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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 444
SACRAMENTO, CALIFORNIA

FRIDAY, AUGUST 12, 1983
11:00 A.M.

ORIGINAL

Cathleen Slocum, C.S.R.
License No. 2822

MEMBERS PRESENT

- 1
- 2 Leo T. McCarthy, Lt. Governor, Acting Chairperson
- 3 John Jarvis, representing Kenneth Cory, Controller
- 4 Nancy Erdley, representing Michael Franchetti, Director
- 5 of Finance

MEMBERS ABSENT

6
7
8 NONE

STAFF PRESENT

- 9
- 10
- 11 Claire Dedrick, Executive Officer
- 12 James Trout, Assistant Executive Officer
- 13 Robert Hight
- 14 Dwight Sanders
- 15 Jane Smith, Secretary

ALSO PRESENT

- 16
- 17
- 18 N. Gregory Taylor, Deputy Attorney General
- 19 Richard Frank, Deputy Attorney General
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Discussion and comments

Commission action

Adjournment

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PROCEEDINGS

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3 ACTING CHAIRPERSON McCARTHY: I'd like to apologize
4 to everyone who has waited patiently for this meeting to begin
5 at 10:00 a.m. Now having reached the hour of 10:00 I am,
6 "I would like to begin the meeting.

7 I wanted first to make sure that anyone in the
8 audience who was interested had a couple of documents in
9 front of them. One was the calendar summary document which
10 has the item before us on the approval of the amended lease
11 conditions regarding the lease sale between Arguello and
12 Conception. Second was the item entitled, "Proposed
13 Amendment to Special Operating Requirement 5(d) Version
14 1." The first one is about 30 pages. This one is four
15 pages. You will need both of those to follow the
16 discussion that's about to commence. You may need other
17 things to follow the discussion that's about to commence,
18 too. You'll need to start with those.

19 We gave those out at shortly after 10:00 and I
20 hope that a number of you have had an opportunity to read
21 those so that you can participate with us in this discussion.

22 Nancy Ordway on my right is representing the
23 Director of Finance Franchetti, and John Jervis on my left
24 is representing our missing chair, Controller Ken Cory.

25 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, in case

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1 we have run short of copies, we just brought in another 30.
 2 ACTING CHAIRPERSON MCCARTHY: All right. We just
 3 brought in another 30 copies I'm informed in case anybody
 4 is missing those.

5 A brief recap. I think most people remember the
 6 history that the State Lands Commission took action December
 7 23rd on proposed lease sale and set of conditions. The
 8 Coastal Commission met on May 25th and didn't accept the
 9 lease sale in that condition or really didn't come to an
 10 ultimate vote on it, I believe. They wanted the discussions
 11 that were leading to proposed written in annotations to
 12 that lease sale at that May 25th meeting to be clarified.
 13 So they didn't want to proceed to vote on the issue. Since
 14 that time the two commissions made contact and I think as
 15 all or most of you know two Coastal Commissioners, Chairman
 16 Mel Nutter and Commissioner McMurray for the Coastal Commission
 17 along with Mr. Tobin who has been the prime staff person
 18 responsible for this subject area, and from the State Lands
 19 Commission, myself, as designated by the members of this
 20 Commission and Mr. Jim Trout. We had three meetings.
 21 Those meetings lasted about nine hours. They ranged over
 22 a number of subjects. They led to the proposed changes
 23 in the lease sale conditions that are in this packet:

24 I tried to disseminate this to people to involve
 25 people in that discussion. We certainly don't for a moment.

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1 suggest to you that any part of this should not be challenged
2 in any appropriate way by any interest that may be sitting
3 in this audience today. We'll get to that in a minute and
4 I'm going to ask the staff to take us through that.

5 The second document that I referred to is newer.
6 That's the result of discussions this week. I should mention
7 that Nancy Ordway representing Director Franchetti asked
8 us to pass out a brief statement that was a summary of the
9 discussions that occurred during those three meetings that
10 took nine hours. You should have that also. That's a briefer,
11 about eight-page piece here. We're providing you all kinds
12 of materials this morning.

13 Now, getting back to the other Proposed Amendments
14 to Special Operating Requirement 5(d), I want to explain
15 to you where this came from. This developed this week.

16 The first two amendments were essentially from
17 oil industry representatives. They're asking that those
18 amendments be put into any lease sale agreement and the
19 considerations behind the jackup rigs issue we will get
20 into at that point. The second -- well, we didn't even,
21 1 and 2 is numbered. 3 is not numbered. It was put in
22 a separate page. They came from environmental organizations.
23 They are also proposed as amendments to the lease sale and
24 they deal with the scope of the studies that are going to
25 be conducted on marine life. We'll get to those at the

1 appropriate time.

2 Now I'd like to turn your attention to the larger
3 packet because I'm going to ask Claire Dedrick, our CEO,
4 to begin to take us through that with the aid of other staff
5 point by point. I'll mention in passing that what is listed
6 as Exhibit 2 is a technical amendment that will be explained
7 to you. That was not a part of the nine hours of discussions
8 that the representatives described to you had on this. When
9 we got into Exhibit 3, listed at the bottom as C-1, that
10 represents the beginning of the recommendation for the
11 public's consideration and for possible action by this
12 Commission that came out of those hearings. I'm going to
13 ask Claire Dedrick to join us at this point.

14 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, the
15 two packages you have clearly described. At the July meeting
16 of the State Lands Commission, we presented to you for
17 permission to distribute the proposed amendments that were
18 the outgrowth of your negotiations. At that time we set
19 a meeting for today in order to give the Coastal Commission
20 ten days to review a final document and you asked us to
21 get back to you with the results of public comment which
22 were due in Monday and Tuesday of this week.

23 The thick part, the calendar item itself, describes
24 those comments and makes some recommendations sometimes
25 and other times we don't make any recommendations on what

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1 the public wanted. We got comments from nine individuals
2 or organizations including environmentalists, governmental
3 bodies, and the oil industry.

4 You've summarized the most important of those
5 proposed amendments in the four-page document, and I think
6 that the actual content of the proposal that is now before
7 you reflects accurately the input of the public and there
8 are, as you noted, some areas where the staff has made no
9 recommendations but we have presented to you the arguments
10 on both sides.

11 Jim Trout, since he was the guy that did all the
12 work on this, I think I would like to ask Jim to just go
13 through the major issues.

14 ACTING CHAIRPERSON MCCARTHY: Mr. Trout.

15 MR. TROUT: Probably the first portion of the
16 calendar item is the pages numbered C on Exhibit 3 which
17 are the Special Operating Requirements to the lease. The
18 changes in strikeout and underlining are the changes from
19 the original Special Operating Requirements adopted by the
20 Commission on December 23rd. So you can see what the final
21 change would look like from the original document. We've
22 made changes in the transportation of hydrocarbons,
23 particularly making it clear that there will be a requirement
24 for the use of an onshore pipeline if such is built or that
25 there have to be a significant solid demonstration that

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1 the use of an onshore pipeline cannot be done, that it is
2 infeasible. It is also made clear that, at the request
3 of the Coastal Commission, that no marine terminal is
4 authorized under these leases within the lease area.
5 There's also a requirement regarding the use of barges in
6 case of marine terminal at some other location does turn
7 out to be required.

8 In Special Operating Requirement 4, it has been
9 amended to include the mapping of significant biologic areas.
10 Again, this was part of the original Coastal Commission
11 staff recommendation in May. It has been adopted; it has
12 been proposed for adoption by the Commission and that map
13 is shown on Exhibit 5 on page 40 of the calendar item. It
14 shows an area where it is recommended that a prohibition
15 of all activities on the ocean floor be made and that that
16 would be from the shoreline out to the 15 fathom or one-
17 half mile limit, whichever is further from shore. That
18 map would also show the sensitive biologic areas which at
19 the present time on the map are halibut trawling areas and
20 the rocky bottom areas which are defined as those areas
21 of bedrock which protrude above the sea floor. Other
22 significant or sensitive biologic areas in the agreement
23 are the kelp beds if there are any outside of the prohibited
24 area and rubble or cobble areas.

25 There are some minor changes made at the request

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1 of Fish and Game and public interest groups and the industry
2 in some of the other areas.

3 I think that the next significant change is in
4 Special Operating Requirement 10 where the use of two vessels
5 on-site is made possible rather than a one-vessel and a shore-
6 based equivalent of the Coast Guard's strike force. The
7 amount of money involved in carrying out the oil spill
8 endeavor has not been reduced.

9 Then lastly, a section has been added at the end,
10 Special Operating Requirement Number 15, establishing
11 Scientific Advisory Committees to assist the State in the
12 development of both the scope of studies required in these
13 requirements, under these requirements, and in the review
14 of reports generated pursuant to the requirements and the
15 Commission has agreed to fund those Scientific Advisory
16 Committees.

17 The other thing that is new in this package then,
18 as I mentioned, is Exhibit 5, the sensitive biologic areas,
19 and Exhibit 6, a draft interagency agreement which we believe,
20 staff believes, reflects the understanding arrived at by
21 the representatives of the Coastal Commission and your
22 Commission as you referred to, Mr. Chairman.

23 Lastly, several people commented that they needed
24 a time schedule or would like to see a time schedule of
25 the biologic and other studies required in the Special.

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1 Operating Requirements. That is Exhibit 7 and is shown
2 on the last three pages. We have a bar chart and then we
3 have a discussion of who the lead agency would be and some
4 other numeric outline. This is all based on a zero point
5 of the award of any lease sale.

6 I think that probably covers it, Mr. Chairman.

7 ACTING CHAIRPERSON McCARTHY: All right. Thank
8 you, Mr. Trout.

9 Do you have anything more to add at this point?

10 EXECUTIVE OFFICER DEDRICK: No.

11 ACTING CHAIRPERSON McCARTHY: Any questions by
12 either member of the Commission?

13 COMMISSIONER JERVIS: No.

14 ACTING CHAIRPERSON McCARTHY: We're prepared to
15 take testimony from anybody in the audience. We have so
16 far the following people have indicated they wish to testify.
17 Let me read off all these names and then others who may
18 wish to testify can so indicate.

19 Mr. Earl Stout, Miss Diane Guzman, and Naida West.
20 Those are the only three we have indicated so far. All
21 right. Thank you.

22 Dr. Corwin, Rachel Saunders, Martha Davis. All
23 right.

24 I'd like to first in the order in which they were
25 handed to me ask Mr. Earl Stout, the Manager of the Alaska

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Pacific Division Exploration of the Exxon Company.

MR. STOUT: Thank you, Mr. Chairman.

ACTING CHAIRPERSON McCARTHY: Yes, sir.

MR. STOUT: My name is Earl Stout. As Manager of the Alaska Pacific Exploration Division of Exxon Company, U.S.A., I am directly responsible for Exxon's decisions concerning oil and gas exploration operations on California submerged lands and the OCS offshore California.

Today I would like to comment on those lease terms and operating requirements for the proposed sale that we consider to be the most troublesome. My remarks will supplement previous written comments submitted by letter to the staff on July 15 and August 5 of this year. Oil and gas exploration is an inherently risky business. Exxon and other companies in the oil and gas exploration and production industry readily undertake these risks because we are in the risk-taking business and are accustomed to evaluating the situations. Although I have had extensive experience in evaluating potential prospects and proposed lease terms, both within the United States and abroad, the terms and Special Operating conditions proposed for the Point Conception, Point Arguello lease sale are in my opinion unprecedented in the degree of risk that the lessees are required to assume. Simply stated, there are no satisfactory means to determine when, if ever, the lessees will be able to satisfy all of

1 the government restrictions required to operate these leases
2 or to analyze the cost that might be incurred to satisfy
3 the conditions.

4 Although in the past several months Exxon and
5 I think other petroleum companies and organizations have
6 had numerous conferences with your staff as to how to
7 alleviate some of the troublesome terms of the proposed
8 sale, none of our concerns were addressed in this latest
9 revision of the lease provisions. A serious question arises
10 as to whether or not these terms create more risk and
11 uncertainty than our shareholders can be reasonably expected
12 to bear. In our opinion the full proposals that I would
13 like to discuss today are most objectionable because we
14 think that they go far beyond what is necessary or what
15 is reasonable to protect the environment and the other
16 competing uses of the lease area. These terms create a
17 substantial risk we think that the lessees will never be
18 able to drill these leases or produce any of the resources
19 that they might discover if, in fact, exploratory drilling
20 is allowed to take place.

21 Exxon has not made a final decision as to whether
22 or not to participate in this sale. However, if we decide
23 to not come to the sale, our decision will not be based
24 on the geologic risk involved but rather on the risk that
25 we see related to the lease provisions and the Special

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1 Operating Conditions contained in the proposal before the
2 Commission.

3 Now I would like to turn specifically to the
4 four provisions that I would like to discuss today. We
5 take a strong exception to the Special Operating Requirement
6 4 by which the State after taking our money may completely
7 nullify the rights to explore and produce the leases. This
8 provision specifies that before any drilling or the placement
9 of any structures including pipeline on the lease area,
10 the lessee must fund site-specific biological and marine
11 mammal surveys to be conducted by the State. Where adverse
12 effects of special biological resources cannot be mitigated
13 to the satisfaction of the State, the State may prohibit
14 development. This prohibition will not be based or cannot
15 be the basis for a claim by the lessee.

16 Let's take a little closer look at this requirement
17 if we could. The term "special biological resource" is
18 not defined. The term "adverse effect" is not defined.
19 Mitigation measures are described only as those required
20 to satisfy the State. Without definitions and without some
21 objective standard, there is no way to quantify the lessee's
22 risk. There is not even an express provision for a hearing
23 to give the lessees a chance to voice their views about
24 these matters. Conceivably, a lessee could invest hundreds
25 of millions of dollars in exploration and development and

1 then be prohibited by the State from going forward with
2 production without any compensation due from the State.
3 These concerns should also be shared by the Commission because
4 they might preclude or at least severely curtail any net
5 profit revenues that the State might otherwise receive from
6 the leases.

7 Exxon also strongly objects to the Special
8 Operating Requirement 1 which provides that the State
9 may require the use of subsea completions rather than fixed
10 production platforms. The factors to be considered in making
11 such determinations are broadly stated and provide the lessees
12 no real means in which to evaluate what type decisions the
13 State will make when these questions arise. Exxon objects
14 to this what we think is an unnecessary requirement because
15 subsea completion are so substantially more expensive than
16 fixed platforms and they might render uneconomic almost
17 any potential prospects in the sale area to the detriment
18 of all concerned, the lessee's shareholder and also to the
19 State.

20 Let me elaborate on that particular point. The
21 subsea completion systems are basically designed for use
22 in deep water areas that are beyond the limits of platform
23 type developments. This is an extremely expensive technology
24 that is not appropriate for use in the shallow waters such
25 as those in the sale area. In shallow waters, the high cost

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of subsea development systems would discourage, if not preclude, development of many discoveries and would force early abandonment of other reservoirs, thereby reducing again the income to the lessee and also to the State.

Thirdly, Exxon objects to the arbitrary well spacing specifications that were determined prior to drilling and analyzing data from the reservoir characteristics of any producible loans that might underlie the eight parcels in the lease area. The proposed spacing requirements apparently reflect an erroneous assumption that closer spacing will necessarily lead to higher recovery of petroleum resources. Arbitrary decisions about particular well spacing patterns without specific evidence that more wells will best serve conservation purposes and will be economically justified by increased hydrocarbon recovery, reflect inflexible decision-making contrary to the interest of all parties. Drilling and operating additional unnecessary wells will increase the cost for the lessee and lower the return to the State to the net profits payment. The arbitrary and inflexible spacing requirements in paragraph 3 of Exhibit B should be deleted. If they were deleted, the Commission would retain its discretion to make a case-by-case decision based on conservation principles and information that they would have in hand about the reservoirs to be regulated.

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1 The fourth matter that I would like to discuss
2 is the six months' exploratory drilling restriction for
3 areas identified as halibut trawling ground. Exxon objects
4 to this requirement because no total ban of exploratory
5 drilling activity is necessary. Exploratory drilling
6 vessels occupy only very limited areas. Commercial fishing
7 has been and may continue to be conducted successfully on
8 leases where only small portions of those leases are
9 occupied by drilling vessels. Considering the fact that
10 it would take about 90 days to drill and test an exploratory
11 well in the sale area, in order to complete and test a well
12 in the specified drilling season, the actual period during
13 which drilling must be started is rather limited. For
14 drilling to be completed by October 1, prudence dictates
15 that operations be commenced no later than the third month
16 of the sanctioned drilling period. Problems caused by this
17 curtailed drilling period will be aggravated by difficulties
18 in ensuring that suitable drilling vessels are available
19 on location at the times for which they were scheduled.

20 Wells that cannot be completed within the authorized
21 period would have to be suspended and reentered at significantly
22 greater cost. The effect of the limited drilling season
23 may be to force the lessee to pay substantial standby time
24 to ensure rig availability during the early part of the
25 drilling season. These costs, again, will be borne by both

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1 the lessee and the State. Again, we think the imposition
2 of these costs is unnecessary because a ban on drilling
3 cannot in our judgment be justified.

4 I will also note that Exxon is extremely concerned
5 about the implication of the six month exploratory drilling
6 ban and how it might affect the placement of permanent
7 facilities in the area in the event of a commercial discovery
8 is made.

9 Let me mention one final concern about the proposed
10 lease terms and operating requirements. If such provisions
11 are adopted, we believe that the operating experience on
12 the leases will force the lessee, whomever they might be,
13 to ask for modification of these unworkable requirements.
14 We would suggest, however, that any such post-sale
15 modification of the lease condition could open the door
16 to challenges as to the lease title. For this reason and
17 others mentioned earlier, we strongly suggest that the
18 Commission carefully evaluate and perhaps revise the proposed
19 lease terms and the operating requirements prior to the
20 term of the sale.

21 In summary, Exxon recognizes that there clearly
22 are competing uses for state coastal waters and submerged
23 lands. The oil and gas industry and other parties make
24 legitimate uses of these areas. For instance, the fishing
25 and the petroleum industry are both important to the State.

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1 and to the nation. They provide employment and revenue
2 for the State in addition to providing a very vital service.
3 In order that these and other groups co-exist, there must
4 be a balancing between the uses of the offshore areas that
5 is fair to all parties. In our opinion the proposed lease
6 terms and operating requirements for this lease sale
7 clearly reflect that equitable balancing has not been
8 achieved. The four provisions that I discussed today are
9 the ones that we think are totally unacceptable. Our
10 comments on other objectionable, albeit less objectionable
11 provisions, have already been submitted by written comments.

12 Our fundamental objections to the requirements
13 that I've discussed today are addressed and have addressed
14 in written comment is that the provisions are either
15 unreasonable or unnecessary or they're without objective
16 criteria. They substantially increase the risk that the
17 lessee will not be permitted to explore and develop the
18 leases. If permitted to proceed, they would be allowed
19 to proceed only in a manner that might not yield a meaningful
20 economic return either to the lessee or to the State of
21 California.

