

BEFORE THE STATE LANDS COMMISSION  
OF THE STATE OF CALIFORNIA

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IN THE MATTER OF )  
ARCO COAL OIL )  
POINT PROJECT )

EIR/EIS Public Hearing

TRANSCRIPT OF PROCEEDINGS

Tuesday, January 13, 1987

2:00 p.m. & 7:00 p.m.

County of Santa Barbara  
Board of Supervisors Hearing Room  
105 East Anapamu Street  
Santa Barbara, California

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APPEARANCES

STATE OF CALIFORNIA

State Lands Commission

Leo T. McCarthy, Lieutenant Governor - Chair  
Nancy Ordway, Office of Director of Finance  
Gray Davis, State Controller  
Jim Tucker, Assistant

Staff

Claire Dedrick, Executive Officer  
James Trout, Assistant Executive Officer  
Robert Hight, Chief Counsel  
W.M. Thompson, Chief Extractive Development  
Frederick Ludlow, Staff Counsel  
Richard Frank, Deputy Attorney General

APPLICANT

ARCO Oil and Gas Company

Richard Ranger, Regulatory and Permitting Director  
Paul Norgaard, Counsel

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## - - P R O C E E D I N G S - -

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3 2:00 p.m.  
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5 CHAIRMAN MC CARTHY: Ladies and gentlemen, may  
6 I ask any of you who wish to be witnesses before the Commission  
7 to please fill in these slips so that we can make sure that  
8 we take you in an orderly fashion.

9 Let me mention that we are going to lead with  
10 Chancellor Aldrich, and then we are going to go to representatives,  
11 any official witnesses, of course, from county government,  
12 and then we are going to go to representatives from organizations  
13 and then to individual witnesses.

14 It would be very helpful if you would please let  
15 us have this information.

16 We will start in one moment.

17 [Short pause.]

18 This meeting of the State Lands Commission will  
19 now convene.

20 First on behalf of my fellow Commissioners, our  
21 new Commissioner, Controller Gray Davis, sitting with us  
22 as a member of the State Lands Commission for the first  
23 time today, and Commissioner Nancy Ordway, representing  
24 the Director of Finance, I want to thank you for allowing  
25 us to use these chambers, the leadership of the county

1 government to the citizens of the county, and we deeply  
2 appreciate the opportunity to come in here and take testimony  
3 on this most important issue that so significantly impacts  
4 the lives of thousands of Santa Barbarans, and also impacts  
5 a number of very critical, specific interests, such as the  
6 University of California, the faculty, the students, the  
7 research that is done there.

8 All of these issues are critical, high level public  
9 policy issues. All of us felt it was important for us to  
10 come to Santa Barbara to try to hear from you, get direct  
11 input, first hand from you. To hear your concerns as people  
12 who live here and work here and raise your families here,  
13 of just what the application before us would do for and  
14 against the county.

15 Should it go ahead in its present form? Or, in  
16 some modified form?

17 Today, this is not a hearing, not a part of the  
18 formal environmental impact report process. That final  
19 report is being issued today--a word more on that in a moment,  
20 but that formal public comment period concluded on November 1.

21 Obviously, today we want to hear the complete  
22 range of your feelings about the issues that are touched  
23 upon in the EIR/EIS, and other related matters that may  
24 not have been, so you should feel that you have wide latitude  
25 to educate us, to inform us, so that we can try to make

1 an intelligent and sensitive position.

2 I want to very specifically thank a number of  
3 agencies that were involved in the development of the EIR/EIS  
4 and in the total work product that has brought us to this point.  
5 The State Lands Commission is just one-third of a team which  
6 included the County of Santa Barbara, the United States  
7 Army Corps of Engineers, but which also had the benefit  
8 of a select task force of state agencies, including--in  
9 a very important and unusual way--the University of California  
10 at Santa Barbara, which I think had a very positive impact  
11 on the quality of the work that is being done, the information  
12 that is being gathered.

13 And, we also want to add our thanks to the California  
14 Coastal Commission, the Department of Fish and Game, and  
15 the Air Resource Board, and the Parks and Recreation Departments,  
16 and the Regional Water Quality Control Board.

17 But, there are countless individuals who are trying  
18 to help us grapple with important policy issues, sometimes  
19 competing policy issues.

20 We are not here today to make a final decision.  
21 As a matter of fact, Controller Davis and I--Commissioner  
22 Davis--we were speaking before, and haven't had an opportunity  
23 to speak to Commissioner Ordway about this yet, we feel  
24 that the decision time on when we will take the vote on  
25 this should not be at the end of January, because organizations

1 and individuals did not have the final EIR/EIS in their  
2 hands, and I want to propose to my fellow Commissioners  
3 that they consider shifting that date, the date of decision  
4 on this application before us, to the regularly scheduled  
5 meeting of the State Lands Commission, which would be on  
6 March 26, if I recall.

7 Is that the specific date? March 26.

8 I think the enormity of the proposal before us,  
9 is of such moment that while I don't usually continece  
10 delays in taking decisions, because this decision does not  
11 get any easier with an eight-week delay, still the process  
12 itself which allows the gathering of information and view  
13 points and assessments, is a crucial piece of this, and  
14 I think at least two of us tend to feel that way.

15 Commissioner Ordway, do you have any thoughts  
16 about that, at this time.

17 COMMISSIONER ORDWAY: Well, my preliminary thoughts  
18 would be, given that the document comes out today, normally  
19 the time is 15 days, I would be happy to have another hearing  
20 in Santa Barbara on the 27th or 28th of January, and I think  
21 that that would be--

22 CHAIRMAN MC CARTHY: That's a good suggestion.

23 COMMISSIONER ORDWAY: --appropriate, and then  
24 we could stay on schedule for the January meeting, and not  
25 delay this project.

1 I mean, the EIR portion of this project has been  
2 in process for three years. To yet ask for another delay,  
3 I think we should consider very seriously.

4 CHAIRMAN MC CARTHY: Well, I think originally the  
5 EIR/EIS, the final EIR/EIS, was intended to be published--  
6 on what date in December?

7 EXECUTIVE OFFICER DEDRICK: Originally, we had  
8 expected the--we had hoped the final would come out on December  
9 5, but with 2600 comments, we ended up with a--

10 CHAIRMAN MC CARTHY: No, I appreciate that--

11 EXECUTIVE OFFICER DEDRICK: --with delay.

12 CHAIRMAN MC CARTHY: --and no, I don't intend any  
13 criticism by this.

14 I think the number of comments, the time it simply  
15 takes to respond to those comments, lengthened the process,  
16 so I was addressing what was the original intent in the  
17 schedule.

18 Commission Davis, do you have some comments?

19 COMMISSIONER DAVIS: Well, I am disappointed that  
20 the EIR/EIS is not yet in the hands of the people who are  
21 here to make comment to us.

22 I am interested in hearing their comments, and  
23 I expect to learn from this hearing. I had the chance to  
24 meet with some of the university officials, and some neighborhood  
25 associations, and some commercial fishermen this morning,

1 but I do think that given the enormity of this project that  
2 the community most effected by any decision this Commission  
3 will make should be heard, and should have a chance to review  
4 the EIR/EIS in a thoughtful way before we make a final decision.

5 I was going to propose, and now you have, between  
6 the two of you, you have put two of my ideas on the table,  
7 and both of which I endorse, but I would like to see if  
8 the applicant would agree, under CEQA, to a 60-day extension,  
9 and that this body return to Santa Barbara one time prior  
10 to the expiration of those 60 days, to hear informed comments  
11 from the citizens most effected by any decision we would  
12 make.

13 CHAIRMAN MC CARTHY: Do you suppose that we could  
14 incorporate these two ideas, Commissioner Ordway?

15 COMMISSIONER ORDWAY: Well, you obviously have  
16 two votes to request a delay, so--I am just concerned. I  
17 mean, the project has been going on for so long, to yet  
18 ask for another delay.

19 I don't see the applicant here. Is the applicant  
20 here?

21 CHAIRMAN MC CARTHY: I see a representative of  
22 the applicant.

23 MR. NORGAARD: Do you want to talk to the applicant?

24 CHAIRMAN MC CARTHY: Yes, please.

25 MR. NORGAARD: My name is Paul Norgaard. I am

1 the Manager of the Western District of the ARCO Oil and  
2 Gas Company.

3 I recognize that it is a significant project.  
4 It has been recognized as a significant project for a long  
5 time.

6 I don't think that I am prepared to give you a  
7 "Yes" or a "No" right now, for a number of reasons. Some  
8 legal, and some of them have the potential of jeopardizing  
9 the project, and I think it would be in the best interests  
10 of ourselves and yourselves, if the units--I would expect  
11 that it is the County of Santa Barbara--if representatives  
12 from there, and somebody from State Lands, and ourselves,  
13 could sit down and discuss this, rather than in a forum  
14 such as here, because there are some circumstances which  
15 I am not prepared to get into right here, that have a significant  
16 bearing on our project, as we have it right now.

17 You know, I recognize the final EIR is not out,  
18 but the EIR/EIS was made public in, I believe, September,  
19 and really nothing has changed, other than the addition  
20 of the comments to the EIR/EIS, so people have had the ability  
21 for about four months to review it.

22 I recognize again that it is a very detailed document,  
23 and I personally have not read it, and I don't think that  
24 I could have digested all of the document in four months,  
25 but by the same token, I doubt that anybody will digest

1 much more of it in two months.

2 So, you know, I am very willing to sit down and  
3 discuss this, very willing to sit down and come up with  
4 a logical answer, but I do have some problems with it as  
5 it stands right now.

6 CHAIRMAN MC CARTHY: Do you think there are any  
7 legal impediments to this? If we attempt to seek an extension  
8 to a date certain, under the CEQA law of California?

9 MR. NORGAARD: My understanding is that our attorney  
10 says there is a problem.

11 CHAIRMAN MC CARTHY: Who says there is a problem?

12 MR. NORGAARD: The attorney that I listen to,  
13 in my company.

14 In other words, we have granted one extension.  
15 I believe that is all we are allowed to grant, under the  
16 regulations, without something in a legal fashion that allows  
17 us to get second grant.

18 CHAIRMAN MC CARTHY: Yes.

19 MR. NORGAARD: The other element that I mentioned,  
20 I might just as well let you know what that is, that deals  
21 with the agreement that we have with the Santa Barbara APND,  
22 and the seep, which you will hear something about today,  
23 which we are capturing 1.5 million feet of gas a day off  
24 of Santa Barbara, due mainly--it was installed for this  
25 project, but it is there to improve the air quality in

1 Santa Barbara.

2 CHAIRMAN MC CARTHY: Yes.

3 MR. NORGAARD: And, we begin losing those irrevocably  
4 at a particular point in time, and clearly if we lose them,  
5 we don't have a project.

6 CHAIRMAN MC CARTHY: What is the date on which  
7 you would start losing them? Do you know?

8 MR. NORGAARD: Right here, in front of you, I  
9 really don't know. I can find out.

10 CHAIRMAN MC CARTHY: Well, let's find out.

11 I think that is a relevant--

12 MR. NORGAARD: It may be something that if we  
13 sit down with the people who approved that agreement, they  
14 may be able to grant us an extension on the dates on which  
15 those seep credits--

16 CHAIRMAN MC CARTHY: Let's see what problems are  
17 resolvable.

18 I have a very strong feeling, and that is why  
19 I discussed it with our Commission staff a few hours ago,  
20 that given the fact--and I am not blaming anybody and not  
21 interested in blaming anybody--that we didn't publish the  
22 EIR/EIS until today.

23 Even though what you say is true, people have  
24 discussed it, they have looked at a draft, they have all  
25 participated in the 2500 comments, they are seeing for the

1 first time the integrated work being brought together, and  
2 since this is one of the very large projects, of importance  
3 to the applicant, of importance to the county, the people  
4 who live here, I think it is important to give people an  
5 opportunity to decide.

6 If there is something brought forth to indicate  
7 that we unconsciously are jeopardizing some interest, then  
8 we should discuss that publicly, and see if we are, but  
9 today I would like the intention made plain that we ought  
10 to go to a vote on this by March 26, no later than March  
11 26, unless there is some subsequent evidence that tells  
12 us that we don't have that latitude to do that.

13 Commissioner Davis.

14 COMMISSIONER DAVIS: Well, it would be my preference  
15 if the applicant would grant an extension, assuming that  
16 is within your power to do, and I believe it is.

17 But, if for some reason you can't, or won't, I  
18 would definitely like to have a meeting in Santa Barbara  
19 prior to the ultimate determination on this issue, because  
20 I do feel strongly that people should be allowed to provide  
21 informed comment, and since the document is not here, and  
22 they have seen it, not had a chance to reflect on the comments  
23 and any changes that may have been included by staff, and  
24 I don't want to lose the procedural opportunity to do that,  
25 so I don't know--

1           CHAIRMAN MC CARTHY: I think all three of us are  
2 amenable to that. That is no problem.

3           We will arrange that date here, today.

4           The other significant point, though, is that after  
5 we then take all of that further comment, how many days  
6 do we have to consider that comment before we cast the important  
7 vote on this issue, on all of the important pieces of this  
8 issue, and then the overall proposal?

9           I asked for legal opinion a few hours ago, on  
10 this point. I don't think we have a problem in postponing  
11 it to March 26, but we need your specific comment, and the  
12 comment from any others, to point out any serious issues  
13 that might arise that we are not aware of. We tried to  
14 plumb the different issues a few hours ago.

15           MR. NORGAARD: I believe the two that I mentioned  
16 are the only two, and if we can work out some kind of an  
17 extension with the County of Santa Barbara, with respect  
18 to the seep, and the--

19           CHAIRMAN MC CARTHY: All right, we'll ask the President  
20 of the Board, Wallace, to comment on that when he testifies.

21           MR. NORGAARD: Okay, and then the other one has  
22 the legal questions, which apparently some lawyers need  
23 to talk and reach agreement that there is a way to go ahead  
24 and allow us to grant you a second extension, okay?

25           CHAIRMAN MC CARTHY: Yes.

1 Commissioner Davis.

2 COMMISSIONER DAVIS: Hopefully, the extension  
3 will be forthcoming, but for some reason if it isn't, do  
4 we have an understanding that we will have another meeting  
5 in Santa Barbara, whether it is the day that we--

6 CHAIRMAN MC CARTHY: Yes.

7 COMMISSIONER DAVIS: --have to decide, and have  
8 comment in the morning, or something, or at least have one  
9 more opportunity to come here?

10 COMMISSIONER ORDWAY: My recommendation then,  
11 and what I offered up to begin with, is I am available to  
12 be down here the 27th or the 28th of January, and I would  
13 be happy to do that, and that is before the--that would  
14 give, if we put it for example on the 28th, that would give  
15 the appropriate 15-day notice period, which is typical under  
16 CEQA, and is also prior to the deadline for the applicant,  
17 so I believe it meets both sets of concerns.

18 CHAIRMAN MC CARTHY: You are suggesting that we  
19 meet in Santa Barbara two or three days before we--

20 COMMISSIONER ORDWAY: That's right.

21 CHAIRMAN MC CARTHY: vote on this--

22 COMMISSIONER ORDWAY: Again, to take comments  
23 again from the public on the project.

24 COMMISSIONER DAVIS: I would like to second that,  
25 or vote on that, so at least we have that as a fall-back

1 position, if for some reason subsequent discussions don't  
2 permit the granting of an extension.

3 COMMISSIONER ORDWAY: Even if you were to grant  
4 an extension, I think that it would be proper for us to  
5 come back here after 15 days.

6 CHAIRMAN MC CARTHY: Well, we have an existing  
7 requirement that we have to vote on this no later than January 31.

8 COMMISSIONER ORDWAY: Correct.

9 CHAIRMAN MC CARTHY: So that is already set, unless  
10 we vote and act to extend that.

11 If we are going to vote and act to extend that,  
12 we have to do that today.

13 We can easily set the January meeting in Santa  
14 Barbara--

15 COMMISSIONER ORDWAY: Excuse me, procedural question.

16 I am not sure. Are we noticed to vote and act  
17 on that today? And, that is--I am just concerned procedurally.  
18 Are we noticed to vote and act on an extension, today?

19 CHIEF COUNSEL HIGHT: Let's get the question very  
20 clear.

21 COMMISSIONER ORDWAY: An extension of the January 31  
22 date? Are we public noticed to be able to vote and act  
23 on that motion, today?

24 CHIEF COUNSEL HIGHT: Give me one second.

25 COMMISSIONER ORDWAY: Fine.

1 I just don't want us to err.

2 [Pause in proceedings.]

3 CHIEF COUNSEL HIGHT: It is our opinion that you  
4 can ask for and vote on an extension from ARCO, today.

5 COMMISSIONER DAVIS: Are you giving us two options,  
6 or one there?

7 COMMISSIONER ORDWAY: One.

8 CHIEF COUNSEL HIGHT: One option.

9 CHAIRMAN MC CARTHY: One option.

10 COMMISSIONER ORDWAY: We cannot grant the extension.  
11 ARCO has to offer the extension. It is not our decision.

12 CHAIRMAN MC CARTHY: No, they have to jointly  
13 agree with us.

14 Of course, ARCO can reject my request.

15 MR. NORGAARD: Certainly, we do not want to reject  
16 your request.

17 We want to cooperate as fully as we can, with  
18 your Board, with the County, with the college community,  
19 but you know there are certain elements that are a problem.  
20 We will work to overcome those, if we possibly can. We  
21 will grant your extension.

22 I am not sure who all we have to work with, but  
23 we will try to ferret them out, determine who they are,  
24 and work with them as quickly as we can.

25 CHAIRMAN MC CARTHY: Thank you very much.

1 EXECUTIVE OFFICER DEDRICK: We will be happy to  
2 meet with Mr. Norgaard and staff, right away.

3 CHAIRMAN MC CARTHY: All right.

4 Now that leaves us with the option to, today,  
5 decide on an extension of the final vote.

6 Does anybody have a date other than March 26,  
7 that they want us to consider?

8 Commissioner Ordway would prefer to stick with  
9 January 31.

10 COMMISSIONER ORDWAY: That is correct.

11 CHAIRMAN MC CARTHY: As the deadline.

12 Commissioner Davis.

13 COMMISSIONER DAVIS: You know, anything that is  
14 reasonable. I just want the people to have a chance to--  
15 those that care, I want them to have a chance to read the  
16 document, and provide informed comment.

17 I would think at a minimum 30 days. Sixty days is  
18 fine.

19 CHAIRMAN MC CARTHY: Is that a motion?

20 COMMISSIONER DAVIS: I would move that, assuming  
21 it is within our power to do this, I will move that we extend  
22 the time frame in which a final decision for this project  
23 must be made for 60 days.

24 CHIEF COUNSEL HIGHT: Mr. Chairman, could I suggest  
25 that you phrase the motion in terms of if we can arrange

1 an agreement with ARCO, then we will have a new date, on  
2 a date that you will agree upon?

3 COMMISSIONER DAVIS: All right.

4 CHAIRMAN MC CARTHY: And, should it be a specific  
5 date?

6 CHIEF COUNSEL HIGHT: It can be.

7 MOTION COMMISSIONER DAVIS: Assuming the applicant concurs,  
8 I move that we extend the final decision date on this project--

9 CHAIRMAN MC CARTHY: What is the regularly scheduled  
10 date in February? The regularly scheduled date in February  
11 for the meeting?

12 CHIEF COUNSEL HIGHT: The 26th.

13 EXECUTIVE OFFICER DEDRICK: It would be the same  
14 date.

15 CHAIRMAN MC CARTHY: Same date? The 26th?

16 COMMISSIONER ORDWAY: I won't be at that February  
17 meeting.

18 CHAIRMAN MC CARTHY: You will not be here?

19 COMMISSIONER ORDWAY: No.

20 CHAIRMAN MC CARTHY: All right, we will leave  
21 it at March. Commissioner Ordway will be at the March meeting.

22 I think it is important that all of us be present.

23 COMMISSIONER DAVIS: All right, then, assuming  
24 that ARCO concurs--

25 CHAIRMAN MC CARTHY: All right, March 26.

1 COMMISSIONER DAVIS: Right.

2 CHAIRMAN MC CARTHY: The motion is contingent  
3 upon the applicant's consent, which is the applicant's legal  
4 right, that the final vote on this matter be taken by this  
5 Commission no later than the regularly scheduled meeting  
6 in March, which is March 26.

7 COMMISSIONER DAVIS: And, I would also like to  
8 move that we have a meeting in Santa Barbara on the--I gather  
9 the 28th is convenient for you, Nancy?

10 COMMISSIONER ORDWAY: The 27th or 28th is convenient.  
11 The 28th would meet the 15-day requirement under CEQA. That  
12 would be appropriate.

13 MOTION] COMMISSIONER DAVIS: All right.

14 Then I move that we have a subsequent meeting  
15 in Santa Barbara, to hear additional comments from the citizens  
16 on the 28th of January.

17 CHAIRMAN MC CARTHY: All right, let's treat those--

18 COMMISSIONER ORDWAY: As separate motions. Do  
19 you want to keep them as separate motions?

20 CHAIRMAN MC CARTHY: If you wish.

21 COMMISSIONER ORDWAY: No problem.

22 CHAIRMAN MC CARTHY: All right.

23 On the first motion.

24 COMMISSIONER DAVIS: Aye.

25 CHAIRMAN MC CARTHY: Aye.

1 All right, on the second motion, for the public  
2 hearing?

3 COMMISSIONER DAVIS: Aye.

4 COMMISSIONER ORDWAY: Aye.

5 CHAIRMAN MC CARTHY: Aye.

6 Unanimous on both motions.

7 The first witness, Supervisor Bill Wallace, President  
8 of the Board of Supervisors, and then Chancellor Aldrich.

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1 MR. WALLACE: Good afternoon, Commissioners. I  
2 appreciate your coming, and welcome you to Santa Barbara  
3 County.

4 I think it really does help an awful lot of people  
5 in this county, to be able to speak to you directly, instead  
6 of through the mail, or trying to get to Sacramento.

7 I was going to comment on if you were going to  
8 make a decision to go ahead with the January hearing for  
9 a final that you hold off on that decision until you have  
10 heard from the public, because I think that at least a half  
11 of the comments you were going to hear today was about the  
12 process, and that you have probably shortened your hearing  
13 time considerably by the decision that you have made at  
14 this point. In fact, you have saved yourself four pages  
15 of county testimony.

16 I'm still going to give you the entire testimony  
17 in its written form, which does talk about the process,  
18 and the problems that the county has, and I think that equally  
19 important to us and the community is the EIR and the certification  
20 of that EIR and to make sure that that--and you will have  
21 to consider this, whether or not that certification hearing  
22 could be here, well in advance of the final decision on  
23 this project, so that everybody will know from what they  
24 are speaking from.

25 But, I think equally important to our Board, and

1 our staff, and the public is the staff report on this project,  
2 and what the staff is going to be recommending to you as  
3 the approvable project, and that that was probably equally  
4 as difficult for us with the end of the January hearing,  
5 because again we would probably have a week or ten days  
6 at best to consider that, and whether our Planning Commission  
7 or our Board of Supervisors would even be able to act upon  
8 a recommendation based on your staff report, was going to  
9 make it very, very difficult in the January timing, and  
10 with the massive amount of comments, the massive amount  
11 of work that the university and the professors and this  
12 community put on, in responding to that draft EIR, I really  
13 applaud the action that your Board has taken.

14 Our Board met yesterday, and voted on a county  
15 proposal--or a county recommendation, and like I say, the  
16 first three or four pages talks to the process itself, and  
17 so I will skip over that and get into the specific project,  
18 itself.

19 And, again, the county took this position based  
20 upon only the draft EIR, and no staff report, so that we  
21 were looking kind of at the broad aspects of this project,  
22 and the way it effects us, and only the offshore parts of  
23 it, or the offshore parts that might effect what we would  
24 have an impact on.

25 I think this delay also gives us a chance, our

1 staff, when the EIR is certified and your staff has come  
2 up with their recommendations, it gives us and you an opportunity  
3 to maybe work out an acceptable project overall, during  
4 this interim, potentially.

5 We may or may not have to agree to disagree in  
6 certain areas, but I will read what the county's comments  
7 are on the very basic aspects of the offshore project.

8 CHAIRMAN MC CARTHY: Do you have copies of the  
9 county's latest--

10 MR. WALLACE: Yes, I will give you the original,  
11 and we have--

12 CHAIRMAN MC CARTHY: This incorporates the thoughts  
13 of the meeting yesterday?

14 MR. WALLACE: Yes, and this was adopted unanimously  
15 by the Board, after a full Planning Commission hearing,  
16 and a Board, here, with hundreds of people involved and  
17 making their recommendation on what the county's policy  
18 should do.

19 As stated previously, the following recommendations  
20 are preliminary, however, we will provide additional comments  
21 concerning the adequacy of the final EIR, and the preferred  
22 project before your Commission, before your final permit  
23 action.

24 We wish to first stress the state must consider  
25 the ARCO project in the context of cumulative oil and gas

1 development, and consider the county's Local Coastal Program  
2 and consolidation policies. The county has developed its  
3 Local Coastal Program in cooperation with the state, and  
4 the state has certified this program. We believe a project  
5 inconsistent with the county's certified Local Coastal Program  
6 would be in violation of the State Coastal Act; however,  
7 we believe this can be avoided and the county and state  
8 can continue the cooperative, regulatory, relationship we  
9 have enjoyed.

10 I think the bottom line of that is we really do  
11 want to work with you, to come up with an approvable project.

12 In regards to cumulative oil development, the  
13 county has been working on policies to accommodate the anticipated  
14 cumulative levels of oil and gas development from OCS and  
15 state tidelands with minimal environmental disruption.

16 The county's preference, after hours and hours  
17 of hearings, is for consolidation of oil and gas processing  
18 facilities in Las Flores Canyon, and Gaviota, with eventual  
19 phasing out of smaller processing plant, marine terminals,  
20 and other support facilities.

21 We wish to insure that permit decisions made by  
22 the state consider optimization of cumulative development  
23 consistent with county consolidation policies. State Lands  
24 must consider the current ARCO project in context with the  
25 other significant projects in the area.

1           The first of the offshore project alternatives  
2 which the county favors is single platforms. We see no  
3 need for any offshore processing. No other project has  
4 requested this anywhere along the county's territory, and  
5 the tremendous visual impact created by oil platforms within  
6 two miles of a heavy populated coastal community must be  
7 mitigated to the highest degree. Single platforms, versus  
8 the double platform complexes proposed by ARCO, reduce this  
9 visual impact.

10           Moreover, it has never been demonstrated to the  
11 county that double platforms are even necessary.

12           The EIR also identifies that air emissions, noise  
13 impacts, loss of commercial fishing area, and disturbances  
14 to the ocean bottom can all be reduced with single platforms.

15           The county believes that it is absolutely essential  
16 that if the State Lands Commission approves the ARCO project,  
17 they approve the project with single platforms.

18           And, now the most major issue, the county considers  
19 the removal of Platform Heron from the Coal Oil Point Project  
20 to be absolutely essential. Of all of the portions of ARCO's  
21 project, Platform Heron will result in the most objectionable  
22 impacts to the local residents.

23           We recognize the ARCO project represents a large  
24 revenue source to the State of California, and that moving  
25 Platform--or removing Platform Heron may result in reduced

1 oil production, thus reduced royalty revenue to the state,  
2 yet the responsibilities created by the California Environmental  
3 Quality Act compel permitting agencies to avoid significant  
4 impacts, such as the loss of rocky hard bottom communities.

5 Loss of this habitat would be disastrous to commercial  
6 fishing, marine biology, the University of California research  
7 and teaching programs, and the local community as a whole.

8 Removing the platform will also serve to reduce  
9 the visual impairments to scenic coastal views from the  
10 community of Isla Vista and the University of California.

11 I live in Isla Vista, and when the drill ship  
12 that was over this site where this platform is to go, was  
13 drilling for about a six-month period, or test drilling,  
14 as you drove out through Isla Vista--which is about 18,000  
15 people in that one square mile--the drill ship looked like  
16 it was on the end of the beach. It was--the visual impact  
17 of that at night was so intense that when you got to the  
18 beach, you could realize that it was a couple of more miles  
19 offshore. You could hear the conversations on the boat,  
20 and we are talking about a platform now that would be four  
21 times, or five times, bigger than this drill boat would  
22 be, operating for 25 to 30 years. The construction stage  
23 alone will take six months, and they will be drilling the  
24 wells for seven years, that that impact on that many residents,  
25 we feel, is simply an intolerable thing for our community

1 to absorb, and I don't believe any other urbanized community  
2 in the United States, or at least in this state, is being  
3 subject to that kind of intensity, where there are that  
4 many people living so close to the ocean, including a major,  
5 major, institution, the University of California.

6 The County of Santa Barbara believes it is important  
7 to emphasize its opposition to offshore processing in the  
8 case of ARCO, just as it is opposed to offshore processing  
9 in the case of the Exxon Santa Ynez Unit project.

10 The concept that the State Lands Commission may  
11 approve an 80,000 barrel a day processing facility within  
12 two miles of shore, which we have been told but haven't  
13 gotten the legal document, is part of the consultant's preferred  
14 option for this procedure is more preposterous than Exxon's  
15 proposal to expand the OS&T to the same volume, which is  
16 much, much further from shore.

17 This approach is neither necessary nor justifiable.  
18 The safety risks and increased impacts to the environment,  
19 resulting from offshore processing, particularly within  
20 three miles of a major university and community of over  
21 20,000 people, must be avoided.

22 Small offshore oil spills, and toxic fluid leaks,  
23 effecting marine communities and offshore activities and  
24 concerns would be more likely to occur when processing is  
25 located on the platforms.

1           Furthermore, the draft EIR recognizes that the  
2 restricted space on an offshore processing platform can  
3 lead to the potential of one hazard event escalating to  
4 another. The result can be a chain reaction of events,  
5 increasing the probability of certain disaster events from  
6 extremely rare, to extremely possible.

7           The noise impacts, an important issue to local  
8 residents within two miles of these platforms, will also  
9 increase with offshore processing.

10           As a last and important concern, the increased  
11 air emissions associated with offshore processing, for both  
12 construction and operation phases, will contribute more  
13 to the significant regional ozone problem than onshore processing.  
14 We cannot emphasize strongly enough the county's resistance  
15 to any offshore processing.

