

1. OIL DRILLING MORATORIUM.

In opening the special meeting of the Commission to review and consider the report of the staff on the drilling moratorium on State tide and submerged lands, Chairman Flournoy announced that the staff would first present the highlights of the report after which the Commission members could ask questions. Following that the public could present comments, but he requested that their comments be kept brief and directed to any new points not covered at the previous public hearings, held in Los Angeles and Santa Barbara.

The Executive Officer presented an overview of the staff report emphasizing two important conditions mentioned therein: drilling procedures and cleanup and containment equipment. The new drilling and operating procedures are strict, practical and will reduce the chance of a spill to the minimum. They call for much greater inspection and supervision by State personnel. Cleanup and containment equipment with trained personnel is currently available to cover most operating conditions and, in addition, each lessee must submit a plan for approval by the Division listing critical operations and a plan for curtailment of such operations when given conditions occur.

The Manager, Energy and Mineral Resources Development, presented a detailed report on technical petroleum engineering developments since 1969, outlining the existing cleanup and containment equipment capabilities. In addition, he detailed the drilling operations procedures and the curtailment plan concept in the staff report.

In concluding the staff presentation, the Executive Officer recommended that the Commission:

1. Adopt the proposed operating procedures;
2. Lift the moratorium and resume drilling operations on a lease-by-lease basis predicated upon a review by the State Lands Division for compliance with the procedures and upon final approval by the Commission; and
3. Direct the State Lands Division to develop and implement a program for the identification of sources of oil pollution from seeps both natural and man-caused on the beaches.

The Executive Officer informed the Commission that 29 letters from concerned citizens and others had been received and that several people in the audience had made requests to speak to the Commission.

The Commission questioned the staff on several points regarding the responsibility of activating containment equipment, training of supervisors working on platforms, upgrading of navigational aids, and the long-range planning on new drilling.

Senator Robert J. Lagomarsino appeared before the Commission in opposition to lifting the oil drilling moratorium. He stated that when the moratorium was established the Commission indicated no further drilling would be authorized until a completed review was made, or until the oil industry had established the existence and availability of adequate containment capability. Senator Lagomarsino indicated that, in his opinion, there is doubt that the latter condition has been met. He requested that the Commission not approve the staff report at this time.

James M. Slater, Supervisor for the County of Santa Barbara, also appeared before the Commission stating that the majority of the Santa Barbara County Board of Supervisors were opposed to drilling in the Santa Barbara Channel and requested that the Commission retain the oil drilling moratorium.

Mrs. George M. Sidenberg, Jr., currently on the Board of Directors and former President of Get Oil Out, Inc., commented on several points contained in the staff report. She indicated that, in her opinion, most of the statements in the review were undocumented and that the review was incomplete. She echoed Senator Lagomarsino's statement that the oil industry had not demonstrated adequate oil spill control equipment. She asked that the Commission not adopt the staff recommendation or approve the report.

Jack B. Hundley, Chairman, Offshore Operations Committee, Western Oil and Gas Association, commented on the staff's comprehensive report and the proposed operating procedures. He stated that these procedures provide the most up-to-date technical standards and requirements to assure the fine record of past offshore work. He urged the Commission approve the report and lift the moratorium.

Deputy Attorney General Warren Abbott advised the Commission that in each lease there are two drilling time requirements: (1) the initial drilling term of three years and (2) after the first well is put down they have so many days to start the next well, and so on. An Attorney General's opinion was issued in 1971 indicating that the moratorium, as a matter of law, suspended those time requirements. A question has been raised as to whether lifting the moratorium starts the time running again. It is the view of the Attorney General's office that it does not and that the moratorium is technically in effect as to each lease until the Commission releases each lease. In this respect, the moratorium stays in effect.

Lt. Governor Reinecke suggested that possibly at the next meeting the staff comment on the possibility of contributing to the county of origin in which the oil is being produced a small percentage of the royalties that come to the State, as an environmental fund for enhancement, protection or research for the maintenance of the environment and protection of our coastline. The Executive Officer explained that current law requires a certain portion to go to the park related activities adjacent to the counties of the lease. However, Mr. Reinecke felt that the \$140,000 or \$150,000 yielded last year was a very small token. The Executive Officer indicated that staff will explore this matter in accordance with the suggestion.

