing climate change with potential public health, safety, welfare, economic, and social impacts in Santa Cruz County, including increased risk of flooding and inundation, extreme storm events, erosion, water shortages, heat waves, and wildfires; and

WHEREAS, on April 16, 2013 the Board of Supervisors directed the Planning Department to consider a prohibition on oil and gas development within Santa Cruz County; and

WHEREAS, the Board of Supervisors is currently considering a General Plan Amendment prohibiting oil and gas development within Santa Cruz County ; and

WHEREAS, the Board of Supervisors has referred the proposed General Plan Amendment to the Planning Commission for review and recommendation; and

WHEREAS, on September 10, 2013, the Board of Supervisors adopted Ordinance 5161 imposing a temporary 45-day moratorium on oil and gas exploration and development within the surface or subsurface of the unincorporated area of the County of Santa Cruz; and

WHEREAS, due to public noticing requirements staff will not be able to bring the proposed General Plan Amendment to the Planning Commission, as required, within the 45-day term of the temporary moratorium; and

WHEREAS, it is therefore appropriate to extend the moratorium on oil and gas exploration and development for an additional period of 10 months and 15 days consistent with the authority granted by Government Code Section 65858; and

WHEREAS, Article XI, Section 7 of the California Constitution permits a county to make and enforce all local police, sanitary and other ordinances and regulations not in conflict with general laws; and

WHEREAS, California Government Code Section 65858, subdivision (a), provides: that legislative bodies may, to protect public safety, health and welfare, adopt as an urgency measure an interim ordinance prohibiting any uses that may be in conflict with a contemplated general plan, specific plan, or zoning proposal that the legislative body is considering or studying or intends to study within a reasonable time; that adoption of such urgency measures requires a four-fifths (4/5) vote of the legislative body; that such measures shall be of no effect forty-five (45) days from the date of adoption, and may be extended a maximum of two times and have a maximum total duration of two (2) years; and

WHEREAS, California Government Code Section 65858, subdivision (c), provides: that legislative bodies may not adopt or extend such ordinances unless they contain findings that there is a current and immediate threat to the public health, safety, or welfare, and that the approval of additional entitlements would result in that threat to the public health, safety or welfare; and

WHEREAS, the Board of Supervisors desires to amend the Santa Cruz County General Plan Policies regarding oil and gas exploration and development, prohibiting exploration and development of oil and gas resources from surface and subsurface locations within the unincorporated area of Santa Cruz County, and process a General Plan Amendment to add clarifying language to General Plan Policy 5.18.4 to make it clear that the prohibition on oil and gas development also applies to onshore oil and gas exploration and development not related to offshore development, and

WHEREAS, pursuant to the California Environmental Quality Act (CEQA) Guidelines, this Ordinance is exempt from CEQA based on the following:

(1) This Ordinance is not a project within the meaning of Section 15378 of the State CEQA Guidelines, because it has no potential for resulting in physical change in the environment, directly or ultimately.

(2) This Ordinance is categorically exempt from CEQA under Section 15308 of the CEQA Guidelines as a regulatory action taken by the County pursuant to its police power and in accordance with Government Code Section 65858 to assure maintenance and protection of the environment pending the evaluation and adoption of contemplated local legislation, regulation and policies.

(3) This Ordinance is not subject to CEQA under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. For the reasons set forth in subparagraphs (1) and (2), above, it can be seen with certainty that there is no possibility that this Ordinance will have a significant effect on the environment.

NOW, THEREFORE BE IT ORDAINED by the Board of Supervisors of the County of Santa Cruz as follows:

SECTION I

Incorporation of Recitals. The Board of Supervisors finds that all of the above Recitals are true and correct and are incorporated herein by reference.

SECTION II

Moratorium Extended. In accordance with the authority granted the County of Santa Cruz under Article XI, Section 7 of the California Constitution, California Government Code section 65858, and subdivision (d) of California Government Code section 25123, from and after the effective date of this Ordinance and

throughout the period that this Ordinance remains in effect, no person shall engage in oil and gas exploration and development within the surface or subsurface of the unincorporated area of the County of Santa Cruz. Oil and gas exploration and development is hereby expressly prohibited.

SECTION III

Authority; Urgency Statement. This Ordinance is an interim ordinance adopted as an urgency measure pursuant to Government Code section 65858 and subdivision (d) of California Government Code section 25123, and is for the immediate preservation of the public welfare. The facts constituting an urgency and a current and immediate threat to the public health, safety and welfare are these: considerable uncertainty exists as to whether a commercial operation engaged in oil and gas exploration and development within the unincorporated area of the County of Santa Cruz is in conformance with the General Plan and whether it may be hazardous to the public health, safety and welfare. Until the General Plan is amended, this uncertainty will remain. The granting of land use entitlements for uses that are inconsistent with the General Plan is contrary to state law. Absent the adoption of this urgency Ordinance, this uncertainty will continue and negatively impact the public welfare, safety and health. As a result of this threat to the public welfare, safety and health, it is necessary to extend the temporary moratorium on the granting of any land use entitlement allowing the establishment of a commercial operation engaged in oil or gas exploration or development.

SECTION IV

Establishment of an Oil and Gas Drilling Business Declared Public Nuisance. The establishment of a commercial operation engaged in oil or gas exploration or development within the unincorporated area of the County of Santa Cruz is declared to be a public nuisance. Violations of this Ordinance may be enforced by any applicable laws or ordinances.

SECTION V

Severability. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that

anyone or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

SECTION VI

Effective Date and Duration. This Ordinance shall become effective immediately upon adoption by at least four-fifths (4/5) vote of the Board of Supervisors and shall be in effect for 10 months and 15 days from October 22, 2013 unless extended by the County in accordance with California Government Code section 65858.

