EXHIBIT C

STATEMENT OF OVERRIDING CONSIDERATIONS

State CEQA Guidelines Section 15093

For

REVISIONS TO THE KERN COUNTY ZONING ORDINANCE – 2015(C) PROJECT

California Independent Petroleum Association
Independent Oil Producers Association
Western States Petroleum Association

Final Environmental Impact Report

(SCH# 2013081079)

Lead Agency: Kern County Planning and Community Development Department

The California Environmental Quality Act (CEQA) requires a public agency to balance the benefits of a proposed project against its significant unavoidable adverse impacts in determining whether to approve a project. The Amendment to Title 19.98 and related provisions of the Kern County Zoning Ordinance (the Project) will result in environmental effects, which, although mitigated to the extent feasible by the implementation of mitigation measures required for the Project, will remain significant and unavoidable, as discussed in the Final Environmental Impact Report (EIR) and CEQA Findings of Fact. These impacts are summarized below and constitute those impacts for which this Statement of Overriding Considerations is made.

1. Although implementation of mitigation measures would reduce the adverse visual changes experienced at individual key observation point locations, there are no mitigation measures that would preserve the existing character and quality of the Project Area and its surroundings. Project-related oil and gas activities would continue to produce visible changes to the existing environment and the resultant visual impact is considered significant and unavoidable. The Project has the potential to create a new source of substantial light or glare that would adversely affect day or nighttime views in the area. After implementation of MM 4.1-6, this impact would remain significant and unavoidable.

2. The oil and gas industry has a visible presence on the landscape of the San Joaquin Valley Floor and, the Project in combination with the implementation of other reasonably foreseeable oil and gas projects will continue to result in adverse visible changes within Kern County. Therefore, the Project's cumulative contribution after implementation of the recommended mitigation measures would remain cumulatively significant and unavoidable as a result of these changes in visual character and quality.

3. The Project would continue to generate odors. With implementation of MM 4.3-7, impacts would still be significant and unavoidable.

4. The construction and operational activities of oil and gas activities that would be authorized under the Project would result in an increase of criteria pollutants (oxides of nitrogen [NOx], volatile organic compounds [VOC], carbon monoxide [CO], particulate matter less than 10 microns and less than 2.5 microns in diameter [PM10 and PM2.5, respectively]) in excess of the recommended criteria pollutant significance threshold adopted by the SJVAPCD Board. Emission sources in Kern County contribute between 11% and 21% of criteria pollutant emissions in the San Joaquin Valley Air Basin. The Project would contribute between 2% and 14% of these pollutants in the San Joaquin Valley Air Basin or between 19% and 97% of Kern County's contribution. This analysis indicates that most sulfur dioxide (SO2) emissions in Kern County would originate from oil and gas activities and the majority of NOX emissions. Therefore, the proposed Project would have a cumulatively considerable contribution of criteria pollutant (NOX, PM10, PM2.5, CO and SO2) emissions to the Kern County portion of the SJVAB.

5. The geographic scope for cumulative impacts to agricultural and forest resources encompasses the whole of Kern County. The oil and gas exploration and production activities that would be authorized through implementation of the proposed Project along with projected population growth could result in significant and unavoidable cumulative impacts on farmland conversion.

6. Future oil and gas exploration and production activities related to the proposed Zoning Ordinance amendment could contribute to a significant cumulative impact on Project Area biological resources because future use and development of federal, state, and incorporated urban lands are not within the County's jurisdiction or control. Future land uses and development could affect biological resources in each of these jurisdictions and would be undertaken as independent actions with associated impacts, avoidance and minimization requirements, and mitigation, if required, under applicable federal, state, regional and local agency law. Impacts would remain significant and unavoidable with mitigation.

7. While implementation of MM 4.5-1 through MM 4.5-5 would reduce Project impacts to a less than significant level, cumulative impacts to cultural and paleontological resources within and beyond the boundaries of the Project Areas (including on lands within incorporated cities and on lands owned by other government agencies) would be significant. The County lacks the jurisdiction and control over these other jurisdictions and thus cannot enforce cultural and paleontological resource mitigation measures to reduce cumulative cultural and paleontological impacts to a less than significant level.