22 If the Commission cannot develop a reasonable
23 balance between competing interests and reflect that balance
24 in the lease terms and conditions that provide some
25 certainty about what operations could be permitted, when

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1 they will be permitted and at what cost, then Exxon will
2 undoubtedly need to reevaluate whether or not we can afford
3 to divert our financial and human resources to this sale
4 area.

5 Those are the prepared comments that I have. I
6 want to thank you for the opportunity for allowing me to
7 present them and urge you to give careful consideration
8 to our concerns.

9 ACTING CHAIRPERSON McCARTHY: Thank you, Mr. Stout.

10 I would like to ask the staff to comment on one
11 thing Mr. Stout said, and none of the other commissioners
12 had questions. Mr. Stout said there wasn't any process
13 for a hearing to object to whatever experience they had
14 that might be important to take public notice of. Could
15 you comment on that?

16 EXECUTIVE OFFICER DEDRICK: Yes. That is incorrect.
17 To make any development decision, that is to say, to get
18 a permit or anything like that, that decision is made by
19 the body sitting here. That requires public action on a
20 public agenda with hearing, and it has always been the
21 tradition of the State Lands Commission to hear anyone who
22 wishes to speak. That is as far as the State Lands
23 Commission goes. Any EIR, any decision to explore, all
24 of those things are public decisions at which the companies
25 have every right and are expected to be involved. The same

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1 is true of the other regulatory decisions, the other
2 decisions by regulatory agencies such as the local air
3 district, the local water district, the local government
4 and the Coastal Commission. All of those decisions are
5 made in an open hearing process.

6 7 ACTING CHAIRPERSON MCCARTHY: Mr. Stout, are you
7 satisfied with that response? Do you have some additional
8 concerns?

9 MR. STOUT: The way the terms now read, Mrs. Dedrick,
10 is the fact that the State Lands Commission can cancel the
11 lease. There is no mention in the text --

12 EXECUTIVE OFFICER DEDRICK: Mr. Stout, let me
13 have one of the attorneys reply to that. We cannot
14 unilaterally cancel the lease.

15 MR. HIGHT: In order for the Commission to take
16 any action, it has to have a public hearing and at that
17 point you would have an opportunity to be heard. It would
18 not be unilateral in the sense that you wouldn't have an
19 opportunity to be heard.

20 MR. STOUT: Okay. That's not the way we had read
21 it.

22 EXECUTIVE OFFICER DEDRICK: It really is how the
23 system works.

24 MR. STOUT: I'm sorry.

25 EXECUTIVE OFFICER DEDRICK: It really is how the

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1 system works.

2 MR. STOUT: I would prefer it to be a little more
3 emphatic in the way that --

4 EXECUTIVE OFFICER DEDRICK: It's by statute, Mr.
5 Stout. There is no way this Commission could take that
6 kind of action unilaterally without a public hearing.

7 ACTING CHAIRPERSON MCCARTHY: I think if there's
8 some clarification that needs to be made on that, to cite
9 the existing statutes which would require that public
10 hearing process, we should do that and give that information
11 to Mr. Stout.

12 EXECUTIVE OFFICER DEDRICK: We'll be glad to do
13 that, Mr. Stout.

14 MR. STOUT: Thank you.

15 ACTING CHAIRPERSON MCCARTHY: Do either of the
16 commissioners have a question at this point of Mr. Stout?

17 COMMISSIONER ORDWAY: No, thank you.

18 ACTING CHAIRPERSON MCCARTHY: Thank you very much,
19 Mr. Stout.

20 Diane Guzman, Director of Resource Management,
21 Santa Barbara County, who was born into this world to deal
22 with the subject of offshore oil leases.

23 EXECUTIVE OFFICER DEDRICK: And appropriately
24 follows Exxon.

25 MS. GUZMAN: I even agreed with some of the things

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1 that Exxon said.

2 Yes, Mr. Chairman, Members of the State Lands
3 Commission, I am Diane Guzman. I am here representing
4 Santa Barbara County Board of Supervisors. I have brought
5 with me ten copies for the record of the letter that I am
6 going to summarize.

7 ACTING CHAIRPERSON McCARTHY: Staff, hand those
8 to the commissioners.

9 EXECUTIVE OFFICER DEDRICK: Certainly.

10 MS. GUZMAN: In the interest of time and also
11 to emphasize certain points, I will not read the entire
12 letter. I will instead just summarize certain points.

13 ACTING CHAIRPERSON McCARTHY: Go ahead, please.

14 MS. GUZMAN: First of all, I want to say that
15 we are very encouraged with the progress being made on this
16 lease sale and I'm very happy to see several of the changes
17 that have been made. We are objecting to the short notice
18 regarding your decision hearing today and instead felt that
19 it should have been a 60-day notice and a hearing in Santa
20 Barbara. We'd like to summarize our position before the
21 court and the California Coastal Commission.

22 First, we think that the lease sale itself should
23 be delayed for several reasons. One, because of the current
24 glut and low price of crude oil. Secondly, because of the
25 substantial decline in the amount of monies recently bid

1 for several federal lease sales. Third, because of the
2 inability of this sensitive environment to accommodate
3 additional development at this time. We already have
4 intensive leased areas and developing areas in close proximity.
5 We also feel that a drilling prohibition should be completed
6 before the lease sale takes place. We also feel that a
7 panel of agency representatives should define the scope
8 and methodology of the regional studies and evaluate their
9 results. We also feel the drilling prohibition map which
10 will identify areas that are too sensitive to drill appear
11 relatively insensitive to drilling and development.

12 Next, we feel that the insensitive areas would
13 then be available for platform construction pipeline and
14 support facilities. We note that the staff in their analysis
15 and in the changed conditions has taken several steps to
16 reach such goal. Our letter was written prior to the more
17 detailed letter today and it does not include all of the
18 more recent changes. I would, however, like to point out
19 a few differences that we still have.

20 First, the County has not been included in the
21 designation of the sensitive areas. We feel that the County
22 should play a major role in determining the sensitive areas
23 as well as the areas which would be precluded from drilling.

24 Next, we are concerned with the scale of these
25 biological surveys. The changed stipulation indicates site

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1 specific surveys. We feel that the surveys should be
2 regional, biological, cultural and geohazard surveys. I
3 feel at this point we differ still on the scope, the timing,
4 and the kind of parties that will review the sensitive area
5 or drilling prohibition maps.

6 The next point of difference is in how the maps
7 will be used. The approach outlined here is that the maps
8 would be used after the lease sale rather than before. We
9 feel quite strongly that it's important to determine these
10 prohibition areas prior to leasing. Otherwise, your
11 commission will find itself in a position of having to deny
12 exploration and potential development on areas after they
13 have been leased. In fact, I believe that was the point
14 also made by the gentleman from Exxon Corporation.

15 In conclusion, the County of Santa Barbara would
16 like to be a planning partner with the State Lands Commission
17 and the Coastal Commission on this lease sale and that we
18 feel the determination of the sensitive areas and the
19 prohibition areas should be made prior to the lease rather
20 than after the lease.

21 I thank you for the opportunity to comment and
22 I would be available for questions.

23 ACTING CHAIRPERSON McCARTHY: I would like our
24 staff to comment on how Santa Barbara County would
25 participate in the ongoing development of the studies to

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1 identify sensitive areas.

2 EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman.
3 That is part of the interagency agreement. Jim, perhaps
4 you could highlight the portion of the agreement that brings
5 Santa Barbara County into the entire process.

6 MR. TROUT: As soon as I find it.

7 ACTING CHAIRPERSON McCARTHY: Have you read that
8 agreement, Miss Guzman?

9 MS. GUZMAN: Yes, I have.

10 I believe there is mention that the County would
11 be included in the selection of the Scientific Review Panel
12 or would nominate people for the Scientific Review Panel.

13 ACTING CHAIRPERSON McCARTHY: Why don't we find
14 the language.

15 EXECUTIVE OFFICER DEDRICK: I think if we can
16 take the language itself --

17 ACTING CHAIRPERSON McCARTHY: Page 43.

18 MR. TROUT: Unfortunately I've got a version that
19 was produced before the girls got a chance to put the page
20 numbers on. I think, starting on page 42, Mr. Chairman,
21 comprehensive planning and mapping, purpose and objectives.
22 It starts out with an agreement between your commission
23 and the Coastal Commission should this be adopted that you
24 pledge to work with other governmental bodies such as the
25 County of Santa Barbara in the comprehensive planning

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1 process which we'll use to cover a number of things
2 including the direction and guidance of the various studies,
3 the reasonable consolidation support facility, areas of
4 unitization and pooling, what additional information is
5 necessary to assist in getting out to the public the
6 information that is received, to assist in determining again
7 in advance, in other words, to make these decisions, to
8 help in making the decision to resolve the location of
9 platforms, pipelines and facilities and to resolve conflicts
10 regarding seismic survey activities and the timing of
11 exploration. Second, the Commission would pledge to set up
12 advisory committees in which portions of the various members
13 of the committees would be taken from lists supplied by
14 the Coastal Commission and the County of Santa Barbara. We
15 think that the spirit of cooperation that exists would make
16 this possible under the terms of this interagency agreement.

17 ACTING CHAIRPERSON MCCARTHY: Do you have any
18 comment on the language that's in there? Is that any
19 different than you already understood before you made your
20 statement? It was our intent to try to involve the County
21 which is the County's right in a significant way in a number
22 of decisions.

23 MS. GUZMAN: I did not have this language, nor
24 did our Board of Supervisors have that language when they
25 approved the statement which I submitted to you today. I

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1 believe that this is certainly moving in the appropriate
2 direction. I don't think I'm at a point to, say, conclude
3 whether we feel it's a full enough sole for the County to
4 play.

5 ACTING CHAIRPERSON MCCARTHY: Second question.

6 I would ask you, Miss Guzman, during the nine hours of
7 hearings, there were three, nine hours at the three meetings
8 that we had. The third meeting almost totally involved
9 discussions with marine biologists from the Fish and Game
10 Department. It is rather clear that there really have been
11 sparse studies off this coastal area or, for that matter,
12 any area of the coast. The only significant study that
13 was done was the Chamber study commissioned by the State
14 Lands Commission, as you know. The comments I've heard
15 about that study generally are positive. It was a
16 professionally done study and that it covered well what
17 it was intended to cover.

18 The thing that came out of that discussion with
19 the marine biologists there who obviously are dedicated
20 to the ecosystems and the marine habitat and life, was that
21 except in the rocky outcropping areas and rubble areas that
22 might be fairly stable and have an aspect of permanence,
23 it was difficult to identify the life systems of the marine
24 life that lived out there because most of them were sand
25 associated. They were sand habitats and the tidal action.

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1 kept moving the formation of the sand a great deal. In
2 light of that discussion to us, I was trying to understand
3 how you felt about just how much you could identify in a
4 permanent sense so that you could come to a definition of
5 sensitive areas. Could you expand on that and tell us what
6 you had in mind?

7 MS. GUZMAN: Well, I believe that our position
8 is that there needs to be more study. We have, in discussions
9 with experts in the field, been led to believe that there
10 are perhaps new and rare species out there that were really
11 unknown before.

12 ACTING CHAIRPERSON McCARTHY: By whom?

13 MS. GUZMAN: We have had Dr. Corwin who is also
14 here today provide information to us. I at the moment don't
15 have the names of the other people. We have had a number
16 of experts in talking to the County relative to offshore
17 development in marine biology, but I could provide a list
18 of those names to your commission.

19 ACTING CHAIRPERSON McCARTHY: All right. I know
20 you're aware that part of the conditions in this proposal
21 of course would commission the first thorough, far-reaching
22 studies of the offshore habitat that have ever been conducted
23 beyond the Chamber's eight-day study. Those are ongoing
24 studies. They will reveal different kinds of information
25 as we go along. I personally think that's launching something

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1 that's rather very significant. A number of these studies
2 could last several years in order to give us, let's say,
3 virtually all of the information there is offshore in this
4 area on marine life.

5 Are you suggesting that we try to -- Let me ask
6 you. What is the expanse of information that's appropriate
7 for us to gather on this before we attempt to identify any
8 sensitive area?

9 MS. GUZMAN: Well, first of all, I am not an expert
10 in marine biology. The County's position is that there
11 needs to be more, and that is not defined, study prior to
12 the time of leasing so that there's a clear picture or as
13 clear as possible picture to the companies that are
14 considering leases in this area of the areas where clearly
15 there should be a prohibition. I am aware that extensive
16 studies could take many, many years. I don't believe it
17 is the position of the County at this time -- I know the
18 matter has not been approved by the Board -- to ask for
19 a multiple-year delay on the part of your commission in
20 this lease sale. But rather that there is adequate
21 evaluation prior to leasing to determine areas that should
22 clearly be prohibited. So I don't believe I can give you
23 a specific time frame. I think it's rather a question of
24 something that perhaps a number of experts along the line
25 of the committees that your staff has suggested be set up,

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1 that committees of experts make a determination what's an
2 appropriate amount and then based upon that kind of advice,
3 we then proceed with the lease sale,

4 ACTING CHAIRPERSON McCARTHY: The point I was
5 trying to get at in my question was not whether or not we
6 agreed of their significance gathering the information.
7 I clearly agree --

8 MS. GUZMAN: I agree, too.

9 ACTING CHAIRPERSON McCARTHY: -- that we must
10 have a good deal of information to identify the sensitive
11 areas. The point is that this is the first time we've ever
12 seriously launched an effort and funded an effort and
13 involved hopefully the best scientists in these areas to
14 help us go about the studies we're going to pursue and,
15 in effect, define the studies we're going to pursue. The
16 first time we've undertaken that. My only point was we
17 all appreciate there's an endless kind of information we
18 can gather up about those systems out there. What point
19 is it reasonable to say: Well, we now have a good chunk
20 of information on which we can make some sensible judgment
21 sensitive to state law that says we have to protect those
22 marine systems and also responding to that part of public
23 opinion that says we should proceed with the drilling for
24 what revenue benefits there are. I appreciate they're two
25 somewhat clashing public values at stake here. Not the

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1 only two. So what is reasonable in terms of the amount
2 of study and the period for study after which we take some
3 action to define sensitive areas? That's what I'm trying
4 to get at.

5 MS. GUZMAN: Well, I think in trying to --

6 ACTING CHAIRPERSON McCARTHY: I appreciate the
7 point of view that says you can't study this enough and
8 besides that we don't want any oil drilling anyway. So
9 I fully appreciate that and I'm not in any sense saying
10 that that's not a correct point of view for many to hold.
11 There's a clash of fundamental viewpoints here. We'll try
12 to figure out what is the sensitive and rational thing to
13 do in terms of the kind of studies that are undertaken,
14 the dates by which we gather information and before we make
15 some kinds, there's a sequence of judgment to be made here,
16 isn't there, before any action could ever be taken finally?
17 That's what I'm trying to get at.

18 MS. GUZMAN: I think that's really what I'm
19 speaking to is the sequence and we would like to see, Santa
20 Barbara County would like to see, further work prior to
21 leasing, particularly in the determination of the sensitive
22 areas and the prohibition areas rather than having that
23 take place after the leasing.

24 ACTING CHAIRPERSON McCARTHY: Have your folks
25 at Santa Barbara had an opportunity to look at the -- I

1 don't know why I always have trouble with the name of this
2 company -- Geocubic --

3 MR. TROUT: Both Geocubic and McClellan.

4 ACTING CHAIRPERSON McCARTHY: McClellan. Have
5 your folks had an opportunity to look at those studies that
6 were taken in the last few months?

7 MS. GUZMAN: No, I don't believe we have.

8 EXECUTIVE OFFICER DEDRICK: I don't believe
9 they have. As you know, Governor, those are both proprietary
10 and we signed a confidentiality agreement with the Coastal
11 Commission for them to take a look at the data.

12 ACTING CHAIRPERSON McCARTHY: But the County has
13 not had an opportunity?

14 EXECUTIVE OFFICER DEDRICK: The County has not.

15 ACTING CHAIRPERSON McCARTHY: Can't we find out
16 if we can get permission to do that because I think it's
17 important that the County look at whatever data exists?

18 EXECUTIVE OFFICER DEDRICK: Certainly.

19 MS. GUZMAN: We routinely sign confidentiality
20 agreements.

21 EXECUTIVE OFFICER DEDRICK: That's not a problem.
22 If the County wants to see the data, Diane knows where I
23 live.

24 ACTING CHAIRPERSON McCARTHY: Any questions by
25 other commissioners?

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1 EXECUTIVE OFFICER DEDRICK: I have one problem
2 I'd like Mr. --

3 MR. HIGHT: For the record, Mr. Chairman, we'd
4 like to clear up some small area of debate. It's the position
5 of the staff that Section 6873.2 is not applicable to this
6 stage of the proceedings.

7 ACTING CHAIRPERSON McCARTHY: Use the microphone
8 on that, if you're trying to get something on the record.

9 MR. HIGHT: It is the position of the staff that
10 6873.2 of the Public Resources Code is not applicable to this
11 stage of the proceedings and that that provision has already
12 been complied with.

13 EXECUTIVE OFFICER DEDRICK: We're referring to
14 the reference in the second paragraph.

15 ACTING CHAIRPERSON McCARTHY: All the lawyers
16 in the room understand what that's about?

17 MS. GUZMAN: There is one other point that I should
18 make. The position that has been submitted to you was
19 approved by our Board of Supervisors on a four-to-one vote.
20 There was one abstension. It was Supervisor Holmdahl.

21 ACTING CHAIRPERSON McCARTHY: Thank you, Miss
22 Guzman.

23 EXECUTIVE OFFICER DEDRICK: Mr. Chairman.

24 ACTING CHAIRPERSON McCARTHY: Miss Dedrick.

25 EXECUTIVE OFFICER DEDRICK: Could we give the

1 court reporter a short break just for a few minutes?

2 ACTING CHAIRPERSON McCARTHY: Does the court
3 reporter want a short break yet? All right. We'll give
4 the court reporter 90 seconds.

5 [Thereupon a recess was taken.]

6 ACTING CHAIRPERSON McCARTHY: Naida West,
7 California Council for Environmental and Economic Balance.

8 MS. WEST: Thank you, Governor, members of the
9 Commission. Naida West for the California Council for
10 Environmental and Economic Balance.

11 From the beginning of this lease process CEEB
12 has been supportive of the concept of the State's sale in
13 this particular area at this particular time. Our position
14 is based partly on the apparent existence of significant
15 resources and partly on the realization that it takes a
16 considerable length of time before oil and gas leases are
17 fully operational. CEEB has been supportive of the sale
18 because of employment opportunities, positive economic
19 spinoffs, and the need for state revenue. Additionally,
20 CEEB supports carefully thought-out and mandatory environmental
21 safeguards. We are pleased with the cooperative efforts
22 of the state agencies facilitating this new lease program.
23 However, we have several concerns which come under the general
24 heading that in its understandable effort to protect
25 special biological areas, the State might unnecessarily

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1 restrict its opportunity to achieve its economic goals in
2 this lease. Specifically, the drilling limitation in
3 special biological areas could mean almost any zone in the
4 lease area. For example, I've heard testimony in previous
5 EIR hearings that the entire lease area contains large number
6 of species and great specie diversification. On page C-
7 5 such areas are listed as examples where drilling may be
8 prohibited.

