

# Environmental Advocates Perspective

Linda Krop  
Environmental Defense Center



## **OFFSHORE OIL DEVELOPMENT: OFFSHORE PLATFORMS VS. ONSHORE DRILLING SITES**

CALIFORNIA STATE LANDS COMMISSION  
AUGUST 11, 2009

STATEMENT OF LINDA KROP, CHIEF COUNSEL,  
ENVIRONMENTAL DEFENSE CENTER

Thank you for inviting me to participate on this panel. I would like to make a couple prefatory comments to my testimony. First, I would like to clarify our understanding of the purpose of this hearing, which we believe to be focused on a comparison of offshore vs. onshore drilling into offshore reserves. My main points on this topic are (1) both offshore and onshore drilling projects result in significant impacts; the specific impacts depend on the situation; (2) the impacts differ depending on whether facilities exist or new facilities are required; and (3) if we're talking about new leasing, there is only one location in the state that can be considered under existing law. We are concerned that the presentation today is overly broad and includes areas that cannot legally be developed under existing state law.

Second, I would like to point out that we did not receive the staff presentation materials until the end of the day yesterday, so we have not had an adequate time to review the information. That being said, we have noticed that some of the information is incorrect and must be changed. I will highlight these areas during my testimony.<sup>1</sup>

[Slide 1]<sup>2</sup> I am the Chief Counsel of the Environmental Defense Center, a public interest environmental law firm established in 1977 to assist community organizations in enforcing environmental protection laws. We use education, advocacy and legal action to protect and enhance the environment. Our three program areas focus on protecting the coast & ocean, open space & wildlife, and human and environmental health. As part of our coast & ocean program area, we work extensively on offshore oil and gas issues. Since 1977 we have worked with other groups to stop new oil leasing and development, developed policies to minimize impacts from offshore oil development, and

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<sup>1</sup> See list of requested revisions at the end of this statement.

<sup>2</sup> Slides are attached hereto.

written a couple initiatives in SB County addressing offshore development (including Measure A in 1996).

We are among the leaders in preventing new offshore development offshore CA. Since the early 1980's we have supported the Congressional moratorium on new leasing. In 1999 we developed the legal strategy to block the extension of 36 existing federal leases offshore CA; 29 of those leases have now been extinguished and the other 7 should be extinguished by the end of the year. In 1994 we worked with our State Senator, Jack O'Connell, in writing the first permanent ban on oil leasing in state waters – the CA Coastal Sanctuary Act. We are proud of the fact that since 1994, several leases have been quitclaimed to the state. In Santa Barbara County, we have stopped specific development proposals by ARCO, Mobil and Nuevo.

Nevertheless, we still live with the remnants of past decisions, including 19 platforms off our coast – 18 in federal waters and 1 in state waters. Some of these platforms have operated since the 1960's; none of them have any end dates. As such, we face the risks and impacts of offshore oil development every day. We represent a variety of groups in responding to ongoing oil projects, from Sierra Club to Get Oil Out!

Our goals in addressing offshore oil development are twofold: (1) to stop new leasing and development, and (2) to phase out existing leases and production facilities.

[Slides 2 and 3] I will now address some projects that we have been involved with, that demonstrate the relative impacts of offshore vs. onshore drilling into offshore resources. Based on environmental review and other official agency documents, we have learned that whether a field is drilled from offshore or onshore, the impacts are essentially the same. In either case, projects may result in the following impacts:

- Oil spills
- Air and water pollution
- Biological resources
- Energy
- Climate change & ocean acidification
- Safety: hazardous materials, toxics
- Seismic
- Recreation & fishing
- Visual blight
- Land use

The type and severity of impacts will depend on actual project and location.

The staff comparison is misleading because it compares impacts assuming all new facilities. Instead, the analysis should be revised to reflect the fact that pursuant to current laws, new leasing is limited and can only be accomplished if there is drainage occurring from existing federal facilities. Therefore, the analysis should compare the

impacts from existing offshore facilities (based on the state's drainage requirement) vs. new onshore facilities (given the fact that no drilling facilities currently exist onshore to access offshore resources).

I will now provide a few examples of onshore proposals in our area.