PASSED AND ADOPTED THIS 22nd day of October, 2013,
by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES:	SUPERVISORS	Leopold, McPherson, Friend, Caput & Coonerty
NOES:	SUPERVISORS	None
ABSENT:	SUPERVISORS	None
ABSTAIN:	SUPERVISORS	None

NEAL COONERTY

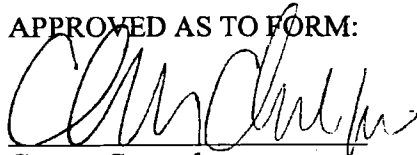
Chairperson of the Board of Supervisors

TESS FITZGERALD

Attest:

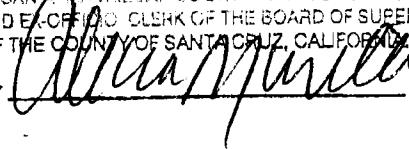
Clerk of the Board

APPROVED AS TO FORM:



County Counsel

Distribution: County Administrative Officer
Planning Department

I HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT
IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THE
OFFICE ATTEST MY HAND AND SEAL THIS 23rd DAY
OF October 2013
SUSAN A. BURELLO, COUNTY ADMINISTRATIVE OFFICER
AND EX-OFFICIO CLERK OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, CALIFORNIA
BY  DEPUTY

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ORDINANCE NO. 5161.**INTERIM ORDINANCE OF THE COUNTY OF SANTA CRUZ IMPOSING
A TEMPORARY MORATORIUM ON OIL AND GAS EXPLORATION
AND DEVELOPMENT WITHIN THE UNINCORPORATED AREA OF
SANTA CRUZ COUNTY AND DECLARING THE URGENCY THEREOF**

The Board of Supervisors of the County of Santa Cruz find as follows:

WHEREAS, great interest has been shown by the oil and gas industry in extracting oil and gas from the Monterey Shale Formation, and from other rocks containing accumulations of oil and gas resources; and

WHEREAS, the Monterey Shale Formation, and other rocks potentially containing oil and gas resources, underlies much of the County of Santa Cruz; and

WHEREAS, although no active production of oil or gas resource currently takes place with Santa Cruz County, technically feasible and economically viable approaches may be discovered by the oil industry to tap potential accumulations of oil and gas resources in the Monterey formation or other rocks containing oil and gas resources, and interest could turn from the developed resource areas in southern California to other parts of the State, including Santa Cruz County; and

WHEREAS, oil and gas exploration and development has raised the following public health, safety or welfare concerns: pollution of air, soil, surface water, and groundwater; depletion of water supplies; noise pollution; and seismic hazards; and

WHEREAS, greenhouse gas emissions resulting from oil and gas exploration and burning fossil fuel are warming the planet and causing climate change with potential public health, safety, welfare, economic, and social impacts in Santa Cruz County, including increased risk of flooding and inundation, extreme storm events, erosion, water shortages, heat waves, and wildfires; and

WHEREAS, on April 16, 2013 the Board of Supervisors directed the Planning Department to consider a prohibition on oil and gas development within Santa Cruz County; and

WHEREAS, the Board of Supervisors is currently considering a prohibition on oil development within Santa Cruz County; and

WHEREAS, Article XI, Section 7 of the California Constitution permits a county to make and enforce all local police, sanitary and other ordinances and regulations not in conflict with general laws; and

WHEREAS, California Government Code Section 65858, subdivision (a), provides: that legislative bodies may, to protect public safety, health and welfare, adopt as an urgency measure an interim ordinance prohibiting any uses that may be in conflict with a contemplated general plan; specific plan, or zoning proposal that the legislative body is considering or studying or intends to study within a reasonable time; that adoption of such urgency measures requires a four-fifths (4/5) vote of the legislative body; that such measures shall be of no effect forty-five (45) days from the date of adoption, and may be extended a maximum of two times and have a maximum total duration of two (2) years; and

WHEREAS, California Government Code Section 65858, subdivision (c), provides: that legislative bodies may not adopt or extend such ordinances unless they contain findings that there is a current and immediate threat to the public health, safety, or welfare, and that the approval of additional entitlements would result in that threat to the public health, safety or welfare; and

WHEREAS, the Board of Supervisors desires to amend the Santa Cruz County General Plan Policies regarding oil and gas exploration and development, prohibiting exploration and development of oil and gas resources from surface and subsurface locations within the unincorporated area of Santa Cruz County, and process a General Plan Amendment to add clarifying language to General Plan Policy 5.18.4 to make it clear that the prohibition on oil and gas development also applies to onshore oil and gas exploration and development not related to offshore development, and

WHEREAS, pursuant to the California Environmental Quality Act (CEQA) Guidelines, this Ordinance is exempt from CEQA based on the following:

(1) This Ordinance is not a project within the meaning of Section 15378 of the State CEQA Guidelines, because it has no potential for resulting in physical change in the environment, directly or ultimately.

(2) This Ordinance is categorically exempt from CEQA under Section 15308 of the CEQA Guidelines as a regulatory action taken by the County pursuant to its police power and in accordance with Government Code Section 65858 to assure maintenance and protection of the environment pending the evaluation and adoption of contemplated local legislation, regulation and policies.

(3) This Ordinance is not subject to CEQA under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. For the reasons set forth in subparagraphs (1) and (2), above, it can be seen with certainty that there is no possibility that this Ordinance will have a significant effect on the environment.

NOW, THEREFORE BE IT ORDAINED by the Board of Supervisors of the County of Santa Cruz as follows:

SECTION I

Incorporation of Recitals. The Board of Supervisors finds that all of the above Recitals are true and correct and are incorporated herein by reference.