16           A large number of environmental impacts can be  
17 mitigated by requiring ARCO to develop the commingled project  
18 alternative, as opposed to the segregated processing alternative.  
19 One commingled oil pipeline would reduce impacts to marine  
20 biology, marine water quality, system safety, air quality,  
21 and commercial fishing. ARCO has stated that the requirements  
22 of segregated facilities, with onshore processing, could  
23 require the construction of five parallel pipelines. The  
24 additional costs associated with redundant and unnecessary  
25 pipelines would threaten the county's goal of consolidation

1 in Las Flores Canyon, and phasing out of Ellwood and the  
2 ARCO Marine Terminal.

3 We have been told, I think unoffically, by ARCO,  
4 but in any case, we have been told that bringing these five  
5 pipelines onshore, and then taking them clear to Las Flores  
6 Canyon, is economically very, very difficult for ARCO in  
7 this project, so that if it is approved with the five various  
8 pipelines and complete segregation of oil coming onshore,  
9 we feel that it puts a tremendous restriction on the county's  
10 option of negotiating with ARCO, means of processing this  
11 in Las Flores Canyon, as opposed to expanding the Ellwood  
12 facility, which is within a half a mile of major residential  
13 areas, and within about 200 yards of the proposed Hyatt  
14 Hotel.

15 The reductions in countless environmental impacts  
16 far outweigh any false expectations that segregated processing  
17 protects royalty payments to the State of California. In  
18 the case of ARCO, the facts are simple. Segregated processing  
19 is just as likely as commingled processing to result in  
20 misallocations of royalties owed to the state. In both  
21 cases, the error in royalties is inconsequential, about  
22 2000ths of one percent.

23 The only differences in the two processing alternatives  
24 is that segregation is more likely to lead to over payment  
25 of royalties owed to the state. With commingling, errors

1 In royalties could go either way.

2 The county hopes that environmental resources  
3 are more important to the State Lands Commission than insignificant  
4 potential revenue losses.

5 Due to the proximity of thousands of county residents  
6 and the UCSB campus to the proposed platforms, alternatives  
7 to flaring should be required by State Lands Commission.  
8 Flaring would occur intermittently during the drilling phase  
9 of the project, for the equivalent of four days per months,  
10 per platform, for six months, and during upset conditions  
11 of normal operations.

12 This flaring will present significant visual,  
13 safety, noise and air pollution impacts on densely populated  
14 urban areas. As a mitigation measure, ARCO should be required  
15 to develop alternative methods of handling natural gas during  
16 initial drilling and upset conditions, as an alternative  
17 to flaring.

18 We would last like to recommend a mitigation measure  
19 which is of upmost importance to the preservation of natural  
20 resources in the county. That mitigation measure is to  
21 prevent the discharge of muds and cuttings associated with  
22 the Coal Oil Point Project. The impacts associated with  
23 all project related discharges are too numerous and the  
24 consequences too onerous to discuss in detail here today;  
25 however, the projected loss of significant biological habitat,

1 and productive fishery and nursery grounds, and the possible  
2 irreversible effect on university teaching, research and  
3 laboratory facilities, warrants complete mitigation on this  
4 impact.

5           The EIR strongly recommends that muds and cuttings  
6 not be dumped at the platform locations. Onshore, several  
7 environmentally preferred disposal methods exist, including  
8 barging materials to onshore receiving sites, which chemically  
9 treat the muds, and use of both cuttings and treating muds  
10 as clay caps for landfills.

11           This is not an idle mitigation measure, rather,  
12 it is very practical, and currently existing technique  
13 for disposing muds and cuttings from local drill operations.

14           We urge the State Lands Commission to prohibit  
15 disposal of muds and cuttings into the Santa Barbara County  
16 waters.

17           Attached to the written version of these comments,  
18 we have outlined additional mitigation measures, which we  
19 feel is absolutely essential for the offshore portions of  
20 the ARCO project.

21           Again, on behalf of the Board of Supervisors,  
22 and citizens of Santa Barbara County, I thank you for conducting  
23 this hearing today in Santa Barbara County, and hope that  
24 all of our recommendations will be incorporated into your  
25 final actions.

1 I have here, also--the county staff, Dev Vrat,  
2 Bill Douros, and I believe Dianne Guzman will be here soon,  
3 and Rob Almy, are all here, who have worked long and hard  
4 with your staff on this project, and if there are questions  
5 that come up, I urge you to make use of them during this  
6 hearing, and tonight.

7 CHAIRMAN MC CARTHY: Did you wish to bring any  
8 of the departmental leaders forward for testimony, at this  
9 time? It would probably be useful to have an integrated  
10 county presentation.

11 MR. WALLACE: I believe, except that for questions,  
12 this amounts to what the county and the staff have prepared  
13 for today, and--

14 CHAIRMAN MC CARTHY: All right, thank you.  
15 Questions from my fellow Commissioners?

16 COMMISSIONER DAVIS: You may have mentioned this  
17 in your testimony, but I didn't hear it.

18 What was the county vote on the positions that  
19 you just outlined?

20 MR. WALLACE: This was a unanimous vote by all  
21 five Board members, and even on oil matters this Board has  
22 not been known to have 5 - 0 votes consistently.

23 CHAIRMAN MC CARTHY: Just a minute, Mr. Supervisor.  
24 Did you have any other questions?

25 COMMISSIONER DAVIS: Let me just check my notes.

1           **CHAIRMAN MC CARTHY:** Let me slip one in here while  
2 Commissioner Davis is checking his notes.

3           Has anybody tested the noise problem? You specifically  
4 referred to Platform Heron, and I know that obviously the  
5 value of the view being there, which you described graphically  
6 in your presentation, but what about the noise issue? I  
7 haven't heard anybody provide any testimony on that.

8           Have any measurements been made? Is there any--  
9 has the county--

10           **MR. WALLACE:** The EIR identifies noise as a significant,  
11 unavoidable Class 1 impact, so that you would have to make  
12 statements of overriding need for this, because of the unmitigable  
13 impact of noise, and the EIR does talk about it.

14           I think there are some techniques, but on the  
15 offshore it is a little tough, and it certainly, with the  
16 addition of the processing platform.

17           **EXECUTIVE OFFICER DEDRICK:** Mr. Chairman, we have  
18 the EIR consultants present, if you would like them to speak  
19 directly to that point.

20           **CHAIRMAN MC CARTHY:** Let's just tag the issue for  
21 now, all right.

22           I would like you to comment specifically on that  
23 when we call upon you, please.

24           **MR. WALLACE:** The noise issue is especially at  
25 night, when you know, things really travel, and across that

1 water, when we had those drill ships out there, we could  
2 honestly hear them talking.

3 CHAIRMAN MC CARTHY: Thank you.

4 Commissioner Davis.

5 COMMISSIONER DAVIS: This is a question more properly  
6 directed to staff, but because the Supervisor is here, I  
7 would like to direct it at this time.

8 Why is the commingling option one that the staff  
9 does not embrace? Why do you resist the notion? It seems  
10 to be environmentally preferable? Probably would save ARCO  
11 money. Why is this approach not acceptable to the staff?

12 EXECUTIVE OFFICER DEDRICK: The primary reason  
13 that the Commission--not just the staff, but the Commission  
14 over the last two years--has been trying to find alternatives  
15 to wet oil commingling--which is the operational phrase  
16 here--is that our own research, the report that was done  
17 under independent control for the EIR, both show that it  
18 is progressively more difficult as you add more wet oil  
19 streams, to allocate back the amount of oil, the quality  
20 of oil and so forth, so that you can make accurate charging.

21 The problem with ARCO is a long-standing problem.  
22 We have had a pair of leases that are old leases, and have  
23 been commingled, at this site, on Platform Holly, for many  
24 years.

25 We have run extensive tests on these leases and

1 various techniques that ARCO has come up with, and have  
2 not yet been able to satisfy staff, nor my own knowledge  
3 of statistics, that the allocation methods--that the techniques  
4 are sufficiently reproducible to assure you, the State of  
5 California, that your assets are being properly accounted  
6 for, that you are being paid properly for the sale of  
7 the resource. That is the reason for the disagreement.

8 If there were another alternative to that, and there  
9 are other alternatives to it, then I think the problem goes  
10 away.

11 We don't care if they commingle or not. What we  
12 care about is being able to measure accurately, and to carry  
13 out our statutory charge.

14 Now, there are degrees of dehydration that could be--  
15 at which you could do more accurate measurement. The  
16 alternative in the EIR was as CEQA requires, the most  
17 extreme case, the worst case. There is a lot of room between  
18 there and where you could measure accurately, for example, and  
19 sell on the platform.

20 Another alternative, in this particular instance,  
21 where ARCO is the lessee for all of the leases in question,  
22 and the problem here, Commissioner, is that the leases have  
23 different lease conditions. They are from different periods  
24 of the past, the 40's and the 60's and I think there is one  
25

1 in the 50's, so that the problem becomes one of allocating  
2 production on a well-by-well basis, or on a lease-by-lease  
3 basis, and the percent of royalty which the state receives  
4 increases as the production, per day, per well, or per lease,  
5 goes up. So, it becomes a really messy accounting problem.

6 If there were a way of bringing all of these old  
7 leases into a single formula at this time, then I think  
8 the commingling problem goes away.

9 What the State Lands concerns is, is entirely  
10 directed to the state receiving the true value of its resource  
11 for sale, and that is the entire commitment that we have.  
12 We don't have any other interest in the subject.

13 So, that is the best answer that I can give you.

14 COMMISSIONER DAVIS: Well, I think we have to  
15 see the forest for the trees here.

16 I don't think anyone wants to see multiple pipelines  
17 coming into Santa Barbara, and I mean, I just have to believe  
18 that there is a way in which the state can discharge its  
19 obligation to get its rents and royalties, and we don't  
20 do, you know, great violence to the legitimate environmental  
21 considerations of the people of Santa Barbara.

22 And, certainly, commingling, at least has the  
23 promise of accommodating, you know, the simplicity. The  
24 environmental concerns are met, and so the question now  
25 is if we can devise some method of accounting, that we feel

1 competent to protect the state's interest.

2 EXECUTIVE OFFICER DEDRICK: Environmentally speaking,  
3 Commissioner, I think there is a substantial disagreement,  
4 as to the environmental impact of commingling being an improvement.

5 I think it depends, again, on how it is handled.  
6 As I pointed out, there are a lot of variations on that  
7 theme.

8 Certainly, though, the basic question that you  
9 mention, the question of pipelines remains the question.  
10 You have got essentially three different kinds of leases.  
11 You are talking about three pipelines.

12 If we could deal with the problem on a contractual  
13 basis, with the ARCO Company in this instance, it would  
14 work, because there is only one company owning all of those  
15 leases.

16 If, on the other hand, the state had to commingle  
17 wet oil from federal leases with state leases, and then  
18 try to figure out how much of that money was the state's,  
19 it would be virtually impossible to make that determination  
20 with anything like accuracy.

21 COMMISSIONER DAVIS: Well, I just want--

22 EXECUTIVE OFFICER DEDRICK: I am agreeing with  
23 you.

24 COMMISSIONER DAVIS: --to make clear that I feel  
25 strongly that any approval that necessitates multiple pipelines,

1 which are otherwise not required, if we adopt a commingling  
2 approach--if only on this project--it doesn't make a lot  
3 of sense, and I would, you know, like to ask the staff to  
4 pursue with the applicant, any solution that would allow  
5 us to minimize the number of pipelines.

6 Not only for the fishermen, who I met with this  
7 morning, were concerned about it, but you know navigational  
8 problems, and environmental problems, all I think would  
9 be best served by limiting the number of pipelines that  
10 come ashore.

11 EXECUTIVE OFFICER DEDRICK: Yes, it is the policy  
12 of the Commission, and has been for a long time, to consolidate  
13 pipelines.

14 We will be happy to carry out your direction,  
15 Commissioner.

16 CHAIRMAN MC CARTHY: Supervisor Wallace, would  
17 you like to comment to that?

18 MR. WALLACE: I guess that I would comment on  
19 that issue, too, that ARCO is certainly a willing negotiator  
20 in this because of the tremendous cost savings it will make  
21 to them, in being able to consolidate their processing onshore  
22 in a more reasonable way, and less pipelines.

23 So, it seems like if we can put a person in space,  
24 and a person on the moon, that we can certainly measure  
25 wet oil, and if we can't do that we can certainly renegotiate.

1 You are asking us to renegotiate with ARCO, at this point,  
2 on this, the gas seeps. I was involved with that agreement  
3 originally. I believe it is State Lands, ARCO, and the  
4 county, who are a party to this agreement, and I can't speak  
5 for the rest of our Board, and I would need to speak with  
6 staff, but obviously we are asking for a delay, and if this  
7 is part of the deal, I can't imagine that this Board would  
8 not be very realistic in negotiating some kind of a continuance  
9 on that.

10 Thank you very much.

11 CHAIRMAN MC CARTHY: Thank you.

12 Chancellor Daniel Aldrich.

13 MR. ALDRICH: Mr. Chairman, members of the State  
14 Lands Commission.

15 My name is Daniel G. Aldrich, Jr., and I am the  
16 Chancellor at the University of California at Santa Barbara.  
17 As an officer of the university, I am here to present the  
18 point of view of the university in the matter of the proposed  
19 offshore development by ARCO, of the Coal Oil Point Project.

20 First, however, I want to thank you for your sensitivity  
21 to the public interest in this project, and your decision  
22 to hold this hearing in Santa Barbara.

23 As a Regent of the university, Commissioner McCarthy  
24 is perhaps aware that the university is a trustee agent  
25 in ARCO's proposed project, because the land abutting

1 Coal Oil Point is one of 26 sites throughout the state which  
2 form the UC Natural Preserve System. The system preserves  
3 the sites for research and teaching purposes and for the  
4 benefit of future generations.

5 As a trustee agency, the university was consulted  
6 about the preparation of the Environmental Impact Report,  
7 and served on a State Lands Commission Task Force on the  
8 Coal Oil Point Project, along with permitting agencies,  
9 and other trustees.

10 We are therefore aware of the many nuances of  
11 the proposed project, and of course the project's importance  
12 to the national interest, and that of the State of California,  
13 as well.

14 I want to interject here that neither the national  
15 interest, nor that of the state is singular. That is to  
16 say, multiple factors compromise the national interest,  
17 and/or the state interest.

18 Leadership in Washington and Sacramento indicate  
19 that higher education is foremost among the factors forming  
20 the national and state interests.

21 A difficulty arises though, when factors which  
22 form this interest, are in conflict with one another, as  
23 they may be in the proposed Coal Oil Point Project, according  
24 to the EIR.

25 Throughout our participation in its preparation,

1 UCSB representatives have repeatedly urged special caution  
2 in the design and the permitting of the ARCO Project, because  
3 of its proposed size, and its unusual and unique characteristics:  
4 Six very large platforms, or three double platform complexes,  
5 offshore of a major research university, and a densely populated  
6 community.

7 The campus, in keeping with its trustee agency  
8 status, also has attempted to assure environmental protection  
9 for the Coal Oil Point Reserve, an area which is designated  
10 as an environmentally sensitive habitat.

11 Our position on the proposed Coal Oil Point Project,  
12 since we learned of its existence, is and has been that  
13 our preference is that for no further offshore development  
14 in the Santa Barbara Channel.

15 Moreover, we have stated that the project proposed,  
16 currently under review, if it is to be permitted, must coexist  
17 compatibly with UCSB's purposes, and we have advised the  
18 oil company, and the permitting agencies that we will oppose  
19 those elements of the proposed project which intrude upon  
20 the university's primary mission, teaching and research.

21 The EIR indicates that the offshore elements of  
22 the Coal Oil Point Project do, in fact, intrude upon our  
23 missions. The six proposed platforms, seriously impact  
24 our teaching and research activities in marine science,  
25 and in such disciplines as geology, geography, oceanography,

1 and biochemistry, which engage in marine related scholarly  
2 enquirey.

3 The pipeline corridors to the platforms, and the  
4 platforms themselves, damage or destroy invaluable marine  
5 habitats, interfering with the cycles of ecosystems, and  
6 marine organisms which are vital components of teaching  
7 and research.

8 The drilling discharges play havoc with the marine  
9 environment, and the organisms which inhabit it, and threaten  
10 the purity of the UCSB's seawater intake system, which  
11 is fundamental to all of our marine endeavors.

12 The noise from offshore activities, including  
13 production, crew boats, and helicopters, intrudes upon classrooms,  
14 and major or minor accidents could cause irreparable damage  
15 to, or bring a halt to, dozens of research efforts, which  
16 are devoted to the public interest.

17 Although I have cast the worst of ARCO's impacts,  
18 in terms of their effect upon the teaching and research  
19 mission of the university, I am not unmindful of the over  
20 powering impacts of the project upon the visual resources  
21 of the campus and its neighboring communities, and the potential  
22 harm from the project upon the quality of life for residents  
23 of the south coast.

24 Nor, can I forget the profound problems the project's  
25 air pollutants pose for the county's efforts to meet federal

1 and state air quality standards. These and other impacts,  
2 all borne out of by the findings of the EIR, argue for rather  
3 drastic revision of the applicant's proposed project.

4 For example, reduction in the number of platforms  
5 would dramatically reduce the significance of adverse impacts  
6 upon the marine environment, visual resources, and air quality.

7 Thus, I urge this Commission to remove Platform  
8 Heron from the project, and to request staff to explore  
9 the possibility of drilling into Leases PRC 308, and 309,  
10 by slant drilling from Platform Holly, or some other location.

11 At the very least, the project ought to be conditioned  
12 to relocate Platform Heron 1000 to 1500 meters westward,  
13 so as to remove from the rocky hard bottom habitat it presently  
14 intrudes upon.

15 This move would significantly reduce Heron's visual  
16 degradation, and will provide some protection from drilling  
17 wastes for UCSB's waste intake system.

18 On earlier occasions, the university has strongly  
19 asserted its desire for single platforms for this offshore  
20 development, and I reiterate that request now. To put the  
21 request into perspective, consider that Santa Barbara and  
22 Ventura Counties will experience a doubling of the number  
23 of platforms off of their coast when present and pending  
24 projects are in production. UCSB and Isla Vista, on the  
25 other hand, are asked to absorb an increase from one platform

1 to seven, from the ARCO Project, alone.

2 UCSB feels equally as strongly about the proposed  
3 disposal of drilling muds and cuttings and produced water  
4 in an area where we consider a natural laboratory. Thus,  
5 we recommend that these wastes be barged either to shore,  
6 or to some disposal site beyond the Channel Islands.

7 In addition to the foregoing, I want to indicate  
8 the university's determined opposition to the recently revealed  
9 EIR consultant's new project scenario, calling for offshore  
10 oil processing on Platform Holly. The new design appears  
11 to represent an effort to resolve the long standing jurisdictional  
12 dispute between the State Lands Commission staff, and the  
13 county, about commingled versus segregated pipelines for  
14 this project.

15 This dispute can be resolved without discrediting  
16 either agency, and without increasing air pollution in the  
17 west Goleta Valley.

18 Indeed, many months ago, the university representatives  
19 offered to bring the expertise of the university, the oil  
20 industry, and the state and the county, to bear upon the  
21 problem of assuring accuracy in metering commingled oil.  
22 Although we did not receive a reply from the State Lands  
23 Commission staff, to whom we made the offer, we extend it  
24 again now.

25 Thank you for hearing the university's comments

1 on ARCO's proposed project. Please note for the record,  
2 that I am submitting additional suggestions for mitigating  
3 the project's adverse impacts in writing.

4 The second part of our presentation involves Professor  
5 Alice Alldredge--that is spelled d-r-e-d-g-e--some questions  
6 were raised yesterday as to whether Mrs. Alldredge was following  
7 me, she is not. Professor Alldredge will comment on marine  
8 science research at UCSB.

9 Thank you.

10 CHAIRMAN MC CARTHY: Thank you.

11 COMMISSIONER DAVIS: I have a question for the  
12 Chancellor.

13 CHAIRMAN MC CARTHY: Yes:

14 Mr. Chancellor, Dr. Aldrich, please.

15 MR. ALDRICH: Yes.

16 CHAIRMAN MC CARTHY: Commissioner Davis has a  
17 question.

18 COMMISSIONER DAVIS: Yes.

19 First of all, thank you for your testimony, and  
20 I concur with the implication of your remarks that Santa  
21 Barbara has certainly done its fair share to meet the nation's  
22 oil needs.

23 My question is, implicit in your remarks is--  
24 I will go at it another way.

25 I gather then that you believe that the technology

1 does exist to accurately measure the amount of wet oil through--

2 MR. ALDRICH: That is correct.

3 COMMISSIONER DAVIS: --and commingled, and could  
4 you just elaborate a little bit on your proposal for metering.

5 MR. ALDRICH: I cannot do so, because I have been  
6 informed that the technology exists by staff at the university,  
7 and they are the one who can elaborate upon it.

8 I don't know that we have anyone here that can  
9 elaborate.

10 Betsy?

11 MS. WATSON: I was intending to say that in the--

12 CHAIRMAN MC CARTHY: Would you please step to  
13 the microphone?

14 MR. ALDRICH: Yes, and this is Assistant Chancellor  
15 Betsy Watson.

16 CHAIRMAN MC CARTHY: This is being recorded because  
17 of its historic importance, so we do not want any of your  
18 words lost.

19 MS. WATSON: Yes.

20 My name is Betsy Watson. I am Assistant Chancellor  
21 at UCSB.

22 I simply wanted to advise the Commission that  
23 in a hearing before the Board of Supervisors, well  
24 over a year ago now, close to two years ago now, the  
25 question about commingling was discussed, and after

1 consultation with the Chancellor, I came forward  
2 in his name, extended the offer of the university  
3 expertise, which could be brought to bear on this problem,  
4 and to work with the county, the State Lands, and the  
5 industry, to resolve the question.

6 Then, at the county's request, we referred  
7 the matter to an economic's professor, who  
8 did a study on the probability of inaccurate  
9 measuring always disadvantaging the state.

10 His conclusion was that that was not the case.

11 I then presented to the--the engineering case  
12 study, to one of our chemical and nuclear engineers,  
13 and his conclusion was that the metering device,  
14 if there were an instrumental problem, could easily be  
15 resolved.

16 Subsequently, a member of industry came forward  
17 and said that they would be pleased to serve on  
18 the task force, and for whatever reasons, the  
19 university did not receive a response to its offer,  
20 and so far as I know nothing happened after that,  
21 but the offer remains.

22 CHAIRMAN MC CARTHY: Excuse me, Ms. Watson.

23 MS. WATSON: Yes.

24 CHAIRMAN MC CARTHY: Offer made to whom?

25 MS. WATSON: To the oil industry, to State Lands,

1 to the people who were present.

2 I subsequently called State Lands staff, and asked  
3 what had happened to our proposal, and was advised that  
4 it was under consideration, and that was all that I ever  
5 heard.

6 COMMISSIONER DAVIS: I would certainly like to  
7 see some efforts made to--at the very least, I think we  
8 ought to have a meeting and see if the university's skills  
9 and expertise can help--

10 MS. WATSON: I think, in concert with others,  
11 that you might find that the problem could be resolved  
12 intellectually, if you will, rather than politically, or  
13 some other way.

14 COMMISSIONER ORDWAY: I have one question.

15 CHAIRMAN MC CARTHY: Yes, Commissioner Ordway.

16 COMMISSIONER ORDWAY: Is the technology currently  
17 in place anyplace in the world? Or, are we talking about  
18 case book and intellectual pursuits?

19 MS. WATSON: No, we believe the technology exists  
20 some place in the world.

21 COMMISSIONER ORDWAY: Could you document where  
22 it is? Because I would think that that would be very helpful  
23 for our staff to contact those that are currently using  
24 that technology.

25 MS. WATSON: I'll be happy to do that.

1 COMMISSIONER ORDWAY: Thank you.

2 CHAIRMAN MC CARTHY: We might--oh, I'm sorry,  
3 have you finished your question?

4 Commissioner Davis.

5 COMMISSIONER DAVIS: Leo, just to--I mean, implicit  
6 in my remarks were that, you know, the applicant participate,  
7 and the university--

8 MS. WATSON: Yes.

9 COMMISSIONER DAVIS. --and anyone else from industry  
10 that had actually utilized this technology, or had some  
11 particular contribution that they could make.

12 CHAIRMAN MC CARTHY: I think Commissioner Ordway's  
13 point is a very important one.

14 If there is an applied technology somewhere that  
15 could be seen to be transferable--

16 MS. WATSON: Yes.

17 CHAIRMAN MC CARTHY: --for purposes of this commingling  
18 discussion, it would be very helpful.

19 It is a little bit of a late stage to be--

20 MS. WATSON: We would like to see it resolved,  
21 too.

22 CHAIRMAN MC CARTHY: --yes, talking about something  
23 other than that.

24 Let me mention, for purposes of just an illustration  
25 of the many hard judgments that we have in front of us,

1 it is obvious it is beneficial to ARCO to simplify this  
2 whole plumbing system that we are talking about. It is  
3 obvious it is less visually destructive to have only one  
4 reduced piping system.

5 The difficulty is, unless we can measure what  
6 the state revenues are, the distribution of these funds,  
7 which in large overwhelming amount go to the school systems  
8 in the state, might be reduced, so that is what we are trying  
9 to avoid.

10 If there is any kind of application approval here  
11 to go forward, of course we are going to try to remove any  
12 kind of unsightly damage that would be done, but we want  
13 the applicant to work with us to make sure that the people  
14 get these revenues that go into the university school systems,  
15 as well as the elementary and secondary school systems of  
16 the state.

17 Thank you.

18 Thank you very much, Chancellor.

19 Any other questions of Chancellor Aldrich?

20 COMMISSIONER ORDWAY: Dr. Alldredge is next.

21 CHAIRMAN MC CARTHY: Thank you.

22 Yes.

23 MR. ALDRICH: We will be completing our presentation.

24 MS. ALLDREDGE: I am on your card.

25 CHAIRMAN MC CARTHY: Mrs. Allredge.

1 MS. ALLDREDGE: Thank you.

2 I am Dr. Alice Alldredge, Professor of Marine Biology,  
3 and Vice Chairman of the Department of Biological Sciences  
4 at the university.

5 Dr. Aldrich has asked me to speak to you today  
6 specifically to the marine issues, which are of concern  
7 to the university, regarding the ARCO Project.

8 My marine colleagues and I have submitted innumerable  
9 pages of comments to the EIR, and have testified on the  
10 technical details of the project at the previous State Lands  
11 Commission hearing.

12 Today, what I would like to do, rather than reiterate  
13 those comments, is instead clarify to you exactly why the  
14 university is so concerned about the impacts of the ARCO  
15 project to our marine program, and why we feel we have so  
16 much at stake, so much to lose, in this situation.

17 The marine sciences program at UCSB currently  
18 has about 100 faculty and professional researchers. It  
19 has over 200 graduate students, and undergraduates, involved  
20 in research, and about 150 technical and clerical staff,  
21 spread over the disciplines in marine biology, geology,  
22 and geophysics, political science, ocean engineering, and  
23 geography.

24 An additional 1400 undergraduates take courses  
25 involving marine organisms from the Channel. We have over

1 \$6 million annually in research funding for our marine sciences  
2 program, and in the last ten years we have risen to be one  
3 of the top centers of marine biology in the nation, and  
4 I would like to give you a few figures to justify that statement.

5 We presently have the only undergraduate major  
6 in aquatic biology, and marine biology, in the UC system,  
7 and one of the few in the nation, with 300 undergraduates  
8 enrolled specifically at UCSB, just to take that particular  
9 major.

10 Our national reputation as a graduate institution  
11 in marine science brings us the very best graduate applicants  
12 from a nation-wide pool. In marine biology, and ecology,  
13 for example, we receive about 100 to 150 graduate applicants  
14 annually, and of those we accept somewhere between 7  
15 and 10 percent, and of those who we accept, usually around  
16 90 percent actually attend UCSB. In other words, we are  
17 the first choice of applicants who have also been accepted  
18 at such institutions as Scripps, Woods Hole and the University  
19 of Washington.

20 But, finally, I think with regards to our research,  
21 that demonstrates the true quality and reputation which  
22 we have in the marine sciences.

23 Among 85 institutions, marine institutions in  
24 the nation, with whom we compete for funding, the National  
25 Science Foundation is the major agency which supports marine

1 science in this country, and among those 85 institutions  
2 applying there, we are in the top ten in all oceanography,  
3 despite the fact that we don't even have significant programs  
4 in chemical or physical oceanography.

5 And, in marine biology, which is our greatest  
6 strength, we are actually in the top three in the nation,  
7 in terms of the dollar amount of funding we receive from  
8 the National Science Foundation.

9 We also receive 20 percent of the budget of the  
10 Office of Naval Research's Oceanic Biology Program, and  
11 are among the top institutions receiving Sea Grant funding.

12 We did not rise to become one of the top institutions  
13 in marine sciences in the nation by ourselves. We enjoy  
14 this reputation because the State of California has invested  
15 hundreds of millions of dollars over the past 20 years,  
16 in salaries, facilities, equipment, and student scholarships,  
17 so that the taxpayers of this state might benefit from the  
18 high caliber of education and marine research which we produce.

19 Even now, we are preparing to break ground for  
20 the construction of an \$8 million state funded marine biotechnology  
21 seawater laboratory at University Point, within one mile  
22 of the proposed site of Platform Heron, demonstrating yet  
23 again the state's commitment to expanding and maintaining  
24 the quality of our research program into the future.

25 Certainly, oil is a national resource, but surely

1 these figures demonstrate that the marine sciences program  
2 at the University of California Santa Barbara, also constitutes  
3 a national resource of unestimable value.

4 Many aspects of the ARCO Project threaten the  
5 teaching and research in marine sciences at UCSB. We are  
6 deeply concerned about the degradation of the marine environment,  
7 and that that degradation will destroy our ability to conduct  
8 basic research in unpolluted marine waters, and severely  
9 hamper our ability to retain and attract faculty and students.

10 Damage from muds and cuttings, or oil spills and  
11 seepages, to such important sites as Naples Reef, a major  
12 research site, which is located just slightly northwest  
13 of the proposed Platform Haven, and where we have 20 years  
14 worth of background data; damage to the Coal Oil Point Reserve;  
15 or damage to our multi-million seawater system, could eliminate  
16 much of our research and teaching in marine biology.