After consideration of the report "A Review of State Lands Commission Drilling Moratorium on State Tide and Submerged Lands", and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. ACCEPTS THE REPORT "A REVIEW OF STATE LANDS COMMISSION DRILLING MORATORIUM ON STATE TIDE AND SUBMERGED LANDS", SAID REPORT BEING ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.
2. ADOPTS THE PROPOSED OPERATING PROCEDURES CONTAINED IN THAT REPORT.
3. LIFTS THE MORATORIUM, AND PERMITS RESUMPTION OF DRILLING OPERATIONS ON A LEASE-BY-LEASE BASIS, SUCH RESUMPTION TO BE PREDICATED UPON REVIEW BY THE STATE LANDS DIVISION FOR COMPLIANCE WITH THE PROCEDURES AND UPON FINAL APPROVAL BY THE STATE LANDS COMMISSION.
4. DIRECTS THE STATE LANDS DIVISION TO DEVELOP AND IMPLEMENT A PROGRAM FOR THE IDENTIFICATION OF SOURCES OF OIL POLLUTION BOTH NATURAL AND MAN-CAUSED ON THE BEACHES.

THE COMMISSION APPROVES THE ABOVE RECOMMENDATION OF THE STATE LANDS DIVISION WITH THE STIPULATION THAT (1) THE OIL SPILL CONTINGENCY PLAN FOR EACH LEASE CAREFULLY SPELL OUT THE RESPONSIBILITY OF THE STATE LANDS DIVISION IN THE EVENT OF A SPILL, AND (2) THAT THE PLANS AND PROGRAMS OF EACH LEASE CAREFULLY SPELL OUT A DETAILED TRAINING PROGRAM FOR BOTH DRILLING AND OPERATING.

Attachment:

Calendar Item 1 (1 page)

1.

OIL DRILLING MORATORIUM

Following the blowout in January 1969 at the Union Oil Company well located on Federal submerged lands in the Santa Barbara Channel, the State Lands Commission banned new drilling on State-controlled offshore lands.

When the moratorium was imposed, the Commission indicated that no further drilling in offshore areas would be authorized until (1) a complete review of offshore drilling regulations and procedures had been made, and (2) the oil industry had established the existence and availability of adequate containment and cleanup equipment to prevent pollution resulting from any offshore oil spills.

The Commission has noted the excellent past record of oil-well drilling on State lands, and in light of present crude oil and natural gas shortages in the United States, on April 26, 1973, directed the State Lands Division to conduct public hearings to review and consider the possibility of resumption of offshore drilling.

Hearings were held in Los Angeles on August 14, 1973, and in Santa Barbara on September 20 and 21, 1973.

The review of the drilling moratorium has been concluded by the State Lands Division, and the report of that review concludes that all conditions of the moratorium have been met.

IT IS RECOMMENDED THAT THE COMMISSION:

1. ACCEPT THE REPORT "A REVIEW OF STATE LANDS COMMISSION DRILLING MORATORIUM ON STATE TIDE AND SUBMERGED LANDS", SAID REPORT BEING ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.
2. ADOPT THE PROPOSED OPERATING PROCEDURES CONTAINED IN THAT REPORT.
3. LIFT THE MORATORIUM, AND PERMIT RESUMPTION OF DRILLING OPERATIONS ON A LEASE-BY-LEASE BASIS, SUCH RESUMPTION TO BE PREDICATED UPON REVIEW BY THE STATE LANDS DIVISION FOR COMPLIANCE WITH THE PROCEDURES AND UPON FINAL APPROVAL BY THE STATE LANDS COMMISSION.
4. DIRECT THE STATE LANDS DIVISION TO DEVELOP AND IMPLEMENT A PROGRAM FOR THE IDENTIFICATION OF SOURCES OF OIL POLLUTION BOTH NATURAL AND MAN-CAUSED ON THE BEACHES.