9 Secondly, although apparently an open-ended number
10 of studies are required within the lease area and the oil
11 industry is required to pay for them, the Scientific Review
12 Committee as proposed does not specifically include a
13 representative of the oil industry. It would seem prudent
14 to revise the language to ensure that oil industry concerns
15 are included in the review and hopefully the planning of
16 such studies.

17 Thirdly, the process of studying the biological
18 significance of areas appears to be unlimited as proposed
19 and here I think you've already made my statement. As most
20 of you are aware, questions never cease to emerge in areas
21 of scientific interest. Further studies can always be
22 conceived to augment and further validate previous studies.
23 While this process is desirable from an academic standpoint,
24 there should be limitations on it in the present context.

25 I see an attempt in the document to provide

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1 limitations, that is, a \$25,000 per year limitation
 2 mentioned. Although the dollar per year limit is a good
 3 beginning, more controls may be necessary when one considers
 4 the number of years that such studies may be in process.
 5 While those studies are under way, presumably no exploratory
 6 activity would be possible.

7 It would appear desirable that the first activity
 8 of the Scientific Review Committee as amended to include
 9 members of industry, the first activity should be to
 10 establish guidelines which seriously exempt the issue of
 11 how much and what kind of research is enough to give this
 12 Commission sufficient information upon which to act.
 13 Perhaps this doesn't have to come from the Scientific Review
 14 Committee. It may be that some other agency and perhaps
 15 this commission could establish such guidelines.

16 Finally, with regard to the lease area Advisory
 17 Committee, care should be taken not to encourage an
 18 adversarial process in which lease activities are delayed
 19 during a new hearing process. One way to limit this sort
 20 of occurrence might be to involve the industry or CEEB or
 21 some other sort of industry organization in the committee's
 22 composition.

23 In conclusion, CEEB believes that it is possible
 24 from an environmental standpoint to proceed with the lease
 25 program at this time and with the suggested changes it might

1 be possible to conduct an economically successful program.

2 Thank you for this opportunity to comment.

3 ACTING CHAIRPERSON McCARTHY: Thank you very much.

4 Are there any questions that you have, Commissioner
5 Jervis?

6 COMMISSIONER JERVIS: No.

7 ACTING CHAIRPERSON McCARTHY: Did we develop that
8 information I asked for some days ago on this issue of
9 studies, the nature of the studies and so on?

10 EXECUTIVE OFFICER DEDRICK: Yes. It's in the
11 backup package.

12 MR. TROUT: The last three pages --

13 EXECUTIVE OFFICER DEDRICK: The last three pages
14 of your package.

15 ACTING CHAIRPERSON McCARTHY: That's the thick
16 package?

17 EXECUTIVE OFFICER DEDRICK: Yes, sir, the thick
18 package.

19 ACTING CHAIRPERSON McCARTHY: I would ask any
20 members of the audience who have questions about the studies
21 from any point of view to take a look at Exhibit 7A at some
22 point during the afternoon. They may want to comment on
23 it.

24 Dr. Ruthann Corwin.

25 DR. CORWIN: I'm giving you copies of the material

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1 that we submitted on the eighth. These are not changed,
2 but I may refer to the attachments to them. So I wanted
3 you to have them.

4 ACTING CHAIRPERSON McCARTHY: Okay. Thanks.

5 DR. CORWIN: I'm Dr. Ruthann Corwin and I am
6 representing the Oceanic Society and also the OCS, the
7 Coalition, Environmental Coalition on the Outer Continental
8 Shelf.

9 I want to thank you very much for your time and
10 for the staff work and a number of the changes that were
11 put into this lease language, particularly regarding the
12 marine terminal, the insistence on pipeline transportation,
13 the establishment of the crew boat access route, the
14 Scientific Advisory Committee, language regarding discharge
15 of drilling muds and so forth which we believe will aid
16 in the consolidation of offshore operations in Santa Barbara
17 County and thus lessen impacts and hopefully act as precedent
18 to be considered by the Mineral Management Service in their
19 operating requirements. I also want to thank you for the
20 language on the amendments regarding the gray whale and
21 the marine mammals, taking them out of the Operating
22 Requirement Number 11. I hope that you will consider putting
23 that language directly into the lease language today.

24 As you know, the OCS Coalition wishes to restate
25 and stress its opposition to any sale of State leases in

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1 the Point Conception, Point Arguello area, and our
2 opposition is due to the need for a buffer zone from the
3 massive industrial development on the adjacent federal OCS
4 and the unique nature of this stretch of coast. You may
5 be aware that Fish and Game originally in consideration
6 of the federal sales asked for a 12-mile buffer zone around
7 the Point Conception, Point Arguello area because of the
8 sensitive nature of the resources and the fact that there
9 was going to be such extensive federal development in the
10 area. It is our feeling that under the Coastal Act and
11 the Environmental Quality Act policies, this area deserves
12 protection for many reasons, including its pristine nature,
13 its unique role as California's only biogeographic transition
14 zone and the only one on the West Coast of the United States,
15 its rich fisheries, the most productive kelp bed in the
16 state, the last intertidal abalone population in Southern
17 California and a critical abalone spawning area, its
18 location as a staging area for well migrations, its support
19 of marine mammals and seabird populations, the rare and
20 new invertebrate species, and I will have some comments
21 on that, and the potential for sea otter habitat. We feel
22 it's still the case that alternatives to satisfy the purposes
23 of the sale have not been fully explored, including the
24 cooperative revenue sharing agreements with adjacent federal
25 lessees -- and we have never seen a full explanation and

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1 discussion from State Lands Commission of what the efforts
2 have been and what the result of those efforts were --
3 comprehensive planning, selective tract offerings -- and
4 this means offering less than the full eight tracts -- and
5 maximum consolidation potentials using directional drilling
6 as an alternative before the sale, before the lease. As
7 another alternative, California's continuing improvement
8 in energy conservation and the whole issue in question that
9 was raised by some of the earlier speakers of the need for
10 oil, and also the question which I'm sure the fishery industry
11 representatives will also speak to regarding alternative
12 state revenues from renewable resources such as improved
13 fishery management plans and also the exploitation of
14 pharmaceutical, agricultural, food industry and other
15 chemical products and the biochemical knowledge that comes
16 from the unique and diverse living resources. Since none
17 of you individuals were present when I gave a presentation
18 last year on this, I will only mention briefly that a lot
19 of these new organisms that are being discovered have a
20 long chain biochemical as polymers which we cannot yet
21 synthesize in the biochemistry industry and which are of
22 great interest to the biogenetic companies for acting as
23 examples of the kind of molecules that we can build new
24 chemicals from, and these are chemicals for healing diseases
25 and new food products and so forth. This is an industry

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1 that is only beginning to grow and is exploring what it
2 can do in the State of California. If we eliminate some
3 of the species before they've even had an opportunity to
4 be studied, it seems to me that that will be cutting off
5 potentially new sources of revenue in the state that as
6 oil disappears and we are concerned about how else we're
7 going to be supporting ourselves utilizing our credible
8 research facility in the University of California and our
9 industry, we can develop these as possible alternative revenue
10 sources for the state. This is the future of the state
11 that we should be looking to.

12 We feel also that the amendments as they now stand,
13 and from what we have been able to look at this morning,
14 do not invalidate the court action requesting complete
15 biological studies prior to the sale which would have
16 responded to Mr. Earl Stout's objection to Operating
17 Requirement Number 4 and also the court action requesting
18 a supplemental EIR and a thorough analysis of the facts
19 and alternatives to proceeding with the sale of eight tracts.

20 With respect to the full study of biological
21 resources, I would add that what you are calling for in
22 the lease sale is to have these funded subsequent to the
23 sale and the lessee will be paying for them. We feel they
24 should have been funded by the State prior to the sale and
25 not awaiting funding after the sale when the ability to

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1 prohibit damaging activities is far more restricted. We
2 point out that virtually all of Tract Number 1 is unsurveyed
3 and large portions of other tracts have not been looked
4 at.
5

6 I'd like to give you a copy of the map which we
7 did present just for your looking at reference which
8 indicates the areas where the studies were made and also
9 shows you what some of the new and rare species were and
10 where they were found if you wouldn't mind just looking
11 at that during the course of this discussion. I'll go into
12 those points in a little bit subsequently.

13 I do want to turn first though to points regarding
14 the process. We continue to have problems with the State
15 Lands Commission process in carrying out the sale. We agree
16 with Diane Guzman from Santa Barbara County regarding the
17 issue of timing. We still did not have, we are pleased
18 to see a schedule with respect to the studies, but we still
19 have not had a schedule of the leasing and operation
20 decisions that are to be made as a result of the studies,
21 relating the studies to those decisions and saying what
22 the opportunities for public hearing will be. I think both
23 the oil industry and public interest groups and other
24 agencies would like to see such a study. This is something
25 that the Federal Government does provide. So at least we
know what the steps of the decision process are and we can

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1 see them in relationship to when the studies will be
2 performed and understand whether or not they will be completed
3 in time for the information to be utilized in the studies.

4 ACTING CHAIRPERSON McCARTHY: Let me see if I
5 can understand what you were just saying. What is it that
6 the Federal Government does that would be helpful for us
7 to do?

8 DR. CORWIN: They put out a schedule that says
9 at this point they will come out, they will have the drafts
10 and finals and so forth and then the decision points that
11 would be made.

12 ACTING CHAIRPERSON McCARTHY: Of what kind of
13 studies?

14 DR. CORWIN: Of both the environmental studies
15 and the other studies. You have a schedule of studies,
16 but also points with respect to, for example, to notice
17 of sale in which there is a decision made about which
18 alternative will be selected, for example, and then final
19 notice of sale.

20 ACTING CHAIRPERSON McCARTHY: You're satisfied
21 that when it comes to a definition of sensitive areas, a
22 decision that would be based on the results of the studies,
23 that that is going to be a public hearing?

24 DR. CORWIN: Yes. I understand that's part of
25 the EIR process.

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1 ACTING CHAIRPERSON MCCARTHY: What is it otherwise
2 that should be a public hearing that the feds do that we
3 should be doing?

4 DR. CORWIN: For example, a final -- well, I'm
5 basing this upon the schedule and timing we saw last fall
6 and hoping that that will not be repeated with respect to
7 this which would be announcing, for example, which tract
8 will be leased and what exactly the alternatives will be,
9 that those decisions need to be laid out in the schedule
10 so that we would know when they are going to occur. I think
11 that in your environmental process you will have that, but
12 it's subsequent to the environmental process where you have
13 specific public steps, decision steps, and then there has
14 to be an announcement of some sort as to what action will
15 actually be taken. Now, you have the Coastal Commission
16 and the County reviewing these. Then we would like to see
17 at what point then it will come back following their review.

18 ACTING CHAIRPERSON MCCARTHY: Following the Coastal
19 Commission's review?

20 DR. CORWIN: Yes. Then you would have a public
21 hearing again to say we will adopt or not adopt what they
22 are recommending.

23 ACTING CHAIRPERSON MCCARTHY: You want to respond
24 to that, please?

25 EXECUTIVE OFFICER DEDRICK: To clarify the process,

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1 as a rule, this commission grants permission to, say, explore
2 or to build a platform or whatever else is necessary subject
3 to all state, federal and local ordinances and laws. So
4 that we usually are at the front end of the process and
5 the Coastal Commission is usually at the tail end of the
6 process. But our permission to go forward with any activity
7 is always subject to compliance with other regulations.

8 So there's no need for it to come back to us.

9 ACTING CHAIRPERSON McCARTHY: So if the Coastal
10 Commission were to take an action prohibiting drilling in
11 a certain area --

12 EXECUTIVE OFFICER DEDRICK: -- that would be the
13 final action?

14 EXECUTIVE OFFICER DEDRICK: It has been so far.
15 Nobody's come back and asked us to go in and sue the Coastal
16 Commission. I mean, it's not the responsibility of the
17 State Lands Commission to get those permits. That
18 responsibility lies with the lessee. But all of the permits
19 must be obtained before they have a legal action before
20 us. So, as it happens in a recent case, the Coastal
21 Commission refused to grant a permit for a well in a near
22 shore area to one of our lessees. The lessee can't drill
23 our well.

24 ACTING CHAIRPERSON McCARTHY: And that's the end
25 of it?

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EXECUTIVE OFFICER DEDRICK: That's the end of it.

DR. CORWIN: Perhaps I can give a specific example. If the Coastal Commission were, and this is facing us currently, makes amendments in their interagency agreement, for example, at the hearing which they will be having, that would then, I assume, come back to this commission to make the decision about whether or not they will accept or reject those amendments.

EXECUTIVE OFFICER DEDRICK: I can't quite focus on which of the various processes that this commission carries out your addressing yourself to. I mean, an interagency agreement has nothing whatsoever to do with the obtaining of a permit by a lessee. Can you be a little more specific as to what your precise question is?

DR. CORWIN: I'll make it very specific to the events that are occurring right now. This material will go to the Coastal Commission and they will have a hearing on it presumably in the next couple of weeks. I assume that out of that can come some specific language which they would be suggesting to be included in the lease or in an interagency agreement because that's only a draft agreement. They would come out and they would vote on some final and they may make changes in that language. We then wonder when the next meeting would be for State Lands Commission

1 to review those changes and decide whether or not they would
2 accept or reject them.

3 ACTING CHAIRPERSON McCARTHY: August 27th.

4 DR. CORWIN: Is that two days following the Coastal
5 Commission --

6 ACTING CHAIRPERSON McCARTHY: Correct.

7 DR. CORWIN: -- meeting?

8 Okay. But the point is that none of these decision
9 processes are spelled out. We don't know the schedules
10 in advance.

11 ACTING CHAIRPERSON McCARTHY: That's a regularly
12 scheduled meeting that we have.

13 DR. CORWIN: But with respect to the events that
14 are occurring in the sale -- that's fine if you were going
15 to tell me that date specifically now, then I'll just note
16 it on my calendar.

17 ACTING CHAIRPERSON McCARTHY: Be happy to.

18 DR. CORWIN: But the point is for each of the
19 stages of the process from last fall and presumably into
20 the future, we have not known these things and we have had
21 to wait and get notification or hear by word of mouth or
22 whatever when these things are going to occur.

23 ACTING CHAIRPERSON McCARTHY: We'll try to be
24 as cooperative as we possibly can to all of the interest
25 groups concerned with this issue. We're keenly aware of

1 the deep interest and the legitimate conflicting points
2 of view that have every right to be represented in this
3 process and we'll go out of our way to try to give notice.

4 DR. CORWIN: I'll only ask that you recognize
5 that we have been trying to follow the process and participate
6 in it in a legitimate fashion.

7 ACTING CHAIRPERSON McCARTHY: Appreciate it!

8 DR. CORWIN: Let me turn to some specific comments
9 on the materials that we received today and try to cover
10 some of those points.

11 I had two comments on the calendar item language
12 itself. On page 5 there is a reference to the groups that
13 are being represented by the OCS Coalition, and I do note
14 that we have 22 groups in our coalition including such
15 organizations as the Natural Resources Defense Council,
16 the Friends of the Earth and so on. Friends of the Sea
17 Otter is a member in addition to Greenpeace and Sierra Club,
18 and that all these groups are concerned with this sale,
19 with the precedent that it sets and with the effects that
20 might occur in the sensitive area.

21 ACTING CHAIRPERSON McCARTHY: Did you say page
22 5?

23 DR. CORWIN: Yes. That was on page 5.

24 ACTING CHAIRPERSON McCARTHY: Thank you.

25 DR. CORWIN: On the calendar item.

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1 ACTING CHAIRPERSON MCCARTHY: Thank you.

2 DR. CORWIN: Then on page 8 -- that was simply
3 a correction to the point that there are other organizations
4 involved in the Coalition besides the two that are mentioned
5 there.

6 On page 8, however, there's a reference to our
7 language regarding the special studies and I will have to
8 turn to that. This one was with reference to the work being
9 done by the Fish and Game. Those were impact studies. That's
10 not the same as the comprehensive planning studies that
11 we were talking about. So this paragraph on page 8 referring
12 to special studies kind of lumps together the two aspects
13 of studies that we have been referring to. To clarify that,
14 we assumed that this funding was for studies regarding the
15 impacts from the effects of oil and gas operations. I was
16 told by staff that this was a specific request from Fish
17 and Game to look at oil, oil dispersants, a combination,
18 on the marine biota. We appreciate your removing the
19 limitation from that.

20 EXECUTIVE OFFICER DEDRICK: That is correct.

21 DR. CORWIN: But that was not the same as
22 comprehensive planning studies which is what it says here
23 under this paragraph. So that's a confusion that really
24 should be clarified in your calendar item.

25 ACTING CHAIRPERSON MCCARTHY: Would our staff

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1 respond to that, please.

2 EXECUTIVE OFFICER DEDRICK: Jim, can you respond
3 to that, please?

4 MR. TROUT: I'm not sure what Dr. Corwin means
5 by a comprehensive planning study.

6 DR. CORWIN: Well, perhaps I should turn and speak
7 to that, although I have it a little further down. On page
8 9 you refer to the fact that we made this suggestion and
9 that in fact is what we are talking about there. Simply
10 on page 8, to correct that, it would say: "Prior to
11 commencement of any exploratory drilling or seismic survey
12 operations," -- this was our recommendation -- "the impact
13 studies funded by the Department of Fish and Game" -- I
14 mean -- "carried out by the Department of Fish and Game
15 should be completed."

16 ACTING CHAIRPERSON McCARTHY: I don't have any
17 problem with that. Staff have any problem with it?

18 EXECUTIVE OFFICER DEDRICK: With the interpretation?

19 ACTING CHAIRPERSON McCARTHY: With the rewording
20 of language proposal.

21 EXECUTIVE OFFICER DEDRICK: No.

22 ACTING CHAIRPERSON McCARTHY: I don't think it
23 changes the substance.

24 DR. CORWIN: No. That's just to clarify the
25 calendar item.

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1 ACTING CHAIRPERSON McCARTHY: You want us to more
2 clearly state what Fish and Game is going to study is
3 referred to in that paragraph?

4 DR. CORWIN: That's all.

5 EXECUTIVE OFFICER DEDRICK: It seems to me, Mr.
6 Chairman, the purpose of a hearing such as this, for the
7 record, is to correct on the record such misinterpretations.

8 ACTING CHAIRPERSON McCARTHY: You want to read
9 the language again that you were suggesting to us so that
10 everybody in the audience -- you're talking about page 8,
11 the paragraph entitled, "Special Studies."

12 DR. CORWIN: If the words "a comprehensive
13 planning study" are replaced by "the Department of Fish
14 and Game's studies," then that will be correct.

