

**CALENDAR ITEM
70**

06/01/09

P. Thayer

CALIFORNIA STATE LANDS COMMISSION

**Consideration of provisions in the Governor's May Budget
Revision proposal that may affect the State Lands
Commission.**

**CALIFORNIA STATE
LANDS COMMISSION**

JOHN GARAMENDI, *Lieutenant Governor*
JOHN CHIANG, *Controller*
MICHAEL C. GENEST, *Director of Finance*



EXECUTIVE OFFICE
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202

PAUL D. THAYER, *Executive Officer*
(916) 574-1800 Fax (916) 574-1810
California Relay Service TDD Phone 1-800-735-2929
Voice Phone 1-800-735-2922

AS PROPOSED BY STAFF**RESOLUTION BY THE CALIFORNIA STATE LANDS COMMISSION URGING THE
LEGISLATURE TO REJECT THE PROPOSAL IN THE 2009 MAY BUDGET REVISION
TO OVERTURN THE COMMISSION'S JANUARY 29, 2009 DECISION REGARDING
THE OIL AND GAS LEASES RELATED TO THE TRANQUILLON RIDGE FIELD**

WHEREAS, the California coast, stretching over 1,000 miles from the redwood forests and rocky shores of the north to the palm trees and sandy beaches of the south, is a region of incomparable beauty and natural splendor, blessed with an abundance of rich and diverse resources; and

WHEREAS, California's beaches, bays, and ocean are major attractions, helping to make the state the number one travel destination in the United States with over 300 million domestic visitors and 14 million visitors from other countries according to recent annual figures published by the California Travel and Tourism Commission; and

WHEREAS, the California State Lands Commission (Commission) has exclusive jurisdiction over all ungranted tide and submerged lands owned by the state, and the beds of navigable rivers, streams, lakes, bays, estuaries, inlets, and straits; and

WHEREAS, the Commission serves the people of California by providing stewardship of the lands, waterways, and resources entrusted to its care through economic development, protection, preservation, and restoration; and

WHEREAS, since 1969, the Commission has consistently opposed new offshore oil and gas leases based on the detrimental effects oil spills, such as the 1969 Santa Barbara and 2007 Cosco Busan oil spills, have had on the state's economy, environment, tourism, water-related recreation, fishing, and the public health; and

WHEREAS, the Commission has exercised its stewardship by expressly supporting the past presidential and congressional moratoria on oil and gas leasing within protected offshore areas and by formally imposing its own offshore oil and gas leasing moratorium; and

WHEREAS, since 2001, the Commission passed nine resolutions opposing the resumption or expansion of federal offshore oil and gas leasing operations, including a resolution passed on April 9, 2009 opposing the U.S. Department of the Interior, Minerals Management Services' Draft Proposed 5-year Outer Continental Shelf (OCS) Oil and Gas Leasing Program, which schedules OCS lease sales in the Point Arena Basin in Northern California, and the Santa Maria, Santa Barbara/Ventura, and Oceanside/Capistrano Basins in Southern California; and

WHEREAS, beginning in 1921, and many times since, the California Legislature has enacted laws that set aside offshore areas where oil and gas leasing was generally prohibited, including the California Coastal Sanctuary Act of 1994 which generally prohibited new oil and gas leases on all state lands underlying the Pacific Ocean; and

WHEREAS, on January 29, 2009, during a public meeting in the city of Santa Barbara, and after several hours of testimony by the project proponents, opponents, and elected local, state, and federal officials, the Commission found that a proposal to lease state-owned submerged lands known as the Tranquillon Ridge Field, which is located in the California Coastal Sanctuary, was not in the state's best interest, and, therefore, denied the lease application submitted by a private oil development company; and

WHEREAS, the State Lands Commission's January 29, 2009 decision was based in part on (1) the harm an oil spill in the California Coastal Sanctuary would have on the state's economy, the environment, tourism, water-related recreation, fishing, and the public health, (2) the negative precedent a new offshore oil and gas lease would set as the federal government targets California's offshore oil and gas resources for future development, (3) because of the possibility of the federal government exercising its preemption, contractual, and eminent domain authority, the lack of enforceability of an agreement between the lease applicant and local environmental groups that included a fixed end date for the decommissioning and removal of the facilities involved in the project, which could not be guaranteed, (4) the lack of disclosure of this agreement by its parties which prevented public review, and (5) the negative effects fossil fuel dependency has caused to our national security, the economy, and the environment; and

WHEREAS, the Commission has indicated its interest and support in renewable energy projects on lands within its jurisdiction, projects which would bring new energy sources and revenue to California, help the state meet its renewable energy source goals, not contribute to climate change and do not have the pollution potential of offshore oil development; and

WHEREAS, the May Revision of the California budget, issued on May 14, 2009, recommended, among other things, authorizing the Director of Finance to overturn the Commission's January 29, 2009 decision by passing legislation authorizing the state to enter into a lease for the extraction of oil from the Tranquillon Ridge Field; and

WHEREAS, if implemented, the May Revision proposal would be an end-run around the Commission's decision regarding the Tranquillon Ridge lease and would be the first time a Commission decision is overturned by the Legislature since the Commission was created in 1938; and

WHEREAS, the Commission was created in a special legislative session in 1938 in the wake of oil-related corruption by high-level state officials in the Department of Finance and its Division of State Lands, which from 1929 to 1938 was the sole authority for the leasing of state owned sovereign land; and

WHEREAS, the State Lands Act of 1938 created an independent commission made up of two statewide elected constitutional officers, the State Controller and Lieutenant Governor, and the Governor's Director of Finance, which has now operated for over 70 years without experiencing the type of malfeasance that led to its creation; and

WHEREAS, the Commission has earned the state over \$8 billion in revenues during its 70 years existence, including over \$300,000,000 for fiscal year 2008-2009; therefore, be it

Resolved by the California State Lands Commission that it urges the legislature to reject the May Budget Revision's proposal to authorize overturning the Commission's January 29, 2009 decision regarding the oil and gas leases related to the Tranquillon Ridge Field; and be it further

Resolved, that the Commission's Executive Officer transmit copies of this resolution to the Governor of California and to each member of the California State Senate and Assembly.

Adopted by the California State Lands Commission on _____.