

ORIGINAL

BEFORE THE STATE LANDS COMMISSION  
OF THE STATE OF CALIFORNIA

IN THE MATTER OF )  
THE OIL AND GAS LEASING )  
SANCTUARY OFF CALIFORNIA'S COAST )  
\_\_\_\_\_ ) To consider establishment of  
an oil and gas leasing sanctuary  
zone covering all State-owned  
tide and submerged lands within  
Orange, Los Angeles, Ventura, and  
Santa Barbara Counties.

TRANSCRIPT OF PROCEEDINGS

Wednesday, December 6, 1989

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A P P E A R A N C E S

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1 State Lands Commission  
2 Santa Barbara City Council Chambers  
3 December 6th, 1989  
4  
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6 -- P R O C E E D I N G S --  
7  
8

9 LIEUTENANT GOVERNOR MCCARTHY: We would like to bring it  
10 to the attention of all that came to attend this hearing that  
11 Assemblyman Jack O'Connell and the other members of the  
12 Assembly State Select Committee on oil spill prevention and  
13 response preparedness are going to have a hearing on this  
14 subject, as well, this coming Monday, December 11th, at  
15 9 a.m., in these very chambers.

16 So this coming Monday at 9 a.m. That's a committee  
17 chaired by Assemblyman Ted Lempert of San Mateo County on  
18 which your Assemblyman Jack O'Connell is an active member.  
19

20 (Off the record)  
21

22 LIEUTENANT GOVERNOR MCCARTHY: Good morning, ladies and  
23 gentlemen.

24 This is a meeting of the California State Lands  
25 Commission. On my right is my colleague Gray Davis, the

1 controller of the State of California.

2 My name is Leo McCarthy, and before we get to the single  
3 item on the calendar, we wanted to have the matter of the  
4 approval of the Minutes of the previous Commission meeting  
5 before us. I have no amendments to propose.

6 CONTROLLER DAVIS: I don't either.

7 LIEUTENANT GOVERNOR MCCARTHY: So the Minutes of the  
8 previous Commission meeting are approved.

9 Now, to the single issue on the calendar, the matter of  
10 creating a sanctuary for certain coastal areas off of the  
11 Southern California counties of Santa Barbara, Ventura,  
12 Los Angeles, Orange, and San Diego.

13 For years many of us in this room have fought a never  
14 ending battle to protect our coastline from harmful oil and  
15 gas drilling. We've won some of those battles, and we have  
16 lost some of those battles, but mostly we've fought a kind of  
17 a holding action.

18 At this hearing today, I and my colleague  
19 Controller Davis will consider a motion to establish an ocean  
20 sanctuary zone in all of the remaining coastal area that the  
21 State owns that is neither now protected or leased.

22 The specific sanctuary areas under discussion this  
23 morning include the entire State-owned coastline from the  
24 northern city limits of Newport Beach and Orange County to  
25 Point Fermin in Los Angeles and almost all State-owned

1 coastline in Ventura and Santa Barbara Counties. San Diego  
2 isn't included in this action.

3 Several of these areas were being considered for  
4 potential drilling by oil companies. When I listen to the  
5 testimony presented by our witnesses today in regard to the  
6 sanctuary, I want to focus on what you who live and work in  
7 these areas believe a sanctuary would mean to the area's  
8 environmental and economic health in the future.

9 Controller Davis.

10 CONTROLLER DAVIS: Thank you, Leo.

11 I just have a couple of preliminary comments.

12 We are here to deal with one issue: Whether or not to  
13 adopt a sanctuary. This proposed sanctuary would seal off the  
14 last unprotected areas of California's coast. All other areas  
15 are already protected by legislative sanctuary or by the one  
16 action we took last year in Mendocino covering some 214 miles.

17 I view this proposed action as a logical extension of  
18 the Commission's decision in late '87 and early '88 to  
19 basically study the coast, gather more information before any  
20 further decisions were made on exploration of drilling.

21 The world has changed since the Valdez accident. We've  
22 learned we can't afford to gamble with California's  
23 coastline. We've learned that nature's endowment is too  
24 important and too rich as an economic resource.

25 Though I confess I have a bias towards the adoption of

1 the sanctuary, but I want to hear the testimony and make a  
2 reasonable decision based on the community's reaction.

3 I have long believed that the coastal communities get  
4 shortchanged in matters of oil development. You put up with  
5 all the environmental degradation, all the inconvenience,  
6 aesthetic, noise, odor, and get virtually none of the economic  
7 benefits.

8 When I last reviewed this matter, I think you get one  
9 percent of the revenues that come to the State. That does not  
10 seem to be a fair sharing of the benefits associated with  
11 developing the State's resources, and I don't think the State  
12 should, like a thief in the night, just run off with whatever  
13 economic proceeds are involved and leave you with all the  
14 problems. I realize that's a belated issue and not directly  
15 before us, but I continue to believe that that's something  
16 your legislator ought to address.

17 Finally, make one other comment, Lieutenant Governor and  
18 I have an arrangement where every other year we rotate as  
19 Chairman of the Lands Commission. Next year, I will be Chair  
20 again, and I will make as my highest priority the adoption of  
21 some legislation that the two of us crafted in the aftermath  
22 of the Valdez accident.

23 I really think that legislation will reduce the chances  
24 of an oil spill or a tanker accident. It will put  
25 professionals in charge of the cleanup, and it will hold the

1 offending oil company responsible for all the damage. There  
2 will be no limit on liability. In addition, there will be a  
3 500 million dollar superfund to which oil, all oil companies,  
4 will contribute by way of tariffs.

5 So I think that's a very important piece of legislation.  
6 The two of us have worked very hard on that. It's the result  
7 of numerous hearings, testimony, visits to Alaska, discussions  
8 we've had with various staff officials from Alaska, a chance  
9 to speak to the Governor of Alaska. It's a whole -- it's  
10 about a six-month effort, and I think it's a very important  
11 piece of legislation, and I raise it here today because it  
12 won't happen by divine right. It won't be passed just because  
13 it's a nice thing to do. It will only be passed if you  
14 care -- you and the coastal communities care enough to insure  
15 that your legislators make this a top priority; otherwise, in  
16 the crush of other business and the opposition I'm sure this  
17 legislation will generate, it will not succeed.

18 So we've learned a number of things from Valdez. As  
19 Lieutenant Governor said a long time ago, "It's just sheer dumb  
20 luck that we have not experienced the same catastrophic  
21 accident that those people in Alaska experienced today."  
22 There's a limit to how far we can push our luck.

23 LIEUTENANT GOVERNOR MCCARTHY: Thank you,

24 Controller Davis.

25 We have a reasonable level of competence we can depend

1 upon Senator Hart and Assemblyman O'Connell on this matter,  
2 but if you have any cousins in Orange County or other places,  
3 would you talk to them, please, to get them to talk to their  
4 legislators?

5           CONTROLLER DAVIS: There are also some legislators in  
6 Ventura that might not be --

7           LIEUTENANT GOVERNOR MCCARTHY: Of course. Yes, I was  
8 thinking only of Santa Barbara.

9           CONTROLLER DAVIS: -- a vote on the national.

10           LIEUTENANT GOVERNOR MCCARTHY: You're quite right, yes.  
11 We can think of one or two particularly that we'd love to hear  
12 from you.

13           Now we have two members of the Santa Barbara City  
14 Council with us, and I'd like to call upon them first for  
15 testimony.

16           Let's hear from Councilman Hal Conklin.

17           Good morning.

18           COUNCILMAN CONKLIN: Good morning, and welcome to our  
19 council chambers.

20           There is nothing much to say except yes to your  
21 question, and the rest I think is just background information  
22 which might be helpful.