SECTION II

Moratorium Imposed. In accordance with the authority granted the County of Santa Cruz under Article XI, Section 7 of the California Constitution, California Government Code section 65858, and subdivision (d) of California Government Code section 25123, from and after the effective date of this Ordinance and throughout the period that this Ordinance remains in effect, no person shall engaged in oil and gas exploration and development within the surface or subsurface of the unincorporated area of the County of Santa Cruz. Oil and gas exploration and development is hereby expressly prohibited.

SECTION III

Authority; Urgency Statement. This Ordinance is an interim ordinance adopted as an urgency measure pursuant to Government Code section 65858 and subdivision (d) of California Government Code section 25123, and is for the immediate preservation of the public welfare. The facts constituting an urgency and a current and immediate threat to the public health, safety and welfare are these: considerable uncertainty exists as to whether a commercial operation engaged in oil and gas exploration and development within the unincorporated area of the County of Santa Cruz is in conformance with the General Plan and whether they may be hazardous to the public health, safety and welfare. Until the General Plan is amended, this uncertainty will remain. The granting of land use entitlements for uses that are inconsistent with the General Plan is contrary to state law. Absent the adoption of this urgency Ordinance, this uncertainty will continue and negatively impact the public welfare, safety and health. As a result of this threat to the public welfare, safety and health, it is necessary to temporarily establish a 45-day moratorium on the granting of any land use entitlement allowing the establishment of a commercial operation engaged in oil or gas exploration or development.

SECTION IV

Establishment of an Oil and Gas Drilling Business Declared Public Nuisance. The establishment of a commercial operation engaged in oil or gas exploration or development within the unincorporated area of the County of Santa Cruz is declared to be a public nuisance. Violations of this Ordinance may be enforced by any applicable laws or ordinances.

SECTION V

Severability. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that anyone or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

SECTION VI

Effective Date and Duration. This Ordinance shall become effective immediately upon adoption by at least four-fifths (4/5) vote of the Board of Supervisors and shall be in effect for 45 days from September 10, 2013 unless extended by the County in accordance with California Government Code section 65858.

PASSED AND ADOPTED THIS 10th day of September, 2013, by the Board of Supervisors of the County of Santa Cruz by the following vote:

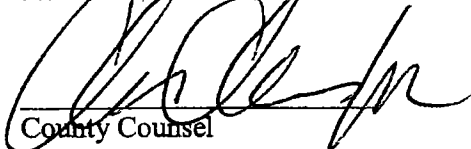
AYES:	SUPERVISORS	Leopold, McPherson, Caputo and Coonerty
NOES:	SUPERVISORS	None
ABSENT:	SUPERVISORS	Friend
ABSTAIN:	SUPERVISORS	None

NEAL COONERTY

Chairperson of the Board of Supervisors


Attest: **TESS FITZGERALD**
Clerk of the Board

APPROVED AS TO FORM:


County Counsel

Distribution: County Administrative Officer
Planning Department

I HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT IS CORRECT COPY OF THE ORIGINAL ON FILE IN THE OFFICE ATTEST MY HAND AND SEAL THIS 10th DAY OF September 20 13
SUSAN A. MAURIELLO, COUNTY ADMINISTRATIVE OFFICER AND EX-OFFICIO CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA CRUZ, CALIFORNIA.

BY  DEPUTY



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

701 OCEAN STREET, 4TH FLOOR, SANTA CRUZ, CA 95060
(831) 454-2580 FAX: (831) 454-2131 TDD: (831) 454-2123
KATHLEEN MOLLOY PREVISICH, PLANNING DIRECTOR

March 29, 2013

Agenda: April 16, 2013

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

SUBJECT: CONSIDER REPORT BACK ON HYDRAULIC FRACTURING

Members of the Board:

On February 12, 2013 your Board considered a report regarding hydraulic fracturing and, by unanimous vote, adopted a resolution expressing concerns about the proposed State regulations for hydraulic fracturing in California. Your Board also directed a) that the Chairperson of the Board send a letter to the State Division of Oil, Gas, and Geothermal Resources (DOGGR) requesting a hearing be held on the Central Coast to allow members of the public to express their views to the State government; and b) that staff return with a report on this date identifying the potential for this type of drilling technique to occur in Santa Cruz County, and c) providing information about regulations related to hydraulic fracturing that have been adopted by other counties.

DOGGR Meeting. Subsequent to the Board meeting and letter to the State, DOGGR announced that one additional workshop regarding the proposed State regulations will be held in the Monterey Bay area; with the date, time and location to be announced soon.

Potential for Hydraulic Fracturing in Santa Cruz County. Currently, oil industry exploration and development programs related to the Monterey shale play are occurring in the Los Angeles and San Joaquin Basins, and in southern Monterey and San Benito counties. Activities include active leasing, drilling, and large scale seismic surveys. Closer to Santa Cruz County, Granite Rock Company has conducted a seismic survey around its quarry in the Aromas area of northern San Benito County.

While there is a substantial potential for hydraulic fracturing for oil within the Monterey Formation in the southern part of the State, the potential for further oil exploration in Santa Cruz County, including unconventional resources, is uncertain. It appears to be quite low at this time because the vast majority of the potential is in Southern California where the industry is making large capital investments in the unconventional resources that have already been evaluated, essentially recovering the "low hanging fruit". Secondly, active production of conventional deposits of oil and gas is usually associated with locations of recovery of unconventional resources, and there is no active production of conventional resources in Santa Cruz County. However, hydraulic fracturing in Santa Cruz County at some point in the future cannot be entirely ruled out. Technically feasible and economically viable approaches may be discovered by the oil industry to tap the shale oil potential in the Monterey formation, and interest could turn from the developed resource areas in southern California to the Monterey formation in other parts

of the State, including in Santa Cruz County. Attachment 1 provides further information regarding the potential for hydraulic fracturing in Santa Cruz County.

