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HEARING
STATE LANDS COMMISSION

NOVEMBER 21, 1974

PARTIAL TRANSCRIPT

MEMBERS PRESENT

Mr. Verne Orr, Acting Chairman

Lieutenant Governor John L. Harner

Mr. Paul Beck, alternate for Houston I. Flournoy, Chairman

MEMBERS ABSENT

Mr. Houston I. Flournoy

STAFF MEMBERS PRESENT

Mr. Edward N. Gladish

Mr. Donald J. Everitts

APPEARANCES

Ms. Cindy Sage, Environmental Specialist, representing
Office of Environmental Quality, County of Santa Barbara

Mr. A. Barry Cappello, City Attorney, City of Santa Barbara

Ms. Prem L. Hunji, Field Representative, representing
Senator Omer L. Rains, California State Legislature

Mr. William Gesner, representing Get Oil Out, Inc.

Mr. R. W. Mansfield, Legislative Advocate and Business
Representative, State Building and Construction Trades
Council of California

Mr. Robert L. Kubik, Attorney, Mobil Oil Corporation

1 PROCEEDINGS

Mr. Gladish

2 VOICE: Mr. Chairman, these items, items C, D, E,
3 and F, deal with the resumption of drilling on five offshore
4 leases in Santa Barbara, Ventura, and Orange County. I
5 want to go into a little history of these leases and the
6 character of these leases. Before I do that, Mr. Don Everitts,
7 staff, will orient the Commission and the audience as to the
8 location of these leases on the map on both sides of the room.

9 MR. EVERITTS: The four items involved are
10 platform Hilda and Hazel in the Summerland area in about a
11 hundred feet of water and about a mile and a half off shore.
12 They involve two platforms, Hope and Heidi, in the Carpinteria
13 area, approximately three miles off shore, about 140 feet of
14 water. Incidentally, platform A is a Union Oil Company
15 since about 1969. ----- It
16 involves a very small operation, PRC427, the Rincon oil field
17 operation off the pier. To help orient you this is the
18 Rincon Island, you may be aware of, quite close to that.

19 On the other side it involves PRC3095, Island
20 Esther which is a rock-filled, man-made island, about a
21 mile and a half off shore and in about thirty foot of water,
22 if I remember correctly. And it's quite close to the
23 Thumb's Islands; A, B, C, and D.

Mr. Gladish

24 VOICE: Thank you. Mr. Chairman, members of the
25 Commission, the leases here, the five leases involved here

1 were sold over a period of time from 1930 up until the more
2 recent one of 1968. One was sold in 1957, two were sold in
3 1964. The state sold oil and gas development rights on
4 these leases for an aggregate total of twenty million dollars.
5 We are talking in essence of this request for drilling on
6 four platforms and one fill island as Mr. Everitts mentioned.
7 Currently these facilities contain some 221 wells. The
8 proposal before you is to drill up to an additional 60 wells
9 to complete development of these leases which are essentially
10 now in the excess of two-thirds developed.

11 These leases that we're discussing now have
12 produced in the excess of about 77 million barrels of crude oil.
13 The current production from these leases is about 9,000
14 barrels per day. The anticipated increase if this program
15 goes forward is for an additional approximate 4,000 per day.
16 The aggregate revenue for these leases for higher education
17 and other programs of this state has exceeded forty-seven
18 million dollars. We anticipate an increased revenue if
19 this item is approved of about ten thousand dollars a day
20 additional money. There have been no spills of any
21 consequence in the operation of these leases or any other
22 state leases in that regard. In 1969, as you're all aware,
23 I'm sure, there was a blowout on federal lease in the
24 Santa Barbara Channel. As a result of that this Commission
25 imposed an immediate ban on new drilling on state leases.

1 Inherent in that moratorium were two conditions,
2 one dealing with completion of a review of offshore drilling
3 regulations and procedures under the jurisdiction of this
4 Commission, and secondly, the establishment by the industry
5 of the existence and capability of adequate containment
6 and clean up equipment. This matter has been under continuous
7 review since that time. This Commission has discussed this
8 matter of a moratorium several times since 1969. The staff
9 has been actively involved in the review of this moratorium
10 since that time.

11 More recently in April of 1973, you directed the
12 staff to conduct an in depth review of current drilling and
13 producing oil and gas operations on state leases. The
14 Division was to consider the advisability of lifting the
15 drilling ban and to make recommendation to the Commission.
16 Public hearings were held in Los Angeles and Santa Barbara
17 last fall. Testimony was invited and received from the
18 public and from all government agencies concerned with pro-
19 tection from oil spills, the industry itself, and from
20 other interested groups and organizations. The Division
21 then issued a report on its review which incorporated the
22 comments and advice received from public hearings. The
23 report proposed new procedures for drilling and production
24 operations from existing facilities on tide and submerged
25 lands currently under state lease.

4

1 The report further concluded that the conditions
2 set by the Commission in 1969 had been adequately met and
3 recommended that the ban on drilling in state offshore
4 leases be lifted on a lease by lease basis. The Commission
5 accepted that report in its recommendation of December of
6 last year. The new procedure for drilling and production
7 operations were adopted. Authorization was granted to
8 resume drilling operations on a lease by lease basis,
9 but only when predicated upon staff review
10 for compliance with the new procedures and with final
11 approval by the State Land Commission. The Commission also
12 indicated that there would be full compliance with whatever
13 requirements were applicable to California Environmental
14 Quality Act.

15 Initial applications were received from the
16 Standard Oil and Mobil Oil Corporation covering the leases
17 under discussion now -- Santa Barbara Channel and offshore
18 Orange County. Staff reviewed each of the applications.
19 The staff even included a review and environmental assessment.
20 Such studies concluded that the projects would not have a
21 significant affect on the environment and therefore, in
22 accordance with the state guidelines for implementation of
23 the Environmental Quality Act, a negative declaration was
24 prepared and circulated to concerned agencies and to the
25 public. Over three hundred notices were sent out describing

1 this negative assessment. The Attorney General, the
2 State Land Commission, were very close in coordination
3 and synchronization in the legal aspects of this program.
4 And recently the Attorney General concluded in a report
5 to us that while there is some doubt as to whether CEQA
6 is applicable, the Attorney General feels it probably is.
7 That these applications before you are in compliance with
8 law. The representative of the Attorney General's Office
9 is here, shouldn't need to elaborate on that.