8. The Project has the potential to conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases. With the implementation of MM 4.7-5, the impact would remain significant and unavoidable.

9. The geographic scope for cumulative impacts for GHGs includes the area within 6 miles of the external Project Area boundary, and areas (*e.g.*, incorporated cities) within the Project Area. Climate change impacts are inherently global and cumulative, and not Project specific. While implementation of MM 4.7-1 through MM 4.7-3 and the 2014 Regional Transportation Plan mitigation measures would encourage reduction in GHG emissions at a regional level, they do not provide a mechanism that guarantees GHG emission reductions on a cumulative basis. The Project's cumulative contribution after implementation of the recommended mitigation measures would remain cumulatively significant and unavoidable as a result of the GHG emissions associated with the Project.

10. Although MM 4.17-2 through MM 4.17-4 would encourage the additional reuse of produced water, the extent to which oilfield operators can increase produced water reuse and decrease municipal and industrial demand is uncertain. As a result, potential impacts to groundwater levels and aquifer volumes would be significant and unavoidable with mitigation.

11. Project hydrology and water quality impacts could be cumulatively considerable impacts and thus considered significant. Implementation of MM 4.9-1 through MM 4.9-6 would reduce potential cumulative impacts to water quality, erosion risks, flooding and other hydrologic resources to less than significant with mitigation. Although MM 4.17-2 through MM 4.17-4 encourage the additional reuse of produced water, the extent to which oilfield operators can increase produced water reuse and decrease municipal and industrial demand is uncertain. As a result, cumulative impacts to groundwater would be significant and unavoidable. The County lacks jurisdiction and control over land conversions, and actions or approvals by other agencies that may cause cumulatively significant impacts to hydrology or water quality in the region; accordingly, this impact remains significant and unavoidable.

12. Implementation of MM 4.17-2 to MM 4.17-4 could reduce water supply impacts, but the allocation of water supplies and water demands, the complex laws affecting water rights, the many water districts that have legal jurisdiction over one or more sources of water in the Project Area, the varied technical feasibility of treating produced water, and the produced water reuse opportunities all present complex variables that fall outside the scope of the County's jurisdiction or control under CEQA. Although mitigation measures would reduce Project water supply impacts, such impacts would remain significant and unavoidable after mitigation.

13. The geographic scope for cumulative impacts to utilities and service systems includes the area within 6 miles of the external Project Area. Cumulative impacts would be significant and unavoidable with respect to water supply, even with implementation of MM 4.17-1 through MM 4.17-5.

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Findings:

The Board of Supervisors finds and determines in approving the Project that the Final EIR has considered the identified means of lessening or avoiding the Project's significant effects and that to the extent any significant direct or indirect environmental effects, including cumulative project impacts, remain unavoidable or not mitigated to below a level of significance after mitigation, such impacts are at an acceptable level in light of the social, legal, economic, environmental, technological and other project benefits discussed below, and such benefits override, outweigh, and make "acceptable" any such remaining environmental impacts of the project (CEQA Guidelines Section 15092(b)).

The following benefits and considerations outweigh such significant and unavoidable adverse environmental impacts. All of these benefits and considerations are based on the facts set forth in the Findings, the Final EIR, and the record of proceedings for the Project. Each of these benefits and considerations is a separate and independent basis that justifies approval of the Project, so that if a court were to set aside the determination that any particular benefit or consideration will occur and justifies project approval, this Board of Supervisors determines that it would stand by its determination that the remaining benefit(s) or consideration(s) is or are sufficient to warrant project approval.

Facts:

Each benefit set forth below constitutes an overriding consideration warranting approval of the Project, independent of the other benefits, and the Board of Supervisors determines that the adverse environmental impacts of the Project are "acceptable" if any one of these benefits will be realized.

The benefits set forth below are more fully outlined in the Final EIR and in the attached independent report entitled *The Economic Contribution of the Oil and Gas Industry in Kern County*.

The Project will provide benefits to Kern County as follows:

1. General Economic and Community Benefits of the Project to the County

Below are a few examples of how oil and gas companies contribute to the community and benefit the local economy. The Project, by spurring continued oil and gas activity in the County, ensures these benefits will persist.