Santa Cruz County Considerations Regarding Land Use Regulations

The State Department of Conservation Division of Oil and Gas has authority over wells and other subsurface activities related to oil and gas exploration and production. However, Counties retain authority over surface activities, including grading, building and construction. Counties also have authority to regulate the location of oil and gas exploration activities through their zoning authority. In the process of permitting overlying land use activities, as the lead agency, the County must also comply with the California Environmental Quality Act (CEQA) and take into consideration all potential impacts on the environment, including subsurface impacts. To that end, Counties such as Monterey, San Benito, and Santa Barbara have developed regulations that require extensive information about the surface and subsurface aspects of proposed hydraulic fracturing operations.

Santa Barbara County regulates oil and gas development under the Petroleum Code, and the Land Use and Development Code provisions relating to, "Oil and Gas, Wind Energy, and Cogeneration Facilities." Within the Coastal Zone drilling and production activities require a land use permit, a conditional use permit, an Exploration Plan and a Production Plan. For inland areas, a land use permit only is required (not a conditional use permit), and operators may seek approval of a combined Oil Drilling and Production Plan with some exemptions available. Oil and gas development is allowed in zoning districts encompassing much of the inland area.

Kern County allows unrestricted drilling and requires no permit or review for an oil or gas well in certain zone districts as long it complies with state law and county fire safety regulations. In other zone districts a ministerial permit is required as long as the plot plan complies with the standards in the code. In other zone districts a conditional use permit is required with approval by the Planning Commission. In addition, DOGGR serves as the lead agency for CEQA review of all wells located in Kern County, where the vast majority of oil wells (more than 80%) in the state of California are located. In Kern County, this activity is a major economic sector that provides jobs, household income, and governmental revenues.

In San Mateo County, oil and gas exploration is permitted within certain zone districts. To drill a new well or re-enter an existing well an application for an exploratory well permit is required. To operate a producer well a production well permit is required. These are conditional use permits that require review by the Planning Commission. Environmental review is completed by the County.

The Santa Cruz County Code provides authority for regulation of energy facilities, including hydraulic fracturing activities, in multiple ordinances regulating zoning, grading, hazardous materials, and runoff and pollution. The Zoning Ordinance (Chapter 13.10) includes provisions for energy facilities on land zoned Public and Community Facilities, Commercial, Industrial, Timber Production, and Agriculture with a Zoning Administrator or higher-level discretionary approval, which would be subject to CEQA review. An energy facility is defined as "...any public or private processing, producing, generating, storing, transmitting, or recovering facility for electricity, natural gas, petroleum, coal or other energy resource..."

In Santa Cruz County a vote of the people is required for any onshore facility necessary for or intended to support offshore oil or gas exploration or development. This requirement is reflected in both the General Plan and the County Code. General Plan Policy 5.18.4 states:

Prohibit on- and off- shore oil development unless a General Plan and Local Coastal Program amendment is approved by the voters of the County which allows such development.

General Plan policies 7.26.4 and 7.26.5 list submittal requirements and criteria for any request for amendment of the General Plan and LCP Land Use Plan to permit energy facilities.

As adopted by voters as Measure "A" on June 3, 1986 the County Code (16.55.020) states:

No permit, entitlement, lease, or other authorization of any kind within the County of Santa Cruz which would authorize or allow the development, construction, or installation of any onshore facility necessary for or intended to support offshore oil or gas exploration or development shall be granted unless such authorization is approved by a majority vote of the qualified electors of Santa Cruz County, in a general or special election.

When any person proposes to undertake the development within Santa Cruz County of any onshore energy facility related to the exploration or development of offshore oil or gas resources, and requests an amendment of the County's certified Local Coastal Program to facilitate such development, the local government determination required by Public Resources Code Section 30515 shall include a vote of the qualified electors of Santa Cruz County, in a general or special election, and no local government determination approving such an amendment shall be valid unless a majority of the electors voting in such election approve the amendment proposed.

Additionally, Chapter 16.55.30 states:

No substantive provision of this chapter, however, shall be amended or repealed, except by a vote of the people.

Because the Chapter 16.55 ordinance specifically applies to onshore facilities to support offshore oil or gas exploration, arguments could be made that the General Plan language should be interpreted as applying only to facilities supporting off shore operations. It could therefore be beneficial for the General Plan policy to be made more clear, to provide that it also applies to onshore oil and gas exploration and development. Therefore, staff recommends considering additional General Plan language to clarify that General Plan policy 5.18.4 applies to onshore oil and gas exploration and development. However, given the facts that hydraulic fracturing, if it were to occur in Santa Cruz, is not likely in the short term, and amendment to Chapter 16.55 requires a general vote of the people, staff is not recommending that Chapter 16.55 be amended at this time.

RECOMMENDATION

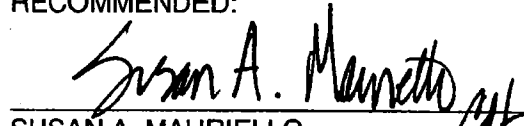
Staff recommends that your Board accept this report and take the following action:

1. Direct the Planning Department to work with County Counsel to consider amending General Plan Policy 5.18.4 to make it clear that the prohibition on oil development unless a General Plan/Local Coastal Plan Amendment is approved through voter approval of a ballot measure, also applies to onshore oil and gas exploration not related to offshore development, prior to processing a General Plan amendment to add this clarifying new language to the General Plan.