10 The purpose of each effort is to complete the
11 development of oil and gas reserves underlying the
12 respective leases from the existing structures. The program
13 will require no additional facility on the platforms, no
14 additional pipeline and no additional onshore facilities.
15 Mr. Don Everitts will briefly outline the environmental
16 assessment.

17 MR. EVERITTS: Well, according to your CEQA
18 guideline it states that a negative declaration
19 shall be prepared for a project which would potentially
20 have a significant effect on the environment which the
21 lead agencies, in this case, the State Land Commission,
22 find on the basis of the initial study will not have a
23 significant effect on the environment. In the preparation
24 or in its assessment we did compare it in a sort of a
25 mini EIR. As a matter of fact, this file here represents

1 the preliminary assessment on this operation.

2 In our opinion the productive limit of the field
3 being considered are known and the drilling program proposed
4 will lead to no additional drilling. When this drilling
5 is done there will be no more drilling. The productive
6 characteristic of the wells which are to be drilled are
7 expected to be of such a nature that they will not be
8 capable of sustaining the flow that must be produced by
9 artificial method, thus making it virtually impossible to
10 have a major oil spill in the nature that occurred in
11 1969.

12 Further the platform and islands are designed to preclude
13 significant oil spills into the sea in the event there
14 would be some sort of production mishap where a few gallons
15 were spilled on the platform. The drilling, as Ed said,
16 will be done through existing structures. Production will
17 be through existing pipeline, and it will be produced into
18 existing producing facilities. The appearance of the
19 drilling mass will be so similar to that of the well
20 maintenance unit used now that the casual observer will not
21 be aware of any visual change in the operation. Because of
22 the distance of the operation from the shore line, the
23 noise effect will be insignificant. There will be negligible
24 effect on the ocean bottom. Each project requires at most
25 60 extra temporary employees during the period of actual

1 drilling. The new drilling will cause an insignificant
2 in boat/barge traffic which some people are concerned with,
3 and water quality will be protected by applicable law.

4 The leasees will be required to comply with our
5 new drilling and production procedures. We have received
6 from them the critical operation and curtailment plans
7 that they were ordered to deliver. They have developed
8 oil spill contingency plans which these volumes here
9 represent, the contingency spill plan that will be used.
10 They have prepared an Environmental Data Statement which
11 was the basis for our assessment, and we have reviewed
12 their operational and production procedures, and they
13 are in compliance. They will be required to follow the
14 procedures which are quite stringent and it's going to
15 cost them money, and it's in the long run going to cost the
16 state money because they're going to have to abandon a well
17 sooner because of the added cost of producing them -- but
18 we'll get some energy. They will be required to maintain
19 adequate well containment and clean up equipment inventory
20 and they will not be permitted to conduct certain critical
21 operations under many circumstances. Now, might just quote
22 a few of the items.

23 Under Standard Oil -- under the Standard Oil Company,
24 which these all are, plan, we state here that the
25 critical operations in progress, and we define critical

1 operations. The continuation and succession of the critical
2 operation will require approval of State Lands. And it
3 really says that when the significant wave height is greater
4 than five feet, they will not be able to perform these
5 critical operations. If the wind exceeds 40 knots, of
6 course, these are synonymous with a five foot sea. When
7 the bulk of the containment equipment maintained by Clean
8 Sea's is not available, they will not be allowed to operate
9 under the critical operations. When there are not enough
10 boats in the area to deploy the equipment, when there is
11 an insufficient supply of drilling tools and materials to
12 control the well, when emergency containment equipment is
13 not approved, when fog is so dense that visibility of the
14 structure is limited, when manpower required is not
15 available. This type of thing we feel completely --
16 completely obviates -- there's no possibility of a serious
17 oil spill. On that basis we did determine and recommend
18 that we feel that the environmental effects would be
19 negligible.

Mr. Gladish
20 VOICE: Thank's, Don.

21 Mr. Chairman, Commissioners, successful development
22 of these leases has been underway for many many years. The
23 state's track record is good. Over fourteen hundred wells
24 have been drilled without serious incident. The new
25 procedures have evolved over many many years experience and

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1 hearing. The clean up and containment equipment is the
2 best available. The application filled by Standard Oil
3 Company and Mobil Oil Corporation for the resumption of
4 drilling operations are completely in compliance with
5 your policy's applicable regulations. It is the staff's
6 recommendation that they be approved and the Executive
7 Officer be authorized to issue the necessary permits to
8 complete development of these leases.

9 Mr. Chairman, that concludes our presentation.
10 I have about ten letters, communications, that sort of
11 thing, and there are a number of people here today to
12 testify on this item. If I might, I might just summarize
13 in the package you have before you some of the
14 correspondence. I won't discuss in detail statements from
15 those people who are here to present them.

16 Had a communication from Mr. Alfred F. Reynolds,
17 County of Santa Barbara Environmental Coordinator, and it's
18 my understanding that he, that group will be represented
19 by Cindy Sage and is here today and is prepared to give a
20 statement. I have received correspondence from
21 Mr. Francis Sarguis, Get Out Oil, Inc., and the essence of
22 his statement is in opposition. The essence of his
23 statement is that this item should not be decided by a
24 lame duck Commission and that I should keep this fact in
25 mind in making such a recommendation. I have a letter from

1 Mrs. Lois S. Sidenberg, President of the Carpinteria Valley
2 Association. She has five points in opposition dealing
3 with such things as loading and unloading operations from
4 the Standard pier, I believe you have the letter in front
5 of you, increased use of pipelines. Talks about abandoned
6 wells on the beach, platform fires, containment and
7 recoverable capability, and concludes by indicating that
8 the negative declaration should not be accepted.