15 MR. TROUT: Third line?

16 DR. CORWIN: Yes.

17 ACTING CHAIRPERSON McCARTHY: Yes..

18 Staff have any comment on that?

19 EXECUTIVE OFFICER DEDRICK: No.

20 MR. TROUT: No.

21 DR. CORWIN: With respect to --

22 ACTING CHAIRPERSON McCARTHY: Go ahead, please.

23 DR. CORWIN: With respect on calendar item, and
24 this is raised as a question and it also is raised as a
25 point that we are still calling for which is not clear that

1 it will be included in the work, which is that we have asked
2 for, assuming that this lease goes ahead, the biological
3 studies and other reports which we have mentioned such as
4 the discussion of implementation of pipeline and facility
5 agreements, federal cooperative agreements, directional
6 drilling and the mitigation of impacts on a tract-by-tract
7 basis, be completed as a comprehensive study rather than
8 having a set of eight different EIR's. So that we can see
9 as a result of the work done under the interagency agreement
10 and done under these studies a complete review of the
11 development potentials of this area, where the sensitive areas
12 are, what will be mitigated and what will be allowed to
13 go ahead. This is simply saying, this is asking for the
14 work that we hope would have been done prior to the lease
15 and this is saying that if this lease goes ahead and the
16 studies are going to go ahead, they should be integrated
17 with the Environmental Impact Reports into one report so
18 that the public and the industry and other interested parties
19 can see exactly what is being planned and what will be allowed
20 to be developed.

21 In relationship to that, I would ask you to look
22 at your timetable, Exhibit 7, in which you show these various
23 studies. There should be one additional bar calling for
24 a final report which would begin at the end of the bars
that line up with the exploration EIR's and the full year

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1 biological inventory and would continue for whatever length
2 of time was needed to complete that report which would pull
3 those individual reports together and come out with one
4 comprehensive understanding of what will be done in that
5 area. This suggestion is simply making sense to integrate
6 that information and to answer the questions about
7 consolidation, unitization, and optimum location which are
8 to be covered as objectives in the interagency agreement.
9 We do not see how they can be met unless there is one final
10 report that integrates these other reports and answers all
11 of those questions. This would be a specific change
12 recommended for the time frame and also for either to be
13 stated in the interagency agreement or to be stated as part
14 of the operating requirements.

15 ACTING CHAIRPERSON McCARTHY: You've asked that
16 we add a bar. Does include, for summarization of these
17 studies and trying to correlate them, is that under the
18 full year biological inventory list? Are you also including
19 the oil dispersement study?

20 DR. CORWIN: Well, it doesn't look like that will
21 be done in time to be integrated into that.

22 ACTING CHAIRPERSON McCARTHY: Right.

23 DR. CORWIN: Because those would be ongoing studies,
24 I would assume that they wouldn't be completed in time.
25 I would assume that at least a minimum of a year would

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1 be adequate. So you will have the full year inventory.
2 You will have the special site studies that are done as
3 part of the individual EIR's and you will have some of the
4 input from the neurological study and the oil dispersement
5 study to look at.

6 ACTING CHAIRPERSON McCARTHY: The special site
7 studies could be occurring over a period of several years.
8 You appreciate that. That's not all going to occur in the
9 first year or 18 months!

10 DR. CORWIN: That wasn't clear because I assume
11 that after 120 days the exploration plans are submitted
12 and then following that you had a year to do the environmental
13 studies. Am I correct on that?

14 MR. TROUT: That's correct.

15 DR. CORWIN: Then I had the impression that they
16 would all be coming at once.

17 ACTING CHAIRPERSON McCARTHY: You expect the EIR
18 studies to be completed at the same time?

19 EXECUTIVE OFFICER DEDRICK: No.

20 MR. TROUT: No.

21 EXECUTIVE OFFICER DEDRICK: We don't expect things
22 to get completed at the same time. There are always special
23 circumstances. The lease requires that the exploration
24 plan be filed within 120 days of the time the lease is awarded.
25 If the exploration -- in individual cases it frequently

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1 takes longer than 120 days. In that instance, the lessee
2 comes to the commission and asks for an extension. If it's
3 a reasonable reason, normally the commission grants that
4 extension. There's a lot of variable circumstances among
5 companies and between leases. So I don't think they'll
6 all arrive on the same day.

7 ACTING CHAIRPERSON MCCARTHY: Is there a way that
8 we can try to summarize what information we have at the
9 end of the 18 months? Is that what you intended in the
10 final report?

11 EXECUTIVE OFFICER DEDRICK: Are you asking me?

12 ACTING CHAIRPERSON MCCARTHY: Yes.

13 EXECUTIVE OFFICER DEDRICK: I am sure that the
14 Department of Fish and Game who is responsible for carrying
15 out that full year study will be writing a report on it.
16 I would expect that they would also publish a report on
17 any other studies that they do and certainly the allocation
18 of monies for those things is entirely within the discretion
19 of this commission. So it's entirely the way you want to
20 do it. The scientific studies are always published just
21 as the Chamber's report was published. Fish and Game is
22 very professional with that kind of thing. They have been
23 doing it for years.

24 I don't know precisely what Dr. Corwin has in
25 mind. If what she's thinking of is a marine biota map,

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1 our basic map, for example, the one that this map that Dr.
2 Corwin's appears to be taken from, just being augmented as
3 more information comes in, certainly I think that would
4 be desirable and I'm sure that it will be done. No point
5 in wasting all that knowledge by leaving it laying around.

6 DR. CORWIN: What I'm referring to is taking a
7 close look at the communities which have not been studied
8 and, if you would look at that map that I gave you, and
9 look at the points that were on that map -- I'm not sure
10 where it is. If you could just hold it in front of you,
11 you could see that there are a number of the lease tracts
12 that were not surveyed at all. Tract Number 1 had virtually
13 no study. There was one sample station that was taken quite
14 close to the edge of that tract. A number of the other
15 tracts had no point at which there was any data that was
16 taken. So these are the holes, the gaps in the data. If
17 I may refer to these communities that are out there, they're
18 not like gypsy camps that come and go. You asked this question
19 earlier with respect to what's in the sand. They're more
20 like a residential hotel in which you have year-round and
21 seasonal species, seasonal residents that come into the
22 hotel. You can characterize, just like you can characterize
23 the residents where they come from and what their status
24 is and so forth, you can do the same with the species and
25 describe these communities. Then you can also find out

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1 where are the rare and the new species. Are they scattered
2 widely over this area? Are there quite a number of them
3 in some locations and less elsewhere? Are there
4 representative examples of them in each lease tract? So
5 that you would be less concerned about eliminating a small
6 portion of them in one tract than in others. What I'm
7 speaking of basically is trying to protect and make sure
8 that you retain not just some examples of the new and rare
9 species but at least a couple of examples for each of them
10 so that there is something there for the scientists to study
11 and that they don't disappear as a result of these operations.
12 You can't do that unless you know what's out there. A
13 combination of the year-round biological study and the site
14 specific EIR's will give you the information to know what
15 is out there so that you can plan to avoid them.

16 ACTING CHAIRPERSON McCARTHY: Isn't that a property
17 of the Scientific Panels that we're going to establish?
18 Is that some of the very things that they would want to
19 look at? Those are important issues. Aren't those things
20 that they would look at and try to intensify, take note
21 of?

22 DR. CORWIN: I would assume that they would be
23 looking at the Environmental Impact Reports and the year-
24 round biological study for that information. But unless
25 this information is brought together in one report and is

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1 compared with potentials for directional drilling, for
2 unitization and consolidation and for this issue of question
3 of optimum location of facilities, neither the public interest
4 groups, the people who are concerned with what is out there
5 in the biological resources, nor the industry is going to
6 know exactly where and what will be allowed. The mitigation
7 measures can be specified in order to see that some of these
8 individuals are left untouched.

9 ACTING CHAIRPERSON McCARTHY: So your suggestion
10 again was to give us the words on the additional bar you
11 wanted to add at the point it says "Final Report"?

12 MR. TROUT: Staff understands Dr. Corwin to be
13 requesting from month 18 through month 30 a one-year period
14 in which the full year biologic inventory and the typical
15 exploratory EIR's, the EIR on the exploration plans, would
16 be reviewed and the information consolidated into a single
17 report. So that the approval of an actual exploration plan
18 would not occur at month 18 or so or some period after that
19 depending on how complete the applications are, but at month
20 30 and later.

21 DR. CORWIN: As part of that report, the suggestions
22 that we made on page 9 of the comments that we submitted
23 on August 8th were that it could discuss directional
24 drilling potentials and implementation of pipeline and
25 facility agreements and potentials for mitigation of

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1 biological impacts on a tract-by-tract basis) and then this
2 issue of unitization, consolidation and optimum locations
3 could then be solved. This is essentially what the
4 interagency agreement calls for, but there's no mechanism
5 as we see now to respond to that without saying that there
6 would be a report that would pull that information together.

7 ACTING CHAIRPERSON McCARTHY: Why don't you make
8 a suggestion as to how that can be done within the same
9 time frame.

10 DR. CORWIN: Within the time frame here?

11 ACTING CHAIRPERSON McCARTHY: Yes.

12 DR. CORWIN: Well, I think Mr. Trout actually
13 just stated what it would be.

14 ACTING CHAIRPERSON McCARTHY: Without adding another
15 12 months on.

16 DR. CORWIN: I can't see how it would be done
17 without the information coming in from the biological studies.

18 ACTING CHAIRPERSON McCARTHY: To do that
19 concurrently with the other studies that are going on, I
20 think the point you're trying to make is I think that's
21 the kind of information they're going to be developing in
22 the studies we undertake. We ought to be pointing to that.
23 I think you're going to find a lot of reluctance here to
24 stretch that out another year if that kind of data can be
25 developed within the 18-month period.

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1 DR. CORWIN: Well, I wouldn't think that you would
2 necessarily need a year, although I'm not sure I would want
3 to be the person required to pull the report together. It
4 could be done in a few months following the end of that
5 18-month period, three or four months, perhaps. But
6 basically it's saying, look at all the data, review it and
7 come out with a consolidation, unitization and optimum
8 location potential.

9 MR. TROUT: One thing, Mr. Chairman, that I think
10 needs to be kept kind of in front of our minds is that none
11 of the project EIR's may stand alone. That the EIR's have
12 to include the impact of all the adjoining EIR's, all the
13 adjoining projects and the impact of the federal projects
14 in upland development. So that in effect each project EIR
15 must consider the information and the impacts of all
16 adjoining projects including the biologic and other data
17 so that I would suspect that very shortly before the
18 completion of the EIR process there will be in fact at the
19 draft EIR stage a compendium of impacts over the whole
20 area within each specific EIR.

21 COMMISSIONER JERVIS: Is what you're saying is
22 it's going to be done anyway and what you're asking for
23 is that it all be drawn together in one conveniently bound
24 place. He's saying it's going to be there anyway, but
25 spread out.

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1 DR. CORWIN: I don't think that's the kind of
2 analysis which answers the question of what are the
3 optimum locations, consolidation potentials will come out
4 of any individual EIR's. That will have to be added on
5 after looking at all the information from each of the EIR's.
6 There's no way to consolidate across eight tracts when you
7 only look one tract at a time.

8 COMMISSIONER JERVIS: Ideally who would do that
9 job then?

10 DR. CORWIN: I assume that the State Lands
11 Commission would do it.

12 EXECUTIVE OFFICER DEDRICK: I think there's a
13 little misunderstanding about the process. The data
14 developed in the process of the exploratory portion of the
15 oil operation will clearly be available before any
16 production decisions are made. In siting platforms and
17 such things, those are the kind of decisions that are
18 production decisions. We're talking about a long period
19 by the time you get to production. The exploratory period,
20 all of these studies will be completed, not all of them,
21 but as many are continued for the life of the lease, but
22 those which are not will certainly be completed before the
23 production phase of anyone's lease comes up. CEQA,
24 California Environmental Quality Act, requires, as Jim has
25 pointed out, that you have to look at the larger context

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1 and you have to utilize the available data. If what Dr.
2 Corwin is after is a single bound volume, that's a separate
3 question. But if what she's after is to have the biologic
4 data available prior to the installation of production in
5 platforms or the selection of sites for the production of
6 platforms, that will occur.

7 DR. CORWIN: I think that there are questions
8 also with respect to -- this entire area is clearly
9 sensitive and there are species scattered over the whole
10 area plus the fisheries resources that will be difficult
11 to decide how to avoid even in the exploratory phase. The
12 EIR's that are going to be done on the exploration wells
13 will also have to answer these questions: What are the
14 best places to develop that would minimize the impacts on
15 the species? You may allow, if you do not pull this
16 information together and review it, exploratory wells to
17 take place such that they would impact the new and the rare
18 species before you have seen where they are located. So
19 that you would eliminate some of these organisms before
20 you would even have the opportunity to find out what is there.

21 ACTING CHAIRPERSON McCARTHY: We'll be happy to
22 have you give us, after this discussion, your perception
23 of what may be deficient in these studies. I am interested
24 in getting the data that you're talking about and we'll
25 have to figure out how to do it procedurally if any piece

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1 of it is going to be missing in the sequence of steps you
2 have been discussing.

3 DR. CORWIN: I would say the minimum that could
4 be incorporated in the language here would be, say, a four-
5 month summary report that reviewed the biological data and
6 looked at all the potentials for optimum location of
7 exploration and production activities.

8 ACTING CHAIRPERSON McCARTHY: Okay.

9 MR. TROUT: Mr. Chairman, I think we need to make
10 sure that there's no confusion in the area. Dr. Corwin
11 said that some of the tracts were not surveyed or were not
12 studied. I think we want to clarify that each and every
13 tract was examined. There may not have been the same number
14 of surveys, but there were transects run all the way across
15 all eight tracts in the Chamber's report. So I wouldn't
16 like it to stand that there is a tract out there that hasn't
17 been looked at, because that's not the case.

18 ACTING CHAIRPERSON McCARTHY: Would you like to
19 move on to the other part of your testimony?

20 DR. CORWIN: I certainly will. I just want to
21 correct that. Tract Number 1 did not have any samples taken
22 and you cannot know what's there until you have samples
23 and have the taxonomist look at them. The other large
24 portions were not looked at.

25 I would like to speak particularly, I will speak

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1 briefly to this 30 fathom buffer zone question and simply
2 for the record note that we believe that 30 fathom bathometric
3 contours should be utilized to provide the shoreline buffer
4 zone. We will support the fishermen's reasons as they will
5 state them later on and we believe it is possible to tap
6 an adequate amount of the resource to allow the development
7 to proceed and that in order to talk about what you will
8 not be able to reach with that buffer zone, you also have
9 to indicate the value of the marine resources and the
10 fisheries resources that would be lost if you go ahead with
11 the 15 fathom buffer zone. I am sorry to feel that that's
12 a decision that has already been made and that it's pointless
13 to argue that. I believe that that should still be open
14 to discussion and I will leave that one for you to make
15 the recommendation that such a buffer zone be adopted. If
16 that is turned down by your commission, obviously, there's
17 not much we can do about that. But we are still very
18 concerned about that.

19 I'm particularly concerned on page C-4 of the
20 operating requirements with the discrepancy between this
21 and the original lease language, excuse me, the original
22 calendar item language from July 21st which called for
23 exploratory and production activities to be prohibited.
24 We notice that this lease language here says only production
25 and development activities and that is a change that should

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1 certainly have been noted. It's a major important change
2 and it's not discussed in the staff report at the front
3 of the calendar item and we are very disturbed to see that
4 the word "exploratory" has been dropped from what was in
5 there.

6 ACTING CHAIRPERSON McCARTHY: Are you suggesting
7 that this language would permit exploration within the 15
8 fathom boundary?

9 DR. CORWIN: That's what it seems.

10 EXECUTIVE OFFICER DEDRICK: That's certainly not
11 the intent.

12 DR. CORWIN: Well, in the July 21st calendar item
13 on page 3 where that 15 fathom buffer zone is first
14 described, the word "exploratory" is used, "exploratory
15 and production." Here it says "production and development."

16 MR. TROUT: Mr. Chairman, that was done -- perhaps
17 Dr. Corwin is correct, it should have been highlighted --
18 that was done because the way it was written, exploratory
19 would include such things as geoseismic activities where
20 a boat would just go across or there would be some other
21 exploration activities. The intention of the staff in working
22 out this was that there would be nothing on the ocean bottom
23 or through the ocean bottom in the exploratory phase, but
24 that it would not prohibit the other kinds of exploratory
25 activities such as seismic activities or perhaps even

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1 the biological surveys that were required. The intention
2 I think is clarified in another spot.

3 ACTING CHAIRPERSON McCARTHY: Is drilling,
4 exploratory drilling excluded by this language?

5 EXECUTIVE OFFICER DEDRICK: Yes.

6 MR. TROUT: Yes. In the 15 fathom one-half mile
7 boundary.

8 ACTING CHAIRPERSON McCARTHY: Let it be stated
9 for the record it is the intent of the members of this
10 commission if this proposal is approved today, that
11 exploratory drilling be prohibited within the 15 fathom
12 boundary. Is that satisfactory, Dr. Corwin?

13 DR. CORWIN: Well, if this language stated
14 "exploratory and production" as it did in the calendar item,
15 that would be clear.

16 ACTING CHAIRPERSON McCARTHY: I just stated if
17 this ever goes to court --

18 DR. CORWIN: That's fine.

19 ACTING CHAIRPERSON McCARTHY: Why don't you proceed.

20 DR. CORWIN: That's fine, although I will mention,
21 since Mr. Trout mentioned seismic activity, that that would
22 be extremely disruptive in the inshore area where you have
23 a number of species that can't even get away that would
24 be directly affected. We assumed that seismic activity
25 was covered under a specific permit. We are concerned that

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1 that permit is not up for review until I believe next
2 February and that seismic operations in this zone would
3 also be very disruptive. We'd just as soon not see them
4 occur there either.

5 ACTING CHAIRPERSON McCARTHY: I'm not sure what
6 we're referring to. What is the permit that's up next,
7 February?

8 EXECUTIVE OFFICER DEDRICK: I don't know.

9 MR. TROUT: Mr. Chairman, the commission has granted
10 to a number of firms permits to make geophysical exploration
11 within a number of zones. Those permits were for a period
12 of time, 18 months, so that those permits will expire at
13 sometime. I'm willing to agree that Dr. Corwin's right
14 in her date. I'm not certain. But those permits are to
15 a great number of companies to conduct geophysical
16 activities.

17 EXECUTIVE OFFICER DEDRICK: Those activities are
18 conducted on the surface. A boat dragging hydrophones and
19 making boom-booms and the echos come down and come back
20 and we get those maps. That is strictly a surface activity.

21 DR. CORWIN: It doesn't just affect organisms
22 on the surface. It affects all of those that in --

23 ACTING CHAIRPERSON McCARTHY: We understand that.

24 DR. CORWIN: I'm sure that the fishermen will
25 have something to say about that. That's certainly a major

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1 concern.