Sincerely,


KATHY M. PREVISICH
Planning Director

RECOMMENDED:


SUSAN A. MAURIELLO
County Administrative Officer

Attachment 1: Potential for Hydraulic Fracturing in Santa Cruz County

POTENTIAL FOR HYDRAULIC FRACTURING IN SANTA CRUZ COUNTY**Background**

In 2011 the U.S. Energy Information Administration (EIA), the statistical and analytical agency within the U.S. Department of Energy, published a report titled "Review of Emerging Resources: U.S. Shale Gas and Shale Oil Plays", which identified the Monterey Formation in southern California as containing the largest technically recoverable, onshore shale oil resource in the lower 48 states, with an estimated 15.42 billion barrels of technically recoverable oil. A "play" is a set of oil and or gas accumulations sharing similar geologic, geographic, and temporal properties. Although the Monterey formation also occurs within the County of Santa Cruz, it is not included in the play area evaluated in the EIA report.

According to the EIA, the reported information is a reasonable estimate of the resource potential for the shale plays for which public information is currently available. However, there is still considerable uncertainty regarding the ultimate size of technically recoverable shale gas and shale oil resources. These are emerging resources and greater certainty will come as producers drill into geologic deposits with oil and natural gas potential and attempt to produce from them on a commercial basis.

According to the EIA report the active area of the Monterey shale play is located in the San Joaquin Valley and Los Angeles Basin. The depth of the shale ranges from 8,000 to 14,000 feet deep and is between 1,000 and 3,000 feet thick. The companies holding leases within the Monterey shale play as of 2010 include Occidental Petroleum Company (Oxy), Venoco, Plains Exploration and Production, National Fuel Gas Company, and Berry Petroleum; with Oxy being the largest lease holder. According to the EIA report recent per-well costs for a vertical well have been reported in the range of \$2 to \$2.5 million, and in the range of \$5 to \$7 million for a horizontal well.

Regional Conventional Hydrocarbon Resources As Compared With Southern California

The Monterey Formation includes the primary source rocks for most of the conventional oil reservoirs found in California, including giant fields such as Kern River, Elk Hills and Midway-Sunset, all in Kern County in southern San Joaquin Valley. Source rocks are those rocks - most commonly, shales and mudstones that are rich in organic matter - from which hydrocarbons, such as oil and gas, originate. Conventional oil and gas resources are formed when oil and gas gradually migrate away from the source rock into other porous sedimentary rocks, commonly sandstones, where they become trapped beneath low permeability rocks that block further upward migration. This results in discrete accumulations, generally called fields or pools, of oil and gas. This contrasts with continuous, or unconventional, resources, such as shale oil and shale gas, which remain trapped within the original source rock. Unconventional hydrocarbon resources, such as the Monterey shale play that was evaluated in the 2011 EIA report, are petroleum accumulations (oil or gas) that have large spatial dimensions and indistinctly defined boundaries. Conventional accumulations "float," bubble-like, in water; continuous, or unconventional, accumulations do not. These characteristics make it much more challenging to extract unconventional oil and gas resources as compared to conventional resources.

Attachment 2 is a summary of total oil and gas production in California by County from the 2011 Annual Report of the State Oil and Gas Supervisor. It shows that Kern County in the southern San Joaquin Valley in 2011 produced about 143 million barrels of oil largely from conventional sources, which is by far the largest production by county in the State. By contrast, no oil or gas production occurred in 2011 in Santa Cruz County. There is a local history of oil exploration with numerous exploratory wells documented in the area, however. Northwest of the City of Santa Cruz, tar sands were quarried for paving material for many years. From 1955 to 1959, Husky Oil Company recovered oil and gas from

those tar sands using downhole gas-fired heaters, but the project was abandoned after four years as unprofitable.

Conventional oil and gas resources in the Central Coastal Province, which includes Santa Cruz County, were last evaluated by the United States Geological Survey (USGS) in the National Oil and Gas Assessment (NOGA) in 1995. According to the 1995 NOGA, the La Honda Oil Play includes five small oil fields, three located immediately northwest of Santa Cruz County in San Mateo County, one located in Santa Clara County near Lexington Reservoir, and one located immediately southeast of Santa Cruz County in Santa Clara County. Together, these five fields have produced a total of 1.7 million barrels of oil. The oldest field, Moody Gulch, was discovered in 1878. The largest field, the main area of the La Honda oil field, was discovered in 1956; cumulative production from this field by the end of 1991 was about 804 thousand barrels of oil. According to the 2011 Annual Report of the State Oil and Gas Supervisor, San Mateo County and Santa Clara County produced a combined 30,567 barrels of oil as compared to 143 million barrels of oil produced in Kern County in San Joaquin Valley (see last page). Estimates of reserves in existing San Joaquin fields are similarly much larger than for La Honda fields.

According to the 1995 NOGA the most promising part of the La Honda Oil Play for additional oil and gas deposits is the area extending from Half Moon Bay southward to Santa Cruz. This area includes existing commercial production in the Half Moon Bay and La Honda oil fields. Along the coast from Point Ano Nuevo south to Santa Cruz, there may also be reservoirs in the Santa Margarita Sandstone, as well as in the Santa Cruz Mudstone, including the possibility of one or more large accumulations along the southwest slope of Ben Lomond Mountain, where the Santa Cruz Mudstone is unusually thick.

The area between the San Andreas and Zayante-Vergeles Faults, and extending from near Highway 17 northwestward to Montara Mountain, is regarded as less promising. Nevertheless, this area includes the Moody Gulch and Oil Creek fields, so the potential for more small commercial fields cannot be completely dismissed. However, the cost of required investment, at least for the foreseeable future, is likely more than could be justified by the revenues that would be generated, making that area less attractive to the industry. In the area between the San Andreas and Zayante-Vergeles Faults, and extending from near Highway 17 southeastward to near San Juan Bautista, California, no producing fields have been found.