9 I have a letter from H. Edward Lyon, President,
10 Allied Construction and Engineering Company, seeking your
11 approval for these projects. I have a letter from
12 Mr. William P. Gawzner, President, Miramar on the Beach.
13 And he asked that his letter be made part of the record
14 and it's a general letter in opposition. I have a telegram
15 from Mr. Gary K. Hart, Assemblyman-elect, 35th District.
16 It is brief. Indicates that the negative declaration
17 would be a mistake. That there is a seismic hazard in his
18 opinion, and that there is a new mandate to the Commission
19 that should not be ignored. I have a letter from
20 Mr. Kenneth G. Hahn, Executive Secretary, Ventura County,
21 Building and Construction Trades Council, AF of L-CIO,
22 urging approval of these items.

23 I have a letter from A. Barry Capello, City
24 Attorney, City of Santa Barbara, and Mr. Capello is here
25 to present that letter so I will not go into that.

1 Mr. Capello also delivered to us a letter from
2 Mr. Paul D. Nefstead, Environmental Hearing Officer and
3 Staff Assistant to the Environmental Quality Board, and
4 you have that letter. I have a statement which will be
5 presented as I understand it, by Miss Prem Hunji on behalf
6 of Senator Omar L. Rains, and I won't read it. We have a
7 statement to be presented by Mr. William Gesner representing
8 Get Out Oil, Inc.

9 Mr. Chairman, that's the essence of the
10 correspondence that I have received. I have indicated
11 there are perhaps half a dozen or so people in the audience
12 that would like to be heard.

13 *The Doc*
VOICE: All right. I think maybe the Commissioners
14 will hold their questions until we've heard from those who
15 wish to testify. Will you take them in the order which they
16 asked or do you have them in alphabetical order?

17 *Mr. Heddon*
VOICE: Well, I don't believe the order is very
18 significant. I kind of got them all about the same time.
19 The first one I have in front of me is Cindy Sage.
20 who is representing Mr. Alfred F. Reynolds, the County of
21 Santa Barbara, Environmental Quality Coordinator.

22 *Mr. Haines*
VOICE: May I ask, Mr. Chairman, that the proponents
23 try not to be repetitive. If somebody else has made a
24 statement in which they concur, that they submit their
25 approval of that statement in consideration of other people

1 who would like to be heard.

2 *Mr. Chair*
VOICE: Fine. Thank you. Miss Sage, will you
3 step to the roster, please.

4 MISS SAGE: Mr. Chairman, Commissioners, my name
5 is Cindy Sage. I'm representing the Office of Environmental
6 Quality, County of Santa Barbara. Mr. Reynolds regrets
7 that he couldn't be here today to present this statement
8 himself, but he's conducting an environmental hearing in
9 Santa Barbara and couldn't get away. I am going to read
10 a letter from Mr. Reynolds to Mr. Gladish in response to
11 the ND's, that we received at the County and then I'm
12 going to read an attachment which was prepared by the Office
13 of Environmental Quality.

14 "Dear Mr. Gladish:

15 "Thank you for your notice of the public hearing
16 November 21st on the above projects in reference to
17 proposed ND for state oil and gas leases 1824.1,
18 3150.1 and 4000.1. I will be unable to attend the
19 hearing because of the press of business here.
20 However, I recommend that the proposed ND be replaced
21 by full EIR's for the reason specified below.

22 "It is my understanding that a ND is
23 supposed to include an explicit statement as to
24 the reasons for the finding of 'no significant impact'.
25 I find no such statement in these proposed ND's and

1 suggest that at a minimum they be revised to include
2 one.

3 "It is also my impression that there are at least
4 two factors which indicate that an EIR would be
5 more appropriate as an environmental review finding.
6 These are:

- 7 1. - There is considerable public controversy in
8 Santa Barbara County regarding the resumption
9 of offshore drilling in the Santa Barbara
10 Channel. An EIR would insure that full public
11 consideration of all environmental risk
12 would be undertaken.
- 13 2 The existing platforms were constructed prior
14 to the CEQA requirements for environmental
15 review, including the assessment of risks to
16 the platform foundations through seismic
17 shaking. An EIR would again guarantee that
18 such risks are fully evaluated.

19 "The attached OEQ comments show that the proposed
20 drilling operations would be conducted in a region of
21 historically high seismic activity. Please note that
22 the enclosed letter from the County Petroleum
23 Administrator, which is included in your attachment,
24 Mr. Gladish, minimizes the seismic risks. However,
25 in my view there are 'unknown' geologic and seismic

1 factors relating to potential impacts of additional
2 drilling from these platforms which should be identified
3 and evaluated.

4 "An additional body of evidence under CEQA Sections
5 15080, 81, and 82 points to a mandatory finding of
6 significant impact, which specifically requires that
7 an EIR be prepared:

8 "Section 15080: If any of the effects of a
9 project may have a substantial adverse impact on
10 the environment, regardless of whether the
11 overall effect of the project is adverse or
12 beneficial, then an environmental impact report
13 must be prepared where discretionary governmental
14 action is involved.

15 "Section 15081(c) (9): Some examples of
16 consequences which may have a significant effect
17 on the environment in connection with most projects
18 where they occur, include that:

19 "(9) could expose people or structures to
20 major geologic hazards.

21 "Section 15082(a): Under this section, a finding
22 of 'significant impact' is mandatory where
23 'impacts have a potential to degrade the quality
24 of the environment.'

25 "In light of these findings, I strongly recommend

1 that your office reconsider its position and specify
2 that an EIR is the appropriate document relative to
3 Leases PRC 1824.1, PRC 3150.1, and PRC 4000.1.

4 "Thank you for your consideration.

5 "Yours very truly,

6 "Albert F. Reynolds

7 "Environmental Quality Coordinator"

8 And the attachment reads:

9 "Construction of platform Hope, Heidi, Hilda, and
10 Hazel (1), and subsequent oil drilling, were implemented
11 before the California Environmental Quality Act of 1970.
12 This Act now requires that an Environmental Impact
13 Report for certain projects needing State or local
14 permits. If these projects can have a significant
15 effect on the environment, then an Environmental Impact
16 Report must be prepared.

17 "Seismic activity in the Santa Barbara Channel
18 region can be a potential source of significant environ-
19 mental impact on oil drilling operations, and thus
20 indirectly on the coastal environment depending on
21 initial platform design, and the geology of the area
22 to be drilled."