23           I mean obviously we're sitting in a very beautiful city  
24 here which has a number of historical distinctions to it, not  
25 the least of which was the tragic oil spill of 1969 which is

1 now second only to Valdez. But the other is the massive  
2 earthquake which destroyed our city in 1925, not dissimilar to  
3 Santa Cruz. Much of what has made Santa Barbara the  
4 architectural jewel that it is today came out primarily  
5 because of the aftermath of that earthquake.

6 The two things we learned from both of those events is  
7 that you can't predict what comes from events; that no matter  
8 how much you think you know what's going to happen when you  
9 have an earthquake, you don't really know until you see the  
10 aftermath.

11 We are due for many more earthquakes, not the least of  
12 which could be the "big one" in Southern California, and I  
13 think that one of the reasons we've fought for in years gone  
14 by and have enjoyed status of protection right off of our  
15 coast is because that when those kinds of tragic events occur  
16 there can be devastating effects on land as we certainly know  
17 from our own oil spill here. The economic impacts lasted  
18 almost a decade. That's a very difficult thing for a community  
19 to cope with.

20 I would leave two comments in trying to add to why I  
21 think "yes" is the answer to your question.

22 The first is -- and it goes in part to what  
23 Controller Davis brought up just earlier regarding this new  
24 legislation as being proposed -- is that when an accident  
25 occurs, no matter big or small, the economic questions need to



1 be dealt with. Who is going to pay for them, and how is the  
2 community going to recover when and if it happens?

3 The second is, and I say this having just returned as a  
4 board member of the National League of Cities from our meeting  
5 in Atlanta, Georgia, that people look to California as a  
6 great economic power. We are, in fact, the fifth largest  
7 economic power in the world, only behind Japan, United States,  
8 Russia, and West Germany. But yet we are an economic power  
9 which has virtually no other energy policy other than: How do  
10 we stop oil drilling off of our coasts?

11 And I think that correspondingly as we say we need to  
12 protect our coastline as an energy power policy, we also need  
13 to be advocating strongly with this great economic power,  
14 start advocating some alternative energy form which can lead  
15 us into the 21st Century, and short of that, we are going to  
16 become a second rate power, and I think that it requires us to  
17 take that correspondingly dual; that we develop a new policy  
18 for the 21st Century of energy of this great economic power  
19 development, and secondly, that we protect what we have.

20 And I welcome you to Santa Barbara, and the answer is  
21 yes.

22 LIEUTENANT GOVERNOR MCCARTHY: Thank you very much.

23 CONTROLLER DAVIS: Thank you for your chambers.

24 LIEUTENANT GOVERNOR MCCARTHY: Now from another member  
25 of the City Council, David Landecker?

1 Councilman Landecker.

2

3 (Councilman David Landecker was out of the room)

4

5 LIEUTENANT GOVERNOR MCCARTHY: All right. We'll call on  
6 him as soon as he returns.

7 Mr. Dan Haifley.

8 MR. HAIFLEY: Thank you very much, Chairperson McCarthy,  
9 Commissioner Davis.

10 My name is Dan Haifley, and I'm Project Coordinator for  
11 the Oil Information Program to save our shores.

12 We're very pleased with the proposal before you to place  
13 the remaining unleased portions of California's State waters  
14 into an oil-free sanctuary. We believe the proposal is bold,  
15 and that is wise.

16 If you approve an oil sanctuary for State waters off  
17 Santa Barbara, Ventura, Los Angeles, and Orange Counties,  
18 you'll be taking a step that's logical given the pioneering  
19 work that State of California and local governments have done  
20 to promote energy conservation and renewable energy. I hope  
21 your initiative is noticed by the folks who administer oil  
22 rights in federal waters off California. Maybe they'll take  
23 the hint.

24 Offshore production in California, in the State and  
25 federal jurisdictions, netted over 60 million barrels of crude

1 oil in 1987. California is second largest producer of  
2 offshore oil in the nation. Your proposal will not affect  
3 current production in state waters nor will it affect active  
4 leases. California will continue to do its share.

5 Santa Barbara, Huntington Beach, Seal Beach, Ventura,  
6 and Long Beach have done more than their share to contribute  
7 to the nation's energy supply. We need to pay more attention  
8 to the long-term industries that are damaged by offshore oil  
9 but which will be here long after oil is gone. That includes  
10 commercial fishing, tourism, and coastal agriculture.

11 California has led the way in developing new energy  
12 technologies. The California coastline is a national  
13 treasure. Let's give that treasure back to the people of the  
14 nation and take it away from the oil companies. Let's just  
15 say no to offshore oil and yes to your proposal.

16 Thank you.

17 LIEUTENANT GOVERNOR MCCARTHY: Thank you very much.

18 Has Councilman Landecker returned?

19 Would you like to come forward now, Councilman, and  
20 please give us your testimony?

21 COUNCILMAN LANDECKER: Thank you, Governor McCarthy,  
22 Mr. Davis. I will be very brief.

23 I just want to add my voice to those who applaud the  
24 State Lands Commission's proposal to create a sanctuary.

25 I think if we as a State expect the federal government

1 to be aware and conscious and active in environmental policy  
2 and in taking consideration for the environmental resources of  
3 this State, we as a State have to take the first step as  
4 negotiator in the negotiated rule making for federal offshore  
5 air quality regulations.

6 I really concluded that the federal government is not  
7 going to be the one to take the action unless this state and  
8 each of the localities involved take the initiative. I  
9 applaud both of you, the Commission, in taking the steps that  
10 perhaps our present Governor doesn't presently see fit to  
11 take.

12 This is no question but that the people of this State,  
13 the people of this area, want to preserve our coastline as a  
14 sacred and special place. If we take that step, it is going  
15 to be a challenge to the federal government to be responsible  
16 outside the State jurisdiction, and we hope that they will  
17 take up that challenge as well.

18 Thank you very much.

19 LIEUTENANT GOVERNOR MCCARTHY: Thank you. Appreciate  
20 your testimony.

21 And now we have the pleasure of hearing from a  
22 representative of Assemblyman Jack O'Connell, who is as a  
23 matter of fact attending a very important meeting in  
24 Sacramento on the subject area that my colleague Gray Davis  
25 referred to earlier protecting the California coast from a

1 Valdez incident.

2 I'd like to hear from Carla Frisk.

3 welcome.

4 MS. FRISK: Thank you very much.

5 Chairman McCarthy and Controller Davis, it's really  
6 nice to see both of you back in Santa Barbara again. We've  
7 been so lucky in the past.

8 Before I begin I want to thank you for telling the  
9 audience about the hearing that's going to be here next Monday  
10 and note that there are flyers in the back as well, if anybody  
11 is interested, on the table. I encourage all of you to join us  
12 on Monday.

13 Assemblyman O'Connell wanted me to extend his  
14 appreciation to you for coming to Santa Barbara once again and  
15 just again to reiterate our gratitude that this Commission has  
16 been so sensitive to the issues, particularly around oil in  
17 this area and have as a Commission and both of you as  
18 individuals have come to listen to the people of this area and  
19 were so involved in the ARCO decision and just really listened  
20 to what people had to say, and I wanted to again just  
21 reiterate that appreciation.

22 He wants again as everyone else has to applaud your  
23 taking the aggressive action here and looking at this  
24 possibility of having an offshore sanctuary off the  
25 Santa Barbara coast.

1           As probably both of you are aware, he has AB 893 which  
2 would create a sanctuary, statutorily, from Point Conception  
3 to the San Luis Obispo/Santa Barbara County line. And while  
4 this encompasses a great deal, almost all of the unleased,  
5 unprotected tracts in Santa Barbara County, it of course does  
6 not address any of the areas in Ventura and the other counties  
7 that you're looking at. So he's again right along with the  
8 same thinking that you are, and in fact the reasons that he  
9 introduced this legislation are basically the same reasons  
10 that your staff has stated in its report in support of your  
11 action to approve the sanctuary today.