According to the 1995 NOGA, within the La Honda Oil Play, estimates of undiscovered oil resources range from 3.4 to 149.3 million barrels of oil with a mean of 52.4 million barrels of oil. By contrast, within the San Joaquin Basin Province the USGS estimated in 2003 mean undiscovered oil resources of 393 million barrels of oil.

It should be noted that a variety of technologies, including hydraulic fracturing, steam flooding and acidizing, are used in California to enhance production from existing wells tapping conventional oil resources. While these techniques also provide the capability of extracting oil from unconventional resources, the economic and environmental costs must be considered, and sometimes make extraction infeasible.

Potential to Extract Unconventional Resources from the Monterey Formation

Although assessments of conventional oil and gas resources have been completed, the USGS has not conducted an assessment of unconventional oil and gas resources in the Monterey shale play in southern California, or any other areas where the Monterey Formation occurs. Based on the EIA report on the unconventional prospects in the Monterey shale play in southern California and the existence of the giant conventional oil fields in the same area, which are largely sourced from the Monterey Formation, the oil industry is focusing attempts to tap the unconventional oil resources of the Monterey

Formation in southern California, the San Joaquin Valley, and the southern parts of Monterey and San Benito Counties.

According to the EIA report, since the early 1980's the use of horizontal drilling in conjunction with hydraulic fracturing has greatly expanded the ability of producers to profitably recover natural gas and oil from unconventional geologic plays – particularly shale plays. In the past 7 years dramatic increases in shale gas resource development and production have been recognized as a “game changer” for the U.S. natural gas market. Oil production from shale plays, notably the Bakken Shale in North Dakota and Montana, has also grown rapidly in recent years. This success in oil production from Mid-Continent shale plays has renewed interest in the resource potential of the Monterey Formation. To date, however, companies using a variety of technologies, including hydraulic fracturing, have yet to report similar success in the Monterey shale play for reasons likely related to more complex geologic conditions in California compared to the Mid-Continent. It may, however, just be a matter of time before a technically feasible and economically viable approach is discovered by the oil industry to tap the shale oil potential in the Monterey play. Given the national level of demand for such resources and the more feasible and profitable resources located elsewhere, however, it is expected that it would be quite a while before our area attracts the attention of the industry for resource development and production.

Potential for Hydraulic Fracturing in Santa Cruz

Currently, oil industry exploration and development programs related to the Monterey shale play are occurring in the Los Angeles and San Joaquin Basins, and in southern Monterey and San Benito counties. Activities include active leasing, drilling, and large scale seismic surveys. Closer to Santa Cruz County, Granite Rock Company has conducted a seismic survey around its quarry in the Aromas area of northern San Benito County.

While there is a substantial potential for hydraulic fracturing for oil within the Monterey Formation in the southern part of the State, the potential for further oil exploration in Santa Cruz County, including unconventional resources, is uncertain. It appears to be quite low at this time because the vast majority of the potential is in Southern California where the industry is making large capital investments in the unconventional resources that have already been evaluated, essentially recovering the “low hanging fruit”. Secondly, active production of conventional deposits of oil and gas is usually associated with locations of recovery of unconventional resources, and there is no active production of conventional resources in Santa Cruz County. However, hydraulic fracturing in Santa Cruz County at some point in the future cannot be entirely ruled out. Technically feasible and economically viable approaches may be discovered by the oil industry to tap the shale oil potential in the Monterey formation, and interest could turn from the developed resource areas in southern California to the Monterey formation in other parts of the State, including in Santa Cruz County.

**PRODUCING WELLS AND PRODUCTION
OF OIL, GAS, AND WATER BY COUNTY - 2011***

COUNTY NAME	NUMBER OF WELLS		OIL PRODUCTION (bbl)*	NET GAS PRODUCTION (Mcf)			WATER PRODUCTION (bbl)
	ACTIVE	SHUT IN		ASSOCIATED (from oil zones)	NONASSOCIATED (from gas zones)	TOTAL	
Alameda	6	1	14,858	0	0	0	50,360
Butte	9	2	0	0	41,787	41,787	223
Colusa	230	123	0	0	11,841,247	11,841,247	110,208
Contra Costa	27	18	1,305	0	1,156,434	1,156,434	13,807
Fresno	1,963	1,554	6,048,407	954,057	0	954,057	75,196,412
Glenn	273	55	0	0	9,997,205	9,997,205	98,872
Humboldt	28	27	0	0	641,799	641,799	7,475
Kern	42,159	15,691	142,991,052	148,259,992	3,115,332	151,375,324	1,728,794,462
Kings	160	176	110,026	380,093	302,043	682,136	469,644
Los Angeles	3,751	1,564	23,730,151	15,095,858	292,027	15,387,885	780,176,314
Madera	12	19	0	0	1,430,711	1,430,711	6,818
Merced	1	2	0	0	81,121	81,121	0
Monterey	609	568	7,125,968	1,319,481	0	1,319,481	119,527,903
Orange	1,036	484	4,220,714	1,965,658	0	1,965,658	70,721,268
Sacramento	128	79	19,187	0	8,348,464	8,348,464	92,362
San Benito	22	18	5,196	26,154	12,138	38,292	23,480
San Bernardino	18	20	12,427	70	0	70	3,229
San Joaquin	55	90	0	0	3,209,005	3,209,005	63,101
San Luis Obispo	130	217	442,903	91,850	0	91,850	7,573,428
San Mateo	11	12	1,355	4,662	0	4,662	3,090
Santa Barbara	1,083	1,072	3,642,688	2,885,009	583	2,885,592	93,432,074
Santa Clara	13	2	29,212	5,467	0	5,467	23,828
Solano	122	145	13,418	0	6,991,056	6,991,056	109,550
Stanislaus	2	0	0	0	632,737	632,737	54,456
Sutter	299	121	2	0	13,168,881	13,168,881	146,491
Tehama	121	42	0	0	2,392,799	2,392,799	35,704
Tulare	74	20	48,584	0	0	0	4,504,335
Ventura	1,708	1,278	8,308,059	7,676,656	0	7,676,656	63,477,467
Yolo	25	62	362	0	386,332	386,332	2,716
Yuba	1	0	0	0	1,816	1,816	0
STATE TOTAL	54,076	23,462	196,765,874	178,665,007	64,043,517	242,708,524	2,944,719,077