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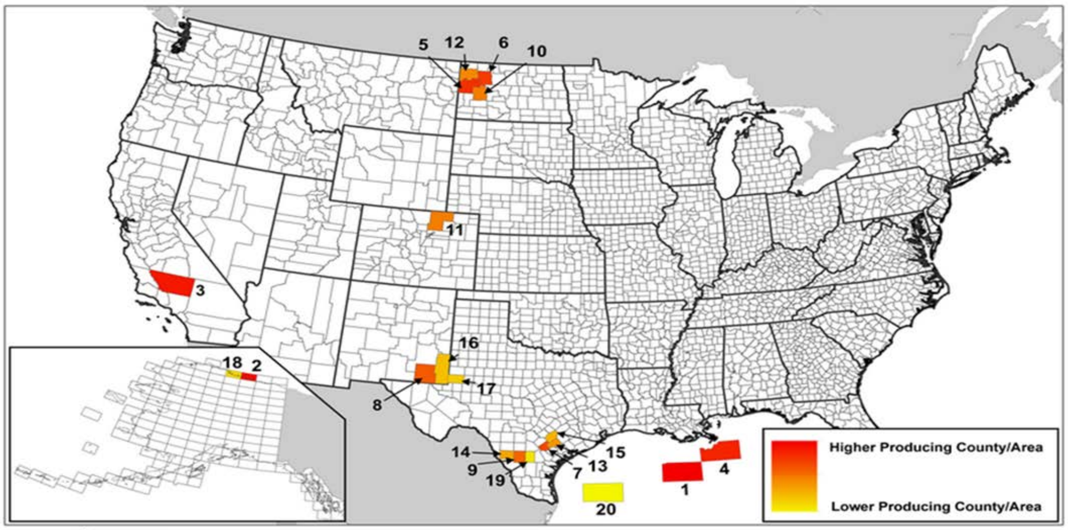
Kern is the leading oil-producing county in the nation, yielding 145 million bbl of oil and 132 billion CF of gas annually, according to 2014 DOGGR data:

Top 20 Oil Producing Counties/Regions



drillinginfo
Top Producing Counties/Areas - 2013

These amounts represent 71% of California's oil production and 10% of the total U.S. oil production. Kern County produces 66% of the state's total gas production. The oil and gas industry is the number-one industry in Kern County in terms of gross domestic product and tax contributions. The industry generates significant regional economic activity. Extraction, production, refining, and petroleum product manufacturing result in highly tradable products that are consumed domestically and are also exported. These efforts produce high revenues, create high wage jobs, and contribute significant tax revenue to all levels of government. The impact of the oil and gas industry is very far-reaching. The approximately $3.8 billion paid in 2013 to local oil and gas employees creates a significant "ripple effect" phenomenon in the local economy. Direct activity includes the materials purchased and the employees hired by the industry itself. Indirect effects are those which stem from the employment and business revenues motivated by the purchases made by the industry and any of its suppliers. Increased output generates new money in the community, resulting in increased spending on new homes, durable goods such as cars and appliances, plus additional spending on restaurants and entertainment options.