12           It's been said -- I'll just mention it briefly -- that,  
13 of course, the main concern is the possibility of another oil  
14 spill having been through one in 1969. Having watched the  
15 Valdez situation in Alaska very closely, I know that that's  
16 foremost on everyone's mind, and I know that it's foremost on  
17 Assemblyman O'Connell's mind.

18           But in addition to that, he really feels very strongly  
19 that this is a really appropriate action to take right now  
20 given that you have your study going on, the CCORS study and  
21 there are a number of ongoing studies with the County of  
22 Santa Barbara and other agencies that are looking at leasing  
23 with the federal government, and that before we start leasing  
24 any more State waters that these studies should come in and  
25 the tracts should be looked at that are appropriate for

1 leasing and those that are not appropriate for leasing  
2 shouldn't be leased. This protection then could remain on  
3 those tracts. So this falls right in with the Commission's  
4 past actions with his legislation, I know, and again  
5 compliments the sanctuary that you enacted last year in the  
6 Northern California area.

7 So basically in conclusion, he wants to thank you for  
8 being here and wants to strongly urge both of you to vote in  
9 favor of this proposal today.

10 Thank you very much.

11 LIEUTENANT GOVERNOR MCCARTHY: Thanks very much.  
12 CONTROLLER DAVIS: I just want to --

13 LIEUTENANT GOVERNOR MCCARTHY: Just one question.  
14 CONTROLLER DAVIS: It's not really a question.  
15 I just wanted to thank Carla who's been very helpful to

16 both of our offices when we've been down to Santa Barbara over  
17 the past several years.

18 MS. FRISK: Well, no problem. All you have to do is  
19 call.

20 LIEUTENANT GOVERNOR MCCARTHY: Thanks.  
21 I understand that Supervisor Gloria Ochoa has arrived.

22 We'd love to hear from the Supervisor.  
23 Please step forward.

24 Good morning.

25 SUPERVISOR OCHOA: Thank you, Mr. McCarthy. Thank you,

1 Mr. Davis.

2 I'd like to welcome you to Santa Barbara. Today is sort  
3 of a historic moment for us to join you in looking at this  
4 proposed ocean sanctuary of oil and gas leasing.

5 My comments are provided today on behalf of the Board of  
6 Supervisors, County of Santa Barbara.

7 When we received word of the hearing scheduled for today  
8 and considered its topic, the establishment of a leasing  
9 sanctuary in State waters off of Southern California, we  
10 reacted very, very positively and really it's because we know  
11 that the State Lands Commission has been very, very  
12 sympathetic to our concerns as a county.

13 For some time now the County of Santa Barbara has  
14 favored a leasing sanctuary in both State and federal waters  
15 off of our coast.

16 We wholeheartedly concur with the evidence cited in your  
17 staff report regarding inadequate information for leasing  
18 decisions and believe that the proposed action to establish  
19 leasing sanctuaries in unleased or quitclaimed areas is the  
20 appropriate action to prevent future development in those  
21 areas.

22 The bulk of my comments today, however, will focus on  
23 the problem our County faces from existing leases in State  
24 waters.

25 If you look at the figure provided in the staff report,



1 you will note that almost half of Santa Barbara County's coast  
2 is still held in active leases. While the proposed sanctuary  
3 may prevent future impacts from leasing and subsequent  
4 development, our County is still faced with the prospect of  
5 significant, adverse and moreover unmitigable impacts from  
6 19 active leases in State waters.

7 On some of these leases, the operators have proposed  
8 massive development projects that would rely on onshore  
9 facilities that are either unbuilt or nearly at their  
10 capacity. Simply put, the future impacts that the County sees  
11 as most perilous at this point are those from existing leases  
12 that could be developed at any time.

13 It is because of this potential development that we  
14 stress the need for the State Lands Commission to continue  
15 with the long-range planning that its staff has been  
16 pursuing. The CCORS study is an essential component to that  
17 planning process, and we urge that you refocus and continue  
18 with that.

19 Parallel to the CCORS, we would like to see a policy  
20 development program by the State Lands Commission that  
21 includes the following four themes for regulation of  
22 development on existing leases:

23 1) We would like to see an investigation of the  
24 feasibility of terminating and reacquiring existing idle  
25 leases which have low oil or gas production value.

1           2) We would like to see a phased development of  
2 future projects so that the physical and environmental  
3 limitations of an area are not exceeded.

4           3) We would like a requirement that all future  
5 development projects be commingled and that consolidated  
6 facilities, including pipelines, be used.

7           And this really falls in line with a recent decision to  
8 join the pipeline through Bakersfield to Los Angeles from  
9 Gaviota.

10          4) We would like to see a requirement for pipeline  
11 transportation of crude oil consistent with policies in the  
12 California Coastal Act and the County's Local Coastal Plan.

13          I urge the Commission to direct its staff to begin today  
14 working on policies that will address these four issues, while  
15 ensuring that all policies mesh with those of our County, and  
16 I offer the full support of our staff in developing all  
17 appropriate policies.

18          I also offer our staff's support and assistance in  
19 developing a more active program of removing abandoned  
20 facilities that have been used historically for development of  
21 State tidelands resources.

22          As you know, our County has endured oil and gas  
23 development for almost a century, and as a result hazardous  
24 and unsightly remains from that development still dot our  
25 coast. As an example, the Commission's lead in removal of

1 some of these hazards including platforms Helen and Herman off  
2 of Gaviota has been appreciated. However, a great deal more  
3 work is necessary. For instance, an abandoned gas processing  
4 plant once used for Helen and Herman's production still sits,  
5 rusting and rotting, on property owned by Gaviota State  
6 Park.

7 The owner of that facility, Texaco, is unwilling to  
8 remove it. We hope that the Commission can provide an impetus  
9 for its removal and for the rapid and safe removal of all  
10 abandoned or outdated facilities.

11 Lastly, we would suggest that the State Lands Commission  
12 continue a dialogue with federal government regarding  
13 additional 8(g) funds for the State of California. Federal  
14 development of oil and gas reservoirs immediately adjacent to  
15 State jurisdiction removes resources that could ultimately  
16 have been developed by the State. That development would have  
17 provided money to the State through royalty payments. Federal  
18 development of those resources unfairly distributes royalty to  
19 the federal government that justly belongs to the State of  
20 California.

21 Since the State Lands Commission is delaying development  
22 of those areas through the proposed sanctuary, yet federal  
23 development and its consequent impacts to our County continues  
24 on. We believe that compensation to the State and to our  
25 County are in order.

1           In closing, please accept our support for the proposed  
2 leasing sanctuary, and we look forward to working with your  
3 staff in pursuing the other actions we feel are absolutely  
4 essential to our County.

5           Lastly, I'd like to emphasize that one of the things  
6 that the State Lands Commission can really help the County on  
7 is looking at the cumulative impact of the oil and gas leasing  
8 development facilities off of our shores.

9           Thank you very much for giving us this opportunity to  
10 address you today.

11           LIEUTENANT GOVERNOR MCCARTHY: Thank you.

12           Do you have any questions?

13           CONTROLLER DAVIS: Yes.

14           Again, this is somewhat off the point, but you raised it  
15 in your testimony.

16           What efforts have you made to encourage and/or require  
17 Texaco to remove the facility that sits in Gaviota State  
18 Park?

19           SUPERVISOR OCHOA: I believe our staff has come -- oh,  
20 here's John.

21           John can tell you a little bit more about that. He's  
22 the one that brought that to my attention.

23           MR. DOUROS: My name is Bill Douros with the County's  
24 Energy Division.

25           We have tried to get that facility removed as part of

1 the Gaviota Interim Marine Terminal by requiring its removal  
2 and the site restoration, but Texaco has informed us that they  
3 still would like to keep the site because of its potential  
4 value, at least the right-of-way value, that that facility  
5 holds with them.