* Includes condensate from gas fields, gas zones and gas storage wells.

**BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA**

Resolution No. 27-2013

On the motion of Supervisor: Leopold
Duly seconded by Supervisor: McPherson
The following resolution is adopted:

**RESOLUTION EXPRESSING CONCERNS ABOUT THE PROPOSED
REGULATIONS FOR HYDRAULIC FRACTURING IN CALIFORNIA**

WHEREAS, great interest has been shown by the oil and gas industry in extracting oil and gas from the Monterey Shale Formation. The Monterey Shale Formation underlies much of the County of Santa Cruz; and

WHEREAS, the County of Santa Cruz includes numerous areas of great environmental sensitivity subject to damage by poorly regulated extraction activities; and

WHEREAS, the County of Santa Cruz has limited supplies of surface and subsurface potable water; and

WHEREAS, the County of Santa Cruz is a seismically active area with several active earthquake faults; and

WHEREAS, hydraulic fracturing activities elsewhere have resulted in allegations of significant adverse impacts, including pollution of air and groundwater, exhaustion of local aquifers, noise pollution and alleged seismic problems.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of Santa Cruz hereby requests the Division of Oil, Gas and Geothermal Resources of the California Department of Conservation to amend their draft regulations to require the following:

1. Full disclosure of all chemicals to be used in hydraulic fracturing to allow proper assessment of risk to the environment and public health;
2. Expand public notification prior to hydraulic fracturing operations and require public notification of well casing failure;
3. Requirements to use traceable materials in all hydraulic fracturing operations to allow any leaks to be traced back to their source;
4. Baseline and annual testing of groundwater to verify that no contamination is occurring;
5. Proper assessment of seismic risks related to injection of large quantities of wastewater from hydraulic fracturing into deep wells;
6. Identification of the source and quantities of water required for hydraulic fracturing operations, and assessment of the impact on aquifers and other users, including people and wildlife, and prohibit the use of groundwater from overdrafted aquifers;

7. Proper assessment of risk of pollution of surface and subsurface water supplies through hydraulic fracturing operations, including reinjection of hydraulic fracturing fluid flowback;
8. Proper assessment of the impacts and risks of storage, transportation and disposal of hydraulic fracturing fluid and flowback;
9. Proper assessment of fugitive air emissions associated with hydraulic fracturing, and requirements for methane capture;
10. Explicit acknowledgement that all hydraulic fracturing will be subject to the requirements of the California Environmental Quality Act, and that each proposed fracking operation shall undergo thorough review under the provisions of the act;
11. Requirements for assessment of risks and impacts to jurisdictions adjacent to areas where hydraulic fracturing activities may occur, including traffic noise and impacts to shared water resources;
12. Explicit acknowledgement that hydraulic fracturing activities will be subject to appropriate local codes and regulations, in addition to state regulations; and
13. The proposed regulations should address other forms of well stimulation such as acidizing.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 12th day of February 2013, by the following vote:

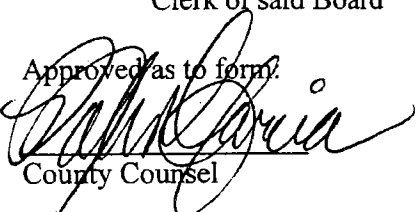
AYES: SUPERVISORS Leopold, McPherson, Friend, Caput, Coonerty
 NOES: SUPERVISORS none
 ABSENT: SUPERVISORS none

NEAL COONERTY
 Chairperson of said Board

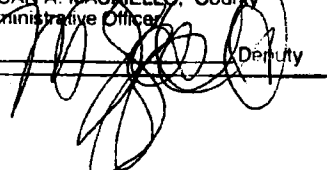
JEFF FITZGERALD

ATTEST: _____
 Clerk of said Board

Approved as to form:


 County Counsel

Distribution:
 Planning
 Public Works
 Environmental Health
 California Dept. of Conservation
 Senator Bill Monning
 Representative Mark Stone
 Representative Luis Alejo
 Association of Monterey Bay Area Governments
 Local Cities

STATE OF CALIFORNIA)	SS
COUNTY OF SANTA CRUZ)	
I, SUSAN A. MAURIELLO, County Administrative Officer and ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, State of California do hereby certify that the foregoing is a true and correct copy of the resolution passed and adopted by and entered in the minutes of the said board. In witness whereof I have hereunto set my hand and affixed the seal of the said Board on <u>February 12, 2013</u> .		
SUSAN A. MAURIELLO, County Administrative Officer		
By		Deputy

Chapter 16.55**ONSHORE FACILITIES SUPPORTING OFFSHORE OIL AND GAS EXPLORATION
AND DEVELOPMENT****Sections:**

- 16.55.010 Findings.**
- 16.55.020 Voter approval for onshore facilities.**
- 16.55.030 Recodification and amendment.**
- 16.55.040 Severability.**

16.55.010 Findings.

It is hereby found and determined as follows:

(A) The Federal government has proposed to open up virtually the entire California coastline to offshore oil and gas exploration and development, including the coastline off Santa Cruz County.