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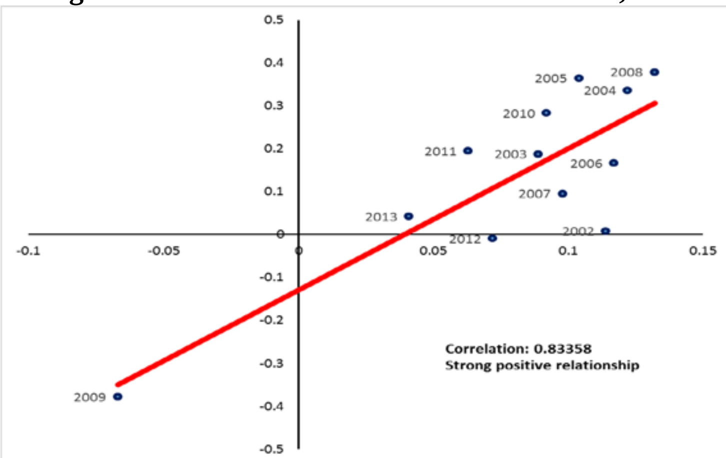
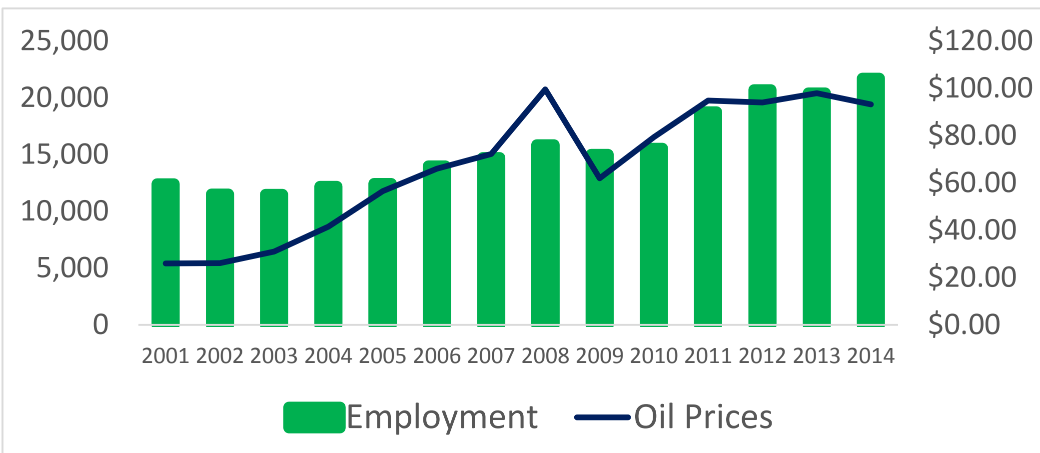
There is also a correlation between rising oil prices and regional economic growth. Seventy of GDP growth over the period 2001-2013 could be directly attributed to rising oil prices:

Change in Kern Oil Prices vs. Kern GDP Growth, 2001-2013



Local employment increases / decreases are associated with shifts in oil prices:

Kern County O&G Industry Employment vs. Kern Oil Prices, 2001-2014



Kern County's oil and gas industry also significantly impacts the community through its philanthropic activity and contributions to local education efforts. More than $5.5 million was donated to more than 130 local non-profits and educational programs in 2014. Kern County's two community colleges, California State University - Bakersfield, and K-12 funding are the most frequent beneficiaries of the financial support. Social service non-profits (*e.g.*, the Homeless Center / Alliance Against Family Violence) and health-related organizations (*e.g.*, the American Heart Association) also rank among the top recipients.

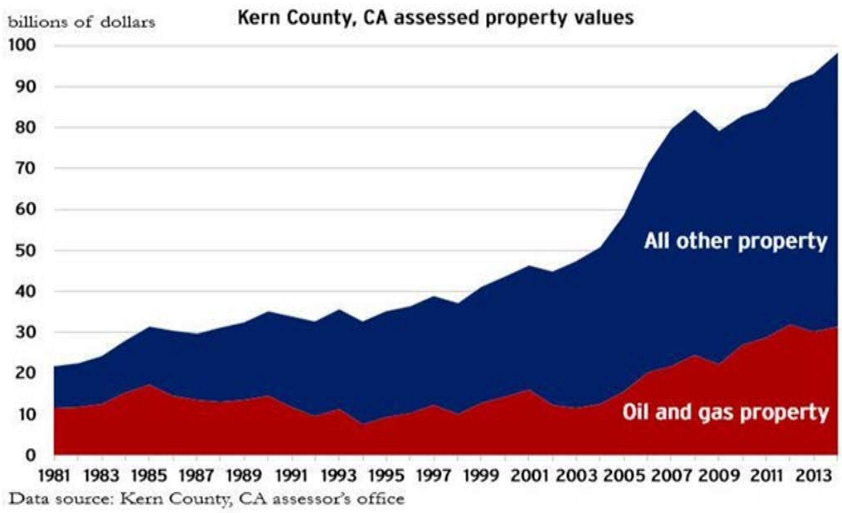
Several science, technology, engineering and math programs were started or sustained due to oil and gas industry funding at Taft College and Bakersfield College. California State University - Bakersfield opened its new Fabrication Lab in 2014 due, in large part, to oil and gas funding. These programs, plus others like a local welding program and a hands-on research program for high school students, help prepare students for a variety of careers. An industry-funded program at Taft College places students in positions with local non-profit organizations; some are traditional students, and some are part of the Transition to Independent Living program which serves students with developmental / intellectual disabilities. The oil and gas funding provides wages for these students.