6 With the platforms now gone, it's not clear to us what  
7 that value is, but we've been in the process of negotiating  
8 with the marine terminal for removal, because it's adjacent to  
9 their site but have not had a lot of success with that, and  
10 the State Parks, I might add, also would support its removal  
11 too, because it's a facility that they see they could expand  
12 park activities onto that site.

13 CONTROLLER DAVIS: Well, what is the physical -- removal  
14 of the physical structure have to do with their right of  
15 entry?

16 MR. DOUROS: I'm not exactly certain I understand all of  
17 the legal complexities, but our understanding is that they  
18 also hold right-of-ways for pipelines along the Hollister  
19 Ranch.

20 The pipeline right-of-ways, as it has been expressed to  
21 us, are either less valid or not valid if there's not a gas  
22 processing facility or an oil processing facility. And so the  
23 facility itself sort of anchors and provides additional weight  
24 to the need to maintain the right-of-ways which Texaco  
25 believes are still of value to them.

1           LIEUTENANT GOVERNOR MCCARTHY: Could you look into  
2 that? Please make a note about that, Bob.

3           MR. HIGHT: Yes, Mr. Chairman.

4           SUPERVISOR OCHOA: Thank you very much.

5           LIEUTENANT GOVERNOR MCCARTHY: Thank you, Supervisor.

6           Terry Covington, Executive Director of California  
7 Coastal Operators Group.

8           MS. COVINGTON: My name is Terry Covington. I'm with the  
9 California Coastal Operators Group here in Santa Barbara.

10           I've submitted a written statement on behalf of our  
11 organization and the Western States Petroleum Association, and  
12 what I'll try to do today is sum up all the comments that the  
13 companies have put together in a statement and hope we meet  
14 your time line here.

15           We're here today to oppose the proposed leasing  
16 sanctuary. I'm sure that doesn't come as a great shock to  
17 you, but I hope what I can do today is raise a couple of  
18 points that may make a difference in the decision that you make  
19 today.

20           I know that you may remember two years ago, we held a  
21 workshop -- you held a workshop here in Santa Barbara at the  
22 University, and it was our understanding at that time when the  
23 CCORS process began that you really didn't have enough  
24 information to make policy decisions on energy matters.

25           In the intervening two years, you've held workshops.

1 You've held 13 hearings. There's been a lot of time and  
2 effort spent to make this CCORS study a constructive one, and  
3 I guess what we would ask today is how you can go forward with  
4 a major decision without having the benefit of the study that  
5 you initiated? And if, in fact, that study is irrelevant, we  
6 would like to know that today.

7 I think everyone has spent a lot of time on it. I think  
8 there are people in this room that's spent a lot of time on  
9 it, and I guess we're concerned that maybe what we thought it  
10 was going to be will not be used to make the decisions.

11 We would also hope, I think, that everyone realize that  
12 the decision you're taking today may preclude information that  
13 comes out of the study. If, for example, that study should  
14 determine that there are areas where oil development and  
15 environmental sensitivities can coexist compatibly, you have  
16 precluded yourself from that opportunity. We would ask you  
17 not to do that.

18 The other point I want to focus on today is really one  
19 of balance. When the Commission has the charge of developing  
20 natural resources, we understand as much as anyone that it is  
21 a very difficult decision. It's not very easy to try to  
22 choose between environmental protection and development. I  
23 think the goal is to try to be sure that you have both sides  
24 of the ledger on the table.

25 What I want to do today is offer two points that provide

1 the other side of the ledger.

2 When we provided information on Assemblyman O'Connell's  
3 Bill 893 in Sacramento, I was struck by the level of interest  
4 and the level of information that was missing in terms of what  
5 the energy resources really are in California and why they're  
6 needed.

7 You may have heard a million times, but maybe it's worth  
8 repeating, that this State currently imports over 40 percent  
9 of our oil needs, and that demand is not slowing down; that  
10 demand is increasing. Those imports comes from foreign  
11 countries and foreign tankers to California ports.

12 As Alaska production declines and as onshore production  
13 declines, which they are both doing, that makes the West Coast  
14 further crude short, and I think the only answer to that  
15 shortfall is continuing foreign imports and foreign tankers.  
16 So that's a point I think that needs to be added into the  
17 discussion.

18 The other question is that of the fiscal picture. I  
19 don't want to make the point that that is in place of  
20 environmental regulations and mitigations. We certainly would  
21 never advocate that, but we do advocate that you consider the  
22 over three billion dollars that State tidelands have pumped  
23 into the State's economy since the early '80s, and I know that  
24 citizens of the State -- you know, every time we raise the  
25 sales tax to pay for this or that, currently the earthquake



1 relief, that's fine. But at the same time you can't turn  
2 aside the fiscal benefits that do come from oil development  
3 and at least add that to the side of the ledger to balance  
4 this discussion.

5 I guess in conclusion I would say this: I hope that we  
6 can recognize that there is a balance and that it can work.  
7 Despite some of the things you've heard and may hear today,  
8 there are some programs in Santa Barbara that do make a  
9 difference in coexisting and that can work elsewhere. We'd be  
10 happy to elaborate on that if you wish.

11 And in closing, we would also urge this State to  
12 reconsider the method by which you're sharing revenues that  
13 the State receives from oil development in State tidelands.  
14 The current mechanism, whether it be the one percent or the  
15 scheme that brings back federal revenue sharing, does not  
16 really provide any relief for communities that have over time  
17 proved that they can coexist with oil development. They have  
18 really had it off their shores for many years, and I think  
19 they too feel that they deserve a share of that revenue,  
20 whether it's directly from the State or from the State from  
21 the federal fund. So we would urge that you also reconsider  
22 that.

23 Thank you very much.

24 LIEUTENANT GOVERNOR MCCARTHY: Thank you.

25 Do you have any questions or comments?

1           CONTROLLER DAVIS: Yes, I'd like to maybe ask Bob Hight  
2 if he could respond to Ms. Covington's concern that this  
3 sanctuary, this proposed sanctuary, should it be adopted is  
4 inconsistent with the CCORS study and specifically -- because I  
5 don't see it. I see it as a logical extension of it. But  
6 specifically her concern, her expressed concern, that by doing  
7 this information about areas within the sanctuary which could  
8 theoretically permit development and still protect  
9 environmental resources that information would not be  
10 available to us.

11           MR. HIGHT: Yes, Mr. Davis.

12           It is staff's belief and opinion that this action, if  
13 taken today, would merely for the time being put this area in  
14 a sanctuary; that staff would continue to work diligently on  
15 the CCORS study, and that this would not preclude this area  
16 from being conclude within the studies that are already  
17 ongoing.

18           I believe that this action would have no affect upon the  
19 CCORS study.

20           CONTROLLER DAVIS: So you're basically saying we can get  
21 information about this area that is necessary to complete the  
22 CCORS study and that the adoption of a sanctuary, should we  
23 decide to do that, does not preclude the information gathering  
24 process?

25           MR. HIGHT: Correct, Mr. Chairman.

1           CONTROLLER DAVIS: Do you want to respond to that and  
2 say why he's wrong?

3           MS. COVINGTON: Well, I guess my understanding when we  
4 went into the study -- I remember asking one of your staff  
5 members -- I can't recall who it was at the time -- what would  
6 happen between now and then. I guess "then" being when the  
7 study was completed, and our understanding at that time was  
8 that action would not be taken really either way; that we  
9 wouldn't be precluding something from happening nor would you  
10 be encouraging something to happen within State tidelands.

11           So we were under the impression that the purpose of  
12 gathering the information was to provide you with that  
13 information to make decisions following the study.

14           So, you know, maybe we misunderstood when we went into  
15 it, but I don't think I'm the only one with that  
16 misunderstanding.

17           CONTROLLER DAVIS: Well, let me just respond  
18 by saying, all of this grew out -- the study grew out of an  
19 application by ARCO in Santa Barbara to drill for three  
20 rigs. I forget how many wells. It was in the -- Was it 200  
21 wells, Bob? How many wells did ARCO want? Two hundred?  
22 Three hundred? I know it was three rigs.