23 In the next section we have included a summary
24 of seismic activity historically in the Santa Barbara
25 Channel region.

1 "First the Santa Barbara Channel region is located
2 within the seismically active circum - Pacific seismic
3 belt. Earthquakes of magnitude 6 and larger (2) can be
4 expected to occur in the future in the vicinity of the
5 channel, and it would be consistent with past records
6 if several such events occurred in the next century
7 (U.S. Geological Survey, 1971).

8 "Union Oil Company Platform 'C' and Sun Oil
9 Company Platform 'Henry', designed for installation
10 in the channel in 1971, were constructed to withstand
11 a 7.1 magnitude earthquake with no damage, and a 7.5
12 magnitude earthquake without catastrophic damage.
13 (U.S. G.S., 1971).

14 "Since 1800 the following large earthquakes have
15 occurred in Southern California in which their
16 intensities have been estimated for the Santa Barbara
17 area."

18 And here a list of seven major earthquakes and
19 their estimated intensity were given which I won't read.

20 "The fault activity in the Santa Barbara region
21 could cause high intensity earthquakes in the Santa
22 Barbara Channel and are summarized below for the
23 Santa Barbara County Seismic Safety Element (1974)."

24 Again there's a series here of perhaps 20 faults
25 either historically potentially active or active, and

17
1 their estimated magnitudes ranging up to 8.4 for the
2 San Andreas fault system.

3 "The Santa Barbara region is in a high severity
4 zone where major damage from probable maximum intensity
5 9 or 10 earthquakes can be expected. Earthquake
6 intensities of 8 or 9 could break or crack underground
7 pipes or cause ground collapse.

8 "From 1970 through '71, one hundred and seven
9 earthquakes occurred in the Santa Barbara Channel,
10 making this one of the most seismically active in the
11 state. These earthquakes were centered about 15 miles
12 south-west of the proposed new wells and were not
13 greater than 3.6 richter magnitude.

14 "Proposed maximum ground accelerations for various
15 magnitudes of earthquakes are shown in figure 3. From
16 the estimated magnitudes for local earthquakes, as
17 prepared in the Seismic Safety Element, it is reasonable
18 to expect that at least a 0.25 of gravity-ground
19 acceleration would occur in the Santa Barbara Channel.

20 "The U.S. G.S. (1973) predicted that a major
21 platform oil spill could occur as a result of:

22 "first seismic shaking and subsequent breaking
23 of pipes or valves, and second, ground
24 movement by either submarine slumping or
25 faulting with resultant shearing off of pipes.

or well cases."

Our second area of investigation here was what we're entitling geologic and seismic unknowns. Certain geological and seismic data are lacking in respect to potential impact of additional drilling from the above four platforms. These include:

"First what magnitude earthquake and ground acceleration were the four platforms originally designed for. Second, what magnitude earthquake and ground acceleration can subsurface drilling pipe and well casings withstand. Third, will local earthquake intensities be greater under platform sites due to relatively soft and unconsolidated sediment or the presence of unconsolidated water saturated sand that could become quit under the influence of seismic shaking.

"Another unknown, the above platforms are superimposed over the U.S. Geological Survey geologic map of the channel (4). And the large scale of the map and the omission of certain geologic hazard data leads to the following questions.

"1 - Is submarine slumping or creep present in platform areas and could this lead to an oil spill by shearing off of new wells.

"2 - Are there active faults under or adjacent to

the platforms.

"These are unanswered questions.

"E. Would ground displacement on any faults, active faults, crossed by the new wells be sufficiently large to shear off well casings and pipes. What is the verocity and permeability along both active and unactive fault plane: that would be crossed by the drilling? Would there be a possibility of oil and/or gas having pressure to escape along these planes.

And finally, our last section is one for recommendations.

"The California Environmental Quality Act of 1970, specifically stipulates that a project can have a significant effect on the environment if it is subject to a major geologic hazard. The initial seismic design of platforms, Hilda, Hazel, Hope, and Heidi, and the subsurface geologic condition that the new wells will encounter may be such that no significant environmental impact would occur in the event of major seismic activity. However, since these data are not readily available for public and governmental review, it is recommended that an environmental impact report be prepared in order to allow an objective evaluation."

Mr. Reynolds requests that first this be read into the record, and secondly, that there be a 60-day

1 continuance on this matter for further study. Thank you
2 very much.

3 *Mr. Qui*
VOICE: May I ask our next person from the audience
4 who wishes to testify. Mr. Gladish, what name do you have next?

5 *Mr. Gladish*
VOICE: Mr. Chairman, I'm going through here.
6 Next one I have is Mr. A. Barry Capello, City Attorney, with
7 the City of Santa Barbara.

8 MR. CAPELLO: Mr. Chairman, gentlemen, I'm
9 A. Barry Capello, the City Attorney for the City of Santa
10 Barbara. I'm here representing the City Council. You have
11 on file with you two letters, one from my office, which is
12 on my stationery which I shall read, and another directed to
13 Mr. Gladish from the Community Development Department, the
14 Environmental Quality Advisory Board Staff Assistant,
15 Mr. Nefstead. Regarding the latter letter I shall take
16 Lieutenant Governor Harmer's suggestion and indicate that
17 Miss Sage's previous testimony before the record is covered
18 there and we just cite it and ask that it be part of the
19 record. Regarding my letter, I'd like to read it.

20 "The City Council for the City of Santa Barbara
21 has authorized my office to file with the State Lands
22 Commission protests on behalf of the Environmental
23 Hearing Officer, Environmental Quality Advisory Board,
24 and the Council itself, to the negative declarations
25 filed for the resumption of drilling operations on the

1 two leases that are set forth on that Board -- two,
2 not the third. We are only opposing the drilling
3 operation to be conducted without any IR on Hilda,
4 Hazel, Heidi, and Hope.