More than 15,000 oil and gas employee hours were volunteered for local programs in 2014, and the United Way states that oil and gas employees (plus oilfield service company employees) donated nearly $400,000 during the 2013/14 fiscal year.

2. Local Tax Revenues

As outlined in detail below, the oil and gas industry accounted for roughly 30% of the Kern County's $100 billion in property tax valuations in 2014. Taxes paid by the oil and gas industry play a major role in the support of local infrastructure, including schools, public safety, streets and roads, and parks. The Project will advance the continued production of oil and gas resources in Kern County, thereby securing an important local tax base.

Kern County Assessed Property Values, 2014



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Economic and Fiscal Contribution of the O&G Industry in Kern County, 2013

ECONOMIC CONTRIBUTION	Employment	Labor Income	Value Added	Output
Direct	23,857	$2,954.2	$4,891.6	$15,152.3
Indirect	7,073	$359.1	$517.7	$955.7
Induced	13,615	$508.0	$957.6	$1,580.8
TOTAL CONTRIBUTION	44,544	$3,821.4	$6,366.9	$17,689.1
Percent of Total CA Contribution	11.8%	11.6%	10.0%	9.2%
Percent of County Total	11.0%	17.0%	17.9%	27.0%

FISCAL CONTRIBUTION	State and Local ($ millions)	Federal ($ millions)	Total Taxes ($ millions)
Sales and excise taxes	$607.6	$164.7	$772.3
Property taxes	$285.6	-	$285.6
Personal income taxes	$117.2	$307.7	$424.9
Corporate profits taxes	$31.6	$125.2	$156.8
Social insurance taxes	$13.9	$387.9	$401.8
Other taxes	$63.6	$28.9	$92.5
Fees, fines and permits	$26.3	$7.3	$33.7
TOTAL TAX REVENUES	$1,145.7	$1,021.8	$2,167.5

Source: LAEDC

3. Local Job Creation

Kern County's oil and gas industry is a significant source of overall employment and also a provider of high-paying jobs that require moderate-to-high skill levels (*i.e.* jobs in technical and engineering occupations). The Project will ensure that these important opportunities continue to be available in Kern County.

Oil and gas-related employment accounts for approximately 1 in 7 jobs in the County. Almost all segments of the industry pay higher wages than the Kern County average. In some more specialized or highly-skilled areas, wages are triple the 2014 county average of $41,100. The oil and gas industry offers higher-than-average wages in Kern County. Oil and gas extraction, consisting of highly skilled engineering and geological jobs, was the highest-paying segment with an average annual salary of nearly $143,000. The average annual salary for the entire sector was $78,000, which is nearly double the "all industries" annual average of $41,100:

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Kern County Oil and Gas Industry Annual Wages, 2014

NAICS Sub-Sector	Annual Establishments	Annual Average Direct Employment	Total Annual Wages	Annual Wages per Employee
NAICS 211 Oil and gas extraction	56	3,243	$462,232,109	$142,543
NAICS 213111 Drilling oil and gas wells	25	1,864	$149,487,414	$80,219
NAICS 213112 Support activities for oil and gas operations	112	6,432	$503,666,507	$78,307
NAICS 2212 Natural Gas Distribution	4	492	ND	ND
NAICS 23712 Oil and gas pipeline construction	20	4,876	$266,098,995	$54,574
NAICS 32411 Petroleum refineries	26	949	$119,544,267	$125,980
NAICS 333132 Oil and gas field machinery and equipment mfg	12	680	$43,305,000	$63,684
NAICS 4247 Petroleum merchant wholesalers	23	375	$25,277,050	$67,376
NAICS 447 Gasoline stations	199	2,349	$49,312,745	$20,992
NAICS 45431 Fuel dealers	11	74	$3,102,702	$42,071
NAICS 486 Pipeline transportation	13	376	$34,280,826	$91,152
Total, Oil and Gas Industry	**501**	**21,710**	**$1,656,307,615**	**$76,292**
Total, All Industries	16,267	254,620	$10,466,665,862	$41,107