23           MR. HIGHT: Three platforms.

24           CONTROLLER DAVIS: I forget how many.

25           So they wanted to drill three rigs off the coast here,

1 and as we were deliberating on that application, all of a  
2 sudden we were made aware that 15 or 16 other oil companies  
3 also wanted to drill in this general region. And we were  
4 subsequently made aware that there was really no plan for the  
5 coast on which this Commission could say "yes" here and "no"  
6 there. So we had no legal basis to say yea or nay.

7 Any decision we made would be viewed by a court  
8 reviewing the matter as just capricious and arbitrary without  
9 any rational bias. So the study was begun to gather that  
10 information, and the clear message we wanted to send out was  
11 there would be no drilling, no development of unleased areas  
12 until that study was complete.

13 So the adoption of a sanctuary is in no way  
14 inconsistent, in my judgment, with the commencement and  
15 completion of that study.

16 MS. COVINGTON: Well, I guess so you're saying that if  
17 the study should show that there are areas that are  
18 compatible, you might reverse the sanctuary then and allow  
19 this if you would have the ability to do that?

20 CONTROLLER DAVIS: I'm sure I'm not shocking you by  
21 telling you I have a bias against offshore oil drilling, but I  
22 also consider myself to be somewhat reasonable, and if you  
23 told me we could be energy independent if we drilled in  
24 certain places, I would at least consider that. But there's  
25 no way on earth we're going to be energy independent, and I've

1 talked to chairmen of major corporations that have told me  
2 that if we leased every known resource in America, onshore and  
3 offshore, we might reduce our dependence between one and three  
4 percent. Might.

5 So you always throw out this notion about energy  
6 independence and importing. We're going to be importing oil  
7 if we lease every tract in State waters and off the coast of  
8 California and be significantly dependent.

9 MS. COVINGTON: That point is just particular to the  
10 West Coast because the California -- it's particular role is  
11 just that it happens to be crude short, and I'm not talking  
12 about the nation as a whole. It's just a function of the West  
13 Coast.

14 CONTROLLER DAVIS: Well, it speaks to the -- one of the  
15 previous council-people's concern about the need for an energy  
16 policy in this nation, other than for rate people when they  
17 deny an application for drilling and say, "Well, you're keeping  
18 America from being energy independent." It's impossible for  
19 America to be energy independent, if by that we mean continued  
20 reliance on fossil fuel at the rate we currently consume.

21 MS. COVINGTON: Thank you.

22 LIEUTENANT GOVERNOR MCCARTHY: Let me make two quick  
23 comments.

24 First of all, you present your testimony very well for  
25 the people you represent, and you do it consistently.

1           The CCORS study isn't intended or not narrowed to  
2 whether or not we can do more oil drilling off the California  
3 coast. It's applicable to many economic and environmental  
4 issues off the coast. So it's not limited to oil drilling,  
5 and the knowledge we gain from CCORS is going to help this  
6 Commission and many other parts of the State government and  
7 local government and private sector entities to make public  
8 policies decisions.

9           So even if we take this action -- and I don't want to  
10 mislead you. I don't have any intention of reversing my vote  
11 on the sanctuary being established -- we are going to derive a  
12 good deal of information from the CCORS study that's going to  
13 enable us to make a whole range of economic and environmental  
14 judgments that are important to the people of the State.

15           Secondly, I want to say this softly. The National  
16 Academy of Sciences on November 3d came forth with some rather  
17 telling comments on what the federal government was doing in  
18 its gathering of data as to whether or not oil drilling should  
19 proceed off the central coast of California and the other  
20 parts of California. The National Academy of Sciences said  
21 the president's task force and others representing the  
22 administration have been gathering information and had not  
23 gathered adequate information about the social and economic  
24 consequences to the California coast about a variety of  
25 oceanographic information that was needed to make the judgment

1 on whether there should be further oil drilling off the  
2 California coast.

3 Now help me. I don't recall the oil industry responding  
4 and saying, "You're right, National Academy of Sciences. We  
5 don't have adequate information. We shouldn't go forward with  
6 the steps we take before leasing will be granted. We should  
7 stop that now and gather further information."

8 Was that an oil industry position that the National  
9 Academy of Sciences was correct?

10 MS. COVINGTON: Let me share with you a letter we  
11 provided to the task force on that subject, "we" being CCOG,  
12 only because it involves one of the programs I will be happy  
13 to share with you, and that's our socioeconomic monitoring  
14 program.

15 This program is designed to be sure that we're able to  
16 predict to some extent what kind of socioeconomic impacts  
17 will occur from oil development. We are then monitoring  
18 those. We are then mitigating those. It is a very difficult  
19 and long process, but I think the letter we submitted  
20 indicates it's not a question of gathering that up front.  
21 It's a question, Do you have a program to address the issue?  
22 And I think the answer is clearly "yes."

23 LIEUTENANT GOVERNOR MCCARTHY: So you're not sure  
24 whether the oil industry responded to the National Academy of  
25 Sciences statement?

1 MS. COVINGTON: I am aware that the American Petroleum  
2 Institute is developing a response. I don't know what it is.  
3 We wanted to comment on something, you know, we felt was in  
4 there, and that's what we did as a local entity.

5 LIEUTENANT GOVERNOR MCCARTHY: Okay.

6 CONTROLLER DAVIS: Can I make one other point there?

7 One thing I was in the legislature -- please don't take  
8 my comments personally. I mean, you have the courage to come  
9 in here into the lion's den, and obviously your view --

10 MS. COVINGTON: I've done it a lot.

11 CONTROLLER DAVIS: -- would not prevail in this room,  
12 but that takes a certain amount of courage, and you just  
13 happen to be the representative of an industry.

14 But I do want to just clarify if there is any doubt left  
15 that what we intended in '87 by starting the study -- if there  
16 is any doubt about what we intended to do, what we intended to  
17 do was send out a message that there's a moratorium. There's  
18 no more drilling in State waters.

19 And what has happened in Valdez, it's basically told  
20 elected officials and policy makers that we can't simply reply  
21 on expertise and information that comes from the industry,  
22 which are the applicants, to do concern things. It may take  
23 longer. We're probably slower, but since we're ultimately  
24 responsible for saying proceed or not proceed, we're going to  
25 gather all the information we feel we need to make a rational



1 decision.

2 I see that sanctuary should be adopted as totally  
3 consistent with the implementation of the CCORS study, which  
4 was to say "Look. Stop. Pause. Do nothing until you can  
5 develop an informed plan."

6 MS. COVINGTON: Our only hope is that you don't preclude  
7 yourself from doing something in the future that may be  
8 compatible.

9 CONTROLLER DAVIS: Well, Bob assures me that all the  
10 relevant information will be gathered through the CCORS study  
11 and that this action does not preclude the information  
12 gathering process.

13 MS. COVINGTON: Point taken.  
14 Thank you.

15 LIEUTENANT GOVERNOR MCCARTHY: Thank you very much.  
16 Now representing Senator Gary Hart, a person who has  
17 been a previous member of the Coastal Commission, has worked  
18 on this issue for a long time, Naomi Schwartz.

19 Good morning.

20 MS. SCHWARTZ: Thank you. Good morning.  
21 I'm going to be very brief, because I know your time is  
22 very limited.

23 Senator Hart has commitments in Sacramento, as you know,  
24 otherwise he would be here to thank you personally for coming  
25 here, and beyond today's hearing for really providing the

1 leadership both of you on the Lands Commission that we have  
2 felt is so essential in bringing the proper information and  
3 the proper focus on the whole issue of further oil development  
4 offshore California and particularly in our area here in  
5 Santa Barbara County.