5 "The drilling operations to be conducted by the
6 Standard Oil Company on these four platforms mandate an
7 environmental impact report for the determination of
8 the potential significant adverse environmental effect
9 of a major oil spill during drilling operations to be
10 conducted from those platforms. It matters not that
11 previous wells have been drilled in years past without
12 incident. It is obviously ridiculous to even the most
13 lay observer that since previous operations were
14 conducted without a major spill ipso facto future ones
15 will not produce a spill regardless of the manner in
16 which drilling was previously conducted. Future
17 operations must be conducted with properly trained
18 crews, adequate safety procedures, and safety equipment,
19 and the ability to immediately initiate containment and
20 clean-up measures in case of an accident. The permitting
21 of re-drilling on these platforms with a negative
22 declaration rather than a full environmental impact
23 report is tantamount to saying that the drilling of
24 an oil well in offshore waters can have no
25 significant adverse environmental impact and the public

1 need not be interested in the manner in which the
2 project will proceed since in the past the fact that
3 there was no spill presumes no future spill. This,
4 of course, is patently falacious. We simply cite the
5 fact that on outer-continental shelf lease P-0241
6 which is platform A and B the Union Oil lease, and
7 its surrounding areas, five development wells and
8 between eight and ten exploratory wells were drilled
9 without an oil spill until January 28, 1969, well A-21
10 was drilled to a depth of approximately 3,000 feet
11 with a total absence of safety measures and in a reckless
12 manner, causing the well known Union Oil Spill and
13 the resulting significant adverse environmental effect.

14 "The City of Santa Barbara urges a full environ-
15 mental impact report for the resumptions of drilling
16 from these four platforms so that we may be able to
17 fully study the exact drilling program proposed, the
18 training and safety measures to be implemented, the
19 containment and clean-up procedure plan to be followed
20 in case of a spill, as well as the whole host of other
21 drilling techniques and activities which are necessary
22 for the safe development of an offshore oil field."

23 Thank you, gentlemen.

24 *Mr. Head*
VOICE: Mr. Chairman, next on the list I have

25 Miss Fran Hunji representing Senator Omer L. Rains.

Mr. Orr
1 VOICE: I don't believe I got your name. Would
2 you come forward, please.

Mr. Hladich
3 VOICE: I may not be pronouncing it correctly.

4 MS. HUNJI: That's correct, P-r-e-m.

Mr. Orr
5 VOICE: Thank you.

6 MS. HUNJI: Before I read Senator Rains' statement
7 I cannot overstress how much he wanted to be here in person.
8 However, he is at a committee hearing with the National
9 Resources and Wildlife Committee, and I do want to emphasize
10 that if at all possible he would have liked to be here in
11 person. He asked me to make a statement on his behalf.

12 "Since Santa Barbara is well represented here
13 today, I will make my remarks brief and to the point.
14 There are several issues here which need to be brought
15 home again and again:

16 "We have recently heard the oil companies express
17 pride in having cleaned up a 15 barrel oil spill in
18 the channel - 15 barrels. Their pride in this minute
19 accomplishment points up the fact that they do not yet
20 have the technology or the safety devices, to contain
21 these oil leaks when they occur, much less the
22 technology to prevent them from occurring. Platform A
23 is still leaking at this very moment and there is no
24 indication there has been any advance in the ability
25 to put a stop to this continued spillage.

1 "Let me here bring up a point of irritation to the
2 people of Santa Barbara County. The oil companies
3 continue to use the term 'natural seepage' to account
4 for almost anything which occurs in the channel. And
5 yet we know from observation that this 'natural seepage'
6 somehow manages to become more apparent immediately
7 after increased activity on the functioning platforms.
8 So we must proceed on the assumption that this is not
9 natural seepage, but, in fact, continuing spillage from
10 the working platforms. Let me reiterate--if the oil
11 companies have no technology devised to prevent this
12 continuing spillage, how can we assume that they will
13 have the technology to prevent major oil spills? The
14 answer is--we can't. And I need not remind you, because
15 you've been reminded countless times, of the disastrous
16 affect of the oil and tar on its beaches to the Santa
17 Barbara economy.

18 "A second question brought up by the request for
19 a negative declaration regards the apparent refusal
20 of the oil companies to deal with the geological
21 hazards of this area. The proposed drilling operations
22 are to be conducted in a region of historically high
23 seismic activity. We do not yet know the extent of
24 this activity, nor do we know the effect of additional
25 drilling and platforms on this activity. All of these

1 points should be dealt with in a thorough Environmental
2 Impact Study.

3 "Let me mention here an apparent inconsistency in
4 the oil company's stand with regard to this problem.
5 When they wish to resume drilling, they insist that
6 this is a stable area, yet when confronted with a
7 continuing leak, such as the one mentioned earlier,
8 they claim that the bottom is 'so fractured and
9 fragile' that they cannot stop the leak. They cannot
10 have it both ways. Either the area is 'stable' as they
11 claim in one instance, or it is, in fact, 'fractured
12 and fragile' as they claim on other occasions.

13 "There is another inconsistency at issue here--
14 that of the State Lands Commission ordering an
15 Environmental Impact Report on a proposed Platform Holly
16 Project but being willing to consider the resumption of
17 other drilling without requiring such a study. If
18 this is based on the assumption that the entire area
19 is the same geologically, then we are proceeding with
20 fallacious premise. If the Platform Holly Project
21 demands an EIR, and it did, then surely these other
22 projects demand this same degree of evaluation.

23 "Yet another point which the request for a negative
24 declaration does not even bother to mention is the time
25 variation of drilling and production activities that are

1 planned. This omission demonstrates contempt for the
2 people of my district by its failure to provide even
3 its most elementary information. The oil companies
4 patronize us with advertisements yet refuse to give us
5 facts.

6 "Which brings me to my final, and most essential,
7 point: Every referendum, every election, and every
8 poll in the Santa Barbara area has indicated over-
9 whelming opposition to offshore oil activity. In my
10 opinion, the views of the people of Santa Barbara County,
11 while perhaps more intense, accurately reflect the views
12 of the people of the State of California on this issue.
13 Would it not be more responsive to the public, therefore,
14 for the State Lands Commission to postpone consideration
15 of this proposal until the new body is appointed? Since
16 the new Commission will be charged with the responsibility
17 of making decisions which will continue to affect the
18 people of this state for years to come, it could only
19 seem logical to give them the opportunity to make this
20 present decision. I urge you to do so."