17 We strongly urge the no project alternative.  
18 Never before has offshore drilling been proposed so close  
19 to a major research institution in this country.

20 If the no project alternative cannot be granted,  
21 in light of the huge investment of the State of California,  
22 in the marine sciences program at the University of California at  
23 Santa Barbara, we urge you to require mitigation measures,  
24 which would reduce the threat of the ARCO Project to our  
25 teaching and research mission.

1           These would include first of all, prohibition  
2 of all discharging of muds and cuttings. We have evidence  
3 that discharging of muds and cuttings can inhibit the settlement  
4 of larvae and recolonization of bottom communities in the  
5 vicinity of the platforms. Further, we do not know, nor  
6 does the EIR properly address, the potential for resuspension  
7 of muds by the severe winter storms common to this area,  
8 or for the contamination of the university's seawater system.

9           Second of all, we urge that you prohibit the discharging  
10 of all produced water. Produced water contain--is going  
11 to be released, or could be released, in vast quantities,  
12 and it contains numerous materials, some of which we don't  
13 normally think of as toxic, but many of those materials  
14 can have a severe impact on marine organisms.

15           For instance, ammonia, which is a component of  
16 produced water, can inhibit the feeding behavior of lobsters  
17 at concentrations of only 50 percent above the current ambient  
18 levels in the Channel.

19           Thirdly, we urge that you implement all measures  
20 which would reduce the impact to bottom communities. This  
21 includes the consolidation of pipelines to an absolute minimum  
22 number, laying power cables with the pipelines, rerouting  
23 the pipelines around sensitive areas, eliminating anchor  
24 scars, and replacing kelp beds, particularly the experimental  
25 kelp bed at Ellwood Pier, which is scheduled to be destroyed

1 by this project.

2 And, regarding the commingling issue, surely the  
3 slight loss in revenue from the commingling option, for  
4 the state, must be weighed against the increased threats  
5 of leakage and spills and damage to marine life, which jeopardize  
6 the state's huge investment in research and teaching at  
7 UCSB.

8 Fourthly, we urge the elimination of Platform  
9 Heron. This would protect the hard bottom community at  
10 the proposed Heron site. It would greatly reduce the impacts  
11 to our seawater system by increasing the distance of that  
12 system from an operating platform, and finally, it would  
13 reduce the threats of spills by decreasing the scope of  
14 the project.

15 Fifthly, we urge that you require appropriate  
16 oil spill prevention and protection measures. It would  
17 take us years to recover from the physical damages of even  
18 a small oil spill, and over a decade to recover our momentum  
19 and our reputation.

20 UCSB is presently a major center in excellence  
21 in marine sciences in the nation. The research and teaching  
22 which we conduct here greatly benefits the people of the  
23 State of California. The ARCO Project, as it is now constituted,  
24 would seriously impact the quality of our research and teaching  
25 and jeopardize the immense investment the State of California

1 has already made here.

2 A dollar amount cannot really be placed on the  
3 true costs of the ARCO Project to the local marine environment,  
4 and to the mission of the University of California.

5 Thank you.

6 CHAIRMAN MC CARTHY: Did you leave copies of your  
7 testimony?

8 MS. ALLDREDGE: Yes.

9 CHAIRMAN MC CARTHY: Thank you very much.

10 MS. ALLDREDGE: Thank you.

11 CHAIRMAN MC CARTHY: Any question from the Commission?

12 COMMISSIONER ORDWAY: Yes.

13 CHAIRMAN MC CARTHY: Commissioner Ordway.

14 COMMISSIONER ORDWAY: I am not aware--I would  
15 like to ask this of staff--I am not aware that we have approved  
16 any permits of disposing of muds and cuttings at a platform  
17 site, at least not in the four years that I have been sitting  
18 on the Commission.

19 EXECUTIVE OFFICER DEDRICK: You are correct in  
20 that regard, and in fact, when the Commission proposed the  
21 lease sale, one of the conditions of the lease sale was  
22 that there should be no--

23 COMMISSIONER ORDWAY: Disposal of--

24 EXECUTIVE OFFICER DEDRICK: --muds and cuttings  
25 discharged in the near shore.

1 COMMISSIONER ORDWAY: So, I don't think you have  
2 to worry about that.

3 I have a question of you, because of your position--  
4 probably out of curiosity.

5 What has been the impact of the natural seepages  
6 in this area on marine biology studies?

7 MS. ALLDREDGE: Well, there are two issues involved  
8 there.

9 One is the seepage itself, in terms of its impact on  
10 organisms. There have been--there is one study being  
11 done near Platform Holly, which indicates that at least  
12 the diversity of marine organisms is slightly higher around  
13 the seepages, but then the seepages have been here since  
14 long before we came, many hundreds of years, at least, and  
15 it is possible that many of the organisms have at least  
16 become adapted around those seepages to some of the oil  
17 content.

18 The other issue that has been raised, is that  
19 the actual drilling may be exacerbating the amount of seepage  
20 that is occurring, and there is relatively little hard data  
21 on that particular issue, but it is something that was raised  
22 with the EIR consulting firm.

23 COMMISSIONER ORDWAY: Thank you.

24 MS. ALLDREDGE: Okay.

25 CHAIRMAN MC CARTHY: Commissioner Davis.

1           COMMISSIONER DAVIS: I guess this is more in the  
2 nature of a comment, but I just was impressed with your  
3 testimony, and particularly about the potentially negative  
4 effect on the marine biology program.

5           Oil is a very important resource to this country,  
6 but I think our greatest resource are our minds and ideas  
7 and the quality of education that we can provide people,  
8 and so whatever we do with this project, we have to keep  
9 in mind its potentially adverse impact on the quality of  
10 the environment, and also those resource that underlie the  
11 particular economies of Santa Barbara, be they fishing or  
12 tourism, or recreation, et cetera, so I just wanted to compliment  
13 you on your testimony.

14           MS. ALLDREDGE: Thank you.

15           CHAIRMAN MC CARTHY: Thank you very much, Ms.  
16 Alldredge.

17           Carla Frisk, representing Assemblyman Jack O'Connell,  
18 and Senator Gary Hart.

19           MS. FRISK: Good afternoon members of the Commission.  
20 My name is Carla Frisk. I am with Assemblyman Jack O'Connell's  
21 office. I am also presenting this letter today, as you  
22 will notice, it is signed by Assemblyman O'Connell, and  
23 Senator Gary Hart, but I would like to note for the record  
24 that Naomi Schwartz is here today, in the audience representing  
25 Senator Gary Hart. I am going to present the letter.

1 I know that both Senator Hart and Assemblyman  
2 O'Connell requested that I express their appreciation to  
3 you for holding this meeting in Santa Barbara, and taking  
4 the time to come and hear the community's concerns about  
5 this project.

6 They also asked, as well, that I present some  
7 of the concerns they have had about the process, and about  
8 the project as well.

9 I won't reiterate most of Supervisor Wallace's  
10 comments about the process, as it sounds like some action  
11 has been taken to decrease those concerns. I would like  
12 to note the number of people in the audience today, here  
13 on the project, I think they clearly show the Commission  
14 that there is extremely large amounts of interest in the  
15 community on this project, and given the amount of oil development  
16 that has been occurring here, I would say that it is more  
17 often than not that you would see this kind of an interested  
18 audience when this topic came about, so you can be sure  
19 that any time that you come to Santa Barbara on oil, we  
20 will have the place packed for you.

21 With regards to specific concerns about the project,  
22 I think what needs to be reiterated today also is that Assemblyman  
23 O'Connell and Senator Hart are not here to ask you to deny  
24 this project. It is merely their concerns that mitigation  
25 measures and conditions are placed on the project that makes

1 it realistic, given the other number of projects that are  
2 being approved in Santa Barbara County, so that this project  
3 fits into the oil picture in this community, and does not,  
4 in fact, make it difficult to accommodate other projects  
5 along the line.

6 Perhaps the most important issue at stake is the  
7 consolidation of facilities, and this includes oil to shore,  
8 as well as the consolidation of facilities onshore, so that  
9 permits can be given, air quality is not damaged, and in  
10 fact the oil can be gotten out of the ground, out of the  
11 ocean, and taken to where it can be processed.

12 The only way to prevent the complete industrialization  
13 of our coast, along with the attendant visual and air quality  
14 impacts, is to consolidate facilities onshore. The capacity  
15 is available for oil, from the ARCO Project, to be treated  
16 in such a manner. It will require that the oil from each  
17 platform perhaps will be metered wet, however the county  
18 has done studies that indicated that technology is available  
19 to reduce the potential metering errors to an insignificant  
20 levels, and I think the most important part is that this  
21 has to be compared with the benefits that this kind of a  
22 program will have to the citizens, and the environmental  
23 impacts that will be reduced by such a process.

24 Consolidation of treatment would allow for consolidation  
25 of pipelines, and this has also been a major concern of

1 the fishing industry. Every time a platform goes in, the  
2 fishing industry loses ground. Every time a pipeline goes  
3 to shore, it makes it more difficult for these people to  
4 fish without fear of losing valuable, valuable nets, which  
5 by the way, keep on fishing once they are down there, so  
6 it even is more of a waste of our resources.

7 As has been mentioned, the size of the project  
8 is tremendous. It calls for three double platforms, less  
9 than three miles from shore. The visual impacts of these  
10 complexes will be significant, particularly as these platforms  
11 are located immediately adjacent to a highly urban area,  
12 and as well to a major educational institution, the University  
13 of California.

14 The platform that will have the most impact, Platform  
15 Heron, should be eliminated from the project, and the two  
16 remaining platforms should be converted to single platforms--  
17 and again, I have to emphasize, no offshore processing should  
18 be contemplated.

19 Finally, the community should require that all  
20 drill muds and cuttings be taken ashore and disposed of properly.  
21 As has been noticed by Dr. Alldredge, the university has  
22 been using the ocean adjacent to it for research and instructional  
23 purposes for years, and the discharge of these muds and  
24 cuttings could very well have a major impact on this use.

25 There does also remain a great deal of controversy

1 about the impacts of muds and cuttings on the marine resources,  
2 and again, getting back to the commercial fishermen, these  
3 are the resources that eventually become their livelihood,  
4 and out meals on our tables, and both Senator Hart and Assemblyman  
5 O'Connell feel very strongly that these resources must be  
6 protected. We must protect the commercial fishing industry  
7 in Santa Barbara.

8 In conclusion, in the next five years, Santa Barbara  
9 County will experience a major transformation associated  
10 with the construction and completion of many of these projects  
11 that the Board of Supervisors, and the Coastal Commission,  
12 and yourselves, will be reviewing, but for an even greater  
13 number of years its citizenry will experience the impacts  
14 of this tremendous increase in oil production, and this  
15 is going to go on for quite some time.

16 Many of the leases are still being explored. We  
17 don't know--both in state waters and in federal waters--  
18 what additional finds will occur, so even with no more new  
19 leasing we are looking at significant, significant increase  
20 in the oil development for the next 20, 40--who knows how  
21 many years.

22 The decision that you will make on this project  
23 is going to set a major precedent for development of oil  
24 resources in the Santa Barbara Channel and in the state  
25 waters, and I think that it is just crucial that that decision

1 foster cooperation between the state and county, rather  
2 than inhibit cooperation.

3 I think the common goal for accommodating oil  
4 development is really clear between the State Lands Commission  
5 and the County of Santa Barbara, and I think the common  
6 goal also is that these accommodations should be done while  
7 minimizing impacts on our environment, and also the impacts  
8 on our citizens, and I know that Assemblyman O'Connell and  
9 Senator Hart appreciate your efforts to come back  
10 and hear as much as you can from the community, and what  
11 the problems are, and with that, unless there are any questions.

12 CHAIRMAN MC CARTHY: Thank you very much.

13 Would you thank them both for giving us that message.

14 MS. FRISK: Thank you.

15 CHAIRMAN MC CARTHY: We appreciate it.

16 Richard Ranger, the Regulatory and Permitting  
17 Director for ARCO.

18 Mr. Ranger.

19 MR. RANGER: Lieutenant Governor McCarthy, Controller  
20 Davis, Ms. Ordway, we very much appreciate your attendance  
21 here today at this hearing. We appreciate the opportunity  
22 that ARCO Oil and Gas has to describe for you the project  
23 that it has submitted to the State Lands Commission for  
24 review, and which will also be reviewed subsequent to decision  
25 by the State Lands Commission by a number of other agencies,

1 including Santa Barbara County.

2 We agree with others who have spoken that it is  
3 appropriate that you hold this hearing here today. I guess  
4 it was one of the things for which we hoped, when we granted  
5 the extension back around Thanksgiving time, that this opportunity  
6 for public comment would be permitted, and we appreciate  
7 your participation in taking time from your schedules to  
8 come here.

9 Our threshold decision, in bringing this project  
10 to the attention of your Commission, a decision to invest  
11 in offshore oil and gas development of a resource that is  
12 of value and significance to ARCO Oil and Gas Company, and  
13 to the State of California, was also a decision to make  
14 such an investment--undertake such development in an environment  
15 of sensitivity, significance, and shared use by researchers,  
16 by tourists, by residents, by fishermen, by people who use  
17 the marine environment and the coastal environment, in a  
18 number of different ways.

19 We have made that part of our decision. We have  
20 incorporated those concerns to the best of our ability in  
21 the development plan that we submitted before you. We have  
22 no monopoly on expertise. We have no monopoly on knowledge,  
23 but we share with this community the recognition of the  
24 sensitivity of the environment in which we are proposing  
25 a significant development, and we intend to continue to

1 cooperate with the process, both before your Commission  
2 and other agencies, in order that if this project goes forward,  
3 which we believe it should, that a consensus is reached.  
4 That is our intent.

5 We believe that two things are important. We  
6 do believe this is an important resource. We do believe  
7 the environment in which it is found is a sensitive one.  
8 We believe the resource can be produced. We believe this  
9 environment can be protected, and we believe that there  
10 is a range of options for your decision, and by decisions  
11 by other agencies, that will allow both to take place.

12 And we are committed to do our part to cooperate  
13 with you in the search for the best of those options. From  
14 that conviction we are privileged to present this application  
15 before your agency, and others.

16 I would like to begin, if I could, with a brief  
17 discussion of the history of development in the project  
18 area by ARCO and its predecessor companies. The map on  
19 the screen simply shows the leases.

20 George, if you could point out the location of  
21 the UCSB campus, and Isla Vista?

22 The geographic feature, Coal Oil Point, is found  
23 between Lease 308, and Lease 3242 onshore--cnshore. And,  
24 Platform Holly, the existing platform, is marked on the map.  
25

1           To begin with, from the late 20's oil and gas  
 2 production has taken place onshore, and later from wells  
 3 drilled directionally offshore from what is called "The  
 4 Ellwood Field." From that field, over a period of some  
 5 40 years, approximately 100 million barrels of oil and associated  
 6 gas were produced. That field led to increased and intensified  
 7 interest in reserves which might lie offshore.

8           Approximately 40 years ago, Leases 308 and 309  
 9 were obtained by a predecessor company to ARCO. Initially,  
 10 these leases were developed from wells drilled directionally  
 11 from shore. Later, three subsea completions were drilled  
 12 from a mobile, offshore drilling rig, and from those wells  
 13 approximately 1.3 million barrels of oil were produced over  
 14 about a 10-year period.

15           In the late 50s and early 60s, attention shifted  
 16 somewhat to the west, and Richfield Oil Company, and Mobil,  
 17 in the early 60s obtained Leases 3120 and 3242, and in 1966  
 18 set Platform Holly on Lease 3242. That platform, since  
 19 1966, has produced a total of approximately 27 million  
 20 barrels of oil and 17 billion cubic feet of gas.

21           Our initial target from Platform Holly, was not  
 22 the Monterey formation, which is the formation we propose  
 23 to produce at Coal Oil Point. We discovered Monterey reserves  
 24 in 1969. Over a period of time, from 1969, we gradually  
 25 completed more of our wells in that formation, and have

1 developed over a period of more than 15 years, a body of  
2 knowledge and experience with Monterey development, which  
3 we have applied to the proposal we have submitted before  
4 your agency, and which is under review today.

5           That development through the early 70s was quite  
6 gradual in part because of the moratorium that then existed  
7 for several years on new drilling in the Santa Barbara Channel.

8           In that time, as well, we modified our onshore  
9 processing facility at Ellwood. Prior to 1980, Ellwood  
10 was simply an oil processing site. In the late 70s ARCO  
11 acquired permits from Santa Barbara County for the installation  
12 of a system to remove hydrogen sulfide from the natural  
13 gas stream, converting that hydrogen sulfide to elemental  
14 sulfur, and thus putting us in the position to supply treated,  
15 dried, cleaned up, natural gas to the distribution system  
16 for the south coast region, and since that time--the early  
17 80s--with additional modification, our Ellwood onshore processing  
18 facility, which processes and treats both crude oil and  
19 natural gas, has operated in compliance with ordinances  
20 and permits from Santa Barbara County, and its Air Pollution  
21 Control District.

22           In 1982, ARCO drilled Coal Oil Point discovery  
23 well, 309-8, which is the drilling operation Supervisor  
24 Wallace earlier referred to. Based on an analysis of this  
25 well, the knowledge and background we had developed in exploiting

1 the Monterey formation in the south Ellwood Field, from  
2 Platform Holly, and additional geologic and geophysical  
3 studies, ARCO determined that there were reserves under  
4 the Coal Oil Point Field, of approximately 100 million barrels  
5 of oil and 100 billion cubic feet of natural gas.

6 In addition, in 1982, ARCO installed the seep  
7 containment project. ARCO recognized that the new source  
8 review rule of the Santa Barbara County Air Pollution Control  
9 District required that we provide offsets for any emissions  
10 from any facilities that we might later install, in particular  
11 the Coal Oil Point Project.

12 ARCO developed the technology for the recovery  
13 of hydrocarbon emissions from natural gas seeps on the sea  
14 floor, on Lease 3242. Following that, ARCO negotiated an  
15 agreement with Santa Barbara County, and its Air Pollution  
16 Control District, under which the seep hydrocarbon emissions  
17 were recognized as an offset source. It is that agreement  
18 which Mr. Norgaard spoke to earlier, and which I believe  
19 Supervisor Wallace mentioned.

20 With the discovery of the Coal Oil Point Field,  
21 and the recognition of an offset in the seep project, we  
22 began work on a plan for development of the Coal Oil Point  
23 Project. Our exploration of the leases continued however,  
24 and in April of 1985, we drilled the discovery well for  
25 the field we call "The Embarcadero Field" which underlies

1 Leases 3242, and 208.

2 ARCO, at that point, was advised--this being early  
3 1985--by the project's Joint Review Panel, chaired by your  
4 agency, the State Lands Commission, to revise its project  
5 application to allow environmental review of the development  
6 of the Embarcadero Field, together with the Coal Oil Point  
7 Field. Each involved reserves in the Monterey formation,  
8 but they are separate fields, speaking in lay terms--and  
9 I assure you that I am a layman, not an engineer--they are  
10 separate pools of crude oil and natural gas.

11 In December of 1985, the State Lands Commission  
12 staff deemed complete, for environmental review, a plan  
13 for development which included the Coal Oil Point Field,  
14 additional development of the South Ellwood Field, and development  
15 of the Embarcadero Field, plus associated onshore facilities  
16 for processing oil and gas and for transportation.

17 And, it is of course, that project application  
18 which has been under environmental review, and for which  
19 we, in addition to many others, are eagerly awaiting the  
20 final environmental impact report.

21 A summary of the project then-- ARCO submitted  
22 preliminary engineering designs for environmental review  
23 for the Coal Oil Point Project, including platform complexes  
24 to develop each of the three fields, alternatives for oil  
25 processing facilities for onshore and offshore. The two

1 onshore facilities, increasing oil processing capacity  
2 within the existing industrial footprint at our Ellwood  
3 site, and in addition, to a permit level of detail, crude  
4 oil processing in Las Flores Canyon, one of the sites designated  
5 by Santa Barbara County for consolidation of onshore processing  
6 facilities.

7 In addition, we did submit design data for offshore  
8 processing.

9 We had basically one gas processing alternative,  
10 that in Las Flores Canyon, that same consolidated site.  
11 ARCO's subsidiary, Four Corners Pipeline Company, which  
12 operates interstate pipelines, and which is a regulated  
13 utility, submitted designs for crude oil storage and transportation  
14 system, which included storage tanks near our Ellwood facility,  
15 at our Dos Pueblos property, and an onshore pipeline.

16 First I would like to discuss platform locations,  
17 and what goes into selecting them.

18 This is a north south geologic cross section,  
19 looking west. [Referring to the map on the screen.] The  
20 coast is to the right of this simple cross section, and  
21 the Channel Islands are to the left. This section shows  
22 the oil accumulations in the old South Ellwood Field, from  
23 which we have been producing. Our initial target, in the  
24 Rincon--you can see the green area--is the original target  
25 for Platform Holly, and then the South Ellwood Monterey

1 Reserves are indicated by the green section in the Monterey  
2 stratigraphic interval.

3 Notice that Holly is located in the center part  
4 of the Monterey reservoir. This allows both the north and  
5 south dipping flanks of the Monterey to be reached by wells  
6 from a single platform.

7 Next, the map that George is putting on the screen,  
8 shows the field outlines of the existing South Ellwood Field,  
9 the Coal Oil Point Field, and the Embarcadero Field. Notice  
10 that Holly was set in the central portion of the South Ellwood  
11 Field.

12 Looking at the Coal Oil Point Field, and proposed  
13 Platform Heron, if we can for a moment, this field is about  
14 twice the size of the South Ellwood Field in reserves, and  
15 to get the sense of the geography, the width of the 308  
16 and 309 leases, is each is about one mile.

17 Reserves of the Monterey Coal Oil Point, under  
18 the location proposed for Heron are expected to be at about  
19 100 million barrels of oil. By positioning Heron in the  
20 center of the two leases, we expect to recover these oil  
21 and gas resources with one platform.

22 Why can't they be reached from Holly? The next  
23 slide shows another cross section. This time, of the Coal  
24 Oil Point Field looking south as if you were looking at  
25 a cross section from offshore. Note that the 3000-foot

1 depth to the top of the Monterey--is the 3000-foot number  
2 there on the left of the screen--and our maximum hole angle,  
3 which is also an industry maximum of 70 degrees, with that  
4 we can just barely reach all of the Monterey with one platform.

5           The significance of the hole angle is this, at  
6 a hole angle of greater than 70 degrees, you lose the ability  
7 to control the direction and angle of the hole. We have  
8 to be able to drill vertically from one platform, drill  
9 out an an angle of up to 70 degrees, then drop the angle  
10 again, and still drill within our lease line, and into the  
11 formation from which we want to produce oil and gas. That  
12 basically is a constraint on selection of platform location.

13           Moving the platform in either direction, east  
14 or west, would reduce the amount of recoverable hydrocarbons,  
15 we estimate, by one million barrels of oil for every 100  
16 feet moved, or one less well for every 200 feet. This not  
17 only reduces ARCO's reserves to pay for the approximately  
18 \$400 million capital investment for this project, but it  
19 reduces the States Lands share of oil and gas royalties,  
20 which is about half of the total oil production, especially  
21 during peak production periods.

22           Thus, the location for Heron was selected to optimize  
23 recovery from the Coal Oil Point Field, and to optimize  
24 state and ARCO revenue, while only requiring one platform  
25 for development.

1           At one time, we had considered two platforms,  
2 to develop Coal Oil Point reserves, one on each lease, 308  
3 and 309. Many people here today may not agree with us on  
4 much, but we think they share with us an interest in reducing  
5 the number of platforms offshore.

6           The same analogy can be used for Platforms Haven,  
7 and Holly B. Holly B is a need for another well slot,  
8 or well drilling capacity, next to Platform Holly.

9           With respect to crude oil processing, I will state  
10 ARCO's position. ARCO's preferred crude oil processing  
11 alternative is onshore. We have previously so stated. We  
12 have submitted information to your agency, and to Santa  
13 Barbara County, describing ARCO's Ellwood facility as our  
14 preferred processing alternative. We hope to make this  
15 case later in hearings before Santa Barbara County, following  
16 decisions by your agency.

17           At this time, if our Ellwood alternative were  
18 not approved, we would still favor onshore processing at  
19 Las Flores Canyon. We do believe that offshore processing  
20 is technically feasible. We would also agree with the EIR  
21 consultant that it is possible for this to take place at  
22 one, not several, locations.

23           But, the Commission and the public should understand  
24 that any such offshore processing facilities, in the case  
25 of the ARCO Project, are significantly different from offshore

1 processing facilities that have been considered by this  
2 county in other project contexts. In the case of our project,  
3 all such facilities, onshore or offshore, would fall within  
4 the jurisdiction of Santa Barbara County's Air Pollution  
5 Control District, and would be subject to its new source  
6 review rule, and would be subject to the requirement that  
7 the total project, including processing wherever it might  
8 take place, provide a net air quality benefit to Santa Barbara  
9 County.

10 Without such a demonstration, we will not receive  
11 an Authority to Construct any facilities. We will not build  
12 this project.

13 Having said this, if offshore processing were  
14 not to take place, ARCO believes that it would be appropriate  
15 for drilling and separation activities to take place on  
16 one platform structure at each location.

17 Let me put that another way. Without offshore  
18 processing, we would now expect and intend only to build  
19 single platforms.

20 With respect to gas processing, ARCO has submitted  
21 a processing design for a gas treating facility, as I have  
22 mentioned, that we believe will meet environmental and air  
23 quality standards--and which must--in Las Flores Canyon,  
24 the site designated by Santa Barbara County for consolidation  
25 of processing facilities, serving offshore oil and gas production.

1           With respect to air quality, again, central to  
2 our proposal before Santa Barbara County, its Air Pollution  
3 Control District, and other agencies, that we can demonstrate  
4 that net air quality benefit, is the seep containment project,  
5 installed in 1982, specifically to provide offsets for the  
6 Coal Oil Point Project.

7           This structure, the pyramids or tents, that you  
8 see depicted here, sit on the sea floor and recover or capture  
9 natural gas emitted from natural seeps on the sea floor  
10 on Lease 3242.

11           The pipeline running from the separators atop  
12 those two pyramids delivers that gas to shore, where it  
13 is sweetened and delivered into the gas distribution system  
14 serving the Santa Barbara south coast. We recover approximately  
15 1.5 million cubic feet of gas per day, or approximately  
16 7 tons of reactive hydrocarbons per day, which would otherwise  
17 be going into the atmosphere in the Santa Barbara south  
18 coast.

19           The reactive hydrocarbons captured by the seep  
20 containment project exceeds the total emissions from all  
21 facilities, associated or proposed, in connection with our  
22 project. This is the center piece of our contention that  
23 our project will be able to meet the rigorous standards  
24 imposed by Santa Barbara's Air Pollution Control District.

25           This project--this seep containment system was

1 not the presentation of a pig in a poke to Santa Barbara  
2 County, and its public. We basically provided the county,  
3 its Air Pollution Control District, and its public, the  
4 opportunity to witness performance testing of this innovative  
5 system for a three- to three-and-a-half-year period prior  
6 to consideration of our project, today, and in subsequent  
7 hearings.

8 In our project design, we have also sought to  
9 incorporate Santa Barbara County's interim air quality standards,  
10 and project filing criteria. These are particular requirements  
11 that the county has sought from the oil and gas industry  
12 for new facilities proposed in the Santa Barbara Channel.  
13 We propose to supply power for most platform activities  
14 from shore, not from power generation offshore. The only  
15 diesel power sources we will have on the platforms are those  
16 which are required for safety reasons, so that we have back-  
17 up systems for those particular platform activities.

18 All power to onshore facilities will be supplied  
19 from the electric powered grid. There will be no cogeneration  
20 associated with our project, and there will be no other  
21 forms of generation.

22 In our design for onshore processing, and in our  
23 proposal to modify the Ellwood facility, for instance, we  
24 have proposed to reduce the total emissions from that facility  
25 in the course of converting it, by approximately one half.

1           Those are the design criteria, just some of them,  
2 with which we entered this permit review process. We did  
3 not close our minds, in December of '85, when we submitted  
4 the Preliminary Development Plan to your agency, and we  
5 have been active participant in review at staff levels,  
6 and with the public directly, in the months that have taken  
7 place since.

8           We believe, as I stated earlier, that there are  
9 outcomes for your Commission which allow production of this  
10 valuable resource, and allow protection of the environment  
11 in which it sits.

12           It is easy to place the value on a barrel of oil,  
13 or on a standard cubic foot of natural gas. You can look  
14 that up in the paper. We would agree with representatives  
15 from the university that one puts a value on the research  
16 and study effort at that institution at one's peril. We  
17 would agree that it is difficult to place a value on some  
18 of the other resources, and some of the other uses which  
19 take place in the marine and coastal environments.

20           We simply state before you today that we are dedicated  
21 to working this problem out. We would not be here if we  
22 did not believe that result could be reached, and we  
23 pledge our cooperation to your agency, and to the others  
24 who will have an opportunity to review this project in the  
25 future.

1 CHAIRMAN MC CARTHY: Thank you very much.

2 Do you have any questions, Commissioner Ordway?

3 COMMISSIONER ORDWAY: Just one question of staff.

4 At Long Beach, what is the maximum drill angle  
5 that is used most?

6 UNIDENTIFIED STAFF MEMBER: Same, 70 degrees.

7 COMMISSIONER ORDWAY: Seventy degrees, thank you.

8 CHAIRMAN MC CARTHY: You heard the earlier discussion,  
9 Mr. Ranger, about the commingling issue, and our staff comment  
10 about trying to find a unified approach to royalty formulas.

11 I don't know whether you or Mr. Norgaard will  
12 deal with that at the appropriate time, and I am not sure  
13 that we can even get into it at this meeting, today. I  
14 just wanted to tag that issue and make a point of saying  
15 that I personally hope we can work that out. It would be  
16 a very influential factor with me.

17 MR. NORGAARD: Let me respond to that.

18 Are you talking about--oh, excuse me. This is  
19 Paul Norgaard.

20 Are you talking about reaching a common royalty  
21 amongst all of the tracts?

22 CHAIRMAN MC CARTHY: Yes.

23 MR. NORGAARD: Or, were you talking about being  
24 able to come up with some technology that will allow adequate  
25 measurement? Or, both?