6 As you know, last January Senator Hart introduced Senate  
7 Bill 1500 which does, in fact, establish a sanctuary  
8 throughout the coast on unleased State tidelands much as you  
9 are contemplating today. So his support for that designation  
10 is already acknowledged, and he adds that support today.

11 We believe that the findings to support that sanctuary  
12 could have been made prior to the Exxon Valdez spill, and that  
13 certainly you can make the findings to support your action  
14 today.

15 We'd just like to add that we feel your attention needs  
16 to be given, as Supervisor Ochoa mentioned, to the tracts that  
17 have already been leased but are undeveloped. We know that  
18 the CCORS study will focus on those and provide information  
19 which will help you to take further action regarding those  
20 tracts.

21 If there's anything Senator Hart can do in that regard,  
22 you certainly have his commitment to do that.

23 We think that by establishing this sanctuary, the Lands  
24 Commission can provide some very important leadership and  
25 interesting light to the State legislature and also to our

1 federal representatives in terms of balancing and protecting the  
2 resources in California that are involved with offshore oil  
3 and gas leasing.

4       Lastly, I want to urge you to use the expertise and  
5 experiance that we've developed in the County of Santa Barbara  
6 through our county staff that's worked very long and very hard  
7 in this and related issues, and we know that they stand ready  
8 to be allies of yours and provide help in your decision  
9 making. We feel they have a lot of experience. They are  
10 constantly getting new information that could be of use to  
11 you. So we urge you to cocperatively work with them as you need  
12 to.

13       Thanks again for coming this morning.

14       LIEUTENANT GOVERNOR MCCARTHY: Thank you very much.

15       Russell Schmitt, University of California, Santa Barbara,  
16 representing the Charcellor.

17       welcome.

18       MR. SCHMITT: Good morning.

19       The Chancellor has asked me to read into the -- her  
20 testimony into the record this morning.

21       "The University of California, Santa Barbara, strongly  
22 endorses the proposal before the State Lands Commission to  
23 establish sanctuary zones to defer new oil and gas leases in  
24 State waters from Santa Barbara to Orange Counties.

25       "We agree with the evidence cited in your staff report

1 that information needed for leasing decisions is inadequate.  
2 We concur with your staff that the ability to deal adequately  
3 with offshore oil spills does not exist at this time, and that  
4 data on physical oceanography and socioeconomic impacts of  
5 offshore oil and gas activity in Southern California are not  
6 sufficient for leasing decisions.

7 "The University's research community believes there are  
8 additional reasons why new lease sales in State tidelands  
9 should not now proceed. In particular, biological impacts  
10 from drilling and production are incompletely known, and there  
11 has been little effort to develop effective mitigation for  
12 impacts that are known to occur in the marine environment from  
13 production activities.

14 "For these reasons, the University believes the proposed  
15 action to establish leasing sanctuary zones in State tidelands  
16 is justified and appropriate. Our oil and gas reserves should  
17 remain unexploited until all adverse environmental and  
18 socioeconomic effects are fully understood and techniques to  
19 avoid or minimize those impacts have been developed.  
20 Establishment of leasing sanctuaries will help ensure that  
21 future offshore oil and gas development will proceed only when  
22 it can be done in an environmentally sound manner.

23 "While the University strongly supports the proposal for  
24 leasing sanctuaries, we feel that it does not go far enough.  
25 The proposal does not address presently leased tidelands that

1 have not yet been developed. Nearly half of the tidelands in  
2 Santa Barbara County have been leased already, and proposed  
3 oil and gas projects for these areas pose serious environmental  
4 and socioeconomic risks. The University opposes development  
5 of new projects on leased tidelands at this time for exactly  
6 the same reasons we support the sanctuary proposal.

7 "The University encourages the State Lands Commission to  
8 explore options to include some of these undeveloped leased  
9 tidelands as sanctuary zones. The University urges the State  
10 Lands Commission to explore the feasibility of reacquiring or  
11 terminating leases. High priority should be given to leased  
12 areas where any oil and gas activity would cause undue impacts  
13 to coastal environments. With respect to offshore oil and gas  
14 development, exploitation of these tideland areas pose the  
15 most serious and immediate threat.

16 "Finally, the University encourages the State Lands  
17 Commission to redouble its long-range planning efforts. The  
18 California Comprehensive Offshore Resources Study is a  
19 necessary first step. While the CCORS study will provide  
20 invaluable information, it is a fact that many crucial  
21 information gaps will remain. Some of these gaps will require  
22 new research endeavors appropriate to the University of  
23 California, and we encourage the State Lands Commission to  
24 explore options to fund that crucial new research. We suggest  
25 that allocation of 8(g) funds to new University research

1 programs that focus on unresolved environmental, socio-  
2 economic and mitigation issues would be highly appropriate,  
3 and we seek support from the Commission to develop that  
4 avenue.

5 "In closing, the University strongly endorses the  
6 proposal to establish sanctuary zones, and we look forward to  
7 providing you with any assistance we can in resolving  
8 outstanding environmental and socioeconomic issues related to  
9 oil and gas activity in State tidelands.

10 "Signed Barbara S. Uehling, Chancellor."

11 LIEUTENANT GOVERNOR MCCARTHY: Thank you very much.

12 Do you have a question?

13 Thank you. We appreciate the testimony.

14 David Church, County Government Center, County of  
15 San Luis Obispo.

16 Welcome, Mr. Church.

17 MR. CHURCH: Thank you, Chairman McCarthy and  
18 Commissioner Davis.

19 I'd like to make one comment regarding the recent  
20 sanctuary activities in our county, and currently we enjoy  
21 sanctuary status in our State waters off our county. Our  
22 Board of Supervisors has directed the planning staff to  
23 examine the potential for extending or establishing a marine  
24 or ocean sanctuary offshore. San Luis Obispo County possibly  
25 could go north or south of the county lines. We're currently

1 not well defined right now.

2           Currently we've prepared a package for our Board which  
3 would consider the geological extent, the resource protection  
4 alternatives, and the necessary steps to create a potential  
5 sanctuary. We are planning to present this package to the  
6 Board of Supervisors in January, and basically we just wanted  
7 to inform you about the sanctuary activities that are taking  
8 place in our county.

9           Also is today the deadline for written comments  
10 regarding today's proposal?

11           LIEUTENANT GOVERNOR McCARTHY: No, you can. I think  
12 that we're going to act today, but if you want something  
13 entered into the record of this hearing and if you want us to  
14 include it by reference, we will.

15           MR. CHURCH: Thank you very much.

16           LIEUTENANT GOVERNOR McCARTHY: Thank you.

17           CONTROLLER DAVIS: I just might add that if you look at  
18 the map, it's the pink areas that we're proposing be adopted  
19 as a sanctuary. So there are certain parts of Santa Barbara  
20 County that are not currently covered by a legislative  
21 sanctuary.

22           MR. CHURCH: All right.

23           Thank you.

24           LIEUTENANT GOVERNOR McCARTHY: Thank you very much.

25           Sean Durkin of Oxnard, representing OST.

1 Mr. Durkin, welcome.

2 MR. DURKIN: Thank you for the opportunity to address  
3 this issue today, although it kind of sounds like it's a done  
4 deal, and that disappoints me very much.

5 As I stated my name is Sean Durkin. I work for a local  
6 trucking company, and we employ approximately 100 people. We  
7 have some serious concerns over this proposal, and I would like  
8 answers to some of these questions.

9 First one is: What would happen in any event of a  
10 national crisis? Could this sanctuary be lifted, and how long  
11 would it take, and what would it take to do it?

12 LIEUTENANT GOVERNOR McCARTHY: Do you want us to answer  
13 them as you ask them?

14 MR. DURKIN: Pardon?

15 You can or you can wait.

16 LIEUTENANT GOVERNOR McCARTHY: The answer is, Yes, it  
17 could and would be lifted in the instance of one vote, in the  
18 instance of national security, if this country's defense is at  
19 stake, if there are clear military needs in the case of war.  
20 That's an overriding consideration for all other policies.