Across the oil and gas industry in 2014, there were approximately 50,000 direct, indirect, and induced energy-related jobs in Kern County. Even using more conservative numbers (excluding indirect employment opportunities at gas stations, fuel dealers, petroleum wholesale, equipment manufacturing, pipeline construction and the like), the Final EIR estimates that 16,752 workers in Kern County were employed in the oil and gas extraction industry in 2012, with the state employment office measuring a steady increase of employment from 2002 to 2012 at which time growth stabilized around 12,000.

Oil and Gas Direct Employment in Kern County, 2013 vs. 2014

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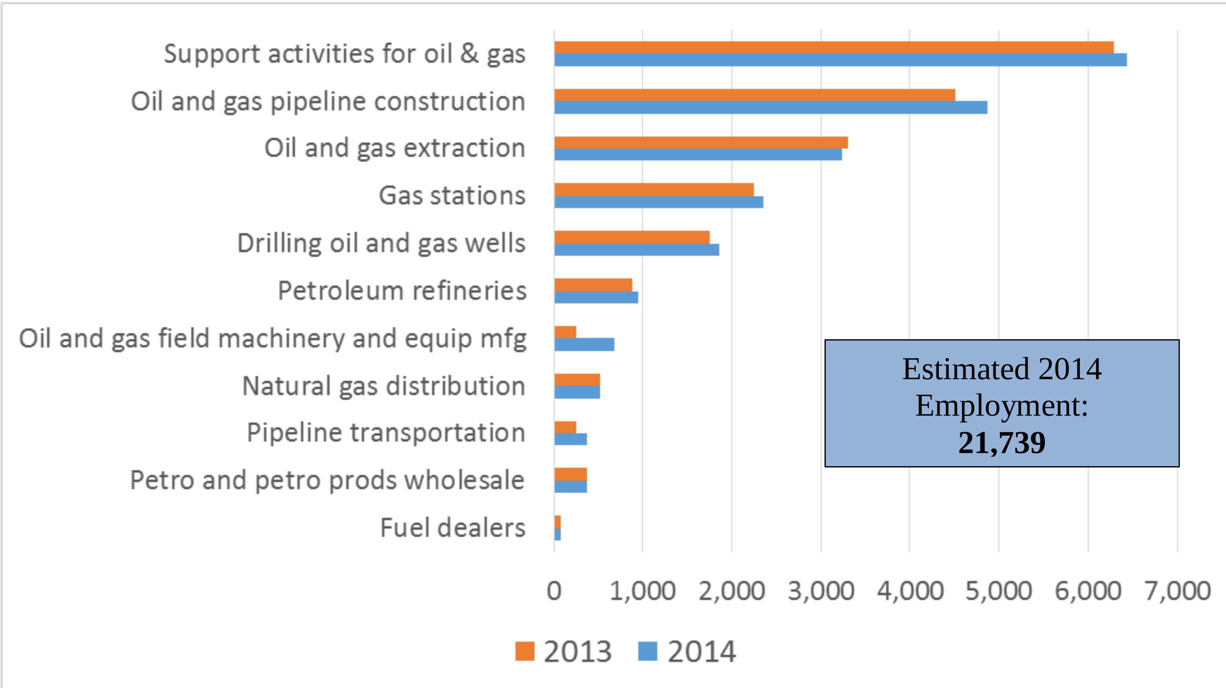
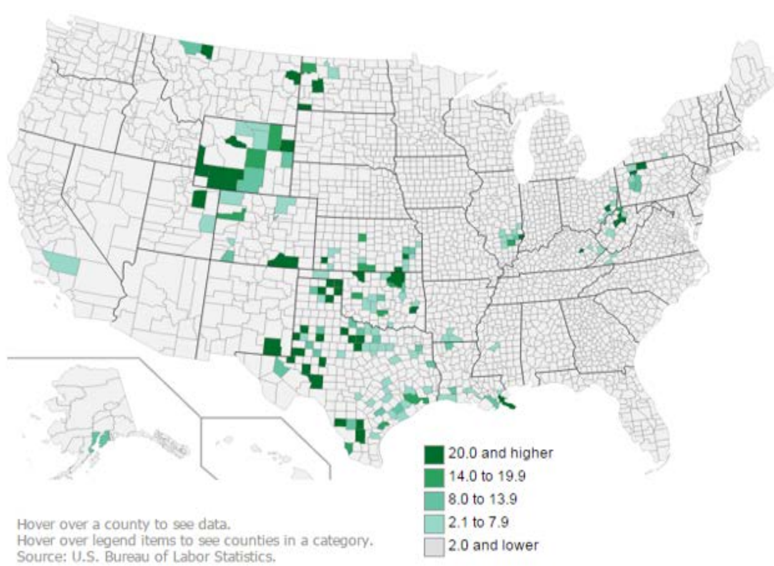