#### Mobil Clearview [Slide 4]

In the early 1990's, Mobil proposed a slant drilling project from onshore near UCSB into the South Ellwood Field via an expanded state lease. This proposal included the removal of Platform Holly. The project would have involved drilling from a new onshore oil rig near the beach on UCSB property, next to the Ellwood Mesa Preserve, Coal Oil Point Natural Reserve, UCSB West Campus Housing and Daycare, and a popular beach and surf spot.

According to UCSB's analysis, the project would have resulted in several significant impacts related to oil spills, biology, public safety, recreation, views, air and water quality, noise, and toxics.

The project was withdrawn due to massive opposition from the community and UCSB, and the passage of Measure A.

#### Venoco Paredon [Slide 5]

Venoco has a current proposal to slant drill from onshore in Carpinteria into existing offshore state leases (vs. slant drilling from existing platform). Contrary to the staff presentation materials, there are no existing facilities to accommodate this drilling. In fact, not only are new drilling and production facilities required, but the City's zoning ordinance would have to be amended.

The drill rig would be located next to City Hall, a seal sanctuary, popular public beach, Carpinteria Bluffs, and nearby neighborhoods.

The staff presentation understates the impacts from the project. According to the City's proposed FEIR, the project will result in many "Class 1" impacts, including hazardous materials releases, oil spills (marine resources and mammals, onshore biology and water quality, recreation), land use and visual resources. As such, there is massive opposition in the community.

Venoco is now attempting to circumvent the City's review process – and avoid certification of the EIR - by placing an initiative on the ballot.

#### Tranquillon Ridge [Slides 6 - 10]

This proposal involves slant drilling from Platform Irene, which already produces oil and gas from the federal Pt. Pedernales Unit, as well as the Tranquillon Ridge Field.

The onshore alternative would involve slant drilling from Vandenberg Air Force Base (VAFB); however, the Base has refused to allow Sunset/Exxon access to an onshore site. Therefore, staff's Slide 63 must be corrected to show that an onshore site is not available. Also, unlike Clearview, the onshore proposal does not include a plan to remove the existing offshore platform.

According to the FEIR for the project, the onshore alternative reduces, but does not eliminate risk of marine oil spills. In addition, the onshore alternative actually increases impacts to biology, air quality, water quality, energy, fire protection, geology, risk of upset, ag, cultural resources, noise, public facilities, transportation. These impacts are increased because of the need for new construction and facility operations; unlike the Clearview project, the onshore proposal does not get rid of offshore operations.

After the FEIR was completed, the applicant agreed to end production offshore along the same timeline as existing operations. Based on this change to the project (which was included as a condition of the County's approval), the post FEIR analysis of the project found that the offshore impacts related to extended life of Pt. Pedernales facilities were eliminated and that:

*“[T]he reduced-life Tranquillon Ridge Project will result in fewer significant and unavoidable impacts than a new long-term onshore drilling and production project and is preferred to the VAFB Onshore Alternative.”*

There is no issue with enforceability and federal interference with the reduced-life project, because the Tranquillon Ridge project involves a state lease, which would include a condition imposing an end date for production (similar to the County permit). The federal government has no jurisdiction over a state lease. The federal issue that was raised at the Commission's hearing in January related to the other benefits of the PXP agreements with environmental groups and The Trust for Public Lands, involving the termination of facilities related to existing development in federal waters. Just looking at development of the Tranquillon Ridge field in state waters, the reduced-life offshore project (avoiding any new facilities or any extension of the expected life of existing facilities) is actually environmentally preferable to constructing and operating new onshore facilities. In addition, contrary to the staff's presentation materials, there is no available onshore site. SLC staff confirmed today that VAFB is not willing to allow access to an onshore drill site on the Base.

In addition, in this particular case, onshore drilling is not an “alternative” to offshore drilling. Unlike with the Clearview project, the onshore proposal does not include removal of the existing offshore platform. Instead, offshore drilling would continue as Platform Irene continues to produce from Pt. Pedernales and Tranquillon Ridge. Any onshore drilling would be additional and would result in new facilities, operations and impacts. In other words, we would have double the impacts if the onshore drilling were to go forward.