21 MR. DURKIN: Okay. It could be done very quickly  
22 then, I assume?

23 LIEUTENANT GOVERNOR McCARTHY: Yes.

24 CONTROLLER DAVIS: It remains simply a sanctuary adopted  
25 by the Commission. It just requires the Commission to reverse



1 its position.

2 MR. DURKIN: Okay. What will the effects of drilling  
3 outside of the sanctuary? For example, could slant drilling  
4 be conducted in an area that is already leased and go into the  
5 sanctuary area?

6 LIEUTENANT GOVERNOR MCCARTHY: That's a decision that  
7 would be made by -- you mean if it intrudes physically into  
8 our area?

9 MR. DURKIN: Not physically.  
10 Say if it's slant drilled into the area. I understand  
11 that that's a problem already.

12 CONTROLLER DAVIS: You're tapping into a resource that  
13 would be protected by the sanctuary, although you'd be  
14 drilling from a point outside the sanctuary limits. That's  
15 the question, isn't it?

16 MR. DURKIN: Yes.

17 CONTROLLER DAVIS: The rig is somewhere outside the  
18 sanctuary, but you're slanted into a resource protected by the  
19 sanctuary?

20 MR. DURKIN: That's correct.

21 CONTROLLER DAVIS: I would assume that would be  
22 prohibited.

23 MR. HIGHT: It would be subject to your further  
24 discretion, Mr. Davis.

25 CONTROLLER DAVIS: So they would have to come back and

1 apply for permission to do that?

2 MR. HIGHT: Yes.

3 MR. DURKIN: I understand there's a situation right now  
4 with that.

5 One of our other concerns is, Are you now and have you  
6 considered the economics effect that this is going to put on  
7 our industry?

8 LIEUTENANT GOVERNOR MCCARTHY: The trucking industry?  
9 I'm sorry.

10 MR. DURKIN: Well, the trucking, oil industry. Any  
11 industry that's related. A lot of jobs --

12 LIEUTENANT GOVERNOR MCCARTHY: The answer is, Yes, we  
13 have considered that.

14 Eighty-three percent of all oil reserves in California  
15 are onshore. I strongly support the development of those  
16 resources. We are addressing here only offshore resources and  
17 in these sanctuary areas. There already, as you know, an  
18 existing number of leases that have been granted over the past  
19 three decades off the coast of California. So there's a  
20 considerable amount of drilling already going on.

21 But looking at all known reserves, 83 percent are  
22 onshore, and we support development of those  
23 reserves. Presumably, the trucking industry would benefit  
24 from that, but I'd also extend my comment to say we're talking  
25 about other economic sectors, as well, the trucking industry

1 benefits from, the food chain.

2 If the fish caught by commercial fisherman that's sold  
3 in supermarkets and restaurants is flourishing, somebody has  
4 got to carry that to the marketplace, and that's many trucks  
5 and trucking companies that are employed to do that. So there  
6 is more than one industry that's involved in the economic  
7 consequences of these decisions.

8 MR. DURKIN: I take issue with you there. I don't see  
9 that --

10 LIEUTENANT GOVERNOR MCCARTHY: That's fine.

11 CONTROLLER DAVIS: Well, let me just amend that  
12 thought.

13 Whatever you may view to be the economic impact on your  
14 industry -- and I think as Lieutenant Governor suggests that's  
15 debatable -- we're looking at that impact versus the impacts  
16 on economy of this general region, unrelated to trucking, that  
17 might suffer from a major accident, spill, or suffer if for  
18 some reason this general community was not perceived as such a  
19 great place to live. I continue to believe that the  
20 environment helps drive Santa Barbara's economy.

21 This is a nice place to come and work and live. To the  
22 extent that it becomes not so nice a place, it will have a  
23 depressing effect on the general economy of this region from  
24 which truckers and everyone else will suffer.

25 LIEUTENANT GOVERNOR MCCARTHY: I tell you what, we could

1 just between us take about an hour. We have a number of  
2 witnesses to follow. So we'll try as best we succinctly can,  
3 since you asked us for answers, to answer them properly, and you  
4 may not be satisfied with the answers.

5 Would you go to your next question if you have one?

6 MR. DURKIN: That's it, except it's going to be hard for  
7 me to remain a registered Democrat, guys.

8 LIEUTENANT GOVERNOR MCCARTHY: Well, we are better --  
9 okay.

10 Next witness Kathryn Woolson, League of Women Voters of  
11 Santa Barbara County.

12 MS. WOOLSON: Good morning, Lieutenant Governor and  
13 Controller Davis.

14 The Santa Barbara League of Women Voters commends the  
15 State Lands Commission for holding this special meeting right  
16 here in Santa Barbara where it really matters, and we thank  
17 you for inviting all of us to speak this morning.

18 I hope each of you have the memo I've submitted, and  
19 about half of that refers to the documents that we've read as  
20 homework and the relevant developments that we've monitored  
21 showing you that we do feel that we have kept track of what's  
22 going on, and we want to go on record as recommending and  
23 urging that the State Lands Commission approve the  
24 establishment within the Santa Barbara County of an oil and  
25 gas sanctuary covering all State-owned tide and submerged

1 lands not currently leased or already within sanctuary  
2 zones.

3 Now we have some questions.

4 Once sanctuary status is assigned to Santa Barbara's  
5 State-owned tide and submerged lands as indicated above, how  
6 will the State Lands Commission begin to cope with increased  
7 pressures to step up oil/gas activities on existing leases?

8 Are you going to answer that today or do you want to  
9 take -- we anticipate that there would be increased  
10 pressures.

11 LIEUTENANT GOVERNOR McCARTHY: I tell you I really just  
12 established a terrible precedent by trying to answer the last  
13 witness's question.

14 There are about a dozen more people to follow you, and  
15 we had suggested that this was going to last about one hour.  
16 So if you'd like any answers in writing from either one of us,  
17 why don't you specifically ask for them.

18 MS. WOOLSON: All right. We would like the answers to  
19 these in writing.

20 And the other questions are: Which will come first, the  
21 State Lands Commission's encouragement to process increased  
22 applications for such stepped-up activities or CCORS  
23 developments including release of the report on the Santa  
24 Barbara Channel Sectors and implementation of CCORS' GIS  
25 components?

1           And then the third question: What is the status of  
2 CCORS' GIS components, and when will necessary computer  
3 hardware/software be funded and in place?

4           The League expressed great concern about the basic needs  
5 of the CCORS' scoping meeting in 1988 at UCSB.

6           And thank you again for coming to Santa Barbara.

7           LIEUTENANT GOVERNOR McCARTHY: Thank you for  
8 testifying.

9           Mr. Schuyler. Is it Arent Schuyler?

10          MR. SCHUYLER: That's right. Thank you very much.

11          LIEUTENANT GOVERNOR McCARTHY: Mr. Schuyler representing  
12 UCSB, environmental studies.

13          Welcome.

14          MR. SCHUYLER: Thank you. I will try to be both dynamic  
15 and succinct and bring up a topic that hasn't been mentioned  
16 specifically today.

17          I and my students have looked at the question of oil  
18 spills for many years, and we take the firm stand that based  
19 on the record of the '69 spill, the Valdez, the Pac Baroness,  
20 and Porto Rican, you can't clean it up. So let's work on  
21 prevention as the main way to deal with oil spills.

22          If the Valdez had grounded on Point Conception, we'd be  
23 cleaning it up right now. If it caught on fire, this room  
24 would be filled with soot.

25          These catastrophes have a very low probability, but

1 their severity is so high that we must do everything possible  
2 to prevent them, and that's why I support this sanctuary for  
3 the following reasons.