1 CHAIRMAN MC CARTHY: Well, we have been talking  
2 about both.

3 MR. NORGAARD: Let me address that a little bit,  
4 if I may.

5 CHAIRMAN MC CARTHY: Yes, sir.

6 MR. NORGAARD: As far as reaching a single royalty,  
7 my personal belief is that is a very difficult question,  
8 and the reason that it is, is that none of us know exactly  
9 how much oil that will be recovered from each tract, and  
10 we have to know that, in order to come up--and not only  
11 know how much, but when, and under what volumes, in order  
12 to properly calculate the amount of royalty that the State  
13 of California should receive.

14 And, that is probably the most difficult question  
15 that could be put before a technical group.

16 I personally have been involved in unitization  
17 discussions a number of times, and it is the same kind of  
18 question, and it is very, very difficult. I would expect  
19 very low chance of success on that.

20 I think there is a much better chance of the State  
21 of California receiving its fair share of royalty oil with  
22 measurement scheme, than there is with a reallocation, or  
23 a reestablishment of ownership under the tracts.

24 And, with respect to that one, my personal belief  
25 is that there is room to disagree, and it will take a

1 very dedicated effort on the part of all individuals to  
2 come up with something that we all can feel comfortable  
3 with.

4 CHAIRMAN MC CARTHY: May I urge--

5 MR. NORGAARD: But, we are willing to do it.

6 CHAIRMAN MC CARTHY: --that those discussions start  
7 tomorrow.

8 COMMISSIONER ORDWAY: One additional question  
9 on that.

10 MR. NORGAARD: Oh, yes, I should point out, as  
11 Moose mentioned, there is a meeting between ourselves and  
12 State Lands this coming Friday.

13 [Remark off of the record.]

14 CHAIRMAN MC CARTHY: Yes, you can start it the  
15 day after tomorrow.

16 Commissioner Ordway.

17 COMMISSIONER ORDWAY: One additional question  
18 on that.

19 Are you aware of any currently used technology  
20 that could be used to resolve this issue?

21 MR. NORGAARD: Are you speaking with the measurement  
22 question?

23 COMMISSIONER ORDWAY: Yes.

24 MR. NORGAARD: We currently have a measurement  
25 process on Platform Holly, and have been working on that

1 platform now for about three years, trying to come up with  
2 adequate and satisfactory measurements.

3           Clearly, there is room to have differences of  
4 opinions. There is nothing that will be perfect. You know,  
5 I think everybody can agree with that, unless one goes ahead  
6 and cleans the oil to the point of pipeline quality, there  
7 will always be the question of whether in fact it has been  
8 perfectly measured.

9           The question that you get to is what is an acceptable  
10 margin of error? And, here, again, that is something that  
11 is very easy to have questions and disagreements on.

12           But, we feel that we have taken technology about  
13 as far as it can go, in the process that we have on Holly.

14           There are other forms of technology that are being  
15 used elsewhere, and we don't believe they are any better,  
16 or, as a matter of fact, we don't believe they are as good  
17 as what we are doing on Holly.

18           Our research people are working right now on some  
19 technology using a microwave system. Whether they will  
20 be able to come up with a process that is acceptable or  
21 not, I don't know.

22           Clearly, Atlantic Richfield is dedicated to finding  
23 an answer, but we don't have the perfect answer yet, and  
24 we may never have. It is a matter of being able to come  
25 up with something that is acceptable to all parties.

1 COMMISSIONER ORDWAY: Thank you.

2 CHAIRMAN MC CARTHY: I just want to repeat that  
3 what answers you come up with in your meetings will be a  
4 very decisive factor, among several, for me, as one of three  
5 Commissioners, here.

6 Thank you.

7 Did you hear any new testimony today, from any  
8 of the previous witnesses, Mr. Ranger, that was not a part  
9 of the previous discussion in all of the meetings that you  
10 have participated in, that you want to specifically respond  
11 to, that might be helpful to us?

12 MR. RANGER: We will be available throughout the  
13 duration of the day for a response.

14 We have nothing to respond to yet, from what has  
15 been previously stated. We are available to respond to  
16 requests for information from you.

17 I also wanted to state that I have no prepared  
18 statement, only notes for you. We will prepare a statement  
19 for the record to follow today's hearing.

20 CHAIRMAN MC CARTHY: Let me ask one question.

21 You heard strong testimony that Platform Heron  
22 should be either eliminated, or moved, 1500 meters westerly.  
23 Do you want to comment in a little more detail on that  
24 recommendation?

25 MR. RANGER: At this point, I think our comment

1 is that we have described for you the resource, which we  
2 believe we discovered from a well drilled near the proposed  
3 Heron location. We believe that a significant move of that  
4 platform to the west, or its elimination, would greatly  
5 reduce reserves from the project, and pose a significant  
6 economic dilemma for ARCO Oil and Gas. It would deprive  
7 us both of recovery of the resource, under the technologies  
8 that we see today, or that are foreseeable.

9 CHAIRMAN MC CARTHY: Okay, may we hear now from  
10 Mr. Rudy Mangué, commercial fishermen, divers.

11 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, Mr. Mangué  
12 had to leave and--

13 CHAIRMAN MC CARTHY: Okay.

14 EXECUTIVE OFFICER DEDRICK: -submitted written  
15 testimony, which he said would be adequate.

16 CHAIRMAN MC CARTHY: We will accept it into the  
17 record, thank you.

18 Mr. Robert Sollen, ARCO, offshore oil policy coordinator--  
19 Sierra Club.

20 [Laughter]

21 Did you feel you were undergoing a change in career?

22 MR. SOLLEN: You corrected yourself just in time,  
23 Mr. Chairman.

24 First of all, let me say that we are very grateful  
25 that the Commission came to Santa Barbara, and the staff,

1 for this afternoon's hearing, and this evening's hearing.

2 I have comments on both the public review procedure,  
3 and on the merits of the project.

4 I must repeat my objection to the conflict of  
5 interest in processing these project applications. On October  
6 30, 1985, James F. Trout, of the Commission staff, testified  
7 here that the Commission intends to maximize oil development  
8 in state waters off of Santa Barbara County.

9 Now, an agency which seeks to maximize oil development,  
10 is not the appropriate agency to conduct environmental impact  
11 studies, review, evaluate, and certify these studies, review  
12 and pass on permit applications, supervise offshore oil  
13 operations, and enforce environmental and safety regulations.

14 Now, I know you didn't write the rules, but I  
15 think the conflicts are obvious.

16 We are very happy to hear that the Commission  
17 will be back in Santa Barbara for a subsequent hearing,  
18 considerably after the impact report is made available.  
19 We would also strongly request that we have in due time  
20 a staff report from the Commission's staff prior to that  
21 hearing.

22 As for the issue at hand, we support the part  
23 of the County Energy Division staff report that concludes  
24 that, "The no project alternative is by far the environmentally  
25 preferred project."

1 But, an ARCO spokesman, last week, testified that  
2 such a statement is merely a truism, and that it can be  
3 applied to almost any structural development.

4 The inference, if I caught it right, is that such  
5 a conclusion, the no project conclusion, is merely boiler  
6 plate rhetoric, that can be set aside immediately so that  
7 we can discuss other more practical aspects, whatever they  
8 might be.

9 Well, we feel that the oil is not worth the resource  
10 destruction and the burden that would be imposed on the  
11 county by this project.

12 The impacts are many, and familiar, and you have  
13 heard them today, and you will hear them more. They include,  
14 of course, the assault on air quality and water quality.  
15 The impact on marine resources from discharging drilling  
16 muds and drill cuttings would be enormous, even if these  
17 wastes were non-toxic. Their sheer volume in the water  
18 column and on the ocean bottom would seriously degrade unusually  
19 valuable and vulnerable marine habitat, and would imperil  
20 the research of the nationally acclaimed UCSB Marine Science  
21 Institute.

22 Now, your staff has advised us today that this  
23 Commission has never permitted discharge of drill cuttings,  
24 and drilling muds from platforms. That is very encouraging,  
25 and we think it is an excellent precedent that should not

1 be violated; however, there have been such discharges from  
2 exploratory drilling in state waters, and we would advise  
3 that in succeeding operations, exploratory drilling operations,  
4 that these wastes not be permitted to be discharged into  
5 the ocean.

6 We also heard from the UCSB Marine Science Institute  
7 this afternoon that the discharge of produced waters can  
8 also be very harmful.

9 Now, the visual blight is obvious. It would be  
10 like building factories next to a beautiful university campus,  
11 next to a seaside residential community, and near a valuable  
12 natural coastal recreational area.

13 Two or two-and-a-half miles offshore, is not like  
14 two or two-and-a-half miles onshore. There is no buffer.  
15 There are buffers onshore, such as vegetation, such as other  
16 developments, such as transition zones, such as commercial  
17 developments. There are land form buffers. There are no  
18 such things out beyond the ocean front.

19 Furthermore platforms two, or two-and-a-half miles  
20 offshore appear to be much closer than two or two-and-a-  
21 half miles.

22 The interference with commercial fisheries is  
23 also obvious. There might be compensation to fishermen,  
24 but that does not replace the lost fish catch.

25 In the realm of economics, I am not impressed

1 with arguments for the need for more domestic oil production  
2 to reduce imports, while the industry, the federal and the  
3 state governments, dig us deeper into an oil saturated economy,  
4 that has already caused long term, environmental and economic  
5 damage.

6 Even if we were to end all oil activity at once,  
7 which is sheer fantasy, the damage in the future from what  
8 we have already done would continue to increase, largely  
9 from burning fossil fuels.

10 The current issue of Oceanus, which is published  
11 by Woods Hole Oceanographic Institution, is devoted entirely  
12 to "changing climate and the oceans" which is a startling,  
13 but scientific discussion of what we are doing to our climate  
14 by such excesses as fossil fuel combustion. Yet, the oil  
15 industry, and the state and the federal governments, refuse  
16 to develop and carry out policies of energy conservation  
17 and benign energy sources which are available, but they  
18 don't develop themselves.

19 A talk with a companion agency, specifically the  
20 State Energy Commission, would be instructive. It is enthusiastic  
21 about the future, for instance, of methanol as an internal  
22 combustion fuel. But, apparently, this enthusiasm has been  
23 muted by a state administration more in tune with the oil  
24 lubricated federal administration.

25 The United States has produced much more new oil

1 since the mid-1970s through energy conservation and energy  
2 efficiency, than through increases in domestic production,  
3 and at far less cost, even in the absence of an energy conservation  
4 policy.

5 Energy conservation and alternative sources must  
6 come in any case, as we either run out of conventional energy  
7 sources, or create an atmospheric upset crisis.

8 That will not be subject to industrial or governmental  
9 discretion. We might as well act now, while we do have  
10 some discretion.

11 Thank you.

12 CHAIRMAN MC CARTHY: Thank you very much.

13 Marty Blum, President of the League of Women  
14 Voters of Santa Barbara.

15 Welcome.

16 MS. BLUM: Yes, the League of Women Voters of  
17 Santa Barbara commends the State Lands Commission for holding  
18 this special hearing in Santa Barbara.

19 Our national League, our state League, and our  
20 local Leagues, all have strong positions supporting an  
21 efficient, effective, and equitable balance of responsibility,  
22 and authority among the levels of government, with accountability  
23 to the public.

24 The ARCO Coal Oil Point Project has proven to  
25 be a case in point. What is emerging is a glaring imbalance

1 of responsibility and authority between two levels of government.  
2 As the result, there is a diminished accountability to  
3 the public here.

4 The Santa Barbara League strongly supports the  
5 position paper presented to you by the County of Santa  
6 Barbara, the Board of Supervisors. Also the League goes  
7 on record as follows:

8 1. The lack of access to a final EIR, preparatory  
9 to today's hearing, negates the presumed purpose of this  
10 hearing.

11 2. The delay in releasing the FEIR mandates  
12 a time extension, which you are giving today, particularly  
13 concerning the deadline for a permit decision by the State  
14 Lands Commission.

15 3. The ARCO project brings to the surface deficiency  
16 in the decision-making process, governing oil and gas development  
17 in the state tidelands.

18 The State Lands Commission process is better  
19 geared to the simpler problems of the decades of long past.  
20 OCS oil and gas discoveries since that time make your process  
21 inoperative, counterproductive.

22 Legally mandated time tables are proving inapplicable  
23 to multi-million dollar, and multi-billion dollar projects  
24 like ARCO's. They have merely served to distort and divert  
25 the decision making process and shut out the public.

1           Therefore, today the League applauds your decision  
2 for a time extension. We hope it will give the local decision  
3 makers and the public ample opportunity to review the final  
4 EIR, particularly its alternatives, and one that will close  
5 the time gap between state and local permitting decisions.

6           Also, we urge the Commission to proceed to refine  
7 its decision making process better, to involve local decision  
8 makers more equitably, in what is a joint responsibility,  
9 and to better accommodate the emerging imperatives of the  
10 80's.

11           To this latter end, we petition the Commissioners,  
12 themselves, to instigate a much needed reevaluation and  
13 updating of California's energy policy--as you just heard  
14 from Mr. Sollen--to bring it more into line with changing  
15 national priorities, and with California's increasingly  
16 beleaguered and endangered coastal environment.

17           Cumulatively impacts are closing in on us, and  
18 you heard that from the Board of Supervisors, too.

19           Thank you for this opportunity to submit what,  
20 under these circumstances, is very limited input. We look  
21 forward to reviewing the final EIR, and giving you more  
22 input at a later time, on the substantive questions here.

23           Thank you.

24           CHAIRMAN MC CARTHY: Thank you very much.

25           Any questions?

1 [No response.]

2 Thank you.

3 Dr. Roderick Clinton, the Embarcadero Municipal  
4 Improvement District.

5 MR. CLINTON: Thank you, Mr. Chairman. I am  
6 Dr. Roderick Clinton, and I represent and am President  
7 of the Embarcadero Municipal Improvement District. For  
8 your information the Improvement District is located to  
9 the immediate west of the ARCO Ellwood facility, the onshore  
10 facilities at the Ellwood station, there.

11 The District represents some 370 home owners  
12 in that area, and that property runs from the beach front  
13 to the National Forest lands in the back, and from ridge  
14 to ridge in the Tecalote Canyon area. We are ARCO's onshore,  
15 immediate neighbors.

16 We have comments of the general project, and  
17 we support the county and the county proposal for an onshore  
18 oil facility at the Las Flores Canyon.

19 In the draft proposal, they recommended three  
20 processes for the Ellwood onshore facility. One was to  
21 leave it as it is. One was to convert it--and that was  
22 the preferred project--to convert it to oil processing  
23 only. We feel that that is a benefit and an asset, compared  
24 to the gas and oil process that takes place there right  
25 now.

1           The gas processing at Ellwood, although the air  
2           quality circumstances may be mitigated by underwater collection  
3           and seepage collection, the onshore smell that exists for  
4           the immediate neighbors are real and present and everyday.  
5           We would like to see the gas processing out of the Ellwood  
6           facility; although, Alternative 3 called for the dismantling  
7           of Ellwood totally, and the moving out to Las Flores Canyon,  
8           and we prefer that one of all of the options, but we will  
9           be happy with the removal of the gas in the Ellwood processing  
10          plant as it exists now.

11           I have no other comments, thank you.

12           CHAIRMAN MC CARTHY: Thank you, Dr. Clinton,  
13          very much.

14           Janice Keller, Public Affairs Director for Get  
15          Oil Out, Inc.

16           MS. KELLER: Thank you, Mr. Chairman.

17           CHAIRMAN MC CARTHY: That is GOO, right?

18           MS. KELLER: Right. Members of the State Lands  
19          Commission, my name is Janice Keller, and I am the Public  
20          Affairs Director for Get Oil Out, Incorporated, fondly  
21          known as GOO.

22           I have some comments in writing, although they  
23          will be modified by my oral statements.

24           GOO, and its nearly 1000 members and supporters,  
25          sincerely appreciates this opportunity to provide testimony

1 to you on the ARCO Coal Oil Point Project. Your decision  
2 to hold this hearing in Santa Barbara provides a much needed  
3 opportunity for the community most adversely effected by  
4 this project to express its concerns directly to you.

5 We would hope that this signals a new policy  
6 for the State Lands Commission to hold public hearings  
7 on major projects in the communities most directly effected  
8 by your decisions.

9 A bit of history: GOO is a citizens' based organization  
10 which lobbies for responsible oil policies to protect our  
11 local coastal environment. GOO was founded on January  
12 29, 1969, the day following the disastrous oil spill at  
13 Union Oil's Platform A in the Santa Barbara Channel. For  
14 many years GOO lobbied for moratoriums on new development  
15 of offshore oil resources in the Santa Barbara Channel.

16 Santa Barbara has suffered far more than its  
17 equitable share of impacts from offshore oil exploitation,  
18 even without new development. In our hearts, we would  
19 still urge a continued moratorium on further development  
20 of offshore oil resources within the state tidelands,  
21 particularly in today's depressed oil market; however,  
22 the realities of federal and state governmental support  
23 for offshore development must be recognized.

24 We, therefore, temper our testimony with the  
25 political realities which seem to exist in today's world.

1 I would like to say a little bit about the process.  
2 Much was going to be said today regarding the frustration  
3 of responding to a project which does not have a final  
4 environmental impact report for public review. It is difficult,  
5 if not impossible, to comment on the impacts associated  
6 with the project of the magnitude of the ARCO Coal Oil  
7 Point Project, without the benefit of the final environmental  
8 impact report.

9 The draft of that document was so thoroughly  
10 discredited by all concerned, including responsible agencies,  
11 the applicant itself, community organizations, and the  
12 public at large, that it no longer serves as a relevant  
13 source of data on the environmental impacts associated  
14 with this project.

15 We commend your preliminary decision to return  
16 to Santa Barbara for another public hearing, after the  
17 final EIR is released, and after there is adequate time  
18 for public testimony on the document, but before you make  
19 your final decision on this project.

20 As for the project itself, GOO has reviewed and  
21 analyzed the staff recommendations prepared by the Energy  
22 Division of the County of Santa Barbara, as well as the  
23 position statement approved by the Santa Barbara County  
24 Board of Supervisors, and we support those recommendations  
25 as the only viable alternative to the environmentally preferred

1 no project option.

2 It is ironic, and in a sense tragic, that the  
3 project alternatives being promoted by the staff of the  
4 State Lands Commission pose far more significant environmental  
5 impacts than does the applicant's proposed project.

6 We believe that the ARCO Coal Oil Point Project,  
7 if it is to be approved in any form, must include the following  
8 alternatives or mitigation measures:

9 ° Deletion of Platform Heron from the project,  
10 at least until such time as future technology will allow  
11 recovery of the oil from a less sensitive site.

12 ° Use of single platforms, rather than the visually  
13 degrading double platform complexes proposed by ARCO.

14 ° No offshore processing.

15 ° A single, commingled oil pipeline, from the  
16 offshore platforms to an onshore processing facility, located  
17 at Las Flores Canyon.

18 ° And, prohibition of discharge of any muds, cuttings,  
19 or processed waters into coastal waters.

20 In order for this project to implement the environmentally  
21 preferable alternative set forth above, it is clear that  
22 the State Lands Commission must adopt new policies to guide  
23 its decision making on development on offshore resources.

24 The staff of the State Lands Commission will  
25 need new direction, or even better, a change of staff itself

1 from the top down, to properly implement those policies.  
2 Implementation of new policies will take time, and action  
3 on the ARCO Coal Oil Point Project may be taken this month;  
4 therefore the only option available to the State Lands  
5 Commission, at this point in time, is to deny the ARCO  
6 project proposal, without prejudice, and allow ARCO to  
7 resubmit a revised project proposal, incorporating all  
8 of the mitigation measures recommended by the County of  
9 Santa Barbara.

10 Thank you for your time.

11 CHAIRMAN MC CARTHY: Thank you.

12 Any question?

13 COMMISSIONER ORDWAY: One question of staff.

14 The 1969 blowout at Union, if I am not mistaken,  
15 that was not in state waters? Is that correct.

16 EXECUTIVE OFFICER DEDRICK: That is correct.

17 COMMISSIONER ORDWAY: If I am also not mistaken,  
18 had that platform had to adhere to the policies and procedures  
19 of the State Lands Commission at that time, and the safety  
20 requirements of the State Lands Commission at that time,  
21 it is highly unlikely that that spill would have occurred?

22 EXECUTIVE OFFICER DEDRICK: That is correct.

23 COMMISSIONER ORDWAY: Thank you.

24 EXECUTIVE OFFICER DEDRICK: We think it would  
25 not have occurred under--

1           COMMISSIONER ORDWAY: I just want to correct  
2 your record. I mean, I appreciate that a spill is very  
3 bad; however, there is not, to my knowledge, been a spill  
4 in state lands.

5           MS. KELLER: I did not indicate that.

6           CHAIRMAN MC CARTHY: Now, we are going to hear  
7 from C. B. Anderson, the President of the Isla Vista Association.

8           MR. ANDERSON: Members of the Commission, my  
9 name is Curt Anderson. I have been a member of the chemistry  
10 faculty at UCSB for 25 years, and a resident of Isla Vista  
11 at that time.

12           The Isla Vista Association is predominantly a group  
13 of homeowners. I am the President and I am going to speak  
14 for our general concerns.

15           We are, as you know, the closest community to  
16 it, and in fact, Platform Heron is directly off of Camino  
17 Corto, two miles out--or will be. We are well aware that  
18 Platform Heron is expected to produce more than half the  
19 oil and a large share of the gas on the project, and we  
20 are also not petroleum engineers, but if the project is  
21 not developed at all, the oil is not lost to the State  
22 of California. The state still has the resource and it  
23 can be developed at some later time. That is just as a  
24 comment.

25           We, nevertheless, feel that we have to protest

1 Platform Heron. It is too close to a heavily populated  
2 area, which is about 18,000, if you consider Isla Vista,  
3 plus UCSB.

4 We protested to the State Lands Commission that  
5 the draft EIR did not estimate the effects of atmospheric  
6 pollution on Isla Vista. It talks about a more general  
7 basin effects, but the small urban area that is immediately  
8 adjacent to the platform will experience tremendously magnified  
9 problems.

10 In fact, the words "Isla Vista" were not mentioned  
11 in the EIR, and in passing we might as well mention too,  
12 that the copy of the draft EIR that was available to us  
13 in the library was not the final draft.

14 Moving Platform Heron 1500 yards to the west  
15 ameliorates the view slightly, but does not change the  
16 industrialization of our front yard. The problems with  
17 Platform Heron so close to about 18,000 people are:

- 18 1. Atmospheric pollution.
- 19 2. Noise pollution.
- 20 3. The possibility of catastrophic accidents.

21 Before I mention a few facts about those, or  
22 a few concerns, I want to say that the Isla Vista Association  
23 is opposed to any buy-off mitigations. We don't need any  
24 endowed professorships, no research grants, no swimming  
25 pool, and no funds for Isla Vista Recreation and Parks

1 District. All we want is that the air pollution and noise  
2 pollution in our neighborhood should be minimized, no matter  
3 what the outcome of the Commission's decision, or whatever  
4 their decision is, and we want our safety maximized.

5 If Platform Heron is allowed over our objections,  
6 we think that human decency requires that every effort  
7 be made to minimize the effects of this project on our  
8 homes and lives. Noise abatement is necessary.

9 The construction and drilling at Platform Holly  
10 was audible in Isla Vista, 24 hour per day, as was pile  
11 driving at the Goleta Pier, and as was the prospecting  
12 off of the shore recently.

13 Noise abatements are and were achieved in Beverly  
14 Hills and Los Angeles City, for low these many years, so  
15 I am sure it can be done there, too. It will cost money,  
16 but I think we deserve it, and there will be enough money  
17 there to pay for it.

18 So, as a very minimum, we should not have to  
19 live with the noise. Now, if Platform Heron is allowed,  
20 we must be sure that the atmosphere pollution does not  
21 increase. Now, we are not satisfied that just discussion  
22 of basin levels is going to take care of Isla Vista, and  
23 in particular we are concerned about the drilling process  
24 and the flaring of the wells, that apparently seems to  
25 be necessary, or at least economically desirable.

1           We might add that Platform Holly, in the time  
2 that it has been there, we sort of grudgingly agree that  
3 it has been a fairly good neighbor, that is the production  
4 emissions are not our principle concern. We are concerned  
5 about those, but we think the AICD can probably handle  
6 that, maybe--well, we hope.

7           But, during the drilling of the wells there is  
8 a problem, because they intend to flare, I think it is,  
9 four days per month, for the first--I don't know how long,  
10 but anyway it is a long time, and these flares will burn  
11 constantly, and I don't think it is possible that those  
12 flares can possibly be within the air quality limitations  
13 of Santa Barbara County, much less Isla Vista.

14           Another problem, of course, is the gas that would  
15 be flared, is around two percent hydrogen sulfide, and  
16 any incineration process does not burn all of the material,  
17 so the hydrogen sulfide, some of it, will actually go into  
18 the atmosphere, even from the flare, and then most of it  
19 will be converted to sulfur dioxide, which under suitable  
20 circumstances, and ozone and nitrogen oxides, sunlight,  
21 and water vapor, could be converted into sulfuric acid.

22           The ARCO representative said that they--well,  
23 I already said that.

24           Anyway, we protest this flaring in the drilling  
25 stage, and that should be--should be--well, it should be

1 eliminated altogether.

2 I thought, too, that we should point out that  
3 other parts of the United States are also subject to federal  
4 laws, with regard to atmospheric pollution; nevertheless,  
5 in the Los Angeles Times on the 5th of January, there was  
6 a notice that sulfur oxides in rain in Jacksonville, Florida,  
7 caused the BMW Company to stop shipping cars through the  
8 port. It seemed that 2000 cars' paint jobs were pitted.  
9 Now, what must it do to the people in Jacksonville? They  
10 have the same federal laws for air pollution that we do,  
11 and I suppose it can happen in Isla Vista.

12 So, I think that Isla Vista has not really been  
13 fairly treated in the discussion, and we need much more  
14 protection from the pollution, and particularly the very  
15 large pollution that will occur during the building of  
16 the project.

17 The other third category is the catastrophes.  
18 Well, you can--your mind can go wild when you think about  
19 those. You can--one of the ones that one can remember  
20 is an oil well off of the coast of Texas in the Gulf of  
21 Mexico that was burning for--I don't know--several months,  
22 and it took a long time to be able to dynamite it out.

23 And, also, I don't want to insult ARCO, but Pemex  
24 had a blowout that spread oil from the Yucatan all the  
25 way to Texas.

1           Now there is concern in the EIR about tankers  
2 in the Channel, but I haven't heard anybody really discuss  
3 the real probabilities and the potentialities for danger  
4 to the inhabitants in this very densely populated urban  
5 area.

6           Also, one might point out too, that there really  
7 are three roads that lead out of the area, which probably  
8 could not handle 18,000 people, in any reasonable emergency  
9 situation.

10           Thank you.

11           CHAIRMAN MC CARTHY: Thank you very much.

12           Michael Phinney, Isla Vista Association, and  
13 himself.

14           MR. PHINNEY: Chairman McCarthy, and members  
15 of the Commission. I am Michael Phinney. I am a resident  
16 of Isla Vista. I own a real estate appraisal and right-  
17 of-way consulting firm here in Santa Barbara.

18           I came here 21 years ago, transferred here by  
19 Gulf Oil. I am on the Board of Directors of the Isla Vista  
20 Association, whose president you have just heard from,  
21 and I am speaking on behalf of myself and several of my  
22 neighbors, and I am reflecting the sentiments of that Board.

23           First, I want to thank you for being here, a  
24 real step, thank you.

25           And, I want to thank you for seeing the necessity

1 for the time extension, in view of what I will call the  
2 EIR fiasco.

3 I believe that there should be no project, at  
4 this time. I don't believe this field should be developed  
5 now. I believe the nation does not need this oil at present.

6 First, the government is currently plagued by  
7 surpluses. This is evidenced by the sale of oil from the  
8 Elk Hills reserve near Bakersfield.

9 Secondly, the oil industry itself is plagued  
10 by surpluses, and there are thousands of people out of  
11 work from established oil fields in Texas and Oklahoma,  
12 where the oil industry is virtually shut down now, due  
13 to low crude prices.

14 Third, the price for oil from the Santa Barbara  
15 Channel will be better, and the need will be greater in  
16 the future; therefore, holding this oil in reserve now  
17 will better serve both the national interest and the interests  
18 of the State of California.

19 Fourth, technology will improve in intervening  
20 years, and will provide for more efficient recovery methods,  
21 and greatly reduced environmental hazards.

22 Finally, crude oil shipped from the Santa Barbara  
23 Channel now must be shipped clear to Texas for refinery  
24 because there is no west coast refinery that can handle  
25 this high sulfur crude.

1           We support the Coastal Commission's mandate that  
2 we provide vacation and recreation land use in the coastal  
3 zone. We believe development of this oil field ruins the  
4 chance to fulfill that mandate.

5           In addition, we stand against the project's impact  
6 on Isla Vista, one of the most densely populated areas  
7 west of the City of New York. The project's impacts would  
8 result in visual pollution, air pollution, noise pollution,  
9 olfactory pollution, water pollution, destruction of ocean  
10 habitats, and from my professional standpoint, I see lowered  
11 property values.

12           That is on a good day. On a bad day, I think  
13 we can look for the destruction of the university's entire  
14 marine program, which is valued at millions and millions  
15 of dollars. I think we see threats to the health of residents  
16 from leaks of deadly hydrogen sulfide and sulfur dioxide  
17 emissions, resulting in acid fog, sulfuric acid fog. Sulfuric  
18 acid is great for batteries, but it doesn't do your lungs  
19 a bit of good. Almost certain increases of tar on our  
20 beaches, which have already reached intolerable levels  
21 in the past four years.

22           Having taken a no project stance, we are willing  
23 to explore alternatives. This is only rational. We feel  
24 that the most acceptable alternative is the elimination  
25 of Platform Heron, coupled with single platforms for the

1 rest of the project, onshore processing, hydrogen sulfide  
2 reinjected back into the oil strata, no offshore flaring  
3 even during test periods, no dumping of drill mud into  
4 the ocean.

5 We also feel that the second acceptable alternative--  
6 and that is way second--is the relocation of Platform Heron,  
7 1500 yards to the west of its proposed site. And, leaving  
8 the rest of the items included in the project as I just  
9 mentioned.