2 With respect to the Scientific Advisory Committee,
3 we certainly thank you for including that and we would like
4 to add that it would be appropriate that these individuals,
5 if they become state appointees which I assume they would
6 be appointed to work on these committees, are required to
7 sign off on the State Conflict of Interest provisions. We
8 had requested, understanding the adequacy of the \$25,000
9 that's been allocated for that, in relationship to all the
10 various things that these people will be required to do
11 and the studies that they will be required to utilize, we
12 don't know, we can't tell at this time whether that amount
13 is adequate. I would only assume that you would preserve
14 the right to increase that if it runs out before the work
15 that they have is required. But we would suggest adding
16 conflict of interest language unless perhaps you can tell
17 me that that would already be required under the law.

18 ACTING CHAIRPERSON MCCARTHY: Counsel, would it
19 be required?

20 EXECUTIVE OFFICER DEDRICK: For a contractor.

21 MR. HIGHT: For advisory only, no.

22 EXECUTIVE OFFICER DEDRICK: But if they're paid
23 by the State or under contract with the State, it is required.

24 MR. HIGHT: I don't --

25 EXECUTIVE OFFICER DEDRICK: Isn't it?

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1
2 MR. HIGHT: I think we'll have to --
3 EXECUTIVE OFFICER DEDRICK: We'll have to get
4 back to you on that. However, one thing that you can always
5 do is adopt just a regulation that requirement of this
6 particular type of contract.

7 ACTING CHAIRPERSON McCARTHY: Thank you.
8 Would you move on, please.

9 DR. CORWIN: Okay. With respect to the
10 stipulation, I believe the letter has been changed from
11 (d) to (e) on page G-7. We would like to note for the record,
12 I don't know whether you would make the change I believe
13 staff had suggested, with respect to the second qualification
14 regarding the finding of adverse impact that it would be
15 very difficult to establish through submission of an oil
16 spill contingency plan or critical operation curtailment
17 plan that operations will not have a significant adverse
18 effect on the resources identified. Given your own staff
19 language that said that it is impossible to control oil
20 spills from coming close to shore if the spill is large
21 to get out there and do anything about it, to require someone
22 to state in a document that you can do that, would be putting
23 them in a very unfavorable condition. I think that that
24 stipulation, too, should be stricken, that qualification
25 number (2).

ACTING CHAIRPERSON McCARTHY: Beginning with what

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1 language?

2 DR. CORWIN: It begins on the seventh language
3 where there's an "or," the lessee shall pursue feasible
4 alternatives or shall establish through submissions to the
5 State of documents such as an oil spill contingency plan,
6 and both the Coastal Commission and your own staff have
7 indicated that, given the stated technology of oil spill
8 containment, that it would be, it would seem unreasonable
9 to require someone to have to prove that they could do
10 something which they cannot do at this time and that the
11 lessee should be required to pursue feasible alternatives.
12 In other words, the number one would be the appropriate
13 mitigation, but number two would be simply calling for
14 reports to be produced which would be hypocritical.

15 ACTING CHAIRPERSON MCCARTHY: Staff, do you want
16 to respond to that, please?

17 EXECUTIVE OFFICER DEDRICK: Under the Commission's
18 regulations, all lessees have to have a viable operational
19 oil spill contingency plan with the equipment to back it
20 up. The critical operation curtailment plan is also required
21 and, among other things, prohibits carrying out critical
22 operations at a time when oil spills containment equipment
23 is not immediately available or could not operate. The
24 lease conditions on the oil spill containment condition
25 require, in the first place the lease requires primary oil

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1 spill response capability at the site of the well, whether
2 it's platform or drill ship or jackup. So that that
3 response is immediate. Secondary response, the Commission
4 requires that that response be available within two hours
5 of the most distant portion of the site of the lease sale
6 area and the tertiary, the equivalent of the strike team
7 must have a response time of no more than four hours.
8 Currently in oil operations in the OCS in this area the
9 quickest secondary response time with equipment that's
10 available there now would be nine hours and the Coast Guard
11 strike team has an absolute minimum of in the water time
12 24 hours. The Commission is requiring two hours and four
13 hours for those two backup capabilities. But as I say,
14 the immediate response has to be present at the site.

15 Those are not just paper plans, sir. They are
16 enforceable and carried out.

17 DR. CORWIN: I'm not disagreeing with staff with
18 respect to that and I think those are excellent plans and
19 since they are already required, I don't understand why
20 as a mitigation measure they are then stated. In other
21 words, since they are required and since it has been stated
22 by your staff that available technology is not capable of
23 controlling a major spill under adverse conditions, how
24 can they then, in other words --

25 ACTING CHAIRPERSON McCARTHY: I think our lawyers

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1 might suggest that we don't want to imply by omitting them
2 that this leasehold agreement is somehow different from
3 the ordinary leasehold agreement where this is regularly
4 required.

5 DR. CORWIN: I would agree with that if this word
6 "or" at the end of the sixth line was changed to "and,"
7 then we would be sure that they would be required to pursue
8 feasible mitigation measures.

9 MR. PROUT: I have to redneedly admit that staff
10 had intended to make that change "or" to "and" and it had
11 slipped through our hands.

12 ACTING CHAIRPERSON McCARTHY: It is now changed
13 from "or" to "and." Gee, I wish you'd said that in the
14 first sentence.

15 Go ahead, what's your next?

16 DR. CORWIN: I thank you. I've been up since
17 5:00 and no breakfast and no lunch. So I do appreciate
18 your time in going over this with us. I will simply restate
19 that even with these changes, these are excellent ideas,
20 but this is not the area to do them in. We would request
21 that all of you consider very strongly not going ahead with
22 this sale in this area at this time, and that will conclude
23 my remarks.

24 ACTING CHAIRPERSON McCARTHY: Thank you very much.
25 Rachel Saunders, Friends of the Sea Otter, and

1 Martha Davis, Wildlife Coordinator for Greenpeace. Why
2 don't you both approach the table if you both still wish
3 to testify, please.

4 Miss Saunders.

5 MS. SAUNDERS: Yes. My name is Rachel Saunders
6 and I am presenting testimony on behalf of Friends of the
7 Sea Otter.

8 It will come as no surprise to this Commission
9 that we remain opposed to any oil and gas activities within
10 the biologically rich and fragile near-shore waters between
11 Point Conception and Point Arguello. As we have stated
12 to you on numerous occasions, we believe that this area
13 is far better suited for sanctuary than sacrifice zone.
14 The State's legitimate fears regarding drainage of State
15 basins by federal leases would be far better addressed through
16 revenue sharing agreements than by acquiescing to a bullying
17 Federal Government and drilling in what should be a buffer
18 zone between sensitive coastal resources and massive oil
19 development on the Federal OCS.

20 We are aware and appreciative of the improvements
21 which have been made in the language of the lease sale,
22 particularly regarding the prohibition of the new marine
23 terminal, the insistence on pipeline transportation, the
24 establishment of crew boat access routes and a Scientific
25 Advisory Committee. We are also appreciative of the drilling

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1 prohibition zone and we are comforted to know that exploratory
2 drilling will not be allowed. We do share the concern of
3 Dr. Corwin's concerning seismic activity in this area.

4 We fully support, however, the Pacific Coast
5 Federation of Fishermen Association's position that
6 drilling be permitted within the 30 fathom depth probe,
7 a zonal prohibition which would offer protection from some
8 of the immediate effects of oil activity in the area of
9 greatest biological productivity.

10 Moreover, we strongly urge the Commission to adopt
11 language which would not permit activity within one mile
12 of shore. As currently proposed, drilling would be permitted
13 within only a half a mile of shore. To permit drilling
14 so close to shore essentially negates the many good oil
15 spill response provisions which the Commission and its staff
16 have so painstakingly developed for this lease sale. For
17 example, the requirement that a clean seas vessel must be
18 within two hours of a drilling site is an excellent one,
19 but with rigs only half a mile offshore you have virtually
20 eliminated any response time.

21 We ask you to prohibit drilling within 30 fathoms
22 or one mile of shore, whichever is greater. We ask you
23 to consider this provision not only with this specific lease
24 sale in mind but also in terms of the precedent set for
25 possible future State lease sales.

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1 We wish to clarify that we are not only concerned
2 with the Point Conception, Point Arguello State tidelands
3 sale because this is an area to which otters were expected
4 to return well within the life of the project. We are
5 primarily concerned because this activity poses a clear
6 and present danger to the sea otter today. Although only
7 a handful of otters are found as far south as the Point
8 Conception region at this time, we are naturally worried
9 that contamination from state or federal tracts could preclude
10 the otters' reoccupation of this suburb potential habitat,
11 thus resulting in the population's continued restriction
12 to only a small section of the Central California Coast.

13 But the overriding concern is that a spill in
14 the project area today could travel directly north to the
15 established sea otter range which extends as far south as
16 the Santa Maria River mouth at the border of San Luis Obispo
17 and Santa Barbara Counties.

18 Drift bottle studies conducted by Scripps Institute
19 showed that bottles released off Point Conception in January
20 and February came ashore in the San Simeon, Morro Bay and
21 Monterey Bay areas within one week's time. Nor is the threat
22 restricted solely to winter months. Drift bottles released
23 off Point Conception in April were in Point San Luis area
24 within two weeks' time; in July, within three weeks' time.
25 In October within two weeks' time they had come ashore in

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the Pismo Beach area.

As we have testified before this Commission many times on the deadly consequences that a major oil spill would pose for the sea otter, we will not dwell on them again here today. But we wish to reiterate our deep appreciation to the Commission and their staff for the recognition of this threat as demonstrated in the sea otter stipulation which ensures funding for both studies and mitigation measures designed to minimize the adverse impacts of offshore oil activity on the otter population. As offshore oil development poses the single greatest threat to the survival of the California sea otter, it is fair and appropriate that those who will profit from this lease sale should also shoulder the cost of providing the otter with the best protection possible, costs which are minimal when compared to the profits the oil industry will gain from this sale.

We again thank the Commission for ensuring that this vitally needed funding is in place.

When we first saw the language in calendar item number 25 when it was distributed for comment on July 21st, we were sharply disappointed to see that some of the issues we had raised so often in the past had still not been addressed. We appreciated the opportunity to discuss these concerns at length with your staff last Wednesday and we were

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1 encouraged to learn that they would be incorporating language
2 which would resolve the problem in the calendar item before
3 you today.

4 The first of these items deals with stipulation
5 11, Special Studies. Marine birds and mammals should not
6 be arbitrarily excluded from the Department of Fish and
7 Game studies of the chronic effects of oil and oil dispersants
8 on marine biota. The decision as to which studies need
9 to be done should be determined by the Department of Fish
10 and Game. The exclusionary language should be removed and
11 we strongly encourage the adoption of the proposed amendment
12 to the Special Operating Requirement 11(b) which you handed
13 out.

14 The second item deals with the potential drilling
15 window between December 1st and April 1st to protect the
16 sea otter population. The intent of this stipulation
17 initially was to afford protection to both otters and gray
18 whales, but along the way the gray whales got left out and
19 they should be put back in as almost the entire world's
20 population of gray whales migrate through this corridor
21 twice a year, many of them young calves on their first trip
22 north from the breeding lagoons in Mexico. It is clearly
23 imperative that language be in place which could prohibit
24 drilling operations during their migration if the State
25 determines that such operation could significantly damage

1 the population. Again, we strongly encourage the adoption
2 of the proposed amendment to Special Operating Requirement
3 13(b):

4 As we have not had an opportunity until this
5 morning to see the critically important interagency agreement
6 between the Coastal Commission and the State Lands
7 Commission or to review last-minute changes made in the
8 calendar item, we request that the Commission make provision
9 for us to comment on these items next week.

10 In closing, we would again urge you to acknowledge
11 the Coastal Commission's permitting authority over oil and
12 gas lease sales within state waters. To deny it makes a
13 mockery of the State's hard-fought and well-reasoned position
14 on Federal OCS lease sales. There will be no winners in
15 the turf battle between the State Lands Commission and the
16 Coastal Commission, but there can be many losers, citizens
17 and the marine life of the State of California.

18 Thank you.

19 ACTING CHAIRPERSON McCARTHY: Thank you. Any
20 questions by either commissioner or Miss Saunders?

21 Thank you very much.

22 Miss Davis.

23 MS. DAVIS: My name is Martha Davis, and for the
24 record I am speaking as Wildlife Coordinator on behalf of
25 Greenpeace.

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1 We appreciate the many hours both you and your
 2 staff have put into preparing the lease language for this
 3 lease sale and for that reason I will try to keep my remarks
 4 today very brief. Also because both Ruthann Corwin and
 5 Rachel Saunders I think have expressed very well many of
 6 the concerns that my organization shares about this lease
 7 sale.

8 For the record, I would like to say that we do
 9 continue to oppose the lease sale on the basis that this
 10 area is a unique area and of the biological significance
 11 of the Point Conception, Point Arguello waters. We also
 12 share the concerns about not having really an opportunity
 13 to review the lease language that was prepared this morning.
 14 It would help to have had more time on that.

15 The three comments that I would really particularly
 16 like to speak to are, one, the discussion this morning about
 17 the comprehensive planning process and the need for a report
 18 that will pull together the information from the one-year
 19 biological study and the environmental impact reports. In
 20 consideration of listening to the testimony this morning,
 21 I would urge that at the very minimum an effort would be
 22 made to pull all the studies together, at the very least
 23 summarize all the information and particularly the information
 24 about where the unusual species are located and the unusual
 25 communities on maps that can be included and interpreted

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1 into the ultimately the map which will outline the areas
2 in which either drilling will be prohibited or mitigation
3 measures are required. This should be done before any of the
4 lease sale decisions are made. It's an effort to pull
5 together that information, coordinate it in such a way that
6 we really have that planning data in hand to make good common
7 sense decisions about where the leases should be located
8 and where the activities should be located.

9 Second, we did agree in concept with the
10 prohibition zone. We are concerned about the size of the
11 zone. We do believe that it should be extended to 30 fathoms.
12 We do believe that this would help provide an adequate buffer
13 zone, particularly for the gray whales in the northward
14 migration, protecting the females and the calves who hang
15 close into shore as they move up late in the migratory period.

16 We also are very concerned about seismic testing
17 occurring within this area within the protected zone. We
18 feel that, given the current uncertainty about the
19 environmental impacts of seismic testing, that at the very
20 least that within this buffer zone it ought to be prohibited.
21 We also feel that that kind of prohibition should be extended
22 through Stipulation 13 so that it would give the State the
23 opportunity, enable the State to make the decision to restrict
24 seismic testing activity throughout the lease sale area
25 between the period December 1st and April 1st of the State

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1 determines that it does have an impact or seriously impact
 2 the gray whale populations, particularly the females and
 3 calves as they move northward during the late spring. Clearly
 4 this kind of language is enabling language. It does not
 5 have the requirement that the State has to act, but only
 6 is based on a finding of serious impact on the population,
 7 Finally, because of our concerns about the impact
 8 of seismic testing, there really is not adequate information
 9 about what the impacts are, we feel that seismic testing
 10 should be included in the special studies, if possible.

11 ACTING CHAIRPERSON MCCARTHY: Thank you very much.

12 EXECUTIVE OFFICER DEDRICK: Could I comment?

13 ACTING CHAIRPERSON MCCARTHY: Miss Dedrick.

14 EXECUTIVE OFFICER DEDRICK: I'd like to clarify
 15 a couple of points. In regard to the seismic testing, there
 16 are currently ongoing studies by the Federal Government
 17 under the National Marine Fishery Service which is the agency
 18 of government that has full responsibility for the whales.
 19 At the request of the State Lands Commission, those studies
 20 which are the effects of noise, et cetera, on migrating
 21 whales have included precisely the information that has
 22 been requested. There are other ongoing studies in regard
 23 to oil operations including seismic exploration on the hump-
 24 back whale in Alaska, for instance.

25 In regard to the ability of the Commission to

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1 close any area to seismic testing, that authority now lies
2 under our permit and regulatory program. ~~It is my~~ direct
3 authority to close any area for any reason that we consider
4 to be sufficient. In fact, last fall I did close the
5 northern areas for seismic testing as a result of some
6 concerns by various environmentalists. We investigated
7 the situation. Found that there was no evidence to support
8 the idea that there was damage to the whales and the areas
9 were reopened.

10 ACTING CHAIRPERSON McCARTHY: Thank you.

11 MS. DAVIS: May I comment on that briefly?

12 The reason why we raised the seismic testing issue
13 was because of the, not the conclusions, but the evidence
14 that was gained this spring from the federal study on the
15 gray whale migration. They did find that when the seismic
16 testing ships were operating, the whales turned around and
17 moved out of the area. So that is the reason that we are
18 raising it as a concern.

19 The other point I would like to add is thank you
20 to the staff for including gray whales in Stipulation 13.
21 We do appreciate that very much.

22 ACTING CHAIRPERSON McCARTHY: Thank you both.

23 That's the only tabs --

24 MR. TAYLOR: Three more.

25 ACTING CHAIRPERSON McCARTHY: Alan Hur, Director

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1 of Fisheries Protection Institute, California Federation
2 of Fishermen Associations.

3 Mr. Hur.

4 MR. HUR: Good afternoon. Win Swint, President
5 of California Abalone Association, came up with me and we
6 thought we'd make this a joint effort to possibly save time
7 and make sure we could cover any questions.

8 ACTING CHAIRPERSON MCCARTHY: Go ahead.

9 MR. HUR: There's a point I'd like to start off
10 with and it's bothering the California commercial fishing
11 industry, in particular, the people that comprise the
12 Pacific California Federation of Fishermen's Association
13 which is the largest organization in this state.

14 ACTING CHAIRPERSON MCCARTHY: Excuse me. I notice
15 we also have Michael David Cox who's the attorney for the
16 South Central Coast Watch, Central Coast Commercial
17 Fishermen's Association. Mr. Cox, are you still here?

18 MR. COX: Yes, I am.

19 ACTING CHAIRPERSON MCCARTHY: Why don't, if we're
20 going to be talking about commercial fishermen's interests,
21 why don't you join us at the table unless you think there's
22 some quite different testimony you're going to give than
23 these gentlemen. Why don't we provide a seat at the table.

24 FROM THE AUDIENCE: Could we get their names?

25 ACTING CHAIRPERSON MCCARTHY: Sure. We have Mr.

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1 Win Swint, California Abalone Association, Mr. Alan Hur,
2 the Director of the Fisheries Protection Institute of the
3 PCFFA, and we have Mr. Michael David Cox, attorney for the
4 South Central Coast Watch, Central Coast Commercial
5 Fishermen's Association.

6 Who would like to go first?

7 MR. HUR: Well, I guess I'll start. I want to
8 apologize if at first it seems a little unorganized. It's
9 because we've gone to four meetings in the bulk of this
10 week. In fact, we just came from the EPA meeting that was
11 in Santa Barbara yesterday.

12 One of the main concerns leading into the State
13 Lands' role in this process is the lack of data and
14 information that we feel the Fish and Game should be supplying
15 to you in particular in testimony at such hearings as this,
16 especially when we're talking about designing studies or
17 implementing studies that are going to involve the Fish
18 and Game.