21 Thank you.

22 *Mr. Davis*
VOICE: Thank you.

23 *Mr. Hladik*
VOICE: Mr. Chairman, the next speaker will be

24 Mr. William Gesner representing Get Out Oil, Inc.

25 MR. GESNER: Mr. Chairman, gentlemen, that's Get

1 Oil Out, Incorporated.

2 "My name is William Gesner. I am appearing on
3 behalf of GET OIL OUT INC. of Santa Barbara, and also
4 as a member of the Oil Committee, Los Padres Chapter
5 of the Sierra Club. We are adamantly opposed to all
6 four Negative Declaration Environmental Impact Reports
7 that are being considered here today.

8 "We would question first the State Lands Commission
9 decision to require the preparation of a draft
10 environmental impact statement for ARCO's proposed
11 drilling program for Platform Holly, and then come out
12 with negative declarations for further drilling on
13 state leases from four platforms, Santa Barbara
14 County, one filled offshore island off Orange County,
15 and existing pier facilities in Ventura County.

16 "It seems the objective of all four proposals is
17 the tapping of deeper pay underlying present production
18 zones. It is said that completion of the development
19 of the leases will not require or lead to additional
20 development on adjacent state leases. This statement
21 is absurd, unless the adjacent state lease holders
22 are unitized with lease holders from which further
23 development of underlying reserves is proposed.

24 "The Negative Declarations say, 'that all projects
25 will be conducted in accordance with procedures for

1 drilling and production operations, and rules and
2 regulations of the State Lands Commission and the State
3 Division of Oil and Gas.' These procedures and
4 regulations are inadequate and do not measure up to
5 safety standards recommended by recognized experts
6 in the field of blow-out prevention. Two serious
7 blowouts in California this year might have been
8 prevented if stronger and safer regulations had been
9 in effect. The blowouts were on land.

10 "The oil industry and its regulatory agencies
11 still concede that offshore accidents may happen.
12 They usually attribute the cause to human error. But
13 whose human error? An Oil Chemical and Atomic Workers
14 Union study of accidents in the hydrocarbon processing
15 industry found that almost half of all accidents were
16 caused by faulty equipment. Over a third of the
17 remaining half were caused by faulty methods of
18 operations dictated by management. Thus, almost two-
19 thirds of the accidents were caused not by human error
20 but by circumstances controlled by management.
21 Management error so to speak.

22 "I would suggest that the ratio is even higher
23 in offshore oil operations. I worked a year on
24 Platform Hope for Standard Oil; also a year on
25 Platform Holly (both platforms on state leases). And

1 I believe that I have a good idea of what goes on on
2 those platforms.

3 "The last sentence on each negative declaration
4 says, 'It has been determined that the proposed
5 project will not have a significant effect on the
6 environment.' What about a blowout? Wouldn't a blow-
7 out create a significant effect on the environment?
8 And who was asked to make this determination? The
9 results of a survey among Santa Barbara Channel oil
10 field workers showed all in agreement that more blow-
11 outs in the Channel would not surprise them in the
12 least. So, before making a final determination as to
13 whether the proposed projects would have a significant
14 effect on the environment, try asking the people who
15 work offshore for their opinion!

16 "On November 11th, just ten days ago, Standard
17 Oil of California's Platform Nilda was involved in a
18 small oil spill. It was reported that all but 5% of
19 the oil was cleaned up. Now, we are always hearing
20 how effective Clean Seas Inc. recovery methods are --
21 why didn't Standard call Clean Seas in to clean up
22 the remaining 5%?

23 "The media would not have known about this oil
24 spill had a concerned citizen not reported it. This
25 oil spill happened on a clear day and Standard was

1 caught in the act. I cannot help but wonder how many
2 other spills have happened under the cover of darkness
3 or during the periods of dense fog, and gone unreported
4 and undisclosed.

5 "This State Lands Commission has lifted the
6 moratorium in direct opposition to the desires of the
7 majority of Santa Barbara residents, as well as those
8 living up and down California's coastline. I believe
9 that this Commission should now defer action on the
10 negative declaration before it until such time as the
11 new State Lands Commission meets after January 1st.
12 At that time they can then consider these negative
13 declarations in their entirety."

14 Thank you.

15 *Mr. Gladish*
VOICE: Any questions? Thank you, sir.

16 *Mr. Gladish*
VOICE: Mr. Chairman, I have a card here for

17 Mr. Dick Mansfield with the State Building and Construction
18 Trade Council of California, AF of L-CIO.

19 MR. MANSFIELD: Thank you, Mr. Gladish.

20 Mr. Chairman, members of the Commission, my name is
21 Dick Mansfield. I represent the State Building and
22 Construction Trade Council of California. I'm their
23 legislative advocate and business representative. I wish to
24 address my comments today on the items that you have before
25 you, the resumption of drilling operations offshore from

1 Summerland-Carpinteria, and I believe another one down in
2 Orange County. I'm speaking on behalf of the 400,000
3 building tradesmen in the State of California. First, I'd
4 like to make this statement that under Proposition 20, the
5 assumption was made that the tidelands belonged to all of
6 the people in the State of California. And certainly tideland
7 leases and the oil that is recovered from these leases and
8 the royalties derived from those leases belong to all the
9 people in the state. I moved to Santa Barbara when I was a
10 child in 1929, and I lived in Santa Barbara - I lived in
11 Goleta. I was employed by Signal Oil and Gas Company for
12 approximately eight years in drilling operations in the
13 Ellwood Oil Fields. I'm very familiar with the requirements
14 of the State of California on tideland leases. What we call
15 water string, water shut off test, blowout preventors and
16 all of the other safety precautions that I was familiar with
17 when I was employed in that industry. And I'm sure today,
18 judging from the information that the Commission has in
19 front of us on the new safety measures that have been
20 compiled by your staff, that the drilling requirement on
21 these leases that are up for approval will be far more
22 stringent than what they were when the leases were initially
23 issued.