10 In closing, you have heard and will continue  
11 to hear specific testimony on environmental problems this  
12 project will cause. We entreat you to consider the gravity  
13 of the your decision for Isla Vista, for its residents,  
14 for the university, and the country, for now and into the  
15 future.

16 Thank you very much.

17 CHAIRMAN MC CARTHY: Any questions?

18 [No response.]

19 Thank you very much.

20 I have been asked to announce that this hearing  
21 will be rebroadcast on government access Channels 18, 21  
22 and 22, on Friday, January 16, at 5:00 p.m., for those  
23 of you who are interested in tuning in.

24 Lee Moldaver, President of the Grove Lane Neighborhood  
25 Association.

BEFORE THE STATE LANDS COMMISSION  
OF THE STATE OF CALIFORNIA

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IN THE MATTER OF )  
ARCO COAL OIL )  
POINT PROJECT )

EIR/EIS Public Hearing

TRANSCRIPT OF PROCEEDINGS  
Tuesday, January 13, 1987  
2:00 p.m. & 7:00 p.m.

County of Santa Barbara  
Board of Supervisors Hearing Room  
105 East Anapamu Street  
Santa Barbara, California

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APPEARANCES

STATE OF CALIFORNIA

State Lands Commission

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Nancy Ordway, Office of Director of Finance  
Gray Davis, State Controller  
Jim Tucker, Assistant

Staff

Claire Dedrick, Executive Officer  
James Trout, Assistant Executive Officer  
Robert Hight, Chief Counsel  
W.M. Thompson, Chief Extractive Development  
Frederick Ludlow, Staff Counsel  
Richard Frank, Deputy Attorney General

APPLICANT

ARCO Oil and Gas Company

Richard Ranger, Regulatory and Permitting Director  
Paul Norgaard, Counsel

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1 Mr. Moldaver.

2 MR. MOLDAVER: Thank you Mr. Chairman McCarthy,  
3 members of the State Lands Commission, staff.

4 I am Lee Moldaver, President of the Grove Lane  
5 Association. I would like to point out to you that we  
6 hospitably arranged good weather for you, and I predict  
7 that in less than an hour you are going to have a spectacular  
8 sunset for your break.

9 COMMISSIONER ORDWAY: Thank you, because yesterday  
10 in Sacramento I don't think it hit 40 degrees, and we haven't  
11 seen the sun for a week, so we really appreciate this.

12 MR. MOLDAVER: In the interest of allowing you  
13 to get out and witness the sunset, which Mr. Davis has  
14 seen many times here in southern California, I am going  
15 to be uncharacteristically brief, primarily because as  
16 sagacious state leaders as you are, you anticipated my  
17 request of a 60- to 90-day extension to review the final  
18 EIR, and having put it up to March 26, that basically handles  
19 most of my concern.

20 I can understand the reluctance of Commissioner  
21 Ordway, coming as she does from the Finance Department  
22 because just--oh, 75 days ago, her boss' boss, the Governor,  
23 was here in town explaining the fiscal sturdiness of the  
24 state economy, and the surplus in the budget, and just  
25 seven days ago evidently that situation had miraculously

1 changed. I think that alchemy must play a pivotal role  
2 in the extraction of petroleum products.

3 I would say, however, with regard to scheduling  
4 the meeting on the 26th, I think you have made the wise  
5 decision, because while the Governor was here 70 days ago,  
6 the oil has been there for 70 million years, and it is  
7 my prediction that unless we have a 10-point earth quake  
8 before sunset, it is not going anywhere between now and  
9 March 26.

10 And, given the strength of Atlantic Richfield  
11 and California, unless T. Boone Pickins gets his hands  
12 on them in the next three weeks, they are not going anywhere  
13 either.

14 The only other two observations I can make, beside  
15 the fact that Platform Heron is going to be like the old  
16 M & M candy commercial that melts in your mouth, not in  
17 your hands, because the platform is going to be a sticky,  
18 chewy mess, if it goes in the way it is designed.

19 Our two final observations that I would like  
20 to contrast with hearings that I have attended here in  
21 the recent past, and that is that I have never seen a  
22 State Commissioner make such pithy comments and chew gum  
23 so well! There was a leader of a national party who was  
24 not able to do that, so I think that this is a very positive  
25 sign for the state of the political health of the United

1 States.

2 And, secondly, having been to hearings with my  
3 friends at Exxon and Chevron, I have noticed that sartorially,  
4 while they all dressed exactly alike, both the men and  
5 the women, there is a lot of individuality here with ARCO.

6 And, finally, Dr. Anderson said that he was not  
7 willing to be bought off with swimming pools, and the like,  
8 and grants, but I would like to tell Richard Ranger and  
9 the State Commission that I am going to be needing a new  
10 roof next year, and I am perfectly willing to be bought  
11 off.

12 Thank you very much for the extension, and I  
13 look forward to seeing you again at your hearing that you  
14 hold here between now and the final hearing.

15 Thank you.

16 COMMISSIONER ORDWAY: I would very much like  
17 to thank you for noticing that I gave up smoking three-  
18 and-a-half months ago, because of my sensitivity to other  
19 people's environment.

20 CHAIRMAN MC CARTHY: Mr. Raymond Sawyer, professor  
21 of physics, and former vice chancellor, UCSB.

22 Professor Sawyer.

23 MR. SAWYER: My name is Raymond Sawyer. I am  
24 a professor of UCSB, and the previous vice chancellor,  
25 and I offer the following remarks on behalf on what I perceive

1 is campus interest, although my appearance here is as a  
2 private citizen.

3 I completely support Chancellor Aldrich's remarks;  
4 however, I think that I can add some comments of my own--  
5 and I have edited out most of what was repetitious of what  
6 Chancellor Aldrich said.

7 In one sentence, the project as planned would  
8 be a disaster to UCSB, through destruction of the local  
9 campus ambience, as well as through the general degradation  
10 of the larger community environment.

11 To put it honestly, we do not know to what extent  
12 UCSB's success, as a teaching and research institution,  
13 depends upon the quality of its surroundings, and in many  
14 areas we now have achieved the academic quality which is  
15 necessary to compete successfully with the best institutions  
16 on the country, for outstanding faculty.

17 However, as a person who has interviewed far  
18 more perspective faculty members, than has anyone else  
19 on campus, I can say that the physical beauty of the area  
20 is most often seen as a compensation for that great negative  
21 feature of Santa Barbara, the high cost of housing.

22 I am sure in my own mind that over the long run  
23 environmental degradation will be the greatest threat to  
24 building and maintaining an outstanding collection of scholars  
25 and research programs at UCSB.

1           Similar considerations apply with respect to  
2 attractiveness to students. Despite the unexpected boom  
3 in numbers of applicants during the last few years, the univ-  
4 ersity's long term goal of using this popularity to upgrade  
5 the student quality is endangered, at the least. At worst,  
6 given the history of cycles of campus popularity with students,  
7 the viability of the campus can be threatened by the destruction  
8 of the environment.

9           Platform Heron is the most damaging of the three  
10 proposed complexes. It is by far the nearest to the UCSB  
11 seawater intake. It is the most damaging to the ocean  
12 floor. It is the complex which seen from Goleta Beach  
13 will dominate the horizon.

14           If I am not mistaken, there will be an unobstructed  
15 view of Heron from the Goleta Beach. The structure will  
16 appear to be east of Campus Point, but in actual location  
17 it will be almost directly offshore of UCSB's new faculty  
18 housing project, which is designed to help bring outstanding  
19 new faculty to UCSB.

20           Finally, a development of this intensity on the  
21 exact border of the present sanctuary in the state lands  
22 off of Santa Barbara, could lead to future incursion into  
23 the sanctuary to the west, justified on the grounds that  
24 the local environment was already spoiled.

25           Indeed, it would appear that, at the time that

1 the sanctuary was established the intention was to protect  
2 the densely populated part of the coast line, in the Santa  
3 Barbara area. Since that time, Isla Vista has become the  
4 most densely populated part of the coast.

5 I urge the State Lands to remove the Heron complex  
6 from the project. It is true that this would reduce anticipated  
7 production from the project by roughly one half, and defer  
8 revenues to the state in proportion.

9 On the issue of fair return to ARCO, I would  
10 note that ARCO's payments to require and maintain its lease  
11 of the oil rights in Tract 309, since 1947, have apparently  
12 been \$9000 per year.

13 Certainly, one cannot argue that the return to  
14 ARCO, from a reduced project, would be unfairly small.  
15 Would that each of us had had an opportunity to nail down  
16 such a resource for such a negligible fraction of its value  
17 during an extended inflationary period.

18 I have one additional comment. You have heard  
19 Mr. Ranger's comment on the difficulty of quantifying the  
20 university's potential losses. In my observation, it is  
21 not so unusual in other domains of affairs that an arbitrator  
22 make the split down the middle when the equities are impossible  
23 to quantify.

24 Thank you, and you have several copies of our  
25 written form of my statement.

1 CHAIRMAN MC CARTHY: Yes, we do. Thank you very  
2 much, Professor.

3 Mr. Frank McMurry. Is Mr. Frank McMurry present?

4 UNIDENTIFIED SPEAKER: He has already left.

5 CHAIRMAN MC CARTHY: Thank you very much.

6 Mr. Barry Schuyler, lecturer in environmental  
7 studies, the University of California at Santa Barbara.

8 MR. SCHUYLER: Here are copies for you of my  
9 talk.

10 First of all, I wish to thank the Commissioners  
11 for this opportunity. I have been a resident of this county  
12 for 41 years, and I have watched this conflict grow, the  
13 conflict between a magnificent environment and an oil reserve.

14 I would like to bring to your attention certain  
15 things that have not been discussed very much today, namely  
16 risks to the marine environment as the result of the methods  
17 of shipping the oil out.

18 For many years this has been a sea port. Most  
19 people don't realize it. In 1985, we had an 183 barge  
20 and tank loadings. To take out the production of 100,000  
21 barrels a day, from using four terminals. It is a tribute  
22 to the seamen and to the industry that those loadings were  
23 made without accident.

24 No collisions, no groundings that could lead  
25 to catastrophic fires, or spills. But, I think that anybody

1 will agree that as production rises, to 500,000, to 600,000  
2 barrels in the 1990s, the number of platforms doubles or  
3 triples, the risk of accidents greatly increases, and therefore  
4 we must manage those risks better.

5 My position is, speaking as a citizen, but as  
6 a faculty member who has studied this for many years, there  
7 is no need of marine terminals in this channel, or in the  
8 basin.

9 Oil must be taken out by pipeline, and only by  
10 pipeline. The Celeron Pipeline to Texas is almost completed  
11 to Gaviota. It has an optimum capacity of 300,000 barrels  
12 a day, and can be increased to 425,000 barrels a day, simply  
13 by increasing the horsepower of the pumps.

14 From the west, it will take 240,000 barrels--  
15 that is Texaco, Chevron, Exxon, Unocal, Cities Services.  
16 When the link is built from Gaviota to Las Flores Canyon,  
17 it can take 140,000 barrels from Exxon, if Exxon goes ashore.  
18 It can take 80,000 from the ARCC Project and more from  
19 other projects. There will be adequate pipeline capacity.

20 And, I ask the Commission to place the condition  
21 on ARCO that all oil be transported by pipeline, and that  
22 the Ellwood Terminal be abandoned. If the Commission would  
23 set this example, I think the County might well consider  
24 not allowing the terminals at Las Flores, and at Gaviota.

25 However, if it must be, it must be. There are

1 many safety measures that must increase, and the costs  
2 of those measures must be borne by the industry. Tankers  
3 can break down, or go off course, go aground, break up,  
4 collide with platforms, causing catastrophic accidents.

5 We should have a large ocean going tug, permanently  
6 stationed here, that could reach any disabled vessel in  
7 time. It could also be a fire boat, capable of fighting  
8 fires on vessels, or platforms, and helping fight fires  
9 on the shore.

10 The logical place for it is the proposed coastal  
11 services installation at Point Conception. I hope that  
12 comes back in as the price of oil rises.

13 Resources should be provided to help the Santa  
14 Barbara County Fire Department train and equip itself to  
15 deal with oil related fires. They do not have that training  
16 or equipment now, and they are the first to admit it.

17 Consideration should be given to forming a port  
18 district to properly manage and coordinate all offshore  
19 vessel activities, and to form a vessel traffic control  
20 system in the channel.

21 There have been no accidents in the channel since  
22 '69, but that is no reason to think that it can't happen.  
23 I just quickly close by pointing out some of the examples  
24 we all know about. We had a close call in '84, when the  
25 Sealift Pacific, a small tanker, almost went aground off

1 of Monterey. No tugs could have reached it in time. Fortunately,  
2 it dropped its anchor.

3 The Puerto Rican episode in San Francisco showed  
4 that we are not equipped to train to really deal with vessel  
5 disasters and spills.

6 The ARCO Anchorage spilled oil in Puget Sound  
7 last year. The Ixtoc fire off of Mexico raged for months  
8 before it was put out.

9 Accidents can and do happen, and it would greatly  
10 effect the life of everybody in Isla Vista, at the university,  
11 and in Santa Barbara.

12 Thank you for this opportunity.

13 CHAIRMAN MC CARTHY: Thank you very much.

14 Carolyn Ashbaugh, graduate student, Department  
15 of Biological Science, UCSB.

16 MS. ASHBAUGH: My name is Carolyn Ashbaugh, and  
17 I am a graduate student in biological sciences at UCSB.  
18 I am also a teaching assistant in environmental studies,  
19 and also in biological sciences, in different quarters,  
20 and I would like to thank the Commissioners for coming  
21 to Santa Barbara and hearing public and university testimony  
22 today.

23 I am also very pleased that the Commission has  
24 decided, hopefully, to postpone the final decision on this  
25 project, until all of us have seen the final EIR, and have

1 a chance to make educated comments about that final report.

2 I am very pleased that the university has taken  
3 a public position against the construction of Platform  
4 Heron. Platform Heron would be the most potentially damaging  
5 aspect of the project to the university's marine research  
6 institute--Marine Science Institute, MSI, and represents  
7 the most serious threat to the health and safety of residents  
8 of Isla Vista.

9 And, I think that Dr. Alice Alldredge summarized  
10 more eloquently than I can or will many of the potential  
11 impacts on the university's marine research and teaching  
12 program.

13 We have also heard ARCO's plans to flare the  
14 oil wells at the start up of operations. This flaring  
15 procedure will be detrimental to the health of residents  
16 of Isla Vista and in other parts of Santa Barbara County.

17 In deciding on ARCO's application, I would strongly  
18 urge the State Lands Commission to consider the special  
19 problems that increased air pollution poses with residents  
20 with respiratory problems, such as asthma, bronchitis and  
21 emphysema. I think there is a particular health problem  
22 there that may need to be addressed--that does need to  
23 be addressed.

24 I would agree with all of those who have previously  
25 testified today, that it is totally unacceptable for drilling

1 muds and cuttings to be discharged into the ocean. As  
2 a biologist, I am well aware of the extreme sensitivity  
3 of marine larvae, larvae of fish, and invertebrates, and  
4 of the sensitive nature of the marine environment to turbidity,  
5 to muds that are stirred up, whether or not these muds  
6 are composed of things like toxic materials, or heavy metals.  
7 The turbidity in itself is very damaging to the marine  
8 environment.

9 And, I think Dr. Alldredge referred to a very  
10 important point, how much would the discharged cuttings--  
11 although I am very happy to hear Commissioner Ordway mention  
12 that there has been a precedent that it has never happened  
13 before. I know it is part of ARCO's proposal and I would  
14 strongly urge that as in the past, the Commission not  
15 permit the discharge of drilling and cutting muds.

16 And, again, I want to reiterate that I feel like  
17 Platform Heron is an unacceptable risk to the community  
18 of Isla Vista and Goleta, to the town of Santa Barbara,  
19 to the county, and to the University.

20 And, thank you very much for your time, and patience,  
21 in hearing my testimony.

22 CHAIRMAN MC CARTHY: Thank you very much.

23 We only have five witnesses remaining.

24 Let me mention, after some conversation with  
25 President of the Board of Supervisors, Wallace, and with

1 my two fellow Commissioners here, and with a couple of  
2 others, I would like to recommend a change in the date  
3 we set for the final decision, that it not be March 26,  
4 but rather that it be February 17. That leaves the approximate  
5 time gap that we've missed by not publishing the EIR and  
6 EIS in mid-December as we had originally indicated to the  
7 public that we would do.

8 Also, we have set a second hearing in Santa  
9 Barbara, to hear further public comment, after citizens  
10 and organizations have an opportunity to read the final  
11 published EIR/EIS which is out today.

12 If I have the consent of the two Commissioners,  
13 that date for the vote by this State Lands Commission,  
14 to be taken at a Sacramento meeting, will be on February 17.

15 All right, that is the decision of the Commission.

16 The next witness--

17 COMMISSIONER DAVIS: Leo.

18 CHAIRMAN MC CARTHY: Yes.

19 COMMISSIONER DAVIS: I would ask that there be  
20 a staff report available to the Commission, prior to our  
21 meeting January 28 in Santa Barbara.

22 I think it is customary to make that available  
23 to the Commission. I would ask that it be made available  
24 prior to that meeting.

25 EXECUTIVE OFFICER DEDRICK: Yes, Commissioner,

1 we will do that.

2 COMMISSIONER ORDWAY: One question--

3 EXECUTIVE OFFICER DEDRICK: However, I do not  
4 believe that we can produce a report ten days before January  
5 28, because we haven't got that much time, but we will  
6 get it out as quickly as we can.

7 You want a report based on everything that has  
8 happened up to now, including this hearing? Is that correct?

9 COMMISSIONER DAVIS: Well, in other words, the  
10 final EIR/EIS is out. I want, you know, the staff recommendation--

11 EXECUTIVE OFFICER DEDRICK: Oh, I see.

12 COMMISSIONER DAVIS: --on the preferred course  
13 of action that should be adopted by this Commission.

14 EXECUTIVE OFFICER DEDRICK: I understand. Yes,  
15 we will get that out.

16 We cannot, I don't believe, get that out ten  
17 days before that meeting, however, but we will get that  
18 out just as quickly as we can, and we will apprise the  
19 Commissioners of the time frame involved.

20 [Discussion off of the record by Commissioners.]

21 Now, we are talking--are we at two? I am not  
22 sure that I am together, here.

23 COMMISSIONER ORDWAY: The 28th meeting is back  
24 here.

25 EXECUTIVE OFFICER DEDRICK: The 28th meeting

1 is back here--

2 EXECUTIVE OFFICER DEDRICK: The 28th meeting  
3 is the hearing you are--

4 COMMISSIONER ORDWAY: --in January.

5 EXECUTIVE OFFICER DEDRICK: --holding here?

6 COMMISSIONER ORDWAY: Here again. A hearing  
7 on the project.

8 EXECUTIVE OFFICER DEDRICK: For the purpose of  
9 hearing public comment on the finalizing addendum to the  
10 EIR?

11 CHAIRMAN MC CARTHY: That's right.

12 EXECUTIVE OFFICER DEDRICK: Is that--for that  
13 meeting you would like a staff report, Commissioner Davis?

14 COMMISSIONER DAVIS: Yes.

15 CHAIRMAN MC CARTHY: I think it would be useful.  
16 That is a good suggestion.

17 EXECUTIVE OFFICER DEDRICK: Okay.

18 CHAIRMAN MC CARTHY: I think it would move us  
19 further along, so if at least three or four days prior  
20 to that January 28 meeting--

21 EXECUTIVE OFFICER DEDRICK: Yes, okay, we will  
22 do that.

23 CHAIRMAN MC CARTHY: --and we will try to make  
24 it available to members of the public, that may want it.  
25 I think that is what Commissioner Davis has in mind.

1 COMMISSIONER DAVIS: Right.

2 COMMISSIONER ORDWAY: Question on the meeting  
3 in February. Is there a problem with the applicant? Is  
4 that date agreeable and available to the applicant, legally?

5 CHAIRMAN MC CARTHY: Mr. Norgaard, do you want to comment?  
6 I thought the February 17--I didn't ask you--but I thought the  
7 February 17 date might be more appealing than the March 26 date.

8 MR. NORGAARD: Certainly, the earlier the better,  
9 naturally.

10 Again, we would have to work through the legal  
11 question, but I think--

12 COMMISSIONER ORDWAY: My only concern is the  
13 legal question.

14 CHAIRMAN MC CARTHY: So, the form of the motion  
15 is still the same as it was before.

16 COMMISSIONER ORDWAY: Fine.

17 CHAIRMAN MC CARTHY: It is obviously--we are  
18 assuming that you are going to find every way possible  
19 to accommodate us on this date?

20 MR. NORGAARD: No question about that, sir, yes.

21 CHAIRMAN MC CARTHY: Yes, thank you.

22 Commissioner Davis.

23 COMMISSIONER DAVIS: Well, I guess that covers  
24 it.

25 CHAIRMAN MC CARTHY: All right, thank you.

1 MR. WALLACE: Chairman McCarthy, could I comment  
2 on the 28th hearing?

3 I think that given the testimony that you have  
4 had today, I assume the 28th hearing, is it to certify the  
5 EIR? Or, to have a hearing on that, and if it is not to  
6 do that, and if there isn't a staff report that is fairly  
7 formidable and basically the staff's position on what this  
8 Commission should do, I don't think the 28th hearing is  
9 worth your time coming down here.

10 I don't think you should come down here until  
11 that material is available for this community, or you will  
12 just get a repeat of everything that's been said today,  
13 and it seems like it is just too soon, unless the county  
14 the Planning Commission, and the community, can respond  
15 to what the staff is recommending as the project, and I  
16 think that unless that report can be made available five,  
17 or six, or seven days, and that it be very comprehensive,  
18 it should be what the staff is going to recommend you do.

19 It had been talked about that you would make your  
20 final decision on the 28th. Certainly, the community and  
21 your Board would have to have that information at least  
22 a week in advance, to be able to do that, and that it doesn't  
23 seem like it makes much sense to come all of the way back  
24 down here on the 28th to rehear this, unless we have new  
25 information, or final information, from your staff.

1           CHAIRMAN MC CARTHY: Let's--if we were going to make  
2 a decision on the 31st of this month, when had you planned  
3 to make the staff comment on all parts of this subject available  
4 to the public?

5           EXECUTIVE OFFICER DEDRICK: In all cases, as quickly  
6 as we could, Commissioner, and it would probably be very  
7 close to the 28th, simply because we couldn't possibly get  
8 it written that much faster, and still take into account  
9 this hearing. It would take us at least a week.

10           But, Mr. Chairman, I thought the purpose of the  
11 hearing on the 28th was to hear public comment on the finalizing  
12 addendum for input to the staff report--

13           CHAIRMAN MC CARTHY: It is.

14           EXECUTIVE OFFICER DEDRICK: --to the Commission.

15           CHAIRMAN MC CARTHY: It is.

16           EXECUTIVE OFFICER DEDRICK: Okay.

17           CHAIRMAN MC CARTHY: But, as a practicality, obviously,  
18 we can move many parts of this along, if we also have the  
19 added information of the staff comment.

20           MR. WALLACE: I suppose one of the alternatives  
21 is to cancel the 28th hearing, and have the 17th hearing  
22 here.

23           The problem with that, again, is that again you  
24 are going to get all of this input on whether or not the  
25 EIR is, in the opinions of the experts here, adequate.

1           If you had that sooner, then of course, more changes  
2 could be made.

3           CHAIRMAN MC CARTHY: Well, I am looking for comments  
4 of the two Commissioners who originated the suggestion for  
5 an additional public comment hearing.

6           COMMISSIONER DAVIS: Well, I just feel very strongly  
7 that this community deserves the benefit of a completed  
8 EIR, as does the applicant, and that there should be a hearing  
9 to allow that comment.

10           Now, it would be ideal if we could have both the  
11 staff report and recommendation for this Commission available  
12 at the same time, then I think we could accomplish a couple  
13 of different purposes by doing that.

14           CHAIRMAN MC CARTHY: I did understand in the beginning  
15 of your testimony, Supervisor Wallace, and the testimony  
16 of a number of others, to suggest their inability to view  
17 the final version of the EIR/EIS, did not really permit  
18 them to give the kind of complete testimony that they thought  
19 would be most useful at this hearing.

20           I think that is what the two Commissioners had  
21 in mind when they proposed earlier another public comment  
22 hearing of the Commission here in Santa Barbara.

23           So, we weren't talking about--I agree, that if  
24 our own State Lands Commission staff has their staff comment  
25 available it just furthers the dialogue, but independent

1 of that, I had interpreted your earlier comment, and the  
2 comment of a half dozen witnesses, to be that it would have  
3 been much more fair and logical to have space, distance,  
4 between the publication of the completed EIR/EIS and this  
5 public comment hearing.

6 MR. WALLACE: The EIR really is a technical document  
7 that gives you all of the environmental impacts of the various  
8 alternatives, at which time the decision makers have to  
9 decide which alternatives there are going to be.

10 They may, or may not, override impacts in the  
11 EIR, so I think this community, at this point, is probably  
12 as or more concerned about those decisions, then they are  
13 the final look at the EIR.

14 CHAIRMAN MC CARTHY: Okay.

15 MR. WALLACE: I am sure that you are going to  
16 have--always going to have people thinking that the EIR  
17 is not in a good enough shape, but let's face it, the EIR  
18 is used to make decisions, or to justify decisions, so I  
19 think that the two really go hand in hand.

20 And, I suppose the only other compromise at this  
21 point is to try and get staff to come up with a fairly comprehensive  
22 report as quickly as possible before that 28th hearing,  
23 and that sounds like the best we can do.

24 CHAIRMAN MC CARTHY: Now, you recommended a moment  
25 ago, that the proposed 28th hearing would not be that useful,

1 because we would hear a lot of same kind of testimony again?  
2 Is that what you are--

3 MR. WALLACE: Well, on the project--

4 CHAIRMAN MC CARTHY: --feeling. If it is, you  
5 should reconsider it.

6 MR. WALLACE: On the project itself you will,  
7 which again is a lot of people's concerns. How--you know--how  
8 the ocean currents, in the final EIR, correspond with what  
9 has been the testimony is all very interesting, and in a  
10 lot of cases very technical, but I still think that a lot  
11 of people are going to want to comment on how adequate the  
12 final EIR is, and how it responded to the comments.

13 Did they just ignore a lot of what we consider  
14 very important points? And, then are not part of the consideration.

15 I think another big concern to the county is the  
16 proposed environmentally preferred option, that the consultant  
17 is putting forward, and being put in the EIR, which is not  
18 going through the Joint Review Panel. Neither the county  
19 nor the Coastal Commission, who have worked very closely  
20 with your staff, are reviewing that preferred option before  
21 it is put in the certified EIR, as far as I know.

22 I don't believe that there is a meeting of the  
23 Joint Review Panel--

24 CHAIRMAN MC CARTHY: No, I think maybe that is  
25 a misimpression.

1 EXECUTIVE OFFICER DEDRICK: Yes, I think that  
2 is a misunderstanding.

3 MR. WALLACE: Well, will there be a meeting of  
4 that Joint Review Panel, to discuss that before--

5 EXECUTIVE OFFICER DEDRICK: Whether or not there  
6 will be, the document is available as of today.

7 Your staff, who worked with our staff, and the  
8 <sup>Corps</sup> core staff, knows everything that my staff knows, and they  
9 knew it before I did, so this is--as Chairman McCarthy just  
10 said--it is all on the table.

11 I have a question though, in regard to staff reports  
12 here. I am getting a little confused. If the staff will  
13 not be able to produce other than a factual accounting of  
14 the fact report, I don't believe, until we have had the  
15 benefit of public input on the finalizing addendum of the  
16 EIR, if that is the review process that you would like to  
17 pursue, which I thought is what was going on here.

18 That is to say, Commissioner Davis, we can't very  
19 well present you anything except what is in the finalizing  
20 addendum, which we can certainly do, as a staff report,  
21 but it would be--if we are following the process whereby  
22 you are holding a second public hearing, for the purpose  
23 of getting public input, on the finalizing addendum, which  
24 was published today, and then your decision making hearing  
25 will be held in February, a staff report would be premature

1 at this time, in regard to recommendations. We simply won't  
2 be ready to make those recommendations, if we are to take  
3 into account the public input, which I gather, I think that  
4 is what you want us to do.

5 COMMISSIONER DAVIS: Well, this may be a Catch-22,  
6 and there may be no way to resolve this issue, but I think  
7 there is a certain sense of "hide the ball" in this community--  
8 well founded or not--that we are going to come down here  
9 and listen and then we are going to Sacramento, as opposed  
10 to Santa Barbara, to make the decision, and that is why  
11 one of my suggestions--

12 EXECUTIVE OFFICER DEDRICK: I see.

13 COMMISSIONER DAVIS: --early on was, let's just  
14 have the hearing down here.

15 You know, if we have to abide by the 31st time  
16 table, and the applicant wasn't willing to extend--and I  
17 know they are going to make every effort to do it, and probably  
18 will--as an alternative I said, "Let's have the hearing  
19 down here, and we will take the comments, maybe one day,  
20 and we will have the decision the next."

21 Whatever, just so that perception that we are  
22 listening here, but actually deciding somewhere else, and  
23 therefore not fully confronting the conceivable opponents  
24 to whatever decision this Commission makes, I wanted to  
25 dispel that.

1           It helps dispel that if there is some way to get  
2 the staff recommendation before this--

3           EXECUTIVE OFFICER DEDRICK: I don't believe that  
4 we will be in a position--

5           COMMISSIONER DAVIS: --Santa Barbara community.

6           EXECUTIVE OFFICER DEDRICK: --to do that, Commissioner  
7 Davis.

8           One, we will not have heard the public input;  
9 in the second instance, you have directed us to undertake  
10 a good many investigations, which will bear on the staff  
11 recommendations, and I just don't see how we will--I will  
12 not be prepared, I don't believe, to make a recommendation  
13 to you at that time.

14           If we could make a staff recommendation that early  
15 in the process, there would be no purpose in your delaying  
16 your decision-making hearing well into February, because  
17 you could then just hold a hearing on the staff recommendation  
18 and decide what you wanted to do.

19           COMMISSIONER DAVIS: But, before we came here  
20 today, you must have assumed that we had to decide by the  
21 31st.