Kern County is the only county in the western region with an above average concentration of oil and gas-related jobs. Kern County is heavily concentrated in oil and gas extraction as well as in oil and gas pipeline construction:

Counties with the Highest Relative Concentration of Employment (Location Quotient) in the Oil and Gas Extraction Industry, 2014



The oil and gas industry is one of the most impactful industry sectors on economic activity throughout the region:

Economic Impact of O&G Expenditures and Production

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Impact per $1 million of O&E Extraction Expenditures				
Impacts	***Jobs***	***Wages***	***Value Added***	***Gross Output***
Direct	1.39	$134,740	$395,179	$1,000,000
Indirect	2.44	$174,982	$278,836	$562,231
Induced	2.00	$102,470	$183,927	$305,457
Total	5.83	$412,191	$857,942	$1,867,688
Impact per $1 million O&E Production				
Direct	1.80	$133,757	$542,968	$1,000,000
Indirect	2.18	$157,460	$281,037	$469,367
Induced	1.83	$93,727	$168,233	$279,367
Total	5.80	$384,945	$992,238	$1,748,733
Source: Implan (CA Model)				

Kern County recently ranked in the Top 10 in the U.S. in terms of upward mobility and in the overall concentration of science, technology, engineering and math jobs. A majority of Kern County's hi-tech employment is in the oil and gas industry (an estimated 65%), where most positions require technical degrees rather than advanced degrees. Bakersfield College is ranked 6th in the nation among similar schools with regard to which schools' graduates received "added value," based on their mid-career earnings levels. Bakersfield College students were predicted to earn $56,957 annually based on student characteristics and college type, but their mid-career salaries surpassed that prediction, coming in at an average of $67,200 (15% higher than predicted). California State University - Bakersfield also has graduates earning $75,400 at the mid-career point, 11.6% better than the predicted $66,599. The high performance of these colleges and their graduates was due to a combination of factors, including extensive science, technology, engineering and math curriculum in the schools, and the programs' proximity to energy employment centers.

4. Compliance with the Goals and Policies of the Kern County General Plan (General Plan) and Zoning Ordinance

The Project is consistent with various Goal and Policies of the Kern County General Plan, including:

- Protect areas of important mineral, petroleum, and agricultural resource potential for future use.
- Encourage safe and orderly energy development within the County, including research and demonstration projects, and to become actively involved in the decision and actions of other agencies as they affect energy development in Kern County.
- Support and work toward the elimination of disincentives for business and industry to prosper in Kern County, and create special economic development programs to encourage commerce and industry to locate in Kern County.
- Periodically review and update procedures for granting development approvals and permits and facilitate the processing of land use entitlements.

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The General Plan Energy Element notes the importance of the oil and gas industry to Kern County. The project will further the Goals and Objectives of the General Plan by enhancing the economic stability of the oil and gas industry in the County.