19 It seems that once again in the process of
20 development of oil off our coast, through the Governor's
21 Office they have deemed that biological facts must be
22 consistent with political measures. That gives us a little
23 bit of concern. We rely on these people as guardians of
24 our resource and the people that manage our resource and
25 through whose branch we purchase our permits to have the

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1 privilege to utilize this resource, and they're not being
2 allowed to come forward and testify and actually supply
3 pertinent and update more recent data at these hearings.

4 ACTING CHAIRPERSON McCARTHY: There's no
5 prohibition at this hearing that I'm aware of. Are you
6 giving us some information?

7 MR. HUR: It's my understanding through Gordon
8 Duffy that Fish and Game is not allowed to testify at any
9 hearing dealing with oil development. I am the fisheries'
10 representative to OTAC which is sanctioned by the State
11 Water Quality Board and Jim Steele, who is the biologist
12 for Fish and Game, is not allowed to testify at the EPA
13 hearings or this hearing.

14 ACTING CHAIRPERSON McCARTHY: All right.
15 Go ahead. We'll leave the administration to correct that.

16 MR. HUR: You may want to question that. They
17 may have pertinent information which I think should be
18 brought forward in regards to designing a lease sale program.

19 ACTING CHAIRPERSON McCARTHY: Fine.

20 MR. HUR: Before I enter into a few comments I
21 have on this document here, I'd like to give just a few
22 facts that I haven't had time because of the shortness of
23 notification for this hearing and I want to express a little
24 information on the 30 fathom curve and why the fisheries
25 is requesting that as a buffer zone. I remember when I

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1 first took my first biology course and one of the basic points
2 that they brought up when they were discussing the ocean,
3 the life in the ocean, is that the majority of life along
4 shore, in fact, it's in the high 90 percent range, is
5 located within the first 200 feet of water. That is the
6 depth at which light penetrates and various algae which
7 are supportive of the biomass and the food web exists.

8 I have a list here of the fish that represent
9 the staple fishery of, in particular, the Port of Santa
10 Barbara. These fish are the fish that are primarily caught
11 within 30 fathoms shoreward. I also have the months and
12 peak times for these fisheries. This took about a year
13 and a half to get this information actually where it's pretty
14 on. It's within a day or two.

15 Okay. Halibut is year-around and the peak times
16 is February through July and October through January 1st.
17 White sea bass, June 15 to March 15. Peak times is June
18 15 to August 1st, October 1st through February 30th [sic].
19 soupfin shark and leopard shark, peak times, February 1st
20 through March 15, July 1st to September 30th. Barracuda,
21 peak times, November 1st through January 31st. Angel shark,
22 year-around, usually caught with halibut. Lobster, the
23 first Wednesday in October to the first Wednesday after
24 the 15th of March. Crab are taken year-around. Abalone
25 are taken year-around except for the months of August and

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1 February. I think you notice by this list that if you go
2 into a restaurant, there are very few restaurants that serve
3 seafood that don't have at least some representative off
4 that list. This particular area of coastline from, well,
5 I can't be general in regards to or specific in regards
6 to Point Conception to Point Arguello because for us fishing
7 the area which represents the bulk of these fish to us is
8 from Gaviota, we recognize, to Point Arguello. Depending
9 on the time of year, the season, the seasonal weather pattern
10 or the currents, they'll be located at different areas along
11 that coastline.

12 Okay. What do these fish mean to the Port of
13 Santa Barbara? Well, first off, they represent 500 plus
14 jobs. To the State, in Santa Barbara, the port alone
15 represents \$27 million to the State's economy. Sixty percent
16 of which of that 20 percent, the \$27 million, is sold
17 directly and distributed throughout the Santa Barbara tri-
18 counties.

19 There's been a lot of talk by the oil industry
20 in regards to the platform serving as artificial reefs.
21 I want to take this moment now because we now have an actual
22 valid response to substantiate some concern we've had in
23 regard to this remark. Okay. Surface areas is at a premium
24 in the ocean. Thus, an oil platform represents an artificial
25 reef which produces surface area. Okay. None of the staple

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1 fish mentioned on that previous list of ~~the~~ commercial
2 species taken in that area and inside of 30 fathoms are
3 found in the platform communities. The majority of species
4 are invertebrates: muscles, anemone, barnacles, worms and
5 so on. These are attached to or are on the platform
6 superstructure below the surface of the water. The fish
7 that are attracted to the oil platforms are predominantly
8 sport fishing species. So you might ask, is this adding
9 to the already-established ecosystem? No, it doesn't really
10 add anything to it. Okay. What it does is it creates an
11 environment within an already-established ecosystem that
12 has been in existence since the oceans came to be in
13 existence.

14 Okay. I'll use a real good example that I got
15 from Jim Steele. I wish he was here to testify, but he
16 said that I could use this. In one oil platform case in
17 particular off the Hollister Ranch, the squid come in in
18 great numbers at certain times of the year. Okay. You
19 have the halibut that follow the migration of the squid
20 in and out of the depths and along the coastline and they
21 feed on the squid. Okay. Now, you've created this
22 artificial reef out there and in particular this is Platform
23 Helen, and you have a population of fish out there that
24 are feeding on the squid in competition with our halibut.
25 This is an example where it actually takes away from the

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1 future productivity of our halibut populations from being
2 in competition with them for food.

3 The physical presence of rigs causes problems
4 in many ways. Most we feel can be mitigated though.
5 Scheduling of rig placement along with its location,
6 traffic lanes for crew and supply vessels, scheduling of
7 subsea completion installations along with pipeline placement
8 these must be scheduled in conjunction with fishing seasons
9 and fishing requirements. We need to have access to these
10 areas throughout different periods of the year and we hope
11 that the developmental period of the oil field will take
12 this into consideration.

13 Things that cannot be mitigated are such incidences
14 as I explained where you have an artificial environment
15 created in the middle of an already-established ecosystem
16 and it in a sense takes away from it.

17 Drill muds, okay. The fishing industry is very
18 strong on this point. The drill muds, whether they're in
19 the OCS or particularly in this case in State waters, should
20 be hauled ashore. They shouldn't be dumped in the ocean
21 where they contain hazardous chemicals that hold the
22 potential to be passed on up the food chain. They hold
23 the potential to kill our juvenile fish stock, both
24 invertebrate and vertebrate, and thus destroy the future
25 of our fisheries.

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1 On top of that, we don't want to be going out
2 to fish for poisonous fish or bringing in fish that may
3 be infecting the health of our society.

4 I would request that the commission, that this
5 Commission request the transcript from the August 11th,
6 1983 EPA hearings in Santa Barbara for further details on
7 drill muds and it will also give you an update as far as
8 findings on studies that have been conducted. This is a
9 hearing that we attended yesterday.

10 Okay. Seismic exploration. Claire, you mentioned
11 that studies were being conducted by the feds. To my
12 knowledge, Gordon Cota sits on that board that you discussed
13 and the budgeting is going to be taken into consideration
14 in 1985 and the feds at that time will start looking into
15 allocating funds or looking into designing a study. So
16 as of yet there has been no study undertaken that is looking
17 into seismic concussion and the possible damage or fish
18 dispersal which can result from that.

19 EXECUTIVE OFFICER DEDRICK: That is included in
20 the Yankee Point study which is it ongoing or is it completed?

21 MR. FABER: Yankee Point study is --

22 ACTING CHAIRPERSON MCCARTHY: Identify yourself
23 if you're going to speak for the record, Mr. Faber.

24 MR. FABER: My name is Robert Faber. I'm counsel
25 for the State Lands Commission.

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1 The Yankee Point study covered whales. It doesn't
2 cover fish dispersal.

3 EXECUTIVE OFFICER DEDRICK: I apologize, Alan.
4 That's true.

5 MR. HUR: I just want to make sure that fact was
6 clear that as of yet there has been no timely studies looking
7 into the possible or potential damage that can be being
8 done to our fisheries.

9 In this case, the burden has been placed on us
10 to come up with proof that damage is being done. We would
11 like to ask that this burden be removed from us and that
12 the State assumes the responsibility for that. They can
13 do this by putting a moratorium on all seismic activity
14 until such a time that timely studies are conducted and
15 show that there's no damage being done to the future of
16 our fisheries.

17 There is laboratory evidence to show that pressure
18 shockwaves can cause cytoplasmic evacuation in juvenile
19 larva. What that means is it can cause them to explode.
20 It is utilized in the lab for removing delicate organelle.
21 It only takes between four and eight pounds of pressure
22 in the laboratory to dissect these creatures using this
23 pressure. Any further pressure can result in totally smashing
24 the creature or have shearing effects in which they're cut.
25 The pressure waves that are being utilized in seismic

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1 exploration far exceed this pressure grading. In being
2 the fact that the majority of the zoa and phytoplankton
3 which carries the future of our fisheries is located within
4 the first 11 fathoms of water beneath the surface and the
5 shockwave conducted is going down to the bottom of the ocean
6 in the several ton range, hitting the bottom of the ocean,
7 continuing its shockwave and then coming back up, they're
8 getting a double pulse of energy going both ways. One out
9 of a thousand lobster, panular sineruptis, makes it to a
10 harvestable size.

11 These babies when they're born are carried by
12 the currents in large plumes. They're referred to as part
13 of the zooplankton. They're located within that depth of
14 60 feet or to the surface. Seismic vessels passing over
15 and using the shockwaves far exceed the normal effects of
16 natural selection.

17 We need some studies on this and we need some
18 protection to make sure that the future of our fisheries
19 isn't being damaged.

20 ACTING CHAIRPERSON McCARTHY: Is your study that
21 the seismic waves kill the small plankton that are necessary
22 to feed --

23 MR. HUR: There is no study to show that as of
24 today. What that is based on is the seismic vessel creates
25 pressure waves through various means. These pressure waves

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1 are oscillated from the boat, either, well, as I said, from
2 various means. It goes down and is picked up by a
3 transducer on a cable. Okay. In the laboratory, they use
4 pressure, various forms. It can be generated either by
5 a hand pump or a vacuum pump, but it's pressure. Pressure
6 is the same in all factors of physics. It is in these
7 laboratory experiments where pressure is used, it is used
8 for dissecting or removing the organelle. There has been
9 nothing to date looking at this, and it's these kinds of
10 studies and information that comes forward that gives us
11 concern.

12 ACTING CHAIRPERSON McCARTHY: Do the live studies
13 show that the feed for the fish that we want to grow into
14 commercial catches, it's the feed and not the commercial
15 fish?

16 MR. HUR: It's all aspects of it.

17 ACTING CHAIRPERSON McCARTHY: All right. So halibut,
18 other fishes?

19 MR. HUR: Correct.

20 ACTING CHAIRPERSON McCARTHY: All right. Go ahead,
21 please.

22 MR. HUR: Okay. Excuse me just a second. My
23 notes got a little mixed.

24 Okay. As an industry, the California commercial
25 fishing industry represented in 1982 a billion and a quarter

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1 dollars of the state's economy. It employs thousands of
2 people all along the state's coastline and inland that are
3 involved in processing and transportation and distribution
4 of the fish. We pay our share in state's fees. On top
5 of paying our own personal state taxes, we pay boat licenses,
6 commercial license general for each person on the boat,
7 specific license permits for each species taken such as
8 lobster, abalone and swordfish. The lobster permit, for
9 example, is \$125. The abalone is 200; swordfish, 150.
10 We pay property tax on our boat. In the last couple of
11 years we've been paying, let's see how I can pronounce that,
12 possessory tax, possessory use tax. That's tax on the state
13 lands in the harbor where our boats float over. We're paying
14 tax on the seabed underneath our boats. We pay processing
15 tax on the fish that's landed and processed. We pay state
16 sales tax on the goods that we buy that don't attach to
17 our boat.

18 We've been pitted against a very powerful political
19 and economic entity, and the burden of proof and justification
20 for our concerns is weighing very heavily on us. In good
21 faith, we have bought boats, bought these permits, created
22 businesses and helped add to the state's economy. Now another
23 user group has come along who we've been in competition
24 with for space in the ocean and it has bought up the last
25 remaining spaces or proposes to buy up the last remaining

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1 spaces available to us as fishermen. The richest area on
2 the Santa Barbara tri-counties for the diversity of species
3 that I mentioned is between Gaviota and Point Arguello.
4 Sixty percent of the fish that is derived from the Santa
5 Barbara fish industry comes from this area.

6 It's a situation where we've invested all this
7 time and all this money and now somebody comes along and
8 represents more immediate revenue to the state and the United
9 States and the feds get to have rights that supersede ours.
10 We're not against them putting all the oil platforms they
11 want out there. We are against irresponsible development
12 that doesn't take into consideration the preserving and
13 protecting of our fishery. That responsibility is one thing
14 that I think is really being neglected by the oil industry
15 and in many cases it seems to be being neglected by various
16 representatives in our governments. We would ask that
17 we have some help in carrying that responsibility. We have
18 assumed it. It's well expected to be assumed. We use the
19 resource. But fish are our renewable resource and there's
20 very few renewable resources in this world. Long after
21 the oil well is scraped, there should still be fish out
22 there to be caught. It's a big ocean. There's room for
23 us all out there, but we got to take that responsibility
24 on it. So that's what I have to say in regards to that.

25 I have a little problem here with this Point

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1 Conception lease area map that's in the thick handout that
2 you have. The halibut trawling ground now, I've never seen
3 a halibut make a right turn like that and head out to sea
4 or into the beach or whatever. I wonder if I can have that
5 explained to me. I showed this chart and then the original
6 chart to representatives in Santa Barbara of the fishing
7 community that actually do halibut fishing in that area
8 and they're not familiar with anything like that.

9 ACTING CHAIRPERSON McCARTHY: Miss Dedrick.

10 EXECUTIVE OFFICER DEDRICK: Yes. The halibut,
11 the legal halibut trawling grounds under state law are between
12 one mile from shore to the 25 fathom line. That outside
13 line is the 25 fathom line. The reason that the area is
14 shown where it is is based on data from the Department of
15 Fish and Game.

16 MR. HUR: Okay. Another thing I'll point out
17 is this is very inaccurate here as far as trawling. It's
18 virtually impossible is my message from the trawlers in
19 Santa Barbara to trawl this area because of the rock
20 formations and the geological structures that are there.
21 Although it's allowed, they do not trawl specifically in
22 that area. The area that is halibut fished is predominantly
23 between Hilama which is this reef right here that sticks
24 out and then up to the Boat House, what we refer to as the
25 Boat House, just below Point Arguello. That is probably

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1 one of the more sandy and easily accessible areas for that
2 type of fishery.

3 You know, one thing that's not taken into
4 consideration when comments are made on the sandy bottom
5 habitat. It's one of the things that biologists even having
6 gone up there and looked at it have a hard time making a
7 statement in regards to is the population there. I worked
8 with OTAC helping them design their collecting technique
9 for the first stage of their study for Texaco's Anita
10 project, and they had a submarine up there and a collecting
11 bucket and everything and they went down and they went all
12 over the bottom and, God, they spent some money. They looked
13 everywhere and there's nothing here. But, yet, there's
14 traps all over the place and I don't think the fishermen
15 are putting the crabs in the traps. But anyway, I arranged
16 for some fishermen to go up there and place the crab traps
17 where they had gone and done their site survey and we usually
18 set the traps for three nights. Well, they were in a hurry
19 because it was the end of their study. They ended up catching
20 more crabs than they'd seen in two weeks up there in the
21 three traps that we put in that area for them.

22 The point is this. The crabs burrow into the
23 sand. As the sand currents move, they move with them as
24 the feed's exposed. They migrate in and out. We fished
25 them as deep as 35 fathoms is the extreme. We consistently

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1 fished them 20 fathoms throughout the year. Sometimes they
2 move into ten or 15 fathoms for short periods when the squid
3 or anchovy move in. These are things that need to be looked
4 at and taken into consideration as far as studies.

5 Also, I'd like to make it known that the fisheries
6 is more than willing to come forward with that data and
7 to try and help the Fish and Game also, through the help
8 of the Fish and Game to give validity to this data that
9 we would present, where the resource is and how it moves
10 around. We have a real unique occurrence off the Santa
11 Barbara Coastline and it occurs up to Point Conception or
12 Point Arguello areas. It's one of the major spawning grounds
13 for California spawning of lobsters. At the beginning of
14 the season the lobsters are located in depths anywhere from
15 two to three feet out to 30 feet and then as they go through
16 dioecious, they molt, then they move into their reproductive
17 phase. They walk out and then they'll follow a lot of these
18 geologic formations out to 20, 30 fathoms and they walk
19 up the coastline. They concentrate at the Point Conception,
20 Point Arguello area. At the end of the season you'll see
21 maybe there's 400 traps along the whole coastline at the
22 beginning of the season and they're all concentrated mainly
23 up in the Hollister Ranch and around the corner. These
24 are things that are what we base the 30 fathom request on
25 the migrational pattern of our crabs, the requirements of

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1 our fishery as far as having access to catch the fish, and
 2 the biomass that is located within those depths. I'm sorry,
 3 the Fish and Game to my knowledge does not have the data
 4 to fully substantiate that and it's my understanding that
 5 the records are only as recent as 1976. I would like to
 6 see the data brought up to date, if possible, but they say
 7 they're having funding problems.

8 This is, I think has been pointed out, is a very
 9 rich area and it represents the future of the Santa Barbara
 10 fisheries. We need and are requesting a 30 fathom buffer
 11 zone to make sure that the biology and the ecosystem that
 12 exists there survives during oil development.

13 ACTING CHAIRPERSON McCARTHY: Thank you for your
 14 testimony.

15 Any specific data that you could give Fish and
 16 Game people would be helpful to us since you're clearly
 17 suggesting we should not rely on their data. Okay?

18 MR. HUR: I have one more thing here that I forgot.
 19 I'm sorry.

20 It's on page 022, (d).

21 ACTING CHAIRPERSON McCARTHY: Go ahead.

22 MR. HUR: It says: "Exploratory drilling shall
 23 not be conducted between October 1 and March 31 within halibut
 24 trawling grounds as shown on the sensitive biologic area
 25 map described in Special Operating Requirement 4(f)."

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1 Well, we need to sit down with the Fish and Game
2 or the Fish and Game needs to sit down with you and update
3 that and make sure it's a little more accurate, as I pointed
4 out. By the same token, there's no mention of lobster or
5 crab and Fish and Game documentation shows that the Point
6 Conception to Point Arguello area and down to Gaviota is
7 the richest area on the entire California coastline for
8 rock crab, the entire California coastline. There is no
9 mention of that whatsoever. These are things that need
10 to be entered into consideration and before this can go
11 ahead.

12 There's one other thing on (c). It says --

13 EXECUTIVE OFFICER DEDRICK: Same page?

14 MR. HUR: On the same page. It says: "Lessees
15 shall comply with crew and work boat shipping corridors,
16 whenever established, to control ingress and egress to and
17 from drilling and production sites within the lease area."

18 Okay. The fishing industry would ask that the
19 verbiage or the wordage be changed to say "whenever" to
20 something along the lines of "to be." We need these
21 corridors established. I brought this to the fishermen's
22 forum last year and various assurances were given me that
23 corridors would be established. Claire has the information
24 on that.