22           EXECUTIVE OFFICER DEDRICK: We did assume that,  
23 sir, but today you have offered us some other alternatives--

24           COMMISSIONER DAVIS: Well, I know, but I mean--

25           EXECUTIVE OFFICER DEDRICK: --I didn't say that I

1 wanted to decide--

2 COMMISSIONER DAVIS: --to answer that report before  
3 the 31st, I don't think is unreasonable, because you must  
4 have assumed that report would have to be produced before  
5 the 31st.

6 EXECUTIVE OFFICER DEDRICK: I think we are at  
7 some--I am having a communications problem.

8 I am not certain what kind of a staff report you  
9 want by the 28th?

10 COMMISSIONER DAVIS: Just the recommendation to  
11 this Commission, as to what position to take on the applicant's--

12 EXECUTIVE OFFICER DEDRICK: Without the benefit--

13 COMMISSIONER DAVIS: --proposal.

14 EXECUTIVE OFFICER DEDRICK: --of the input from  
15 the public? Or, the benefit of the negotiations you have  
16 directed us today to undertake?

17 COMMISSIONER DAVIS: Well, how long are the negotiations  
18 going to take?

19 EXECUTIVE OFFICER DEDRICK: Well, they are going  
20 to take more than a week.

21 I don't know. I mean, if that--if your decision  
22 is that you want all of the data accumulated, and a decision  
23 ready to be made by the 28th, then all of those things will  
24 have to be done by the 28th, b if that is the purpose,  
25 then why should you postpone your final hearing until the

1 middle of February? I mean, you would be ready to make  
2 a decision.

3 I just don't understand what the--I understand  
4 your concern for the community's input, and I also honor  
5 that very highly, as I am sure you are aware. I would like  
6 to hear what, for example, the community thinks about the  
7 proposal--which is by the consultant, by the way, not by  
8 either State Lands, or the county--for what they call the  
9 most environmentally preferable alternative. I, myself,  
10 have not seen that alternative, yet.

11 So, you know that's--I need that input.

12 COMMISSIONER DAVIS: Well, it may be a Catch-22,  
13 I guess that is what you are telling me, that it can't be  
14 done.

15 EXECUTIVE OFFICER DEDRICK: Yes, sir, that is  
16 correct.

17 We would like to give you our useful input, but  
18 if you want it under the conditions that have arisen in  
19 the discussions today, then we need to be able to carry  
20 out those directions that you have given us, in order to  
21 find out what kind of a recommendation.

22 There certainly--I have no problem in summarizing  
23 what is available at this point--

24 COMMISSIONER DAVIS: Well, let me ask you this.  
25 Let's assume--all right, assuming that can't be

1 done, and assuming that we have the meeting on the 28th  
2 here, at what point do you think you could make public the  
3 staff recommendation, as to what this Commission should  
4 do?

5 EXECUTIVE OFFICER DEDRICK: Normally, that would  
6 be ten days before your decision-making hearing.

7 If you want that sooner than that, tell us, and  
8 we will undertake to get it out sooner.

9 I will tell you that we always need as much time  
10 as we can get, because there is a lot of work in these things;  
11 however, say it is the 18th, we certainly would expect to  
12 have--

13 COMMISSIONER DAVIS: The 17th.

14 EXECUTIVE OFFICER DEDRICK: --the 17th--to have  
15 something ready at the time of mailing. That is what we  
16 try to do. We very rarely succeed in doing that, but I  
17 would undertake to make sure that it happens on  
18 time, if that is the desire of the Commission.

19 Frequently, that hasn't occurred in the past,  
20 simply because of changing circumstances, which is the primary  
21 reason.

22 A great many things seem to happen at the last  
23 minute in this business.

24 COMMISSIONER DAVIS: Well--

25 EXECUTIVE OFFICER DEDRICK: But, we will do whatever

1 you ask us to do.

2 COMMISSIONER ORDWAY: May I ask a question of  
3 staff, while the other two Commissioners are talking?

4 EXECUTIVE OFFICER DEDRICK: Yes.

5 COMMISSIONER ORDWAY: Possibly, what Commissioner  
6 Davis may be asking for is maybe some staff comments, from  
7 the Lands Commission staff, on the final EIR, and that may  
8 be helpful prior to the meeting on the 28th.

9 EXECUTIVE OFFICER DEDRICK: Well, that we certainly  
10 can do.

11 COMMISSIONER ORDWAY: Obviously, it could not  
12 include discussion that will take place on the 28th, as  
13 it will not have happened yet, but at least some preliminary  
14 comments as to various aspects of that final EIR.

15 And, I think that--

16 EXECUTIVE OFFICER DEDRICK: Yes, and I think that  
17 is--

18 COMMISSIONER ORDWAY: --that would be very beneficial.

19 EXECUTIVE OFFICER DEDRICK: --both possible and  
20 appropriate, Commissioner.

21 That is the clarification that I was looking for.  
22 If that is what the Commission is asking for, then that  
23 is a very straightforward thing that we can do.

24 COMMISSIONER ORDWAY: Well, if Commissioner Davis  
25 isn't asking for it, I am, because I think that would be

1 very helpful.

2 EXECUTIVE OFFICER DEDRICK: We will, in fact,  
3 do that.

4 COMMISSIONER DAVIS: I am sorry, Nancy, I missed  
5 that.

6 COMMISSIONER ORDWAY: What I said was that the  
7 staff may--I think they have the time to do it, and I think  
8 it may be helpful to us for our meeting of the 28th, is  
9 for staff to prepare staff comments on the final EIR, that  
10 could be available to us, the document that is coming out  
11 today.

12 Not just a recommendation as to one way or another,  
13 but to highlight certain points that we should maybe pay  
14 particular attention to, or that may deviate from prior  
15 practice, or may significantly differ from testimony that--

16 COMMISSIONER DAVIS: Okay.

17 COMMISSIONER ORDWAY: --we've heard, or recommendations  
18 that the county, or other agencies, have made in the past.

19 And, that could be very beneficial to us, prior  
20 to our 28th meeting here.

21 COMMISSIONER DAVIS: I guess my only concern--  
22 I think that is fine--but my only concern is that, you know,  
23 I mean I would like to see the final recommendations, as  
24 to what we should do on this issue, made available to this  
25 community, you know, at least a week before we make the

1 decision, so if they strongly object, you know--I don't  
2 know what their options are at that point, but at least  
3 they don't read about it the day that we are meeting up  
4 in Sacramento.

5 I really believe--I mean, the applicant obviously  
6 has equities on its side, and Santa Barbara, I think, has  
7 done an awful lot to shoulder its share of meeting the--

8 COMMISSIONER ORDWAY: Yes.

9 COMMISSIONER DAVIS: --national energy needs,  
10 and you know, I met with fishermen and a lot of little people  
11 here today, that sometimes get lost in these global discussions  
12 about what we should do, so at the very least, I would like  
13 to see this recommendation get to them, you know, a week  
14 before we actually make the decision.

15 CHAIRMAN MC CARTHY: Why don't we put a date on  
16 it, Commissioner--

17 EXECUTIVE OFFICER DEDRICK: We can undertake--

18 CHAIRMAN MC CARTHY: The meeting is February 17.  
19 Let's assure the county leadership, the university leadership,  
20 all of the citizen groups that have appeared, all of the  
21 individual citizens, that they will have State Lands Commission  
22 staff recommendations on this, no later than Monday, February 9.

23 EXECUTIVE OFFICER DEDRICK: Fine. I would be  
24 happy to undertake that kind of a deadline. It is a good  
25 thing to have a deadline, I can assure you.

1 MR. WALLACE: Mr. McCarthy, one other complication.

2 February 17, it turns out, is a Board meeting  
3 day in this room, because February 16 is a holiday that  
4 week, so we would meet on Tuesday, the 17th, here all day  
5 in this room anyway, which is sort of a complication for  
6 our staff, obviously--

7 CHAIRMAN MC CARTHY: We ~~will~~ look for another place.

8 MR. WALLACE: --maybe we can accommodate you downstairs.

9 EXECUTIVE OFFICER DEDRICK: Isn't that the meeting  
10 you intend to hold in Sacramento, Mr. Chairman?

11 MR. WALLACE: Oh, this is the 17th in Sacramento,  
12 that's true.

13 EXECUTIVE OFFICER DEDRICK: That's correct.

14 CHAIRMAN MC CARTHY: Oh, I'm sorry.

15 MR. WALLACE: I'm sorry.

16 CHAIRMAN MC CARTHY: Right, right.

17 MR. WALLACE: That will create our problems, but  
18 we will have to deal with that, our staff, and our Board.

19 I guess that my last comment would be that I would  
20 hope that the process doesn't become the issue, and that  
21 the project is the issue, by the time this is done, and  
22 the way to do that, of course, is to try and allow as much  
23 public access to--and local access--to this decision making  
24 as possible, and that I would urge--my understanding from  
25 staff is that a great number of the findings have already

1 been developed by your staff, in the draft EIR. I don't  
2 expect that the final EIR will change.

3 Many of those findings vary much, and we would  
4 appreciate, on the 18th, if we possibly can, as much information  
5 from staff on this project, on how they are feeling about  
6 it, and their justification for it is possible, so that  
7 this community can respond to that, and not just to the  
8 adequacy of the EIR.

9 CHAIRMAN MC CARTHY: Actually, what we are talking  
10 about is not just a report on February 9 and a meeting on  
11 February 17.

12 We are talking about a couple of dozen important  
13 communications and conversations between your staff, and  
14 our staff, and the university folks, and the other people  
15 involved in this thing. That is how this has to come about.

16 We've mentioned a number of serious environmental  
17 considerations at this meeting today, and it is going to  
18 take a lot of good faith conversation to try and make these  
19 things come together, with no assurance that there would  
20 be final agreement.

21 MR. WALLACE: That's for sure.

22 CHAIRMAN MC CARTHY: So, it is not just one or  
23 two public hearings. It is a number of serious conversations  
24 and discourse, among all of our people, with the three Commissioners  
25 keeping in touch, in all of that period of time, with what

1 is going on so that we are not surprised on the last day.

2 We have a few witnesses left.

3 Natasha Durovicova. And thank you for your  
4 patience. Why don't you please step up here, because  
5 when this is broadcast on four government channels we  
6 want them to see you.

7 MS. DUROVICOVA: I would be happy to be seen.  
8 But, mine was a petition regarding process and I would  
9 not like to disturb this fragile balance that has just  
10 been achieved.

11 And therefore, I will simply forward the petitions  
12 as they have been signed. And thank you for your presence  
13 in Santa Barbara.

14 CHAIRMAN MC CARTHY: Thank you very much.  
15 Les Baird, an Isla Vista resident representing  
16 himself.

17 Where is Mr. Les Baird? Mr. Baird, am I doing  
18 your name justice?

19 MR. BAIRD: No, Mr. Chairman, it is "Baird",  
20 B-a-i-r-d.

21 CHAIRMAN MC CARTHY: I'm sorry, Mr. Baird.  
22 Go ahead, sir.

23 MR. BAIRD: I want to thank you for this chance  
24 to present a poor resident who has lived for 21 years,  
25 nearly, on the very spot that these new problems will

1 emit if Heron is built.

2 Isla Vista has a lot of problems and it is  
3 too bad that this is a new one. You all heard about the  
4 doings on Halloween. And the University, which is our  
5 associate, so to speak, to the east, will also be effected  
6 by what happens out in the ocean.

7 I am very glad that you came this morning to  
8 the park and had a chance to see some of the people that  
9 make up Isla Vista. It is good to have people from the  
10 high echelons come down to mix with us peasants. We feel  
11 that that is not often done.

12 Of course, on the state level, where we are  
13 much closer to our representatives and state senators,  
14 and of course, we don't get it, because somebody in the  
15 ether up on the mountain here, goes by in a hurry. We  
16 never have a chance to get even with.

17 But, what is important about the combined effect  
18 of this operation on Isla Vista is almost put into one  
19 kind of a nut shell. I will bring it up because I don't  
20 think that the others have mentioned it. It is not terribly  
21 important. But, it is just an example.

22 Over these years, every now and then, and it  
23 is not too frequent, fortunately, we get emissions of  
24 some kind from either the Jelly platform or the oil seeps.  
25 Now, we know the oil seeps are something that we can't

1 do anything about. They have been here, somebody said,  
2 70 million years. And they extend all of the way up to  
3 Point Conception.

4 I remember seeing an old note of Union Oil  
5 Company, while I still had a card. And they had had the  
6 oil spill. They were dotted outside like little bits  
7 of pepper mills. Those, actually, we can't do anything  
8 about, essentially. Although, the company did make an  
9 effort to put a large canopy and draw in this gas that  
10 come up.

11 But, imagine if we have these waves of gas--and  
12 people tell me about they smell them all over the town  
13 now and again. What will happen with these wells out  
14 here during the long process of production?

15 Thank you. That is--

16 CHAIRMAN MC CARTHY: Mr. Roger Lagerquist.

17 Did I do better with your name, sir, than I  
18 did with--thank you very much.

19 MR. LAGERQUIST: My name is Roger Lagerquist  
20 and I have lived in Isla Vista since 1961.

21 I spoke at the hearing that you had at UCSB  
22 in October and I appreciate you coming here to hear these  
23 things directly. I think that it is a very good thing  
24 to do.

25 At the time that I spoke before I said that

1 I thought that the EIR was fatally flawed. And I don't  
2 have any other reason to say differently now because we  
3 haven't seen anything further.

4 I hope that we get a chance to comment on the  
5 final EIR when it is finished. One of the things that  
6 bothered me about the EIR is that I look for specific  
7 answers among the many volumes of material that was printed.

8 I looked for the answer of what is the impact  
9 of burning one million cubic feet per hour of natural  
10 gas containing hydrogen sulfide. Either the appearance  
11 of the flare or the amount of emissions that would come  
12 directly onshore if the wind blew that direction.

13 I wasn't able to find that kind of answer among  
14 the pages and pages and pages of computer output--of air  
15 quality modeling in the entire basin. I think that the  
16 direct impacts of the people living right next door were  
17 totally overlooked by the EIR. And that is one fatal  
18 flaw that I think I will certainly will be looking for an  
19 answer in the final EIR.

20 In regards foregoing platform Heron--we are  
21 asking ARCO to forego a great deal of revenue that they  
22 expect and deserve to receive for finding that oil and  
23 spending money developing it. And I don't think that  
24 we should talk about not developing it at all. I think  
25 that we should talk about postponing it. Then we could

1 discuss what would be a reasonable time to postpone it.

2 I also think that we should talk about compen-  
3 sating ARCO for foregoing that income. There should be  
4 some way of alleviating that burden so that they don't  
5 have to carry the whole burden of not developing that  
6 oil.

7 For the first question, "What is a reasonable  
8 time period?" I suggest that California has been in exist-  
9 ence for 100 years, more or less, the United States for  
10 200 years. I think that we should think in terms of those  
11 time scales. How valuable will one million barrels of  
12 oil be in 2187? How much revenue will that bring to Cal-  
13 ifornia in that year? And do we expect California to  
14 be here then and need the oil then.

15 Certainly, if California exists and the oil  
16 exists, it will be incredibly valuable. We will be selling  
17 it to everybody in the world who wants to make some plastic  
18 to make some contact lenses, or whatever you do with oil.

19 A possible way to compensate ARCO, I think,  
20 would be to renegotiate some royalties. And instead of  
21 paying 50 percent, or some other percentage royalty on  
22 oil that they are now producing--in return for not producing  
23 this oil for 50 years, the royalty on present production changes  
24 in some way that compensates for that.

25 I just offer that as a suggestion as something

1 to think about.

2 Thank you.

3 CHAIRMAN MC CARTHY: Thank you very much.

4 Mr. John Langan.

5 MR. LANGAN: Good afternoon, Commissioners.

6 My name is John Langan. I have been an Isla Vista homeowner  
7 since 1972. I would like to register my strong opposition  
8 and that of my neighbors of the residential zone to the  
9 ARCO Coal Oil Point Platform Project, which will be an  
10 aesthetic and local environmental disaster unacceptable  
11 to the quality of life in the community.

12 In this regard, the proposed location of platform  
13 Heron, adjacent to UCSB and Isla Vista must be changed  
14 at a minimum.

15 I have several specific comments on the implications  
16 of the project. ARCO has admitted that there will be  
17 flaring during the drilling and start up phase of this  
18 project, as well as thereafter, periodically, for safety  
19 reasons.

20 My most recent, firsthand observance of this  
21 effect was while returning to Santa Barbara by boat at  
22 night from San Miguel Island on January 2 of this year.  
23 At this time, the platform near Gaviota was flaring for  
24 a period of several hours. We were 15 miles away, as  
25 measured by radar. Yet, the red glare from the flare

1 lit up the sky to 45 degrees above the horizon even from  
2 this distance.

3 This is an appalling prospect to have such  
4 a spectacle with a duty cycle of as much as 12 days per  
5 month only two miles offshore. I have told this story  
6 several of times in preliminary meetings where ARCO's  
7 Mr. Ranger was present. And he now says that the flaring  
8 will not be so nearly repugnant of that allowed in the  
9 federal waters, as in the example that I have given and  
10 that ARCO will work to minimize the effect.

11 I am not reassured. To allow even minor flaring  
12 this close to shore is incomprehensible. That minor  
13 flaring only will be the case for the new platforms is  
14 doubtful from present results in the Channel.

15 Furthermore, from the structural and aesthetic  
16 standpoint, ARCO cannot remove the effect of the physical  
17 presence of the platform. This is true even with a single  
18 platform consistent with onshore processing, which we  
19 favor for the rest of the project, if it must be implemented.

20 The community has had some experience with  
21 the visual effect with the preliminary drilling ships  
22 present in the same location. The actual visual effect  
23 is that it is much closer than two miles.

24 ARCO's Mr. Ranger has stated that in his opinion  
25 the appearance of Platform Holly, the one that is presently

1 there, from I.V., subjectively depends on atmospheric  
2 conditions. But, I can tell you that the drilling ship,  
3 positioned normal to the Isla Vista coastline, did not  
4 display such a variation. It appeared as though a catwalk  
5 could have easily been put across to it.

6 Such an industrial development contiguous to  
7 a densely populated area is unprecedented in the Channel  
8 Islands, if not elsewhere. The precedent is clear if  
9 this project is implemented and this is a major concern.

10 We don't want or need an industrial development  
11 off of our homes.

12 Moving to environmental emissions factors,  
13 I would like to make the point that the spacial distribution  
14 of pollutants represents a unique problem due to the proximity  
15 of the platforms to the community.

16 Unlike the case of the platform, such as platform  
17 "A", located 6 or 7 miles from the shore, the mitigating  
18 effects of diffusion and dilution in the atmosphere are  
19 drastically less. The consequence of this for UCSB and  
20 Isla Vista, even mitigation measures to offset such exceedances,  
21 are inappropriate.

22 This is to say that the effects--the local  
23 effects from the platform Heron, as distinct from the county  
24 air basin, are too onerous to be acceptable of them-  
25 selves, let alone the problem if disaster should occur.

1           Currently, it is my understanding that the  
2 environmental emissions modeling has not been completed  
3 and disagreement exists between ARCO and Santa Barbara  
4 County with regard to total emissions. Yet, this hearing  
5 was to be the opportunity for citizens to comment on the  
6 EIR. I think that any reasonable person has the right  
7 to ask what is going on here. The community has a right  
8 to question whether, in the approval process of this project,  
9 we at least have all of the facts straight.

10           We need more than unsupported, technical claims.  
11 For example, it is disturbing to me that even ARCO disagrees  
12 with the author of the EIR regarding the environmental  
13 preferability of offshore processing. Again, the community  
14 has reason to seriously question the process in view of  
15 such contradictions.

16           Finally, I question ARCO's calculations of  
17 the economic effect of platform location sensitivity to  
18 recoverable oil potential; i.e., ARCO's claim that for  
19 every 100 feet that you move the Platform Heron you lose  
20 one million barrels of oil.

21           Originally, I heard ARCO present this as the  
22 result of their analysis. Yesterday, at the Board of  
23 Supervisor's meeting, after being challenged, they referred  
24 to it as a "back of the envelope" calculation.

25           Such a matter should be held to a more rigorous

1 and independent analysis. It is difficult enough to make  
2 trade-offs in trying to quantify aesthetics, quality of  
3 life, etc. with economic benefits. We all understand  
4 that this is difficult. But, to do less than a rigorous  
5 job in the technical area is unacceptable.

6 It is my understanding that the Santa Barbara  
7 County staff has been unable to obtain the data base and  
8 analysis upon which ARCO's argument for the economic impli-  
9 cations of Platform Heron's location is based. Apparently,  
10 the State Lands Commission has this information but has  
11 not made it available to Santa Barbara County staff for  
12 independent analysis. This is unacceptable.

13 CHAIRMAN MC CARTHY: Stop right there.

14 Do you understand what he is saying and is  
15 there any validity to the comment?

16 EXECUTIVE OFFICER DEDRICK: I can't answer your  
17 question in the sense that I--this is the first time that  
18 I have heard the subject come up.

19 Certainly if the County of Santa Barbara wants  
20 any data that the State has, it is available to them.

21 CHAIRMAN MC CARTHY: Would you tell us the  
22 source of your information that we have the data that  
23 you alluded to so that we can--

24 MR. LANGAN: Certainly. Supervisor Wallace.  
25 This came up in a question when I asked, "How

1 well have we verified such claims as the 100-feet-per  
2 million-barrels of oil?" And the answer was that it has  
3 been hard to get. It is proprietary information.

4 This was brought up yesterday. And ARCO now  
5 says that maybe that can be made available.

6 EXECUTIVE OFFICER DEDRICK: Let me--excuse  
7 me for just one moment. I would like to ask Moose Thompson  
8 here, "Is this a confidentiality problem?"

9 W.M. THOMPSON: We haven't even seen the data  
10 that he is referring to, I think, from his description.

11 I think that this is something that ARCO did  
12 internally and, to the best of my knowledge, we don't  
13 have that study.

14 EXECUTIVE OFFICER DEDRICK: That is true. We  
15 have not seen their data. The work that was done by my  
16 staff was done with our own data.

17 CHAIRMAN MC CARTHY: Do we have any data that  
18 we can't share with the County of Santa Barbara?

19 W.M. THOMPSON: Not on that issue, no.

20 CHAIRMAN MC CARTHY: Have you asked for the  
21 data?

22 EXECUTIVE OFFICER DEDRICK: We have not been  
23 asked for the data, to my knowledge.

24 MR. LANGAN: Well, then, I would respectfully  
25 submit that you should ask for it.

1 CHAIRMAN MC CARTHY: No. Wait a minute. We  
2 are talking about two different things here.

3 ARCO has some data. You are proposing that  
4 we ask them for the data that they have now, which they  
5 are not obliged to give us.

6 We can challenge the validity of the assertions  
7 that they are making. They are not obliged to give us  
8 that data. It can be internal, confidential data.

9 Now, the second point is that as to any data  
10 our staff has developed based on whatever information  
11 they have available to them, our feeling is that that  
12 ought to be available to the county and anybody else who  
13 wants it.

14 I understood your testimony to be that the  
15 State Lands Commission staff had some data that they were  
16 withholding from the county.

17 MR. LANGAN: That was my understanding.

18 CHAIRMAN MC CARTHY: That is what you quoted  
19 Supervisor Wallace as saying.

20 MR. LANGAN: That was, apparently, his understand-  
21 ing.

22 CHAIRMAN MC CARTHY: If that is the case, we  
23 can clear it up.

24 MR. LANGAN: Okay.

25 COMMISSIONER DAVIS: Well, could we do that?

1 Could we ask Supervisor Wallace exactly what he thought?

2 MR. DOUROS: Commissioners, my name is Bill  
3 Douros, from the Energy Division, Santa Barbara County.

4 I believe that the discussion is referencing  
5 earlier discussions at a joint review panel meeting which  
6 dealt with moving the platform 1000 or 1500 meters.

7 There is an insuing discussion regarding potential  
8 loss of oil reserves that could be experienced by ARCO.  
9 The county had asked, "Could that analysis be included  
10 in the environmental document?" The State Lands Commission  
11 staff said that it was not possible because we do not  
12 know what the information is.

13 It was our understanding that the State Lands  
14 Commission staff could not come up with the exact answer  
15 either. There seems to be a bit of miscommunication.  
16 If anyone has the information, it is the county's understanding  
17 that it is ARCO that has the information. Our understanding  
18 is that we would approach them to receive that information  
19 about the reservoir structure.

20 CHAIRMAN MC CARTHY: Okay, so there is no contention  
21 that the State Lands Commission staff has information  
22 that it is withholding from the county.

23 All right, why don't you proceed.

24 MR. LANGAN: Well, I think that they should  
25 get a hold of that information. I guess that my

1 fundamental point is that ARCO has this information. They  
2 can't take the position that we have proprietary information.  
3 We have done the calculations. You must accept it.

4 CHAIRMAN MC CARTHY: Oh no. I think that that is  
5 a fair comment. No, I think that it is the burden on  
6 ARCO to make their best case and to produce the specifics  
7 and not suppose that we are going to accept any assumptions  
8 about what moving Heron might mean in terms of loss of--

9 EXECUTIVE OFFICER DEDRICK: Certainly, Mr.  
10 Chairman--

11 CHAIRMAN MC CARTHY: Yes.

12 EXECUTIVE OFFICER DEDRICK: --excuse me, an analysis  
13 by staff of those data should be available. If there  
14 is any problem with this, Moose, you must tell me, for  
15 the public and the Commission by the hearing in January.

16 CHAIRMAN MC CARTHY: On the other hand, I would  
17 expect our own staff to press hard for an adequate amount  
18 of information so that we do not assume that what ARCO  
19 may be suggesting as their loss, the numbers that you  
20 gave me earlier today, is accurate or not.

21 I am not disbelieving it and I am not believing  
22 it. I just expect our own staff to have all of the data  
23 they need in hand so that they can make their own independent  
24 assessment.

25 Commissioner Davis.

1           COMMISSIONER DAVIS: Yes, well, this is somewhat  
2           repetitious. But, if that is proprietary information,  
3           ARCO can decide to share it with you or not.

4           But, you know, in my mind they have the burden  
5           to prove that they are economically inconvenienced if  
6           they have to move Heron, should that be a decision that  
7           this Board ultimately reaches. So, whether they share  
8           it now or at some future point depends on how determined  
9           that they are to have us believe that they are economically  
10          disadvantaged by the move.

11          So, don't confuse the two issues. Access is  
12          one thing. Sustaining their burden is another.

13          MR. LANGAN: I agree.

14          W.M. THOMPSON: Commissioner, I think that  
15          we got into this discussion before and I think that Commissioner  
16          Ordway asked the question, in response to ARCO's testimony,  
17          about whether there was a standard in the industry as  
18          far as the maximum angle that you can build up.

19          This is actually a mechanical problem. It  
20          just falls out that if you move further and further away  
21          from a target the less possibility you have of reaching  
22          that target.

23          We, actually, have done this. We have done  
24          mechanical plotting. In fact, I think that maybe one  
25          of the staff members might even have some of the material

1 here right now.

2 So, it is not the mechanical reach issue. That  
3 just falls out mechanically.

4 CHAIRMAN MC CARTHY: So, if we accept the data  
5 that confines the configuration of the reservoir, then  
6 we could reach, without ARCO's help, our own conclusions  
7 as to what you are going to sacrifice by moving the platform  
8 a certain distance away from the center of the reservoir.

9 W.M. THOMPSON: Right, and we can show you  
10 a graphic--

11 CHAIRMAN MC CARTHY: All right.

12 W.M. THOMPSON: --display of that.

13 CHAIRMAN MC CARTHY: ARCO may have some additional  
14 data that would help us come to those conclusions--make--

15 W.M. THOMPSON: Yes. I would be surprised--

16 CHAIRMAN MC CARTHY: --reach some accurate--

17 W.M. THOMPSON: --if that interpretation of  
18 the drilling reach differs between ARCO and ourselves.

19 CHAIRMAN MC CARTHY: Okay, I understand.

20 MR. LANGAN: That would be reassuring to us  
21 to have that information to give more input to you.

22 CHAIRMAN MC CARTHY: Whatever information we  
23 have, in that regard, whatever interpretations have been  
24 made, is available to anyone who asks.

25 W.M. THOMPSON: And we will brief the Commissioners

1 on the same material.

2 CHAIRMAN MC CARTHY: That is available now.

3 MR. LANGAN: I guess that my input is that  
4 State Lands should ask for that.

5 CHAIRMAN MC CARTHY: No. I want you to understand  
6 the point that was just made.

7 We have a body of information that defines  
8 the configuration of this reservoir. ARCO suggests that  
9 we put Platform Heron directly over the most beneficial  
10 point to extract whatever oil they think is there.

11 Now, the point that our staff is telling you  
12 is that they understand that if you move that platform  
13 away from the most logical place to minimize costs of  
14 extraction, you are going to either increase costs or  
15 draw less oil or both. And, they don't need ARCO to make  
16 that calculation.

17 MR. LANGAN: You mean, your staff has complete  
18 geological information on the spacial extent of the reservoir?

19 CHAIRMAN MC CARTHY: ARCO has developed a good  
20 deal of that data. I asked that same question myself.  
21 Our staff told me this morning that they would double  
22 check that on their own.

23 MR. LANGAN: I mean, for example, they say  
24 that slant drilling is technically infeasible. Sub-sea  
25 techniques are not--and then, of course, there is the

1 sensitivity to relocation. It is those questions that  
2 I think that we need to address--

3 CHAIRMAN MC CARTHY: And those questions are  
4 perfectly appropriate for you to raise right now and get  
5 answers to.

6 MR. LANGAN: --and I don't think that "back  
7 of the envelope" does it.

8 W.M. THOMPSON: Commissioner,  
9 for example, on slant drilling, I doubt if there will  
10 be any straight holes here. I think that everywhere will  
11 be slant drilled.

12 MR. LANGAN: Well, I mean from shore.  
13 Thank you very much.

14 CHAIRMAN MC CARTHY: You gave good testimony  
15 and I want you to be satisfied on this last point.

16 Any questions like that that you don't think  
17 the county has had an opportunity to get clear answers  
18 to I would like you to bring to my attention.

19 MR. LANGAN: I will.

20 CHAIRMAN MC CARTHY: All right, thank you very  
21 much.

22 Mr. Maurice Scherb.

23 MR. SCHERB: My name is Maurice Scherb. I  
24 am an engineer--a risk management specialist. I have  
25 been dealing with these problems for years--going back

1 ten years with the state. I testified before the Assembly  
2 committee on offshore risk management three to four years  
3 ago.