[Slide 11] Finally, I would like to talk about the application of the California Coastal Sanctuary Act to this discussion. The Sanctuary Act limits new leasing in the state. According to the Act, no new leasing is allowed in state waters unless “oil or gas deposits are being *drained by means of producing wells upon adjacent federal lands* and the lease is in the best interests of the state.”

The only place where state deposits are being drained by a federal platform is at Tranquillon Ridge. The staff’s slides over-represent current onshore drilling potential and disregard the legal limitations on new drilling. For example, Slide 8 lists Molino as a current development site, which it is not. It also lists five possible onshore sites, but four of the five do not involve drainage from adjacent federal lands and thus should not be included for consideration.

Slides 58-62 refer to 6 undeveloped fields that can be reached from onshore but do not point out that 4 of them cannot be developed under the Sanctuary Act. Of the other 2, Paredon is already leased, and Tranquillon Ridge has already been discussed.

Please do not consider any action that would amend the Sanctuary Act to allow new onshore drilling. Such action would increase threats to the California coast and reverse longstanding policy of the state.

Thank you for your consideration.

## **REQUEST FOR REVISIONS TO STAFF SLIDES**

### Slide 9 (“Potential Onshore Drill Sites”)

- (1) Remove Molino as a current development site. There is no development occurring at this site.
- (2) Remove Government Point, Gaviota Oil Processing Facility, and Santa Monica Bay, or at least point out that state law would have to be changed to drill from these areas because there are no state oil or gas deposits that are being drained from a federal facility.
- (3) Clarify that there is no current access to VAFB.
- (4) Clarify that only Carpinteria has an existing state lease.

Slide 24 (“Generalized Impact Summary”): Add risk of oil spill to onshore impacts.

### Slide 58 (“Potential State Resource Areas”)

- (1) Remove Tranquillon Ridge, as there is no available onshore drill site.
- (2) Remove Cojo, Manatee, West Montalvo and Santa Monica Bay, as there is no drainage occurring from adjacent federal lands.

Slide 60 (“North Santa Barbara County”): Delete, or clarify that no new leases can be issued because there is no drainage occurring from adjacent federal lands.

Slide 61 (“South Santa Barbara County”): Delete references to Manatee and Gato, as no new leases can be issued because there is no drainage occurring from adjacent federal lands.

Slide 62 (“Carpinteria Area and Ventura County”): Delete Ventura sites, as no new leases can be issued because there is no drainage occurring from adjacent federal lands.

### Slide 63 (“State Prospects and Projects”)

- (1) Modify chart to show that there is no onshore site available for T-Ridge, Rocky Pt and Sudden.
- (2) Modify chart to show that there is no confirmed drainage from Rocky Pt.
- (3) Delete fields that cannot be produced under current state law: Rocky Pt, Sudden, Cojo, Manatee, Gato, and Montalvo.

### Handout

- (1) Venoco Paredon: there is no “existing” onshore facility for drilling.
- (2) Venoco Paredon: the assessment of impacts is misleading; the proposed FEIR found that the onshore project would result in Class I impacts relating to hazardous materials releases, oil spills (marine resources and mammals, onshore biology and water quality, recreation), land use and visual resources.
- (3) PXP Tranquillon Ridge: the chart does not reflect the post-FEIR, County-approved reduced-life project, which reduces or eliminates many impacts and renders the project environmentally preferable to the onshore alternative.
- (4) Delete Montalvo, as there is no drainage.

# Offshore Oil Development

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## Offshore Platforms vs Onshore Drilling Sites

California State Lands Commission

August 11, 2009

Linda Krop, Chief Counsel  
Environmental Defense Center

[www.edcnet.org](http://www.edcnet.org)





# Offshore Oil Drilling Impacts

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- Oil spills
- Air and water pollution
- Biological resources
- Energy
- Climate change & ocean acidification
- Safety: hazardous materials, toxics
- Seismic
- Recreation & fishing
- Visual blight
- Land use

# Onshore Oil Drilling Impacts

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# Mobil Clearview

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- Proposal to slant drill from onshore into the South Ellwood Field via an expanded state lease (inc. removal of Platform Holly)
- UCSB analysis: impacts from oil spills, biology, public safety, recreation, views, air and water quality, noise, toxics