25 EXECUTIVE OFFICER DEDRICK: That's what it's doing

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in here.

MR. HUR: I very much appreciate that. But they have to be established.

ACTING CHAIRPERSON McCARTHY: "Whenever established" does not suggest that they're not going to be established. Is that your concern?

MR. HUR: We would like to have the State take on the role that when a rig is placed that a traffic corridor be established upon each permit application and site location. It's the oil industry representatives I've met with have had no problem with that. They just don't want to sit down and take the time to work it out as of yet. But I will reiterate and apologize for that statement. We are working towards a liaison office which might help to establish a means of communication in establishing mutual agreement on that.

ACTING CHAIRPERSON McCARTHY: Does staff have any comments on that?

MR. TROUT: Mr. Chairman, nothing other than it's the intention of the Lands Commission staff to work with the Coastal Commission staff, the Coast Guard and other people in establishing such corridors. That's a major concern to the Coastal Commission and it's been one of our concerns for some time. So we have no pride in that word other than the intention was that crew boat and work corridors

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1 would be established and we want the lessee on notice that
2 when established they've got to use them.

3 EXECUTIVE OFFICER DEDRICK: The Coast Guard having
4 the authority to establish such things.

5 ACTING CHAIRPERSON McCARTHY: Okay. We don't
6 do that unilaterally. I'm sure you appreciate that.

7 MR. HUR: Okay. That's fine.

8 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, could
9 we have a break for the paper change?

10 ACTING CHAIRPERSON McCARTHY: All right. 60 second
11 break.

12 [Thereupon a recess was taken.]

13 ACTING CHAIRPERSON McCARTHY: Next witness.

14 EXECUTIVE OFFICER DEDRICK: I'd like to say one
15 thing in regard to the Fish and Game. The Department has
16 worked very closely with us throughout this entire process,
17 has made available masses of information, a lot of time
18 and work on the part of their biologists and the enforcement
19 people. They couldn't have been more helpful to us throughout
20 this whole process. I think the record should show that.

21 ACTING CHAIRPERSON McCARTHY: All right.

22 Mr. Win Swint.

23 MR. SWINT: Good afternoon. I'm here representing
24 the California Abalone Association. I'm going to make my
25 talk rather short.

1 I would like to first say that I concur on the
2 basis of being a member of the fisheries with most of Mr.
3 Hur's comments. Secondly, I'd like to express some of my
4 concerns. Basically that being, to reiterate, the seismic
5 testing, as abalone after spawning are in a larval state
6 and at the mercy of the currents in, through and about those
7 areas and, as Mr. Hur expressed, that a very few pounds
8 of pressure used to dissect the organelles of these
9 particularly gentle creatures in a laboratory situation
10 and seismic testing takes place at several thousand psi.
11 It's also my understanding that there are more than one
12 vessel. It's usually three vessels competing for the best
13 price and the areas that are sometimes covered as accurately
14 as almost every square foot. We find this a little bit
15 disturbing.

16 Secondly, as a diver, I see, and my people report
17 to me as they see, some disturbing things from time to time
18 and also experience some things. I have been diving in
19 this particular area between Point Conception and Point
20 Arguello in a depth of about 35 feet while outside of the
21 seismic testing was going on at a range of approximately
22 two miles from me. I can guarantee you it's a very
23 uncomfortable feeling for a mammal of my size to be within
24 two miles of seismic testing. I can substantiate this with
25 other diver's testimony. I don't know how the whales feel

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1 about it. I understand they have the ability to communicate
2 about over four or 5,000 miles. So they must be able to
3 hear quite good. I'm quite deaf. But as I said, the shock-
4 waves are very intense.

5 The other thing that I'm concerned about in
6 particular, although I would like to point out at this time
7 that I am also in no way against oil development. My
8 fishery is a very heavy user of gasoline and oil. We have
9 no intention of being included in trying to block any lease
10 sales based on we don't want oil development. We are very
11 concerned about the responsibilities that go along with
12 it. One of them is: What are the consequences of seismic
13 testing? Second is, we would like to know what the effects
14 of drilling muds are on these development of larval animals.
15 This also goes somewhat outside your jurisdiction I
16 understand in the federal waters. But our evidence, the
17 best that I've been able to come up with and have studied
18 shows that on certain organisms between zero days and 16
19 days old exposed to 50 percent acquiesce mud fraction
20 solution for a period of 100 hours, the surviving animals
21 express a 93 percent development anomaly rate. Anomaly
22 is defined by Heritage Dictionary as abnormality, unnatural,
23 not developed as should be or normal or in other ways
24 deficient from the normal. We're concerned about that.
25 We support the fisheries and their loss of traditional

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1 fishing areas. However, we are an in-shore fishery. We
2 don't do very much fishing outside of a hundred and a hundred
3 and twenty feet of water which is 11 fathoms, 12 fathoms --

4 MR. HUR: 20 fathoms.

5 MR. SWINT: 20 fathoms of water. However, we
6 do support the fisheries and these things because we feel
7 that what's happening is a setting of a precedent. So we
8 do support the 30 fathom line.

9 Another thing that I'd like to bring up is that
10 I worked on the Chamber's study. I have a great deal of
11 respect for Dr. Davis and Russell who is previously and
12 I believe still with the Army Corps of Engineers. However,
13 as it came up at the time of that study, one of the problems
14 that I saw with it and I would like to share with you is
15 that a baseline study where a transect is stretched out
16 across a particular area, a line -- I don't remember how
17 long the line was; I'd say it's a thousand feet, perhaps --
18 and the divers swim along that line and every so often they
19 snap a picture and they take samples from either side of
20 that line.

21 My experience as a diver in these areas is that
22 the pan or the bottom there has various outcroppings along
23 it and it's covered over with sand. These little outcroppings
24 that stick up are variously spaced and a diver, for instance,
25 can go through them one day and swim through an area numerous

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1 directions running search patterns and finding almost no
2 rocks at all, can come back on another day with a little
3 bit better visibility and move over just a little bit more
4 and he'll find strings of rocks. The life on these rocks
5 is also or outcroppings is sporadically placed. So, in other
6 words, a diver might work through an area specifically for
7 abalones two or three times and not find anything and then
8 on the fourth time apparently in the same area he'll find
9 a great deal. So the configuration at the bottom, and I'm
10 not talking about the hard reefs but in the sandier areas,
11 is often confounding to the most professional divers and
12 search people that are very experienced in searching.

13 Another thing that bothers me a great deal about
14 this is on either side of the transect lines that are shown
15 in that study, we have had very high population of abalones,
16 both at what is known as the Hilama reef if I could show
17 you on this map here, on this particular area here. This
18 is the outer reef. Point Arguello up in here. We have
19 in-shore reefs where there's a great deal of abalone. Now,
20 there's a breakwater being put in there. I don't know what
21 that affects the in-shore abalones. But we know that this
22 particular area has been profoundly rapid growth for shell
23 fish. I pointed out that there was a very high density
24 bed of abalones at this larger Hilama reef. Since that
25 time of that study these abalones have virtually disappeared.

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1 I can also say that too of this reef here and that reef
2 there.

3 ACTING CHAIRPERSON MCCARTHY: Why have they
4 disappeared?

5 MR. SWINT: I do not know, sir. I have reported
6 this to Russell Godrich of the Department of Fish and Game
7 and the population has been totally disseminated. As you
8 know, we do have some problems with sea otters and there's
9 been some conflict. However, we do stand behind the sea
10 otter people on the issues that are here. I'm not blaming
11 this on sea otters. I'm not venturing to say why because
12 I did not see why. I did not participate in anything that
13 will cause the dissemination. However, I do know that this
14 was pointed out. Another thing that I'd like to point out
15 at this time is that in the areas these transects would
16 run, had some discussions with Dr. Davis about the fact
17 that the animals in that area seem to be extremely healthy.
18 Not only that, the teragofin (ph.) and other bottom plants exhibit
19 -- I don't know how to express it -- just an extreme heartiness
20 and value in their life apparently attributed to the up-
21 welling in that area. The upwelling in that area is what
22 makes it so tremendously rich. I would urge this panel
23 to be very cautious about examining the idea of having less
24 than the 30-fathom line because this is an unusually rich
25 area and I would hate to see future damage done to it. We

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1 as the abalone association are the first fishery in the
2 State of California, perhaps in the United States or the
3 world that has started a trend to replace animals with
4 absolutely no outside funding, with no sources other than
5 the money that we raise ourselves to contract for and purchase
6 abalones and we place them out, we put out 9,200 abalones
7 on August 2nd. Our members donate their boat times, their
8 own fuel. We go out and we're trying to put back new
9 breeding populations on public domain which we feel is a
10 benefit to everyone. These are not leased areas, although
11 we have done some of that. We're also doing it out in publi
12 domain. If the primary purpose is for us to create new
13 breeding populations, we're currently doing this at the
14 Channel Island and we have not done it in this area. Even
15 so, we're concerned about the current movement and the
16 ultimate effects of drilling mud. As you know, there's
17 a great deal of conflict from Dr. Morris' version of what
18 may be going on as compared to what some of the oil companies'
19 versions may be going on. This deeply distresses me because
20 if we're setting out new breeding populations in hopes of
21 getting something started by putting out these extremely
22 expensive populations of abalone, as they reach the larval
23 state, between the seismic testing and the effects that
24 may be caused on the larval by drilling muds, we would like
25 to know because we certainly don't need to proceed in a

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1 direction of rejuvenating resources if the effects are as
2 some evidence seems to suggest.

3 MR. HUR: I just wanted to comment on one thing.
4 Win made a point that we're looking into right now. It's
5 a real baffling question. There's two or three shortbeds
6 of abalone around the corner that are very --

7 (ACTING CHAIRPERSON McCARTHY: For the record let
8 it show that Mr. Hur is testifying again. Thank you, Mr.
9 Swint.

10 Mr. Hur.

11 MR. HUR: And after the Chamber's study was
12 completed, the abalone in that area disappeared, the juveniles
13 along with the mature harvestable size. Now, Win, I think
14 you clarified there was no inference as far as it being
15 sea otters or anything like that.

16 (ACTING CHAIRPERSON McCARTHY: We won't allow anybody
17 to point an accusing finger.

18 MR. HUR: Now, the inference was it's way beyond
19 whatever one, two, or ten or whatever sea otters could
20 possibly eat. It raises some concern. We don't know why.

21 (ACTING CHAIRPERSON McCARTHY: We don't have the
22 answer to that.

23 MR. SWINT: We do not have the answer. One answer
24 may be, from my observations in these areas, well, perhaps
25 it's not an answer, but the populations of animals in these

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1 areas seems to leapfrog. Rather than having set long-term
2 populations in these areas, the way the bottom is set up,
3 that small intense concentrations of abalones in particular,
4 and I've noticed it with other animals in these areas, tend
5 to leapfrog around in some sort of a rotating fashion that
6 I don't quite understand myself. But we do find this area
7 extremely rich and that's the bulk of my testimony.

8 ACTING CHAIRPERSON MCCARTHY: Thank you very much.

9 Mr. Cox.

10 MR. COX: Thank you, Mr. Chairman.

11 I would like to approach this by first talking
12 about the modifications or clarifications that I think can
13 be made in your conditions document. We feel that we can
14 track the Commission on several items here. On C-5, page
15 18 of your document, line 11, you talk about biological
16 surveys that will, and I quote, "Contains areas used as
17 a breeding ground for commercially recoverable species,"
18 and we suggest that you modify that to "breeding, feeding
19 and migration areas for commercially recoverable species."

20 ACTING CHAIRPERSON MCCARTHY: Wait a minute, please.
21 Staff understand what's being proposed?

22 EXECUTIVE OFFICER DEDRICK: Yes, sir, but I do
23 not understand the significance of it at the moment.

24 You're proposing "breeding" --

25 ACTING CHAIRPERSON MCCARTHY: "Feeding and

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1 migratory areas."

2 MR. COX: "For commercially recoverable fish."
3 Fish not only breed but they also feed and move about.
4 We feel that those elements of the --

5 ACTING CHAIRPERSON McCARTHY: Well, migratory
6 areas could cover perhaps anything. I assume that this
7 could deal with movement of various species.

8 MR. COX: Yes.

9 ACTING CHAIRPERSON McCARTHY: Probably every square
10 foot would be very involved here. Maybe a migratory area
11 for one fish of one of the species.

12 MR. COX: And that is the sort of information
13 that I believe the Commission would want to have in terms
14 of analyzing the impacts of oil development on the commercial
15 fishing industry.

16 EXECUTIVE OFFICER DEDRICK: The migratory, that
17 doesn't sound appropriate.

18 MR. COX: What about the feeding areas?

19 EXECUTIVE OFFICER DEDRICK: Migratory sounds pretty
20 vague to me.

21 ACTING CHAIRPERSON McCARTHY: What about the
22 feeding?

23 MR. HUR: Migratory is used as a Fish and Game
24 term in all its texts. So it would cover all of it. It
25 would cover breeding, feeding and everything. Just a

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1 suggestion.

2 EXECUTIVE OFFICER DEDRICK: I think we need some
3 more data, Mr. Chairman, to determine what the effect is.

4 ACTING CHAIRPERSON McCARTHY: What about the word
5 "feeding"?

6 EXECUTIVE OFFICER DEDRICK: My answer is the same.
7 We know where the breeding areas are. Somewhere in our
8 data we probably know the rest of those answers, but I don't
9 have them in my mind.

10 ACTING CHAIRPERSON McCARTHY: Go ahead, Mr. Cox.

11 MR. COX: Yes. The second suggestion is C-6 on
12 19, line 15, in which we are adding the last sentence of
13 Item (c), where it presently says: "Sample species collected
14 shall be identified to the lowest possible taxonomic level."
15 We would like to add that we also analyze the biomass and
16 density of critical organisms with respect to the results
17 that will be coming back from these studies.

18 ACTING CHAIRPERSON McCARTHY: Repeat that.

19 MR. COX: Add to: "Sample species collected shall
20 be identified to the lowest possible taxonomic level," the
21 fact that we will be gathering data on biomass and density
22 of critical organisms. In other words, we will not only
23 be identifying the type of species but the mass and their
24 density at these particular sampling stations.

25 ACTING CHAIRPERSON McCARTHY: Isn't that included,

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1 that kind of information included anywhere else in our
2 studies? I just assumed that that would be a pretty basic
3 form of information.

4 EXECUTIVE OFFICER DEDRICK: I need Dwight Sanders
5 to make sure I'm telling the truth.

6 ACTING CHAIRPERSON MCCATHY: Mr. Sanders.

7 EXECUTIVE OFFICER DEDRICK: I think that that's
8 what is done now; isn't that correct?

9 MR. SANDERS: What will generally be done in the
10 box core is to not only determine -- my name is Dwight
11 Sanders. I'm on the staff of the State Lands Commission.

12 In a box core to determine not only the types
13 of animals within that box core but their density and so
14 forth. As Mr. Cox has testified, that information has been
15 provided to us through the biological studies that have
16 been done and we see no difference in any studies to be
17 done in the future.

18 ACTING CHAIRPERSON MCCARTHY: Is that mentioned
19 anywhere in any conditions of the lease, the proposed lease
20 agreement?

21 MR. SANDERS: It is not mentioned specifically
22 to my knowledge, Governor. It is a standard operating
23 procedure, a valid and bonafide biological --

24 ACTING CHAIRPERSON MCCARTHY: Is there any problem
25 with mentioning it specifically at this point?

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1 MR. SANDERS: I don't see any.

2 EXECUTIVE OFFICER DEDRICK: Not that I see.

3 ACTING CHAIRPERSON McCARTHY: Would you give us
4 the wording that you have in mind, Mr. Cox?

5 MR. COX: "Sample species collected shall be
6 identified to the lowest possible taxonomic level and the
7 biomass and density of critical organisms shall be analyzed."

8 ACTING CHAIRPERSON McCARTHY: Staff have any further
9 comment on that?

10 EXECUTIVE OFFICER DEDRICK: No.

11 ACTING CHAIRPERSON McCARTHY: Any objections by
12 my two fellow commissioners on that language change?

13 All right. That's adopted.

14 Go ahead, Mr. Cox.

15 MR. COX: On line 17, right below the area we've
16 just been discussing, as presently worded, "The marine
17 mammal surveys shall be performed by a qualified marine
18 mammalogist..." We suggest that you add in there a study
19 of the sea birds in addition to the marine mammals.

20 EXECUTIVE OFFICER DEDRICK: We started out with
21 this a while back with a qualified biologist; with qualified
22 biologists. We changed it to marine mammalogists at the
23 request of the people who are interested in mammals and
24 that inadvertently left out the sea birds. Maybe we better
25 go back to biologists.

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1 MR. COX: What we'd like to do here is just clarify
2 the intent here and I would believe that adding in sea birds
3 would certainly make the studies comprehensive enough to
4 include not only mammals but also birds.

5 ACTING CHAIRPERSON McCARTHY: I think they should
6 be included. Now, you're saying they're excluded by the
7 way we describe our experts?

8 MR. COX: That's correct.

9 ACTING CHAIRPERSON McCARTHY: Not necessarily
10 excluded, but you're saying this expert may not be qualified
11 to --

12 MR. COX: That's correct.

13 EXECUTIVE OFFICER DEDRICK: Well, a marine mammal
14 survey is for marine mammals and birds are not marine
15 mammals. Ecological survey covers everybody else we thought.

16 ACTING CHAIRPERSON McCARTHY: Let's take care
17 of it. I think it was intended that they be included. How
18 do we do it?

19 EXECUTIVE OFFICER DEDRICK: Well, I would suggest
20 that you put forward your intent which you just have. If
21 the Commission concurs in that, give the staff the latitude
22 to write the precise wording.

23 ACTING CHAIRPERSON McCARTHY: All right.

24 MR. COX: Yes. Thank you.

25 On page C-7, this is a matter that may involve

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1 a policy question, but I will approach it now? The last
2 sentence on page 7 reads: "In lease areas where adverse
3 effects cannot be mitigated to the satisfaction of the State,
4 the State may prohibit development." We suggest that you
5 change the word "may" to read "shall." Because if you do
6 find that adverse impacts have not been mitigated to your
7 satisfaction, the proper course would then be to actually
8 prohibit such development. I believe that that is your
9 intent. Changing the word from "may" to "shall" will make
10 that clear.

11 EXECUTIVE OFFICER DEDRICK: It is indeed a policy
12 question.

13 ACTING CHAIRPERSON McCARTHY: I'm for changing
14 it to "shall." How do the other commissioners feel about
15 that?

16 I think it's the clear intent that we're trying
17 to encourage mitigation actions. If mitigation cannot be
18 accomplished, then the option that's pretty strongly implied
19 in this is that the development and that specific site will
20 not go forward.

21 I'd recommend we change "may" to "shall."

22 EXECUTIVE OFFICER DEDRICK: Would you give me
23 a moment to concur with counsel?

24 ACTING CHAIRPERSON McCARTHY: Go ahead.

25 Go ahead, Mr. Cox, your next point.

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1 MR. COX: The next point concerns page C-20 which
2 talks about the meteorological studies. In particular,
3 we would like to recommend that you include, with respect
4 to currents, at the surface and at depths because knowledge
5 of currents at depth is necessary in understanding what
6 will happen to oil that is spilled, where that oil will
7 go. Not only in terms of the surface, but also subsurface
8 migration.