4 I have come here specifically today because  
5 I did input into this EIR. It is almost two years old,  
6 my information. And since system safety and reliability  
7 became a major concern at the hearing of October 11 that  
8 I attended at the University--they emphasized that we  
9 hear a lot about scenarios, what I call the "moan and  
10 groan" syndromes, but not much about prevention.

11 I wanted to bring your attention to that and  
12 specifically, on the hard stuff to some recent State legis-  
13 lation that deals with this problem and, in my opinion,  
14 may impact this project. So, you might want to consider  
15 that in your trade-off analysis--what we call conjugate  
16 variable studies.

17 This recent discussion reminds me of the sockeye  
18 field, where you drill and the whipstocking and the 70  
19 degree angle. These are important issues from the point  
20 of view of producing.

21 Specifically, we have a State law, AB-3777,  
22 the La Follette Bill, came out of the sub-committee on  
23 toxic disaster preparedness. I started interacting with  
24 staff about one year ago, after they got excited in Contra  
25 Costa County and Los Angeles County, etc.--the Bopal syndrome.

1 That was signed into law by Governor Deukmajian, and it  
2 takes effect January 1 of this year for new projects, and  
3 the criteria is that if you have one of about 420 EPA chemicals,  
4 or smaller quantities of a 55-gallon drum of some solvent,  
5 you are nailed with that plan, and I believe to the best  
6 of my ability, and I haven't checked the whole inventory  
7 of the platforms or onshore, that that may well cover that.

8 Even if it did not qualify you have to ask yourself  
9 the question, do you want any less safety requirements  
10 than is in this law? Or, to put it another way, in the  
11 international scene, do we want anything less than the  
12 world bank requires of the same oil companies on energy  
13 projects in third world countries? Do we want any less  
14 safety here?

15 And, the major emphasis is not on chasing oil  
16 spills. That's been kicked to death. It has been studied  
17 by Brian Baird at the Coastal Commission, the MMS crowd  
18 at Reston, Virginia, and I don't want to get into details  
19 in Europe, et cetera, but we have documented limited expectations,  
20 and you have to realize that, so what you have got to do  
21 is prevent it in the first place.

22 Now, a system consists of machinery, instrumentation,  
23 and people and you have got to look at all three. Now,  
24 under this bill, which hasn't been clearly defined, it  
25 is going to be done at the local level, so theoretically

1 it would be done here at the county, and if it applies here,  
2 then I would suggest that that would be an important tool  
3 for going beyond what is in the EIR--you see what I am saying--  
4 and would cover these other laws.

5           You may be aware of the hearings that State Senator  
6 Marks had at Fort Mason, that I presented, after the Puerto  
7 Rican accident. That culminated in the current study being  
8 done by the Fish and Game on some of the questions alluded  
9 to here for combo tug boats, and fire boats, and we studied  
10 that in the LNG days, also. None of this is new.

11           There is another study that Fish and Game is  
12 supposed to get out by March, by the end of March, and I don't  
13 think they are going to make it. That is another important  
14 input here.

15           There is more, though. There is the Waters bills,  
16 AB 2185, 2187, on the right to know, and inventories--and this  
17 of course will apply far beyond this--and L.A. County, where  
18 I come from, there are going to be 60,000 businesses who  
19 have received notices already, to respond to that, so the  
20 magnitude is much larger than this project.

21           We also have another important one. I want to  
22 deal with the legislation. The Assemblyman Byron Sher  
23 law on the toxic gas ordinance, being studied now in Santa  
24 Clara County by the Santa Clara Fire Chiefs, under Bob  
25 Wall, and the draft ordinance is out now, and being reviewed.

1 I have a copy here that I am commenting on, and it covers  
2 gases, mainly it started out with the Silicon Valley bid,  
3 and gases, but they have a very important task in there,  
4 which is the moving vector, the trucks, and when you look  
5 at this project's total system, you are not only looking  
6 at the production offshore, and the pipes and the--on the  
7 platforms, and blowout preventers, such as this recent  
8 incident on Harvest, et cetera, et cetera, but you looking  
9 at the moving vectors for NGLs, LPGs, the pipelines.

10 The pipeline to L.A., which is in a lot of trouble,  
11 the Angeles line right now, with the EIR going on now,  
12 right down Western Avenue, so if you are talking about  
13 impacting people, and that would be spiked with NGLs. You  
14 are talking about railroads? That may be the preferred  
15 vector for taking these surplus NGLs out of here, down  
16 to L.A.

17 So, those all have to be examined in totality  
18 there in this.

19 So, we have the toxic ordinance. We have this  
20 La Follette law. We have the study, the Mark bill study,  
21 and there is one other here that escapes me now that is  
22 being carried out, and these are all dynamic, and this  
23 thing is going to be around for 40 to 50 years, so we have  
24 to, you know, establish up front the ground rules for managing  
25 this, both from the WOGA API, and the ARCO point of view,

1 and from the government point of view.

2 And, one of the things that you learn in the  
3 risk management business, you never can take anything for  
4 granted. A lot of people plan for the last accident. That  
5 isn't the way it will happen next time, you see what I  
6 am saying? And, it really is fanatic attention to detail,  
7 no small element, so you have to have a constant review.

8 This has been clearly expressed on an international  
9 level by the Norwegians, in England, and we had an international  
10 conference, MMS, Reston NBS, at Gathesberg a couple of  
11 years ago, and that is what the recommendation is from  
12 the National Academy of Science and Transportation Board.

13 So, what I want to try and leave you with, rather  
14 than getting into hard details about remote area monitoring  
15 for emissions, talk about stracastic [sic.] processes,  
16 and explosions, and these cute computer generated diagrams  
17 don't always work that way. There is uncertainty about  
18 how far a cloud will go, or the shock wave, or the deflagration,  
19 which is highly uncertain--factors of 2:5 based on experiments--  
20 and some of this is going to be studied under the super  
21 fund at the National Spill Test Site at Frenchman's Flat  
22 by DOE, where they have already spilled ammonia, and you  
23 get these heavier gas dispersions, and so there are a lot  
24 of problems in here, and not--

25 But, the ARCO is particularly to me interesting,

1 because it is so close to people, and even small spills  
2 can have an impact, not only on people, but on the biological  
3 and marine environment, rather.

4 CHAIRMAN MC CARTHY: Take everything that you  
5 have just said to us and help directly apply it to the  
6 issue before us.

7 Is it your statement, that the EIR/EIS, or the  
8 total consideration of this issue, is failing to relate  
9 to the importance of some of--

10 MR. SCHERB: Well, just let me--

11 CHAIRMAN MC CARTHY: --some of the more advance  
12 regulations and procedures--

13 MR. SCHERB: --I will answer that, but I forgot  
14 one more study--

15 CHAIRMAN MC CARTHY: --to secure safety--

16 MR. SCHERB: --which is the one being done after  
17 the meeting we had here with Gary Hart, and Mark, back  
18 a year ago in September, on the offshore safety, and they  
19 leaned on the Lands Commission, and they got the study  
20 started out of Long Beach, being done by Belmar Engineering  
21 on offshore risk management, and best available control  
22 technology, and I just wanted to make that point before  
23 I answer your question.

24 My answer to that is, yes. I have worked on  
25 a lot of EIRs myself, and I have never found one to be

1 satisfactory from my point of view, from a system safety  
2 engineering point of view. I can only comment, and the  
3 reason that I came here is a critique of the university  
4 by Professor Schuyler on the offshore marine management.  
5 I might add that we have technology today that we can monitor  
6 that channel very cost effectively. We don't have to go  
7 to the expense of the BTS system in San Francisco, as you  
8 are aware, and they have extended it out 30 miles for the  
9 fishing boats.

10 The trouble is we have the tomb-stone syndrome.  
11 We always react to the big accident after it occurs.

12 I talked to Mr. Reilly before the Amtrak accident,  
13 and said, "How is your track?"

14 He said, "Beautiful, 15 years and no major accidents  
15 on that line."

16 It happened, and now the New York Times is full  
17 of all of the analysis, even before NTSB comes up with  
18 any answers, which will take some months.

19 So, you need--if the event, and no matter what  
20 the probability is in what we call the class of low risk,  
21 high consequence events, and I put the risks in quotes  
22 because to try to determine the probability of an event,  
23 and a system that hasn't even been designed yet, is ludicrous  
24 to me, beyond belief. It has no meaning, and that's--  
25 you can talk to a lot of people in the industry, the API

1 crowd, and ask them about how they treat the risk assessment,  
2 although there is an element in this law about probabilistic  
3 risk assessment, as a guideline by people who are familiar  
4 with that business, about where the action should be.

5 In any event, to answer your questions, I think  
6 what I would answer is that AB 3777, if it is applicable,  
7 and I got a reading this morning from Paul Donohue, the  
8 consultant to it, that it probably would be depending on  
9 this chemical list, the EPA hit list as we call it, that  
10 it would be applicable.

11 And, I want to make one other point, in this  
12 state CAL-OSHA has got the special emphasis program going,  
13 and we no longer differentiate between worker safety and  
14 public safety, and they have been giving two lectures up  
15 and down the state, by Fred Audebonte, to both the chemical  
16 industry and the oil industry, and so the WOGA crowd, and  
17 the API, and all, have been trying to digest now, what  
18 does 3777 mean? And, that is still the question that has  
19 to be defined.

20 And, my argument is that based on the best available  
21 control technology we have, and all of the other things  
22 we have in high technology, I think we can define it, and  
23 there has got to be a process where we have to have some  
24 group of professional engineers, or people familiar with  
25 this business, who can manage this, right from the design

1 stage.

2 In fact, in this project, if the system hasn't  
3 been designed yet accept in this relatively simplistic  
4 location of platforms, or Ellwood versus Las Flores, this  
5 is the ideal time to start, at the design phase, where  
6 you can do the trade off analysis of how much do I move  
7 Heron--we call that project risk management, in terms of  
8 economics.

9 We also have insurance risk management. Nothing  
10 has been said--little or nothing has been said about liability.  
11 I forgot to mention the Sam Farr law, which imposes strict  
12 liability on oil spills now. That became effective January  
13 1. What is the implication of that? In terms of design  
14 and the handling of projects? You see, there is a lot  
15 of legislation that is moving in and the EIR has been kicking  
16 around for two-and-a-half years.

17 And, so I don't have a simple answer for you.  
18 I am just saying that that law, and some of the other things,  
19 will be applied retroactively, or that it should be put  
20 in right from the beginning, from the design phase, so  
21 to speak, and whether you are going to go with pipelines  
22 or ships and get into H<sub>2</sub>S, and I don't want to get too  
23 technical--stress corrosion cracking, and the impact that  
24 we are even now looking at in risk management, not only  
25 at the biggies, such as the big gas emission, or the flying

1 metal, or the explosions. We now look at the fugitive  
2 emissions, because people are concerned about the safety  
3 aspect--not so much around here, but they would be in Isla  
4 Vista--of the steady state emissions, of reactive organic  
5 hydrocarbons, H<sub>2</sub>S, NO<sub>x</sub>, and the whole bit.

6 So, there are a host of problems here that have  
7 to be addressed--should be addressed, I should say.

8 CHAIRMAN MC CARTHY: Thank you very much.

9 MR. SCHERB: Okay.

10 CHAIRMAN MC CARTHY: We appreciate it, Mr. Scherb.

11 MR. SCHERB: All right.

12 CHAIRMAN MC CARTHY: Thank you.

13 Now, Mr. Richard Ranger from ARCO would like  
14 to make a brief comment on some remarks made earlier by  
15 Barry Schuyler.

16 I don't know if Mr. Schuyler is still here or  
17 not. I am sure he would like to hear Mr. Ranger's remarks.

18 MR. RANGER: Thank you, Mr. Chairman, and I do  
19 promise to be brief.

20 Dr. Schuyler requested that your Commission consider  
21 imposing on ARCO a requirement that it transport crude  
22 oil produced from the Coal Oil Point Project by pipeline.

23 We have previously on several occasions, and  
24 in the Preliminary Development Plan, stated that that is  
25 our commitment. If the Celeron Pipeline is available,

1 and in operation at the time we commence production, it  
2 is through that pipeline that we will ship our crude oil  
3 production.

4 You have already gotten that commitment from  
5 ARCO. If the Celeron line is operating, that is how we  
6 will ship the crude oil production.

7 I wanted that to be stated. Dr. Schuyler is  
8 aware that we have said that before, but for this audience  
9 we did want that understood.

10 Thank you.

11 CHAIRMAN MC CARTHY: Thank you very much.

12 Now, that is the complete list of witnesses that  
13 I have off of these sheets.

14 Is there any other member of the public that  
15 wishes to address this Commission on this subject?

16 Is that a friendly, "Hello", or do you want  
17 to testify?

18 MR. DUNN: I would like to testify.

19 CHAIRMAN MC CARTHY: We hear from you.

20 MS. KELLER: Yes, I was just wondering if this  
21 is going to be continued until this evening as originally  
22 scheduled? Because there are members of the public who  
23 are planning on coming tonight to speak, and I believe  
24 that one of those is the Mayor of the City of Santa Barbara.

25 [Discussion off the record.]

1 CHAIRMAN MC CARTHY: Yes.

2 COMMISSIONER ORDWAY: In November, when the issue  
3 of whether or not to put ARCO over for a period of time  
4 came up, one of the issues that was raised at that time  
5 was the fact that the Commission members had not been to  
6 Santa Barbara, and it would be very desirable to have a  
7 hearing here.

8 It was in November when I volunteered to have  
9 a hearing in Santa Barbara, on behalf of the Commission,  
10 so I have no problem with tonight's evening schedule.

11 I don't know if my fellow Commissioners have  
12 a conflict, schedule wise with that? They may--I mean,  
13 it is sometimes awkward to put that much time during a  
14 day, but I am committed to being here the whole day.

15 CHAIRMAN MC CARTHY: There will be a hearing  
16 at 7:00 o'clock here.

17 [Discussion off of the record.]

18 All right.

19 Would you like to testify, sir? Would you like  
20 to identify yourself for us, please.

21 MR. DUNN: Thank you.

22 My name is Steve Dunn. I have been in the commercial  
23 fishing business here for 15 years. I am a third generation  
24 Santa Barbaran.

25 I feel at a little loss here, as far as being

1 qualified with information to speak. Some of what I may  
2 have to say is redundant, I am sure.

3 I would like to start out with one small point,  
4 and that is that as a fisherman, fishing for shell fish,  
5 and fish, in the Coal Oil Point of Isla Vista, Naples Reef  
6 area, for quite awhile now, we notice sporadically in the area  
7 surrounding Ellwood and Coal Oil Point, at times, what  
8 I perceive to be very heavy discharge of what smells like  
9 H<sub>2</sub>S, the real smelly stuff, coming up from the bottom of  
10 the ocean, at random spots, throughout the year.

11 There is one location that is perhaps 200 yards  
12 long, directly adjacent to the Ellwood Terminal buoy pattern,  
13 and this discharge occurs not constantly, but quite frequently.

14 There are other isolated instances, spots where  
15 this occurs, a very, very, disagreeable gas to inhale.

16 As long as I have lived in Santa Barbara, I have  
17 always been told that that area is very unstable, and  
18 that these are natural seepages.

19 I have not studied the draft EIR and I am not  
20 sure whether that specific situation is addressed; however,  
21 I would like to know--I would like to have known here,  
22 to what extent the pressurized recovery process from Platform  
23 Holly influences the discharge of these gases.

24 Beyond that, in a more general frame, as a fisherman,  
25 I would like to say that No. 1, the best alternative for

1 my industry is that there is no oil development, no  
2 industrialization of this area. That being perhaps a little  
3 unrealistic, I would like to suggest that the fact that  
4 this project is adjacent to the University of California,  
5 I think that we have an opportunity here to make use of  
6 quite some expertise in developing an EIR, and a project,  
7 if it happens, which would be most beneficial, or most  
8 consistent with the people of the State of California.

9 And, I welcome you here today, and I would hope  
10 that rather than in a context of this society pushing and  
11 pushing for time limits and deadlines, that we slow down,  
12 and put together a model EIR, a model project, that will  
13 serve the people of the state and the industry for time  
14 to come.

15 I think that the Commission today, our officials  
16 today, are faced with an industrialization of the offshore  
17 waters that we have never known before, and I would caution  
18 against expediency, and I would hope that we can put this  
19 thing together in a really intelligent way.

20 I think that the process exists somewhere out  
21 here to do this, and beyond that, keep coming back.

22 Thanks.

23 CHAIRMAN MC CARTHY: Thank you very much.

24 That is all of the witnesses for the afternoon  
25 session, until 7:00 o'clock tonight.

1 I want to recognize Commissioner Davis.

2 COMMISSIONER DAVIS: Yes.

3 I just have a couple of housekeeping matters.

4 I am going to chair the meeting on the 22nd, and then I  
5 would like to notice--

6 [Discussion off of the record.]

7 COMMISSIONER DAVIS: I am going to chair the  
8 meeting on the 22nd, our regular meeting in Sacramento,  
9 and then I would like to notice for the 28th, our next  
10 meeting, elections of officers of this body.

11 EXECUTIVE OFFICER DEDRICK: I understand.

12 COMMISSIONER DAVIS: Okay.

13 [Discussion off of the record.]

14 We don't really have ten days between now and  
15 the 22nd.

16 EXECUTIVE OFFICER DEDRICK: That is correct.

17 COMMISSIONER DAVIS: I don't have any objection  
18 to doing it at a hearing, I mean, that is all right, so  
19 we will do it on the 28th, here in Santa Barbara.

20 CHAIRMAN MC CARTHY: I want to thank all of you  
21 very much who testified, and those of you who came to listen.

22 Of course, you are all welcomed back tonight,  
23 but those of you who can't make it back, thank you very  
24 much.

25 The testimony was specific and very helpful.

1 This is a very difficult decision. We will be as sensitive  
2 and as logical as we possibly can.

3 Thank you--and that's a heap for this group--  
4 so thank you very much, until tonight.

5  
6 Recess: 5:45 -- 7:00 p.m.

7  
8 ACTING CHAIR ORDWAY: The hour of 7:00 o'clock  
9 has arrived, and I would like to thank you all for coming.

10 I will apologize on behalf of one of my fellows  
11 Commissioners, the Lieutenant Governor, Leo McCarthy, had  
12 to return to San Francisco. He was here for the afternoon  
13 session. The Controller, Gray Davis, I believe will be  
14 returning to the meeting very shortly, but we did call  
15 it for 7:00 and with a stack of names, I think, that we  
16 would like to proceed.

17 First, this evening, I would like to call the  
18 Honorable Sheila Lodge, Mayor of the City of Santa Barbara.

19 MS. LODGE: Thank you very much.

20 ACTING CHAIR ORDWAY: Welcome.

21 MS. LODGE: Thank you.

22 ACTING CHAIR ORDWAY: I should say, thank you  
23 for having us in your city.

24 MS. LODGE: We are very happy that you are here,  
25 and we are particularly happy that the Commission agreed

1 to continue the hearing, and to give us time to study the  
2 EIR so that we can make comments so that we know what we  
3 are going to be complaining about.

4 You have saved yourselves six pages of testimony  
5 this evening, because of that action, and we may not like  
6 the results any better than we would at this point, but  
7 at least we will know what we are complaining about.

8 So, thank you very much again, for making the  
9 process one in which we can really have the opportunity  
10 to knowledgeably comment on the proposal.

11 Thank you very much.

12 ACTING CHAIR ORDWAY: Thank you.

13 The next individual is Kimberley Coy, Isla Vista  
14 resident.

15 Kimberley Coy?

16 MS. COY: What a day I am having.

17 ACTING CHAIR ORDWAY: Take a minute. It is all  
18 right. We have until 9:00 p.m.

19 MS. COY: My name is Kimberley Coy. I have a  
20 seven-year old daughter, obviously, and I am a resident  
21 of Isla Vista.

22 My God, you know, my speech has changed so many  
23 times today, over the course of the hearing.

24 I felt really good this afternoon, because I  
25 realized that the Commissioners granted us the two months

1 to read the 9000-page report, or whatever it is. I don't  
2 know what it is, because I haven't seen.

3 ACTING CHAIR ORDWAY: Let me correct that.

4 I believe that the final motion--I am not sure  
5 that you were in the room for it--was to, if there is the  
6 ability for the applicant to concur with the extension,  
7 to extend the final deliberations until the 17th of February.

8 MS. COY: February 17, instead of March 23.

9 ACTING CHAIR ORDWAY: Correct.

10 MS. COY: Because the first motion had been March 26,  
11 which would have given us about two months.

12 ACTING CHAIR ORDWAY: But, it is still conditioned  
13 upon the applicant to be able to do that.

14 MS. COY: Well, then it was in ARCO's Ball game.

15 Okay, with that two months, I felt really good  
16 because we had a chance to--at least some of the residents--  
17 would have had a chance to read it, and maybe digest some  
18 of it.

19 A month is not enough time for me to read 9000  
20 pages, and I can't afford a staff, however talented they  
21 might be, to read it for me and tell me what's in it. I  
22 can't even find a babysitter, so I think it is going to  
23 be real hard for any of the public to have informed input,  
24 and I think this country was based on the premise that  
25 the letter of law should not be followed over the intent

1 of the law, and I think the intent of the law was definitely  
2 that we should have informed input in the public hearings.

3 I think it is questionable to me why the State  
4 Lands Commission sat here and took testimony from every  
5 public source that we've got, and everybody got up and  
6 said--I mean, I counted up 27 pages of testimony you guys  
7 didn't get this afternoon, because you had done the March  
8 26 thing, and we had a chance.

9 Now, after they have all gone home, right before  
10 the 5:00 o'clock break, or whenever it came, you said,  
11 "Now, we have got until February 17, and now it is not  
12 in Santa Barbara, now it is going to be back up in Sacramento."

13 We are still going to have the hearing on the  
14 28th in Santa Barbara. You are still going to get a non-  
15 informed public viewpoint of the situation. That, just  
16 to me, it just doesn't make any sense, and I really would  
17 wish that the Commission could reconsider, or maybe go  
18 back to the March 26, or heck, even give us until April  
19 26 and make sure that we all understood what is in the  
20 report, what is in the EIR.

21 It seems to me--I am an old West Virginia Democrat,  
22 and it is hard for me to call this anything else but, "change in  
23 horses, in mid-stream." I think we would use a term something  
24 like, "double cross", back there. I just don't understand  
25 why in California it just kinds of slips right through

1 and nobody seems to notice it much. I don't know what  
2 happened.

3 I don't know what happened. Why aren't we given  
4 the two months to read it?

5 What I am concerned about, primarily as a mother,  
6 is what's going to be done to dispose of the hydrogen sulfide  
7 in the Santa Barbara Channel oil field. Hydrogen sulfide  
8 is a deadly gas. If it is to be carried in pipelines up  
9 to the beach where our children play, and if there is a  
10 leak in the pipes, well, the kids will die.

11 Everybody knows that leaks happen in the pipes.  
12 Plumbers have a whole union based on that premise.

13 If any flaring is done, hydrogen sulfide is  
14 changed into sulfur dioxide. When that is mixed with precipitation  
15 we get sulfuric acid fog.

16 Mr. Granger, from ARCO, yesterday, assured me  
17 in the public meeting, that ARCO wanted safe conditions  
18 on the platforms because they have crews on those platforms,  
19 and some of the crew members have small children. I would  
20 just like ARCO to be aware, and I would like this Commission  
21 to be aware, that I don't consider life on an ARCO platform  
22 in any way comparable to life in Isla Vista, or in the  
23 community there in spite of ARCO's efforts to position  
24 the oil company as a "G" rate firm.

25 ARCO's platforms have no children in residence.

1 ARCO's platforms have breathing apparatus available at all times  
2 for their employees, in case of an accident. ARCO's crews have  
3 chosen to be where they are, and they have chosen, as a work day,  
4 to spend it on the platforms. ARCO's platform crews, for the  
5 most part, don't live in Isla Vista. Mr. Granger doesn't live  
6 in Isla Vista. ARCO's platforms are inhabited at night. Voices  
7 carry over water. I can control what language my daughter hears in  
8 movies and on television. I can't turn off the platforms, either  
9 for bad language, which most certainly will emanate, or for  
10 the exposure to constant noise.

11 There are studies available which tell of adverse  
12 effects on the auditory and nervous systems, to small children,  
13 caused by constant exposure to noise. I don't know if  
14 any of those studies are in the EIR, because I haven't  
15 seen it, and I won't get a chance to read all of it.

16 Even ambient noise, if it is displeasing, however  
17 low the volume or decibel level--or whatever you call it-- can  
18 cause such side effects as stress, anxiety, loss of appetite,  
19 listlessness over periods of time--much less than a year--let  
20 alone the 24 years, or for the rest of our lives.

21 That's about all that I've got to say now, because  
22 I don't know what else there is left to say. I don't know  
23 what is in the report. Thank you.

24 ACTING CHAIR ORDWAY: Thank you.

25 Alan Hur, representing the fishermen.

1 MR. HUR: Good evening. My name is Alan Hur,  
2 and I am a commercial fisherman here in Santa Barbara, and  
3 I would like to take the opportunity to thank you on behalf  
4 of the commercial fishermen for taking the time to come  
5 here. Like ourselves, we know you have a very busy schedule.

6 The EIR is very impressive in the amount of work  
7 that went into it, and the data that has been gathered.  
8 It is not very impressive though in the organization, and  
9 sometimes in some of the conclusions that are drawn from  
10 the substance of the material that has gone into it.

11 This has been addressed quite well, from the standpoint  
12 of the academic input, from UCSB, and from other people  
13 that have come forward from the other universities, the  
14 UC system, and the private sector, and has some lackings  
15 in some of the issues that have not been addressed that  
16 concern the environment and the biology off of the Coal  
17 Oil Point and Goleta Point area.

18 In the southern portion of Santa Barbara County,  
19 hard bottom is at a premium out there in the ocean. It  
20 creates the best habitat for the entire ecology of our unique  
21 southern California bite, and it is made up of Carpinteria  
22 Reef, the Isla Vista Goleta Point area, the Naples Reef  
23 area, Tajicomas and Cojo.

24 And, I think that without looking at the cumulative  
25 impacts of development of the other areas in the Santa Barbara

1 Channel, these hard bottom habitats, and taking into consideration  
2 that one more of these very vital areas are being impacted,  
3 I think that is a real tragedy.

4 There is one portion that we really have problems  
5 with as fishermen, and that deals with the mitigation in  
6 regards to the development of this area, and the mitigations  
7 that are expressed are based on a lot of inaccurate statements  
8 and data that have gone into this EIR, and we have expressed  
9 that in our comments earlier, but I will take a second now  
10 to express them again.

11 And, that deals with mainly the area that is going  
12 to be required for the development of the pipeline, and  
13 the putting in of the platforms themselves. The actual  
14 dimensions are actually only a fraction of the area that  
15 is taken up during this period of installation, and ongoing  
16 traffic required for servicing the platform, and for monitoring  
17 and surveying the pipeline.

18 Also, traffic lanes during development phase do  
19 not work, and that information is available through the  
20 liaison office and has been an issue of topic through the  
21 Joint Committee, of which I am an alternate to, for several  
22 months now.

23 And, the Chevron project off of Cojo and Point  
24 Conception, it has been well exemplified that when you have  
25 several hundred-foot vessels operating in the same area,

1 along with extremely large barges, and cranes, and other  
2 support vessels, they can't adhere to those traffic lanes,  
3 so they have to run through the gear, just for safety reasons,  
4 and for that reason the burden of loss is once again put  
5 on us.

6 What we have ended up having to do is to just  
7 literally leave the area. That hasn't been covered in the  
8 EIR, along with several other things that will be pointed  
9 out by other people, or have been pointed out previous.

10 But, they are getting better, the EIRs are. The  
11 information going into them, the research, and the effort  
12 is getting a lot better, and I thank you for that.

13 Thank you.

14 ACTING CHAIR ORDWAY: Question, please.

15 COMMISSIONER DAVIS: May I ask a couple of questions.

16 What has--

17 COURT REPORTER: Would you turn on your microphone,  
18 please.

19 COMMISSIONER DAVIS: What has been your experience,  
20 over the past, say ten years, in this area? How has oil  
21 drilling, in a general way, effected the life of fishermen  
22 in the general Santa Barbara County area?

23 MR. HUR: Whee, that would take quite an explanation,  
24 sir.

25 It has been getting better, the effort from, you

1 know, the state, and cooperation through the Joint Committee's  
2 efforts has really been an improvement.

3 We are still losing gear. We are still losing  
4 ground. There is still a lot of concern with regards to  
5 water quality with drill muds, and those, of course, have  
6 become more than factual issues, more political issues.

7 I sit on the Eggs and Larvae Committee, in representation  
8 of the fishing industry, which the state participates, and  
9 the federal government.

10 We need a lot more information, and a lot more  
11 research before we can make some good decisions with regards  
12 to any type of modification of what the present process  
13 of permits are at hand.

14 What it boils down to is that there are two entities  
15 out there competing for the same area, and we would like  
16 to coexist with them, as best as possible. It seems that  
17 the monetary burden of loss, historically, and still is  
18 being placed upon us.

19 They don't lose oil wells. They don't lose boats.  
20 They don't lose cables. They don't lose buoys. We lose  
21 fishing gear. We lose fishing time. We lose access to  
22 fish.

23 And, it has come a long way in the last seven  
24 years, but it still has a long way to go.

25 COMMISSIONER DAVIS: Thank you.

1           ACTING CHAIR ORDWAY: Richard Zimmer-Faust, representing  
2 the Marine Science Institute at the University of California  
3 Santa Barbara.

4           MR. ZIMMER-FAUST: I have been a research biologist  
5 with the Marine Science Institute at the University of  
6 California at Santa Barbara, since 1983.

7           My research is on the natural history of crustacea,  
8 focusing on the local spiny lobster, *Panulirus interruptus*,  
9 and on the physiology and ecology of chemical senses, olfaction  
10 and taste, of marine organisms.

11           It has been well established that chemical senses  
12 are vitally important to the detection and acquisition  
13 of resources by marine animals. This would include the  
14 acquisition of substrate for larval settlement and metamorphosis,  
15 and the recognition of predators and prey, and other such  
16 things.