# Venoco Paredon

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- Proposal to slant drill from onshore in Carpinteria into offshore state leases (vs. slant drilling from existing platform)
- FEIR: “Class 1” impacts: hazardous materials releases; oil spills (marine resources and mammals, onshore biology and water quality, recreation); land use; visual resources

# Tranquillon Ridge

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- Proposal to slant drill from Platform Irene, which produces oil from the federal Pt. Pedernales Unit, as well as Tranquillon Ridge
- Onshore alternative: slant drill from VAFB



**Facilities and Support\***

- Pipelines
- Platform
- Marine terminal
- Oil-spill containment vessel
- Refinery
- Gas processing plant
- Oil separation and treatment plant
- Oil and gas separation, treatment and gas processing plant
- Pump stations
- Storage tanks <500,000 bbl
- Storage tanks 500,000 to 1,000,000 bbl
- Onshore drill site
- Helisupport
- Crew and light support supply base
- Soil remediation
- Proposed Directional Drilling

**Offshore Oil and Gas Leases**

- State Leases**
- Developed
  - Undeveloped
  - Proposed
- Federal Leases**
- Developed
  - Undeveloped
  - Lease Unit Boundary
  - Ecological Preserve & Buffer
  - Federal/State Water Boundary
  - Channel Islands Nat'l Marine Sanct.
  - 8g Line
  - Coastal Zone Boundary
- Alternative Energy**
- Wind Energy
- \* Proposed Ethanol Plant
- Proposed facilities shown in yellow
- Facilities under abandonment shown in yellow
- New production from existing facilities shown in purple

# Santa Barbara County Energy Division Map

# Tranquillon Ridge

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- FEIR: onshore alternative reduces, but does not eliminate risk of marine oil spills.
- Increases impacts to biology, air quality, water quality, energy, fire protection, geology, risk of upset, ag, cultural resources, noise, public facilities, transportation

# Tranquillon Ridge

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- Post FEIR analysis of PXP Agreement
  - Eliminated offshore impacts related to extended life of Pt. Pedernales facilities
  - *“[T]he reduced-life Tranquillon Ridge Project will result in fewer significant and unavoidable impacts than a new long-term onshore drilling and production project and is preferred to the VAFB Onshore Alternative”*



# Tranquillon Ridge

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- Onshore drilling is not an “alternative” to offshore drilling
  - Offshore drilling would continue as Platform Irene produces from Pt. Pedernales and TR
  - As with any other project, the onshore drilling would be additional and would result in new facilities, operations & impacts

# Other Environmental Perspectives

Steve Uhring  
Malibu Coastal Land Conservancy

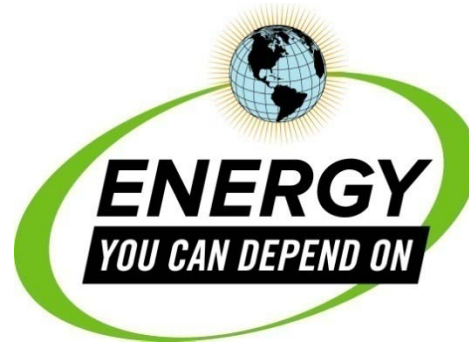
# Other Environmental Perspectives

Richard Charter  
Defenders of Wildlife

# Oil & Gas Industry Perspective

Bob Poole  
Western States  
Petroleum Association

## California State Lands Commission



California Crude Oil Production  
Bob Poole

Western States Petroleum Association  
August 11, 2009

## Access to domestic energy resources

- Additional offshore production can provide significant new jobs, and more revenues for state and local governments
- Petroleum industry has demonstrated it can produce needed energy supplies from offshore California safely and responsibly
- Domestic production will benefit California consumers
- Existing technology provides access to new leases with minimal impacts
- Infrastructure is in place to support additional offshore production



## Expanded energy access = more jobs/economic stimulus

Estimated economic benefits of increased OCS access:<sup>1</sup>

- More than 14,000 new jobs in California
- 10.4 billion more barrels of oil
- 18 trillion more cubic feet of natural gas
- \$3 billion in new economic output
- \$691 million in additional employment income
- \$12 billion in new government revenue



<sup>1</sup>As of 2030, assuming development of currently off limits California OCS resources

## Access to domestic energy resources