24 Santa Barbara had major earthquakes. We had one,
25 I believe, when I was employed by Signal in 1951, and that

1 was the well known Tehachapi earthquake. And as I recall
2 on Highway 101, there was a fault line that ran from there
3 out into the ocean that bisected several tideland leases
4 off of Isla Vista, Coal Oil Point area, in which the land
5 at the north of that fault rose six inches. There was not
6 any effect upon existing producing wells in that area, nor
7 was there any effect on current drilling operations going
8 on in that area. And I happened to be working on a drilling
9 rig at that time in Isla Vista. There is a natural oil seep
10 off of the Coal Oil Point which is about 10 or 12 miles
11 north of the leases we're talking about where you have a
12 natural seep of 3 1/2 or 4 barrels of oil a day. And as
13 a young man we used to go down to Goleta Beach, and we'd
14 always get our feet covered with tar.

15 There's a natural oil seep, and was years ago,
16 off of Summerland. And Summerland, as you know, at one time
17 had 300 or 400 wells back in 1904, all offshore wells.
18 There is a natural tar seep off of Carpinteria where the tar
19 actually comes right off of a bank, right along the beach
20 and rolls right out onto the sand. And, of course, we
21 readily admit that there has been spills in the state.

22 The reference was made today on the Union Oil
23 Company blowout in the Channel, and the only reason that
24 that blowout occurred was the fact that the state regulations
25 were not being adhered to on that federal lease -- and that

1 was a federal lease. And since that time the federal
2 government has come up with new requirements. They did not
3 set their water string of pipe deep enough, their casing
4 deep enough to take into consideration that fault zone, and
5 that's where the blowout occurred.

6 In Time magazine this morning, I read that if the
7 oil producing nations continue with the price of oil, and
8 now I understand that Mexico's going to go along and they're
9 joining the Arab nations -- Ecuador is going along and
10 they're joining the Arab nations. We're going to have --
11 that is, the nations in this world that import oil -- we're
12 going to have a forty-seven billion dollar a year balance
13 of deficit payments. And gentlemen, I don't have to point
14 out to you the crucial period that we are in. With
15 unemployment rising at a rapid rate and obviously the lack
16 of a ready supply of energy, and also, a lack of the
17 development of new sources of energy, and the development
18 of existing sources of energy. It's going to have a chaotic
19 impact upon our economy if we don't do something about it.
20 And I think that the negative impact draft or statement or
21 whatever you -- declaration, whatever you call it, is
22 correct. I don't think there will be any adverse affect
23 upon impact upon the environment. And I think that we're
24 going to have to lift our sights a little bit and we're
25 going to have to deal with this energy problem or we're

1 going to have a far more serious situation. We're going to
2 have to live with a completely collapsed economy.

3 I strongly urge you to approve this application.

4 Thank you very much.

5 *me on*
VOICE: Any questions?

6 *me on*
VOICE: Thank you, sir.

7 *me Headed*
VOICE: Mr. Chairman, that exhausts the list of
8 people that I am aware of that wish to speak today. There
9 may, however, be others.

10 *me on*
VOICE: Are there any members of the audience
11 who haven't been called on? Will you introduce yourself.

12 MR. KUBIK: Yes, my name is Bob Kubik, Mobil Oil
13 Corporation.

14 *me on*
VOICE: How do you spell your last name?

15 MR. KUBIK: Kubik, K-u-b-i-k.

16 *me on*
VOICE: Thank you.

17 MR. KUBIK: I've been sitting back here listening
18 to these statements in opposition, and asking that the
19 negative declarations not be accepted. And in each one of
20 these no one has addressed themselves specifically to PRC
21 427.1 which is Mobil's request to form a re-drilling
22 project of four injection wells. I think that taking this
23 into consideration, I feel that it may have been improper
24 to bunch all four of these requests together. And I've
25 asked that the Commission consider Mobil's application as

1 a separate request, in that it deals with a whole different,
2 considerably a different topic. We're talking about
3 re-drilling four wells that are already in existence. They
4 are water injection wells. They have become plugged. We
5 are just merely going through to drill them again so that
6 we can increase our injection of water.

7 We are now presently producing 385 barrels a day
8 from our facility which has 29 producing wells and four injection wells, that we want to re-drill. These wells were
9 originally drilled in 1931, 1944 and 1959. The pier in
10 which they exist was built back in 1930 and the shore
11 facilities connected to it were built in 1931. These
12 water injection wells were -- these producing wells were
13 made water injection wells in 1972, and we have been
14 injecting water into them until -- we still are presently,
15 but they have become severely plugged and we're not able
16 to inject as much as water as we feel is necessary in
17 order to fully develop the field.

18
19 There's approximately a million and a half
20 barrels in reserve which we are unable to get out without
21 increasing our water injection. And we hope by re-drilling
22 these wells that we'll be able to produce approximately
23 a thousand barrels a day. Our plan for re-drilling these
24 wells was approved by the South Central Region Coastal
25 Commission on December 11, 1973. We have, of course, all

1 of our contingent plans, critical operation in terms of
2 containment plans on file. And any re-drilling will
3 comply with rules and regulations of the State Lands
4 Commission and the Division of Oil and Gas in regard to
5 safety measures.

6 It was mentioned too, that these requests,
7 Standards included, were an attempt to make new discoveries.
8 This is not the case. As we state this is just water
9 injection wells. We know the extent of the reservoir has
10 been determined and there's going to be no new development
11 because of this.

12 And another point that may have interest, is
13 that the pier on which these wells are situated will be
14 given to the public after we are through with the facility.
15 And my last point that I'd like to bring up is that I feel
16 that the Commission should make a decision, that there's
17 no need for a 60-day delay. You have the responsibility,
18 and if we were to in every instance have a Commission, a
19 Governor, or representatives to delay all our decisions
20 because there seems to be another mandate in the offing,
21 nothing would ever be accomplished. And in this regard
22 we would request that you do make a decision and not delay.

23 Thank you.

24 *The Clerk*
VOICE: Any questions of Mr. Kubik?

25 VOICE: We do have some but we will reserve them

37
1 for some other time.