(B) Coastal areas off Santa Cruz County have been determined to be high priority areas for offshore oil and gas exploration and development by various multinational oil companies.

(C) Offshore oil and gas development off Santa Cruz County would have the following significant effects upon this community:

(1) If offshore oil and gas development occurs off the Santa Cruz County coast, significant new air pollution is absolutely inevitable. One drillship produces approximately the same amount of air pollution as 23,000 cars driving 50 miles per day. Despite this fact, the Federal government does not presently require that offshore oil and gas developments comply with State and local air pollution rules.

(2) Offshore oil and gas development off the Santa Cruz County coast would expose the coast to the danger of massive oil spills, from an oil well blowout or a tanker accident. Even if a major accident never occurs, routine small oil releases are absolutely inevitable if offshore oil and gas development is permitted. Such small releases of oil would degrade our sensitive marine environment, put oil on our beaches, and expose both marine mammals and seabirds to great danger.

(3) Offshore oil and gas development off the Santa Cruz County coast would inevitably result in the discharge of large volumes of highly toxic drilling muds onto the ocean floor. These toxic materials would degrade our sensitive marine environment, put all forms of marine life at greater risk, and pose a threat to human beings who might later eat fish contaminated with accumulated toxics.

(4) Offshore oil and gas development off the Santa Cruz County coast would put the existing local economy in jeopardy, because: (a) such offshore oil and gas development would significantly and substantially interfere with the operations of our fishing industry; (b) would detract from the experience of visitors to our coast, and, particularly if a massive oil spill occurs, place our tourism industry in danger; and (c) place significant pressures on coastal lands and water needed for agriculture, and would hence threaten our agriculture industry.

(D) The onshore impacts of offshore oil and gas development would be substantial:

(1) The recreational use of local port facilities could be usurped by oil industry boats.

(2) Noisy helicopter traffic could become a significant irritant to County residents.

(3) The massive fresh water supplies needed for offshore oil and gas development might require that water be diverted from existing users, or that costly and environmentally damaging dam and water projects be constructed.

(4) Coastal agricultural and other lands would be needed for oil processing, treatment, and transportation facilities, or for supply bases for offshore oil and gas development, potentially transforming our open and agricultural lands along the coast into the industrial staging area for oil and gas developments offshore.

(E) Rather than consuming offshore oil and gas resources now, our nation should conserve these resources, since they are nonrenewable. Our nation should develop a national energy strategy based on energy conservation and the increasing use of renewable energy sources. Instead, the Federal government has presently reduced or eliminated efforts to increase energy conservation, and to develop renewable energy sources, at the same time that it is attempting to increase the development of nonrenewable energy sources like offshore oil and gas. The citizens of Santa Cruz County are willing and able to do their part in conserving energy, and in developing a society less dependent on nonrenewable fossil fuel resources.

(F) The citizens of Santa Cruz County have no legal way directly to control offshore oil and gas exploration or development, since oil and gas developments which occur offshore are under the jurisdiction of the Federal government. The

citizens of Santa Cruz County do, however, have the legal ability to make significant decisions about onshore facilities which support offshore oil and gas exploration and development.

(G) Since the effects of offshore oil and gas development on the people of Santa Cruz County would be significant, it is appropriate that the people of Santa Cruz County reserve for themselves, to the maximum degree possible, decisions on major new onshore facilities which support offshore oil and gas exploration and development. [Adopted by voters as Measure "A" at June 3, 1986 election].

16.55.020 Voter approval for onshore facilities.

(A) No permit, entitlement, lease, or other authorization of any kind within the County of Santa Cruz which would authorize or allow the development, construction, or installation of any onshore facility necessary for or intended to support offshore oil or gas exploration or development shall be granted unless such authorization is approved by a majority vote of the qualified electors of Santa Cruz County, in a general or special election. For the purpose of this chapter, the term "onshore facility" means any facility or land use of at least 20,000 square feet necessary for or intended to support offshore oil or gas exploration, or the development, production, storage, processing, or transportation of oil or gas resources, produced or developed offshore, or other activities related to the development of offshore oil or gas resources.

(B) When any person proposes to undertake the development within Santa Cruz County of any onshore energy facility related to the exploration or development of offshore oil or gas resources, and requests an amendment of the County's certified Local Coastal Program to facilitate such development, the local government determination required by Public Resources Code Section 30515 shall include a vote of the qualified electors of Santa Cruz County, in a general or special election, and no local government determination approving such an amendment shall be valid unless a majority of the electors voting in such election approve the amendment proposed. The Board of Supervisors of Santa Cruz County are hereby authorized and directed to enact any further ordinances or regulations necessary to give effect to this subsection, and specifically to require that the person seeking any such amendment to the County's certified Local Coastal Program pay all costs associated with the special or general election required herein. [Adopted by voters as Measure "A" at June 3, 1986 election].

16.55.030 Recodification and amendment.

Nothing shall prevent the Board of Supervisors of Santa Cruz County from recodifying the substantive provisions of this chapter from time to time to incorporate the provisions of this chapter into the County Code in the most appropriate location. No substantive provision of this chapter, however, shall be amended or repealed, except by a vote of the people. [Adopted by voters as Measure "A" at June 3, 1986 election].

16.55.040 Severability.

If any portion of the ordinance codified in this chapter is hereafter determined to be invalid, all remaining portions of this chapter shall remain in full force and effect, and to this extent, the provisions of this chapter are severable. [Adopted by voters as Measure "A" at June 3, 1986 election].