17           Given the ocean is a complex chemical milieu,  
18 marine animals are faced with the problem of having to  
19 detect behaviorally relevant chemical cues against background  
20 environmental chemical noise.

21           A major part of my research is devoted to determining  
22 precisely what marine animals can smell relative to background  
23 noise. Recent results are astounding. They demonstrate  
24 that marine crustacea detect feeding attractants at concentrations  
25 that are less or equal to one percent greater than ambient

1 levels.

2           Perhaps, more importantly, I have also identified  
3 the existence of both inorganic and organic substances  
4 which act as suppressants to feeding. One of these suppressants,  
5 ammonia, retards feeding by spiny lobsters at a concentration  
6 just 1.5 times ambient levels. It should be noted that  
7 ammonia is a major constituent of produce water, created  
8 during gas treatment.

9           ARCO has proposed as one of its alternatives,  
10 to release produced water from its Las Flores Canyon refinery  
11 to the ocean via an outfall. The volume of this discharge  
12 is a staggering 6 million liters per day. Even accounting  
13 for the EPA's plume dilution model, released ammonia will  
14 be 5000 to 6000 times greater than that demonstrated to  
15 suppress lobster feeding.

16           However, the point to be made is not simply that  
17 ammonia acts as a suppressant. Rather, investigators,  
18 including Professors Daniel Morse, James Case, and myself,  
19 at UC Santa Barbara, just now have developed the analytical  
20 tools to define chemoreception in natural habitats.

21           It is impossible, at this point, for the Coal  
22 Oil Point Environmental Impact Report, to have addressed  
23 such sub-lethal effects associated with subtle changes  
24 in seawater chemistry. Such effect will undoubtedly impact  
25 the fitness of marine organisms with implications to their

1 commercial fisheries.

2 Current standards for environmental pollutants  
3 are based mostly on short term assays with crude end points,  
4 usually death. This is insufficient when considering the  
5 fine tuning of physiological and behavioral processes of  
6 marine organisms.

7 This brings me to a second point: the paucity  
8 of data on toxicities of drilling-associated pollutants  
9 to local marine fauna. Recently, we have investigated  
10 toxicities of 11 metals found in drilling muds to embryos  
11 of the yellow crab, *Cancer anthonyi*. This study will be  
12 submitted as a manuscript to the journal, Marine Biology,  
13 within two weeks, and I will later then submit it to you  
14 as testimony.

15 Yellow crab is the predominant species of commercial  
16 interest in Santa Barbara County, and the crab occupies  
17 sand and mud flats to 150 meters depth. Its distribution  
18 overlaps significantly with that of the region proposed  
19 for offshore oil production.

20 To our surprise, our study was the first to investigate  
21 the effects of metals on embryos of any brachyuran crab,  
22 and it was the first to investigate the effects of metals  
23 on a life history stage of yellow crab.

24 How can the impact of offshore drilling be fairly  
25 assessed on commercial crab fisheries without study of

1 species potentially impacted? Briefly, we found mercury,  
2 chromium, cadmium, and manganese, to cause significant mortalities  
3 of embryos at concentrations less than or equal to 10 parts  
4 per billion.

5 We further found iron as ferro chloride to retard  
6 the metamorphosis of embryos to zoea stage larvae at concentrations  
7 of 1 to 10 parts per million. This level of iron is potentially  
8 maintained in sediment water at distances even several  
9 kilometers from oil platforms, following depositions of  
10 drilling muds.

11 Because crab embryos imbibe water as they hatch,  
12 and because iron is specifically absorbed to the chitinous  
13 vitelline membranes of crab eggs, bioaccumulation results.

14 In closing, I would like to reiterate an essential  
15 point, namely, the Coal Oil Point EIR has only guessed  
16 at many of the impacts, in my opinion, of the offshore  
17 oil drilling. It fails to consider the legitimate concerns  
18 of local commercial fisheries.

19 There is not enough data available at the present  
20 time to state cumulative, long-term effects, resulting  
21 from a perturbation of the marine chemical environment.

22 Under these condition, I ask the State of California  
23 to proceed cautiously and without naivety to the problems  
24 of marine environmental protection.

25 Thank you.

1           ACTING CHAIR ORDWAY: Thank you.

2           When is your paper going to be published? Or--  
3 correction, when will you be able to submit a copy to us?

4           MR. ZIMMER-FAUST: Yes, we hope to--by the 19th,  
5 a week from now.

6           ACTING CHAIR ORDWAY: Fine, thank you.

7           MR. ZIMMER-FAUST: We are just putting in the  
8 finishing touches, and we have to make one figure, but  
9 it is all there.

10          ACTING CHAIR ORDWAY: Thank you.

11          MR. ZIMMER-FAUST: Thank you.

12          ACTING CHAIR ORDWAY: Questions?

13          [No response.]

14          Before I proceed on, if there are individuals  
15 in the audience who would like to speak, there are speaking  
16 slips available up here at the desk.

17          Douglas Yates, Associated Students, University  
18 of California at Santa Barbara.

19          MR. YATES: Thank you for giving me the opportunity  
20 to speak, and I will try to be brief.

21          I am a fifth-year student at the University of  
22 California at Santa Barbara, and as you said, am the Associated  
23 Students President, which gives me the responsibility to  
24 try to speak for over 15,000 under graduates at the university.

25          Many of the under graduates use the beach facilities

1 and live in Isla Vista, and are directly effected by the  
2 decisions that this Board is going to make, so I would  
3 like to begin by commenting that Santa Barbara isn't the  
4 virgin she once was.

5           We have stripped her lands, and penetrated her  
6 coastlines. In 40 years, this place could look like where  
7 I come from, Long Beach, and it looks pretty stinky down  
8 there. This place could have beaches you can't walk in,  
9 waters you can't swim in, drinking water so filthy that  
10 you have to drink bottled water, and air so sulfuric that  
11 your eyes turn red, and your skin breaks out in rashes  
12 sometimes during hot summer days. This place will look  
13 filthy, and will smell bad, and it won't be a place where  
14 people want to live.

15           And, this will happen if development is not controlled.  
16 Progress is always a big question in any county, as well  
17 as in any state development, and here in Santa Barbara  
18 we are no exception, and traditionally when an oil company  
19 has wanted oil anyplace around the world, whether it be  
20 an Indian reservation, back in the early days, whether  
21 it be Indo China during the 1960s, whether it be Saudi  
22 Arabia, or whether it be Santa Barbara, that oil company  
23 has not been stopped by the local interests.

24           It has been an historical tradition, and if we are  
25 able to do it here, I won't only be surprised, but I will

1 be proud. We have a great county here, with a beautiful  
2 coastline, and I would like to see it remain that way.

3 So, my proposal--like I say, I will keep it real  
4 short--is for, in volume 1 of the old Environmental Impact  
5 Report, Section 2.2, the no project alternative. In this  
6 alternative no new oil and gas extraction would occur from  
7 Leases PRC 208, 308, and 309.

8 However, I understand that saying no project  
9 is losing credibility, and so I would also like to submit  
10 that if this is not possible, minimally, could the Heron  
11 and Haven platforms be stopped, and if not possible, then  
12 just the Heron platform, which is the closest to our campus,  
13 the one that will pollute our waters and possibly destroy  
14 our lagoon.

15 It seems ironic to me that this platform is  
16 being called Heron, considering that is one of the species  
17 that it is going to destroy, and it also seems ironic that  
18 the kick back to our university being given towards marine  
19 biology will be given towards a field of science that will  
20 be destroyed by the very process in which that money is  
21 raised.

22 Of all of the UC system, our campus stands to  
23 gain the least from this drilling, and many of the other  
24 campuses stand to gain more, as I understand some of this  
25 money will be given to our system to reduce our fees. I

1 don't think it is worth it. I think it is a cheap price  
2 to place on land--

3 ACTING CHAIR ORDWAY: If I may just interrupt  
4 you.

5 Any money from tideland oil revenues, whether  
6 it be our offshore properties here in Santa Barbara, or  
7 in Long Beach, or any of our oil and gas operations on  
8 state properties, do not go to lower your fees. They go  
9 for what is called "COFFHE and SAFCO". They build your  
10 school buildings.

11 MR. YATES: Okay.

12 ACTING CHAIR ORDWAY: They are primarily used  
13 to build the campuses of the University of California,  
14 California State University, and the Community College  
15 system.

16 And, in the last couple of years the funds have  
17 also gone to build K-12 schools, so I just wanted to correct  
18 that.

19 Thank you.

20 MR. YATES: Thank you. I appreciate that.

21 In 20 years time, technology could provide us  
22 with the ability to create derricks that could remain safely  
23 under the eye sight of the water, derricks that would be  
24 better designed, safer. We could have better geological  
25 surveys produced, where we wouldn't need to have 16 contingent

1 wells.

2           If we wait, just put a hold on it for 20 years,  
3 25 years, a tick in the clock in geological time, we could  
4 be saving this county not only another tragedy like in  
5 '69, but its most precious resource, which is its purity,  
6 what is left of it.

7           I understand that 20 years seems like a long  
8 time when the national interests are involved, but I just  
9 would like to plead for that.

10           Thank you.

11           ACTING CHAIR ORDWAY: Thank you.

12           Marc Evans, representing the Associated Students  
13 of the University of California at Santa Barbara.

14           MR. EVANS: As a representative of the under  
15 graduate body of UCSB, I felt it my duty to go out and  
16 speak with as many people as possible to find out how they  
17 felt about this project coming so close to their campus,  
18 and it is really amazing that I have not found a single  
19 person even partially in favor of any of this. Not in  
20 favor of Haven, or the expansion of Holly, not a single  
21 person that had anything less to say than fuck ARCO. That  
22 is the overwhelming feeling of the student body at our  
23 campus.

24           Why? Because they have come from other places  
25 where they have seen what they have done. A lot of people

1 come from L.A. and they have seen the filth and ugliness  
2 down there that Doug described.

3 Even the elimination of Heron would be a great  
4 significance that would very much help, but it is not enough.  
5 We need the total elimination of this project.

6 I remember, as a small child, back in 1969, seeing  
7 pictures of seagulls covered with oil, and I refer you  
8 to Section 4, page 294, which says, "Offshore oil spills  
9 pose the greatest risk to endangered species. In addition,  
10 an offshore spill could reach marine and shore line habitats  
11 as far east as Carpinteria." That is quite a few miles.

12 I remember back in 1969, they couldn't stop that  
13 spill for over seven months, although they did cover it  
14 up in the press.

15 Now, this would totally wipe out Santa Barbara.  
16 This would wipe out all of the marine sciences at the UC  
17 Santa Barbara, as well as just having these huge structures  
18 there would really direct people away. I would probably  
19 have gone somewhere else, if not for the scenic beauty  
20 of Santa Barbara.

21 I think we are selling the education at UCSB  
22 down the drain with this project.

23 Thank you.

24 ACTING CHAIR ORDWAY: Thank you.

25 William Gesner--I hope that I pronounced that properly.

1 MR. GESNER: I beg your pardon?

2 ACTING CHAIR ORDWAY: I hope that I pronounced  
3 that properly.

4 MR. GESNER: Yes.

5 ACTING CHAIR ORDWAY: Thank you.

6 MR. GESNER: Good evening, I have here a copy  
7 of a plug and abandonment project, conducted by ARCO on  
8 wells located on the state Leases 308, 3120, and 3242,  
9 dated March 31, 1984.

10 The estimated final cost of this project was  
11 over \$11 million, and now I am wondering why this wasn't  
12 mentioned in the EIR? And, who forced ARCO to spend all  
13 of this money in the first place?

14 I am convinced that well 3120, No. 2, is still  
15 leaking a considerable amount of oil in the Santa Barbara  
16 Channel. If ARCO is unable to plug this leaking well,  
17 then they should not be allowed to drill any more of them.

18 Thank you.

19 ACTING CHAIR ORDWAY: Thank you.

20 Nancy Hoolahan.

21 EXECUTIVE OFFICER DEDRICK: Ms. Hoolahan had  
22 to leave earlier, and asked to be withdrawn as a witness.

23 ACTING CHAIR ORDWAY: Thank you.

24 Ralph Philbrick.

25 MR. PHILBRICK: Good evening.

1 I wish to speak to you as an individual terrestrial  
2 biologist of this area, and to make four brief requests  
3 for your attention.

4 First of all, as you undoubtedly know, it is  
5 appropriate to this community to have the maximum reasonable  
6 time to review the final EIR, and to review the voluminous  
7 response to comments, that are going to be treating the  
8 longest list of criticism that we have had to an environmental  
9 document in this community.

10 On the matter of air quality, of all of the impacts  
11 I think that the community can tell you, your common sense  
12 can tell you, and extensive studies performed for Santa  
13 Barbara County, will tell you that the main environmental  
14 concern that we have that crosses over all areas, sociological,  
15 biological, you name it, is the air quality, and I would  
16 request that you look at locations, at methods and systems,  
17 and at specific mitigation measures that will maximize  
18 Santa Barbara's air quality. That is the number one criteria  
19 in my book.

20 As a terrestrial biologist, I would think it  
21 would be very appropriate for you to think about the location,  
22 specific mitigations that involve the onshore pipelines,  
23 particularly with regard to wetlands, the very rare biological  
24 communities, very rich environmental communities of our  
25 coastal shore area, and of the riparian vegetation, the

1 streamside vegetation. Specifically, wherever such a pipeline  
2 is going to cross the coastal canyons.

3 The minimum number of pipelines that are employed,  
4 the less this kind of disturbance.

5 To the extent that I understand these processes,  
6 the more you can put into one pipeline, the less disturbance  
7 you are going to have, the fewer pipelines, and the way  
8 it has been explained to us in Santa Barbara County, it  
9 seems appropriate that you put commingled oil together.

10 Thank you.

11 ACTING CHAIR ORDWAY: Thank you.

12 Commissioner Davis.

13 COMMISSIONER DAVIS: Yes, I just want to thank  
14 the community of Santa Barbara for spending as much time  
15 with me as it has today. I was down here early today,  
16 and we met with about 30 to 40 people, out in Isla Vista,  
17 relatively close to the site where the Heron platform is  
18 envisioned, and then I met with commercial fishermen for  
19 about 45 minutes, with about 10 to 15 of those, and I appreciate  
20 the opportunity to hear first hand what your views are.  
21 They are important to me. I believe that we should take  
22 very seriously what the County of Santa Barbara recommends.  
23 They are the entity closest to the community most effected  
24 by these proposed projects.

25 And, I am glad that at the very least we now

1 have a commitment to come back here on the 28th, that you  
2 will see the final staff recommendation on the 9th of February,  
3 some ten days before a decision is made.

4 I ask you to excuse me. I have to be in L.A.,  
5 but I am asking my Deputy Jim Tucker to sit here and report  
6 back to me personally any further comments that you make  
7 today, and I will take them seriously.

8 And, I thank you for your patience and your assistance  
9 to me today.

10 ACTING CHAIR ORDWAY: Thank you.

11 I will apologize in advance for this name, Dr.  
12 Kopeikin. Is that even close?

13 MR. KOPEIKIN: Yes, it is exactly how it is.

14 ACTING CHAIR ORDWAY: Oh.

15 MR. KOPEIKIN: In fact, it was very close indeed.

16 It is Kopeikin.

17 ACTING CHAIR ORDWAY: Kopeikin, thank you.

18 MR. KOPEIKIN: Yes, certainly.

19 I am a local resident, who am watching a catastrophe  
20 take place. I would like to tell you that I am speaking  
21 on my own behalf, although I have spoken with quite a few  
22 of my neighbors, and I have lived in the UCSB area while  
23 I was a student, and now I have returned to teach there.

24 I do, therefore, have a certain, although relatively  
25 short, historical perspective on the area that I would

1 like to share with you, and I am not sure is represented  
2 in the EIR.

3 I would like to mention that I did get a chance  
4 to look at earlier versions of the EIR, but since the final  
5 one was not available to us to examine, I can't really  
6 say whether the newer EIR is a better document than the  
7 last one.

8 ACTING CHAIR ORDWAY: We haven't seen it, either,  
9 but we are looking forward to obtaining it tomorrow morning.

10 MR. KOPEIKIN: Good.

11 Well, I am glad to hear that you will be coming  
12 back after we have a chance to take a look at it.

13 The one thing that I think is important to note,  
14 is that this area has already been seriously effected by  
15 the platforms in the vicinity.

16 In 1974, when I came to UCSB, I was told that  
17 the globs of oil that coated my hair and feet as I walked  
18 on the beach, were natural seepage. I even believed it  
19 a little bit.

20 When I went away to graduate school, and had  
21 a chance to come back, I was astounded to find that there  
22 was about four to six times more natural seepage on the  
23 beach every day, than there had been before. I then realized  
24 that that large platform on the horizon was a great deal  
25 closer, and I realized where the natural seepage was coming

1 from.

2 I have a good sense that what we are about to  
3 experience in that adjacent community is nothing less than  
4 a disaster. When I looked at the EIR's air pollution statements,  
5 I recognized that the air pollution was going to exceed  
6 federal standards on a number of accounts, 10 to 20 miles  
7 down the coastline, where the prevailing winds were supposed  
8 to blow.

9 Then I thought what would happen when the onshore  
10 breezes turned around and all of that junk was being blown  
11 directly into our homes less than two miles away. It was  
12 very clear to myself, just on a basic understanding of  
13 physics, knowing that contamination essentially increases  
14 with the cube, the closer one gets, that we would be approaching  
15 something like Bopal in my neighborhood. I didn't see  
16 that addressed in the original EIR, and I hope that it  
17 will be addressed in the latter one.

18 The original EIR made no mention, incidentally,  
19 of the 18,000 people, less than two miles from Platform  
20 Heron. It reported the effects of the pollution over the  
21 entire Goleta basin, which I don't think is exactly--how  
22 shall we say this--an honest and objective appraisal.

23 In addition to that, I would just implore you,  
24 I would beg you, to look at this from the point of view,  
25 not just of a billion dollars in your pocket. I know money

1 speaks very loudly, and I happen to come in a little earlier  
2 today, and see about 15 ARCO lawyers huddled in the middle  
3 of this room, discussing strategy.

4 My fellow residents and I don't have millions  
5 of dollars to fight this, but we are going to be poisoned,  
6 friends. We are going to have tar all over our beaches.  
7 We are going to be breathing the noxious fumes, and for  
8 what? This is sour oil. This is the kind of oil that  
9 right now, with the depressed prices, God knows why they  
10 are going ahead with.

11 Perhaps in 10 or 15 years, if this kind of oil  
12 needed to be recovered, when oil prices rise again, ARCO  
13 would be willing to undertake the kind of mitigations necessary  
14 to protect our environment.

15 And, certainly, neither I, nor my fellow residents,  
16 would want to stand in the way of national interests, but  
17 let's face it, right now, even the government--our government--  
18 is selling off its reserves. We are now at a point that  
19 we are going to devastate an irreplaceable natural resource,  
20 for the greed of a few.

21 I would very much like to urge you to take a careful  
22 walk around that area, and then imagine what you are going  
23 to see. The EIR, for example, showed us the view of the  
24 platform three-and-a-half miles away, even though it is  
25 only going to be two miles from the coast, they went down

1 the coast an extra mile-and-a-half to show us the picture.  
2 If you just walk to the end of Camino Corto, the closest  
3 place to that platform--I can envision--a huge platform,  
4 hovering over the horizon, belching smoke and huge flames  
5 into the sky. It is an image that I can't even imagine  
6 would be allowed to occur here, and I very much ask you  
7 to seriously consider the no project option, at this time.

8 Thank you.

9 ACTING CHAIR ORDWAY: Thank you.

10 Are there any individuals in the audience who  
11 would like to make a statement before the Commission?

12 Please, because I now have exhausted all of the little  
13 white slips.

14 MR. BOYD: My name is Michael E. Boyd, and I  
15 am an elected Director on the Board of Directors of the  
16 Isla Vista Recreation and Park District, and I am also  
17 a Director elected to the Board of Isla Vista Community  
18 Council, which is appointed by the County Board of Supervisors  
19 to act as the Municipal Advisory Council to the county  
20 on Isla Vista.

21 First, I would like to read to you a statement  
22 from the Isla Vista Recreation and Park District Board,  
23 and it is in reference to the development of ARCO's project  
24 off of Isla Vista, in Santa Barbara County.

25 Isla Vista Recreation and Park District urges

1 you to adopt the no project alternative. Over 18,000 persons  
2 live in Isla Vista, an area of less than one square mile.  
3 Platform Heron, as proposed, is less than two miles from  
4 our community. There will be no way to mitigate the effects  
5 of noise, odor, and the obliteration of the ocean view,  
6 which provides needed relief to most the densely population  
7 urban area in California.

8           Only two roads lead out of Isla Vista. In the  
9 event of a release of toxic gas stored on the platform,  
10 an orderly evacuation would not be possible. Release of  
11 this gas can be necessitated by an event as common as a  
12 power black out. In the last 12 months, Isla Vista experienced  
13 almost a half a dozen whole, or partial, power failures,  
14 including two black outs which lasted more than an hour.  
15 Public safety is therefore a vital concern.

16           Given the current oil glut, why not put off development  
17 until the technology for quiet, safe, operations is available?  
18 Or, better yet, why not wait for the development of safer  
19 energy sources all together?

20           Since oil is a non-renewable resource, the best  
21 way to force the industry to prepare for the day when the  
22 wells run dry is to stop all environmentally sensitive  
23 drilling proposals now.

24           For those who are concerned with national interests  
25 regarding storage of oil for a national emergency, why

1 not keep it safely stored where it now lies?

2 We recognize that the concerns of Isla Vista  
3 residents may not loom large before you, and that in some  
4 form this development will be approved. In the event of  
5 partial approval, we urge that your Commission follow up  
6 on the county's expenditures of tideland revenues to certify  
7 that some funding find its way to our heavily impacted  
8 community.

9 Although Platform Holly is less than five miles  
10 from Isla Vista, the county has not yet allocated any Public  
11 Resources Code 6817 money to this community, hence our  
12 concern over the future allocation of resources.

13 That is from the Park District.

14 The Community Council is also in support of the  
15 no project alternative, and we share the concern over if  
16 the project is approved how moneys that the state and the  
17 county are going to receive are actually going to come  
18 back to the community that is going to be the most heavily  
19 impacted.

20 It is my understanding, from watching things  
21 on COX cable--for example, they had a hearing yesterday  
22 on the county--that ARCO is stating that the state will  
23 potentially receive \$1 billion in revenues from this.

24 ACTING CHAIR ORDWAY: I can tell you a little  
25 bit about how the tidelands revenues--how revenues from

1 our state lands, and from our tidelands flow, based on  
2 the law that was passed by our legislature and was signed  
3 by then Governor Brown, in 1979.

4 The way it currently flows is that there are  
5 two or three short pulls right off of the top for a variety  
6 of things. One is to fund the State Lands Commission staff,  
7 et cetera. After that, those of us that worked on the  
8 legislation seven years ago call it the "bucket theory".  
9 The first bucket is a little bucket called COFFHE, the  
10 Capital Outlay Fund for Higher Education, and as I said  
11 before, it is between \$125 million and \$150 million a year  
12 funds available.

13 Of course, with oil prices at their current price,  
14 there are not all of those funds available, but where they  
15 were 18 months ago, there were funds available.

16 COFFHE is used to plan and construct facilities  
17 at the University of California, at the California State  
18 University system, and at the Community College system.

19 The next bucket is the state school's building  
20 program, which is the building program for K-12 education.  
21 It is elementary and high schools, primarily.

22 After that, the next bucket is a little fund  
23 called the SAFCO, the State Account for Capital Outlay,  
24 and that is used for such things as state hospital repair,  
25 and in the budget that will be going into effect in July,

1 the bulk of the SAFCO moneys are being used for such  
2 things as asbestos abatement, PCP removal, underground  
3 tank clean up, \$40 million is going to repair and restore  
4 and put our state hospitals, both our developmentally disabled  
5 hospitals, and our mental hospitals, in a condition so  
6 that we can again be certified, which we have not been  
7 in ten's of years.

8 That program hopefully will be completed in about  
9 another 18 months, so that is where our oil and gas royalty  
10 moneys go to, at the state level.

11 The portions that are received by the local governments,  
12 I really couldn't address.

13 MR. BOYD: Well, I think that illustrates the  
14 fact that you are going to get this money, if you approve  
15 this project, and none of the money is going to come back  
16 to I.V., which is--we are going to have to live with this  
17 thing for God knows how many years.

18 We have had to live with Platform Holly for years  
19 and years now, and we never, ever, received a dime from  
20 these Public Resource Codes, and these PRC 6817 moneys,  
21 we have never got a dime in 14 years.

22 And, the state, it seems to me, there is no commitment  
23 on the state's part to take the money they are receiving,  
24 this windfall, and spend it back in the areas that are  
25 most impacted, and the county is just following suit, with

1 what the state is doing. The county is not spending--  
2 has none of that royalty money that they just got, slated  
3 for expenditure in Isla Vista. We have to live with this  
4 now, yet you are not putting any of the money in the right  
5 places to mitigate the impacts.

6 How can you expect us to live with this kind  
7 of thing? Over--Holly already is a nightmare for us. We  
8 already wake up in the mornings with the smell of petroleum  
9 in the air. We already have tar covering our beaches most  
10 of the year, when there are beaches there. It is a mess,  
11 and it is because the state is getting billions of dollars  
12 and windfall from these oil developments, and they are  
13 not spending the money.

14 And, as an example of what I am talking about,  
15 is ARCO went and put in--I mean, not that I would like  
16 to say good things about ARCC--but ARCO went in and put  
17 in this seep containment, these big seep containment things  
18 out there, and they reduced the air pollution, and some  
19 of the pollution that we on our beaches, by a lot, a whole  
20 lot, and I haven't seen anywhere in the EIR, in anything  
21 from the state, that they are planning on doing anything  
22 to expand this program. What are they going to do to clean  
23 up our beaches? What are you going to do to keep the air  
24 clean so that we can breath out there?

25 I mean, there are 18,000 people in half a square

1 mile, and we are right next to where these platforms are  
2 supposed to go, and it is like, if you don't approve it,  
3 that is the best thing for our community, and that is what  
4 we are trying to tell you.

5 Thank you.

6 ACTING CHAIR ORDWAY: Thank you.

7 Michael Phinney.

8 MR. PHINNEY: Yes, I addressed you earlier this  
9 afternoon.

10 ACTING CHAIR ORDWAY: I thought that you looked  
11 familiar.

12 MR. PHINNEY: Right.

13 I am a little confused right now, and I think  
14 that since Chairman McCarthy and Commissioner Davis are  
15 gone, and I gather Commissioner Ordway, you are sort of  
16 the senior member of this Commission? Is that correct?

17 ACTING CHAIR ORDWAY: Actually, Commissioner  
18 McCarthy and I came on at the same time, four years ago,  
19 so we get to share that title.

20 MR. PHINNEY: I am confused about what happened  
21 this afternoon, and perhaps you could clarify it for me--

22 ACTING CHAIR ORDWAY: God, I hope so.

23 MR. PHINNEY: --and I think there are a lot of  
24 other people that are confused, too.

25 Early in the afternoon, preceding my earlier

1 remarks, I was under the impression that the Commission  
2 had decided upon a final hearing date of March 26, and  
3 then all of a sudden, a few minutes before 5:00 o'clock,  
4 zap, all of sudden, it is February 17.

5 What happened?

6 ACTING CHAIR ORDWAY: I have no idea.

7 I am being very honest. I was--when the meeting  
8 started the first thing this afternoon, the intent of at  
9 least two of the Commissioners was to hold a final decision  
10 making hearing approximately two months from now.

11 MR. PHINNEY: Yes.

12 ACTING CHAIR ORDWAY: My concern, upon delaying  
13 it, is strictly legal concerns over whether or not we have  
14 the ability to legally delay a decision past the 31st of  
15 January. That is my only concern.

16 And, I would hope that our lawyers are taking  
17 a look to make sure that what we do is within the confines  
18 of the law.

19 Approximately two-and-half hours ago, I was asked  
20 what a good meeting date in February would be. I informed  
21 my fellow Commissioners when I was not on jury duty, and  
22 the next thing we know it had been amended to the 17th  
23 of February.

24 I don't know the background. I don't know what  
25 caused the change of a month, but as I understand it, it

1 is now the 17th of February, if that can legally be done  
2 by the applicant.

3 MR. PHINNEY: Well--

4 ACTING CHAIR ORDWAY: I wish that I could answer  
5 that for you. Unfortunately, I cannot.

6 MR. PHINNEY: I am personally--

7 ACTING CHAIR ORDWAY: All I know is that I have  
8 to write it in my calendar.

9 MR. PHINNEY: --yes.

10 I am exceedingly dismayed about that. I think  
11 that moving it up to February 17 doesn't really give you  
12 time to digest that voluminous EIR.

13 ACTING CHAIR ORDWAY: If I get on jury duty,  
14 it may.

15 MR. PHINNEY: Mrs. Dedrick has indicated that  
16 it certainly puts her staff on a very short fuse--

17 EXECUTIVE OFFICER DEDRICK: I would never refuse  
18 to put the staff on a short fuse, when the Commission wants  
19 something, Mr. Phinney.

20 MR. PHINNEY: Sure heard that today, though.

21 And, all of a sudden everything has gotten moved  
22 up on us. I feel very shakey about it. I am beginning  
23 to wonder what's going on here.

24 As I mentioned earlier, I came out here, got  
25 transferred here, working for Gulf Oil, and surprised you

1 ARCO former compatriots of mine. I resigned from them  
2 because I didn't like what was going on out here, didn't  
3 like what they were doing, resigned 18 years ago.

4 Looks to me like there is a little something  
5 that is making me feel real uncomfortable right now. Who  
6 is running this show? Is the staff running it? Is the  
7 Commission running it? Is ARCO running it? Doggone it,  
8 I am damned mad. I am damned worried.

9 Thank you.

10 ACTING CHAIR ORDWAY: Thank you.

11 Would anybody else like to add comments, observations,  
12 final words?

13 In the absence of that, I would like to thank  
14 you all for your time and your patience, your gracious  
15 hospitality. Thank you very much for the sun, for those  
16 of us from Sacramento, it is very cold up there, now.

17 We look forward to being back here on the 28th  
18 of January.

19 I'll adjourn the meeting of the State Lands Commission.

20 Thank you very much.

21 7:45 p.m.

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