2 -----
3 *Mr. Q*
4 VOICE: Now, are there any other members of the
5 audience who would like to testify on this?

6 *Mr. Harmer*
7 VOICE: Mr. Chairman, if there is no one else
8 to be heard, I'd like to make a motion if it's in order.

9 *Mr. Q*
10 VOICE: All right. Let us, however, go down
11 and divide them. We had no opposition on 6A or B. We
12 were speaking on C, D, E and F. Unless there is an objection
13 we will consider 6A & B passed. And I think we might take
14 the suggestion that these are different types -- Senator
15 Harmer and take 6C next, which is the one Mobil Oil and
16 we can take all three Standard Oil. So let's consider
17 now 6C, the Mobil Oil period.

18 *Mr. Harmer*
19 VOICE: I move the adoption of the staff
20 recommendations on item 6C, Mr. Chairman.

21 *Mr. Beck*
22 VOICE: Before I second it, Mr. Gladish, I have
23 a couple of questions. Did I understand you to say that
24 the field that these wells, these platforms serve, is
25 what, 66% completed now?

26 *Mr. Gladish*
27 VOICE: In that neighborhood.

28 *Mr. Beck*
29 VOICE: What is the estimated reserves and
30 number of barrels that the new wells would produce.

31 *Mr. Gladish*
32 VOICE: I don't have an off-the-cuff --
33 Mr. Everitts may have--in the sense of a ballpark guess,

1 that I believe I indicated that the completion of these
2 wells in total would increase production approximately
3 4,000 barrels per day.

4 *Mr. Beck*
VOICE: Is there any --

5 *Mr. Hadick*
VOICE: They're currently producing about 9,000
6 barrels a day.

7 *Mr. Beck*
VOICE: Is there any estimate on how long that
8 drilling or how long the pumping would last before the
9 field is empty?

10 *Mr. Hadick*
VOICE: No, this is a very very difficult
11 estimate to make. Apparently it's related to economic conditions
12 and when the price of oil is at \$4.00 it's at a different
13 point than if it's \$12.00.

14 *Mr. Everett*
VOICE: I'd like to say one thing. As a matter
15 of fact, drilling these wells may hasten the final
16 abandonment of the field.

17 *Mr. Beck*
VOICE: That was the point I was trying --

18 *Mr. Everett*
VOICE: You may get the oil out faster and get
19 it over with.

20 *Mr. Hadick*
VOICE: In grasping for some sort of an estimate
21 we indicated earlier, I believe, that these leases had
22 produced something like 77 million barrels of crude oil.

23 If we extract it on that basis, which is not a very sound
24 basis in this sense, we would be talking in the neighborhood
25 of perhaps another 30 or 40 thousand, 30 or 40 million

1 barrels in the aggregate completion of these leases.

2 VOICE: It has been moved and seconded that
3 the Mobil Oil 6B be approved. And that is carried
4 unanimously, I also approve.

5 Now, items D, E and F, we can take as a group,
6 the Standard Oil Company. Before we have a motion on them,
7 are there any questions of any witness, or any other
8 information?

9 VOICE: Perhaps, Mr. Chairman, one comment would
10 be in order. There was considerable comment in regards to
11 the seismic area, some related to perhaps prior development,
12 some perhaps related to the possible future development,
13 some maybe not related at all. But I would like to have
14 Mr. Everitts' comments, a few comments in regard to the
15 results of our analysis of the seismic stability of the
16 structures' strata there and some related comments in that
17 regard.

18 VOICE: I have a comment on two items. Number
19 one, I don't really understand what the seismic capabilities
20 or possibilities have to do with the proposed projects,
21 because the platform, the pipelines are already there and
22 this project is not going to affect the relationship
23 between it and the environment in any way. But more
24 importantly, obviously, the companies are concerned about
25 the seismic effect and obviously, they've reviewed it, and

1 the platforms are designed to withstand the earthquake and
2 seismic effects. But the most important point of that is
3 that the effect of wave forces are considerably in excess
4 of the effects of seismic forces and really designed for
5 wave and wind forces, not for earthquakes -- because
6 really not all that serious. We do have a structural
7 engineer from Standard Oil Company who has been responsible
8 for the design of all four of those platforms, and if you
9 want any specifics I'm certain that he can give you some
10 actual specifics and designing criteria.

11 *Mr. Quinn*
VOICE: Is it the wish of the Commission to have
12 any more witnesses?

13 *Mr. Quinn*
VOICE: Do you have any need, Mr. Harmer?

14 *Mr. Quinn*
VOICE: Thank you.

15 *Mr. Quinn*
VOICE: All right, then, items D, E and F, we'll
16 take as one unit.

17 *Mr. Beck*
VOICE: I'll move the adoption.

18 *Mr. Quinn*
VOICE: It's been moved to be adopted. Second?

19 *Mr. Harmer*
VOICE: Second.

20 *Mr. Quinn*
VOICE: It's so ordered without objection.

21
22
23
24
25

1 State of California }

2 County of Sacramento) ss.

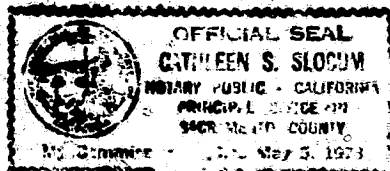
3 I, CATHLEEN S. SLOCUM, a Notary Public in and for
4 the County of Sacramento, State of California, duly appointed
5 and commissioned to administer oaths, do hereby certify:

6 That I am a disinterested person herein; that the
7 foregoing State Lands Commission Hearing was transcribed
8 from a tape recording by me, Cathleen S. Slocum, a shorthand
9 reporter of the State of California.

10 That all names of Speakers were designated by a
11 representative of the State Lands Commission.

12 I further certify that I am not of counsel or
13 attorney for either or any of the parties to said hearing,
14 nor in any way interested in the outcome of the cause in
15 said caption.

16 IN WITNESS WHEREOF, I have hereunto set my hand
17 and affixed my seal of office this 7th day of December,
18 1974.



24

25

Cathleen S. Slocum
Cathleen S. Slocum
Notary Public in and for the County
of Sacramento, State of California

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