5. State, Regional and Federal Tax Revenue

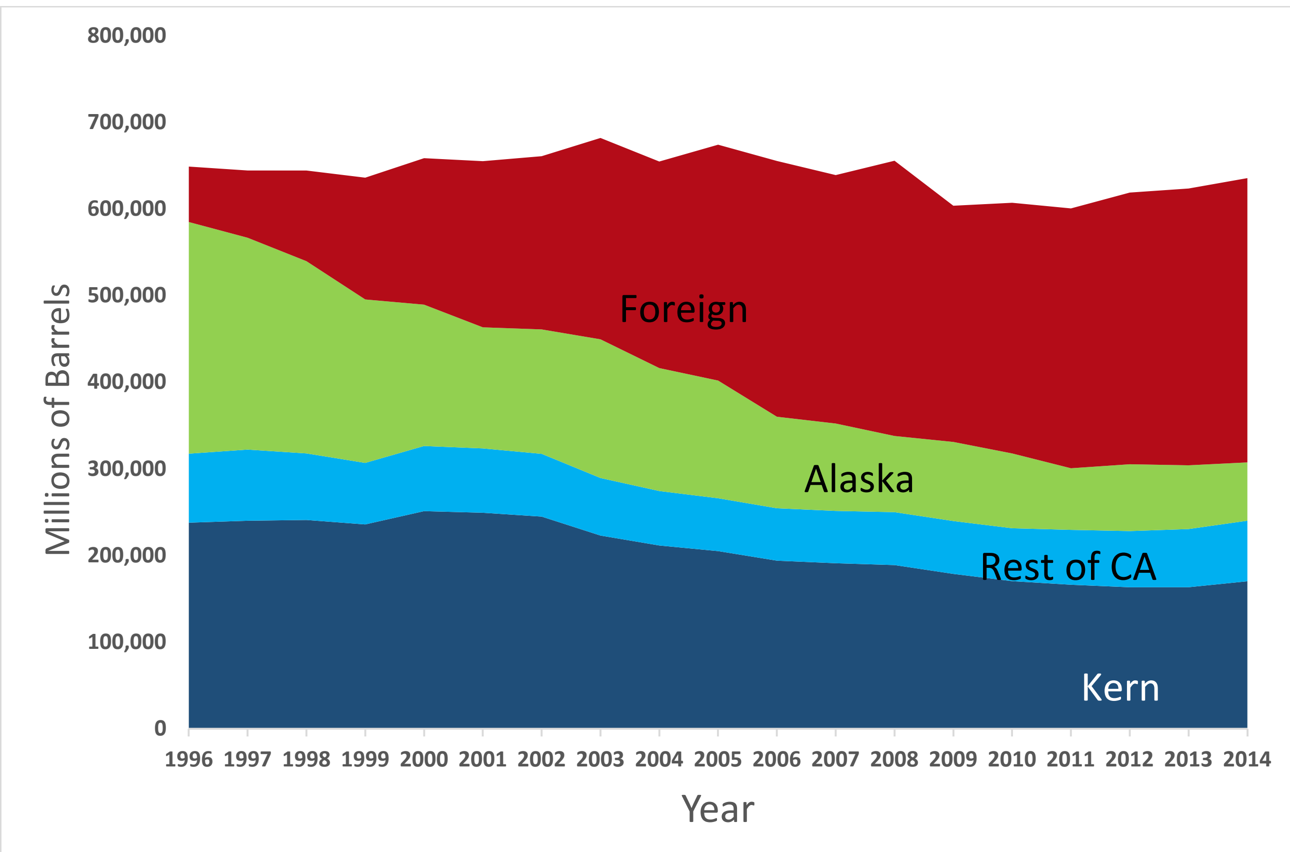
In 2013, economic activity associated with the oil and gas industry in Kern County is estimated to have generated $1.15 billion in state and local tax revenue, plus $1.02 billion in federal tax revenue. The Project will foster the continued production of oil and gas resources in Kern County, thereby securing an important source of tax revenue for California, the western region and the nation.

6. Energy Independence

The Project will allow California producers to better meet current demand and to keep pace with population growth. The Project will also help California to take steps toward strengthening its energy independence, which is financially and environmentally desirable.

California is currently a net importer of oil, producing only about 37 percent of the petroleum that it uses:

Sources Supplying Crude Oil to California Refineries



Dependence on foreign oil makes the state vulnerable to energy shortages and price spikes, and makes us dependent on foreign countries for energy. In addition, Californians then miss out on critical infrastructure funding since imported oil is exempt from California taxes (while high-paying oil and gas jobs then go to foreign countries or other states). All oil and gas produced in California is used here and is produced under the most stringent regulations in the world.