9 ACTING CHAIRPERSON McCARTHY: I'm not following
10 you clearly.

11 MR. COX: It's line 8.

12 ACTING CHAIRPERSON McCARTHY: Yes, go ahead. What
13 point are you trying to make? I missed it.

14 MR. COX: The point is that we should study
15 currents at the surface and at depth. This was a suggestion -

16 ACTING CHAIRPERSON McCARTHY: We're on --

17 MR. COX: This is a suggestion made to me.

18 MR. TROUT: Mr. Chairman, page C-20, Operating
19 Requirement 14, the line that starts with "Necessary to
20 obtain high quality measurements of wave, wind, current
21 and temperature," the intention was that both temperature
22 and currents would be studied throughout the water column
23 and the results of the studies indicate what long-term,
24 where for the long term the on-time real-time reporting
25 information needs to be collected. I don't know that we

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1 would argue it all. I guess I don't think we need to change
2 it. I wouldn't argue with Mr. Cox only to say that that's
our intention.

4 ACTING CHAIRPERSON McCARTHY: Is it our intent
5 to collect the data as to surface and subsurface currents?

6 EXECUTIVE OFFICER DEDRICK: Yes.

7 MR. TROUT: Yes.

8 ACTING CHAIRPERSON McCARTHY: All right. Make
9 that a part of the record, Mr. Cox.

10 MR. COX: Thank you.

11 ACTING CHAIRPERSON McCARTHY: Go ahead.

12 You want to revert back to the last item?

13 EXECUTIVE OFFICER DEDRICK: Yes. I think, Mr.
14 Chairman, that the Commission should hear from the Attorney
15 General, in this case, Rick Frank, on the question of the
16 "shall" versus "may."

17 ACTING CHAIRPERSON McCARTHY: Mr. Frank.

18 MR. FRANK: Thank you, Mr. Chairman. This refers
19 back to the previously suggested amendment on pages C-7
20 and C-8. The only concern we would raise is that this carries
21 over under into the Commission's obligations and duties
22 under the California Environmental Quality Act. Under that
23 Act, and in the approved initial lease proposal last December,
24 the Commission on several circumstances indicated mitigation
25 measures might be appropriate if they were properly and

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1 legally within the responsibility of other agencies. Under
2 this document we use the term "state" -- state is defined
3 as the State Lands Commission -- to adopt the suggested
4 change may preclude or prevent some of those other agencies
5 from exercising their discretion within their regulatory
6 sphere. The Commission's only ability under CEQA and under
7 existing laws is to make recommendations as to suggested
8 mitigation measures which are properly within the jurisdiction
9 of those other agencies.

10 ACTING CHAIRPERSON McCARTHY: Are you talking
11 about the Coastal Commission primarily?

12 MR. FRANK: Any number of agencies. The Air
13 Resources Board, Local Air Quality Management Districts,
14 State Water Resources Control Board. It's an overriding
15 concern.

16 ACTING CHAIRPERSON McCARTHY: What are you
17 suggesting, that we limit how they may define mitigating
18 circumstances?

19 MR. FRANK: Well, we suggest that the best course,
20 given the options and the duties under CEQA, would be to
21 leave the language as it is in its present condition. The
22 Commission adopting the proposed change might be reducing
23 its own discretion, more importantly, the discretion of
24 other regulatory agencies that have a say with respect
25 to this project.

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1 MR. COX: That really doesn't address our
2 question of what happens if the State does determine that
3 mitigation measures are not being implemented to your
4 satisfaction. If you say that the State shall prohibit
5 development, then you are making the decision that oil
6 development can't go forward unless it is in fact mitigated
7 to your satisfaction.

8 COMMISSIONER ORDWAY: May I ask a question of
9 counsel? In order to proceed with development, wouldn't
10 lessee require a permit from some other agency?

11 MR. FRANK: Yes. That's fully requested in the
12 existing lease.

13 COMMISSIONER ORDWAY: So if they were unable,
14 because of environmental matters, to obtain a permit,
15 therefore, they would be prohibited from developing; is
16 that correct?

17 MR. FRANK: Yes.

18 COMMISSIONER ORDWAY: Thank you.

19 MR. COX: I'm not really clear I understand why
20 the Attorney General is objecting to the change. It seems
21 pretty clear that if it's your intent not to allow oil
22 development if significant impacts are going to result,
23 then why the wishy language?

24 MR. FRANK: Well, just giving out one possible
25 scenario, it may be that there are some mitigation measures

1 that might be available for adoption by, say, the State
2 Water Resources Control Board. The State Lands Commission
3 would not have the ability to do that. The Commission might
4 want to condition any approval or recommend mitigation
5 measures to be adopted by the appropriate regulatory agency.
6 In that case, the State Water Board.

7 I'm just concerned that the language being proposed
8 here might circumscribe this Commission's ability to adopt
9 that either/or course of action.

10 ACTING CHAIRPERSON McCARTHY: Let me ask the
11 question. If any of those agencies adopt mitigating actions
12 that can be taken by the lessee, then we're not put in the
13 position of prohibiting development?

14 MR. FRANK: That's correct.

15 ACTING CHAIRPERSON McCARTHY: So if we did change
16 this from "may" to "shall," why would they be prohibited
17 from framing mitigating actions that could be accomplished
18 or not accomplished by the lessee?

19 MR. FRANK: I'm not sure I fully understand the
20 question you're raising.

21 ACTING CHAIRPERSON McCARTHY: Well, the language
22 is in the lease areas where adverse effects cannot be
23 mitigated. So if they put forward required mitigating action
24 and that was followed, then this sentence wouldn't be
25 applicable to the lessee in that circumstance.

1 MR. FRANK: I think you have to read the continuing
2 language "to the satisfaction of the State," the State here
3 being the State Lands Commission. The problem is you're
4 maybe asking the State Lands Commission --

5 ACTING CHAIRPERSON McCARTHY: You're saying that
6 we in this sentence would restrict all judgments about
7 whether the mitigating circumstances is proper, or not to
8 this State agency?

9 MR. FRANK: That's the way the language currently
10 reads.

11 ACTING CHAIRPERSON McCARTHY: In effect we would
12 be holding ourselves as the judge of whether each of the
13 other agencies might require certain mitigating actions
14 had acted properly or not.

15 MR. FRANK: And that might require a degree of
16 technical expertise this Commission does not have on various
17 of those subjects.

18 MR. COX: That's clearly not what we intend. We
19 intend that an environmental review of each one of these
20 production phases as they come in, if you determine that
21 the environmental impacts cannot be mitigated within the
22 purview of your discretion, then this language would
23 indicate that you would prohibit development. In other
24 words, you would not, for example, with Class I impacts
25 make a statement of overriding consideration.

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1 I think that the intent of changing that word
2 to "shall" is to place potential lessees on notice that
3 if environmental impacts cannot be mitigated, then it's
4 clear that development cannot go forward. That's important
5 in terms of our contention that there may be a parcel here
6 that is so significant environmentally or from the commercial
7 fishermen's perspective that oil development would be
8 inappropriate. That's why we feel that it's very important
9 to clarify that basic core concept.

10 ACTING CHAIRPERSON MCCARTHY: Yes, Commissioner
11 Ordway.

12 COMMISSIONER ORDWAY: Has there ever been a case
13 where the State Lands Commission has allowed development
14 to a lessee who has not been able to acquire the appropriate
15 environmental permits?

16 EXECUTIVE OFFICER DEDRICK: I'm sure not.

17 MR. HIGHT: No.

18 COMMISSIONER ORDWAY: I don't see where this
19 is an issue.

20 ACTING CHAIRPERSON MCCARTHY: Mr. Cox, I must
21 confess I'm a little bit concerned about the statement made
22 by the Attorney General as to whether or not we circumscribe
23 unintentionally the actions that might be taken by some
24 other state agencies. I do understand your basic thrust
25 and maybe we can try to pursue this to see if there's a

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1 way to clarify. Why don't you go on to your next point.

2 MR. COX: Those are all of the technical points
3 with the conditions. I did want to suggest that in terms
4 of your interagency agreement on Item Number 3, which is
5 on page 3 of the interagency agreement, in terms of the
6 Scientific Review Study that will be done by the Advisory
7 Scientists, that you also include in there a representative
8 from the commercial fish industry. I think that if there's
9 one thing that's been demonstrated here today from the
10 fishermen's testimony is that they can add a perspective
11 to the scientific data that is going to be analyzed that
12 is missing.

13 ACTING CHAIRPERSON McCARTHY: I think it's
14 certainly appropriate for us to seek their help and their
15 expertise. The interagency agreement, as you appreciate,
16 is intended to cover governmental agencies that involve
17 them to save a statutory charge in these areas
18 to be involved. But we take seriously the comment that
19 we stay very close to the commercial fishermen and the
20 data that they can provide us.

21 MR. COX: Yes. Thank you.

22 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, we checked
23 with Pete Phillips, our Fish and Game representative today,
24 on the question Mr. Cox raised on page 18 or C-5 in regard
25 to feeding and migrating. If you'd like to hear from him

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1 directly, I think he's available to make scientific comment.
2 The summary of the comments which I'm sure you'll correct
3 me if I have wrong is that they could be migrating and feeding
4 anywhere in any part of the lease area. So I would
5 recommend then that we do not take that amendment.

6 ACTING CHAIRPERSON McCARTHY: Mr. Phillips, do
7 you have anything you wish to add?

8 MR. PHILLIPS: That is a good summary.

9 ACTING CHAIRPERSON McCARTHY: Want to identify
10 yourself for the record?

11 MR. PHILLIPS: Thank you. Good afternoon. I'm
12 Pete Phillips with the Department of Fish and Game. That
13 is a good summary of our first view of that recommendation.
14 You could characterize the entire area as a place where
15 feeding and migration of marine organisms occurs.

16 ACTING CHAIRPERSON McCARTHY: All right. Thank
17 you.

18 Thank you, gentlemen, for your testimony.

19 MR. COX: I did want to follow up on one very
20 significant point; and that is that we are a bit concerned
21 about the question that you raised early at this particular
22 hearing with respect to the timing of the studies that will
23 be undertaken. You raised the point that what phase do
24 the specific studies get undertaken. Is it at the lease
25 sale stage or is it at the production or exploratory phase?

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1 I would like to answer that question by stating that if
2 we understand that before any --

3 ACTING CHAIRPERSON McCARTHY: May I rephrase what
4 I think I said at the beginning of this meeting?

5 MR. COX: Yes.

6 ACTING CHAIRPERSON McCARTHY: I'm not confused
7 about when the studies start. My question I think in
8 response to Miss Guzman was at what point do we consider
9 these studies completed enough to give us adequate data
10 on which to make judgments to identify sensitive areas.

11 MR. COX: Yes, I understand that.

12 ACTING CHAIRPERSON McCARTHY: There's a triggering
13 mechanism as to when the study starts. I'm not confused
14 on that point.

15 MR. COX: Yes. I wanted to raise a broader policy
16 question --

17 ACTING CHAIRPERSON McCARTHY: All right. Go ahead,
18 please.

19 MR. COX: -- with respect to at what phase these
20 comprehensive studies are undertaken. We feel that since
21 it's clearly understood that no exploratory or production
22 projects will be undertaken until the studies are performed,
23 that it would be immensely helpful to you as decisionmakers
24 to have this information up front before the lease sale
25 actually takes place. That way we can answer some of the

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1 critical questions that we were just discussing with respect
2 to what happens if an entire parcel is so sensitive that
3 using hindsight you would have decided to delete that
4 particular parcel from this entire lease sale. I believe
5 that it will not create the sort of uncertainties that one
6 might expect, especially in light of the fact that it will
7 certainly supply us with the information up front that we
8 will need in answering some basic threshold questions.

9 In terms of the actual cost of those studies,
10 I'm quite certain that the Commission would like to have
11 the individual lessees bear those costs. I feel that you
12 can, of course, undertake those studies initially and then
13 recoup the cost of those studies within the cost of the
14 lease sale to the individual lessees.

15 We feel that, from our perspective, in the absence
16 of that type of information, it should be made perfectly
17 clear that basically what the lessees will be obtaining
18 from the State is a lease option with a condition subsequent.
19 That is, that they would have the right to drill for oil
20 upon the condition that it was determined that there were
21 areas within the lease sale that would not have significant
22 environmental impacts or impacts on the commercial fishing
23 industry. So I believe that somewhere within the intent
24 of the Commission this concept should be made clear.

25 I think that it's important because we're very

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1 much concerned that once a lease is let, the oil companies
 2 will feel that they have a vested right to actually go into
 3 each one of these parcels. Once the oil development takes
 4 place, no matter how sensitive the area might be, it might
 5 be very difficult to actually regulate the oil companies
 6 once they're on site. I feel that it's a fundamental
 7 threshold question that needs to be answered by the
 8 Commission. Somehow that language should be reflected within
 9 your intent.

10 ACTING CHAIRPERSON McCARTHY: Mr. Cox, the balance
 11 we've tried to strike here on the studies that are going
 12 to be undertaken, and so far there's over \$8 million worth
 13 of studies that have never been done by the Federal or State
 14 Government anywhere else that I'm aware of to this date.
 15 That the balance and the method of payment is obviously
 16 an attempt to reconcile strongly clashing views on whether
 17 oil drilling should go forward at all in this area or whether
 18 it should not. It so happens that there are a fair number
 19 of elected officials in this State Government that believe
 20 it should, starting with the top of the government and with
 21 a fair number of people in the Legislature. I won't speak
 22 for the other commissioners regularly here, but let me tell
 23 you that there's some substantial sentiment on this
 24 Commission that there should be oil drilling to obtain
 25 revenue. So this whole method is an attempt to reconcile

1 the values you've been pointing out in your testimony to
2 us with the thrust, the interest coming from others that
3 are not thinking perhaps as deeply or attaching the same
4 weight as you are to those issues. That's what we have
5 before us. I understand why you've stated your point of
6 view. I know we're not going to get \$8 million out of the
7 State General Fund or any major part of that for these studies
8 on some contingency that we're going to get it from oil
9 companies later on. That isn't going to work, not if you
10 follow this current budget process and the Legislature closely
11 and saw what was left on the floor.

12 MR. COX: Yes. I just want to leave you with
13 one last thought; and that is that I have constant contact
14 with commercial fishermen in the Santa Barbara area and
15 have been informed that Point Conception is one of the last
16 areas that they can go into without having to get involved
17 with a lot of conflicts with the oil industry and that over
18 the last couple of years they have been subjected to a lot
19 of damages as a consequence of seismic testing in the area.
20 I've had several commercial fishermen tell me that they
21 are being literally driven out of business due to the loss
22 of nets and traps. I feel that it's very important for
23 this body to understand the importance of protecting a
24 critical economic interest that will be severely impacted
25 by this particular lease sale, primarily because it's the

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1 in-shore area within the 30 fathoms that you find the critical
2 marine biota, the fishing masses. We just want to urge
3 this body to adopt a 30 fathom fishermen sanctuary, and we
4 would like to urge the Commission to so proceed.

5 ACTING CHAIRPERSON McCARTHY: Thank you, Mr. Cox.

6 MR. COX: Thank you.

7 ACTING CHAIRPERSON McCARTHY: That's all the
8 witnesses I have listed. It's time for the Commission to
9 act or not to act, whatever it chooses to do.

10 Do you have any closing statements giving us
11 information we need to know about, Miss Dedrick?

12 EXECUTIVE OFFICER DEDRICK: No. I'll be glad
13 to answer any questions you have or at least try.

14 [Thereupon a discussion was held off
15 the record.]

16 ACTING CHAIRPERSON McCARTHY: All right. Ladies
17 and gentlemen, at the beginning of this meeting I referred
18 to a four-page matter that included several amendments,
19 two of which were from the, I think, from an oil industry
20 source and two of which were from environmentalist sources.
21 We have had references to those during the testimony of
22 several witnesses. If there are any further comments from
23 either of my fellow Commissioners, I'd like to ask if there's
24 a motion now to adopt these amendments into the main packet
25 that we've all been addressing that was under the face sheet

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1 of calendar summary on this item today? Do I hear a motion?
2

3 COMMISSIONER JERVIS: Yes, I'll move.

4 COMMISSIONER ORDWAY: Second.

5 ACTING CHAIRPERSON MCCARTHY: All right. Without
6 dissent, these amendments are adopted. The amendments

7 described as Proposed Amendments to Special Operating
8 Requirement 5(d), Version 1, and the amendments on the
9 following pages. It is my understanding, and I want to

10 hear this from my two colleagues on the Commission, that
11 the amendments proposed by several witnesses that we adopted

12 during the course of the testimony will be included in
13 language changes in this packet, and that if we act to approve

14 this proposal, that those changes are incorporated in it.
15 Is that the understanding?

16 COMMISSIONER ORDWAY: Yes.

17 COMMISSIONER JERVIS: Yes.

18 ACTING CHAIRPERSON MCCARTHY: I would now

19 entertain a motion to adopt this packet. Before I do, I
20 want to state that we have not addressed another issue that
21 this Commission wishes to further address. That's the issue
22 of jurisdiction. We intend to address that issue at the

23 August 25th hearing of this Commission. Further, we intend
24 to be in close contact with the Coastal Commission on that

25 issue and with any parties that want to raise the issue
with us. Obviously, our discussion of the jurisdictional

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1 matter is occasioned by the litigation that exists on the
2 subject, occasioned by the interest of members of the Coastal
3 Commission and occasioned by our own interest to resolve
4 the issue of jurisdiction.

5 It is not our intent to act upon that at this
6 time, but it is our intent to act upon every other aspect
7 of the lease sale proposal so that the Coastal Commission
8 may have before it at its August 23rd meeting this package
9 as an action taken by the members of this Commission if
10 that's our decision momentarily.

11 Is there any further comment from members of the
12 Commission? If not, I'm ready for a motion or action on
13 this packet before us.

14 COMMISSIONER JERVIS: I'll move it.

15 COMMISSIONER ORDWAY: Second.

16 ACTING CHAIRPERSON McCARTHY: Mr. Jervis moves.

17 Without dissent, we unanimously adopt this packet as the
18 proposed set of conditions and approval for this lease sale.
19 Staff will present it on behalf of this Commission to the
20 Coastal Commission meeting as scheduled on August 23rd.

21 Is there anything further to come before this
22 Commission at this time?

23 If there is not, the meeting is adjourned.

24 Thank you, ladies and gentlemen.

25 [Thereupon the State Lands Commission

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meeting was then adjourned at 2:55
p.m.]

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I, CATHLEEN SLOCUM, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission meeting was reported in shorthand by me, Cathleen Slocum, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 23 day of August, 1983.

Cathleen Slocum

CATHLEEN SLOCUM
Certified Shorthand Reporter
License No. 2822