4 Let me give you 30 seconds of statistics. Down that  
5 channel today, there are 24 ships passing. Three to four of  
6 them are tankers; 80 percent of them are foreign flags. They  
7 thread their way through 18 to 20 platforms; six more of which  
8 are to be built. In the very excellent study that was done by  
9 the County, the Marine Emergency Management Study, shows that  
10 by the year 2000 there could be 40 passages a day and perhaps  
11 40 platforms depending on the price of oil.

12 Now, common sense tells us if you have a transportation  
13 corridor and you increase the number of vehicles or ships  
14 going through it and if you increase the number of obstacles  
15 going through it, you increase the probability of collision.  
16 In fact, the studies done in the English Channel show that it  
17 increases approximately to the square of the number of  
18 passages.

19 So I think one thing that we can do and the very  
20 important thing is to have this sanctuary that will remove at  
21 least some obstacles. We have been lucky. Commissioner Davis  
22 is right. We've been just plain dumb lucky that we haven't  
23 had more accidents. We've only -- we had one spill. We've  
24 had two collisions, but I do believe that we must make every  
25 effort to see that this marine traffic here in this very

1 congested zone has every possible prevention measure taken,  
2 and that's why I support this sanctuary.

3 At some future date I'd like to discuss with you other  
4 measures, such as putting pilots on ships, vessel traffic  
5 control systems, higher standards for crew, but it's not the  
6 purpose of this meeting.

7 Thank you very much.

8 LIEUTENANT GOVERNOR MCCARTHY: Have you had an  
9 opportunity to examine the legislation that Commissioner Davis  
10 referred to earlier that has been introduced in the  
11 legislature?

12 MR. SCHUYLER: Yes, I have commented on that for State  
13 Senator Hart.

14 LIEUTENANT GOVERNOR MCCARTHY: That's fine. We tried to  
15 address a number of the issues you just raised in that  
16 legislation. You and your students might look at that and see  
17 if there are other things which we've omitted or not  
18 emphasized adequately.

19 Thank you.

20 MR. SCHUYLER: Thank you.

21 CONTROLLER DAVIS: I just wanted the post-bidden error,  
22 I feel it imperative to point out that the Lieutenant Governor,  
23 not the Controller said that luck was -- it's been sheer dumb  
24 luck that has prevented another Valdez accident. I said, "We  
25 shouldn't press our luck."



1 MR. SCHUYLER: I'm sorry.

2 CONTROLLER DAVIS: I will further add that luck as a  
3 public policy is bankrupt.

4 MR. SCHUYLER: Thank you, sir.

5 LIEUTENANT GOVERNOR McCARTHY: We've come to the  
6 conclusion that my unique statement will be recorded in  
7 history as one of those memorable things.

8 Russ Baggerly, Environmental Coalition of Ventura  
9 County.

10 Mr. Baggerly, welcome.

11 MR. BAGGERLY: Thank you very much, Lieutenant Governor  
12 and Commissioner Davis.

13 I want to thank you very much for coming down to  
14 Santa Barbara this morning and listening to our testimony.  
15 I can tell you with a great deal of candor that we've come to  
16 appreciate the State Lands Commission as a very  
17 environmentally sensitive State organization, and again I  
18 thank you very much for that.

19 LIEUTENANT GOVERNOR McCARTHY: Thank you.

20 MR. BAGGERLY: California must depend on its people  
21 for -- if it's going to remain that fifth economic power in  
22 the world, but on the other hand, the people must depend on  
23 prudent legislation and legislators for the protection of our  
24 State. If ever an issue was right, it is a sanctuary zone,  
25 and I think it's been eloquently pointed out here this

1 morning the reasons why.

2 We need to give all of the existing sanctuary zones  
3 every added protection that we possibly can, and that would  
4 include the Channel Islands with their fragile ecosystems, all  
5 our remaining wetlands and the all-important coastal  
6 fisheries.

7 These sanctuary zones will, as was very eloquently  
8 pointed out by the previous speaker Mr. Schuyler, will reduce  
9 the conflict between oil production and exploration and that  
10 all-important channel out there.

11 I'd like to say that we support this action completely,  
12 and I promise to talk to those legislators in Ventura County  
13 in support of this issue.

14 In closing, we would like to adopt Supervisor Ochoa's  
15 and Mr. Schuyler's comments as our own as they apply to  
16 Ventura County.

17 Thank you very much.

18 LIEUTENANT GOVERNOR MCCARTHY: Thank you.

19 Mr. Henry Feniga, Get Oil Out, Inc.

20 Mr. Feniga.

21 MR. FENIGA: Thank you.

22 I am Henry Feniga, President of Get Oil Out or GOO as it  
23 is commonly known. We are a grass roots organization based in  
24 Santa Barbara and who was founded in 1969 in the wake of the  
25 massive oil spill off Santa Barbara. And for the past 20

1 years, GOO actively opposed offshore oil development in the  
2 Santa Barbara channel and supported legislation to curtail  
3 such development or at the very least make it safer and less  
4 polluted.

5 We wholeheartedly endorse the State Lands Commission's  
6 proposal for an oil and gas leasing sanctuary zone in State  
7 waters. We also believe that this proposal, if enacted, would  
8 serve as a model to other coastal states that are concerned  
9 about offshore oil development and that hopefully would  
10 influence federal legislation about further offshore oil  
11 leases.

12 Present technology cannot prevent or mitigate  
13 effectively a major marine oil spill nor can our coastal  
14 marine environment, already stressed and weakened by steady  
15 influxes of pollutants, continue to absorb oil-related  
16 disasters.

17 But there's another even more compelling reason to  
18 support your proposal. We need to back off of our total  
19 reliance on fossil fuels which are major contributors to the  
20 disastrous greenhouse effect. The world's collective  
21 scientific wisdom warns us that we must act now to halt this  
22 irreversible process. Your proposal to place potentially oil  
23 bearing offshore State lands into a sanctuary is a forward  
24 looking step in the right direction and a message of  
25 encouragement to those working for a cleaner alternative to

1 fossil fuels.

2           The nation's future energy requirements are not  
3 compromised by your action. The U.S. cannot produce energy  
4 enough -- the U.S. cannot produce enough domestic oil to meet  
5 its overall needs even if every field was worked to its  
6 capacity. Two energy independents for the United States can  
7 come from more efficient use of available supplies coupled  
8 with a development for alternative non-polluting energy  
9 sources. The sooner we address that the better off we will be  
10 as we near the 21st century. GOO believes your proposal will  
11 take us a step closer to that objective.

12           Thank you.

13           LIEUTENANT GOVERNOR McCARTHY: Thank you very much.

14           Mr. Gene Kjellberg, County of Ventura.

15           Did I do justice to your name?

16           MR. KJELLBERG: Very close.

17           LIEUTENANT GOVERNOR McCARTHY: Help us.

18           MR. KJELLBERG: Chairman McCarthy, Commissioner Davis,  
19 Gene Kjellberg with the Ventura County Planning  
20 Department.

21           I just had three brief remarks I'd like to make before  
22 your Commission this morning. One, a request and I guess two  
23 observations.

24           We just received the staff report from your staff last  
25 Thursday on November 30th, and given the fact that there was

1 only six calendar days to respond before this hearing, I would  
2 respectfully request that if you would postpone the decision  
3 on this matter for 30 days until at such a time that we have a  
4 chance to run this proposal by our Board of Supervisors. As  
5 of this date, we have not had a chance to do that.

6 The second observation I think you've already responded  
7 to this, somebody in your staff. We had a question of what is  
8 the relationship of your decision this morning to the CCORS  
9 study, and I think that question has probably been answered  
10 already by your staff and by yourselves.

11 The third observation or point was, I notice on your map  
12 one of the islands within Ventura County, a San Nicholas  
13 island, I do not see that on the map, and I was just curious  
14 is that an island that already enjoys or has sanctuary status  
15 or is that a part of this proposal?

16 MR. HIGHT: It inadvertently was left off, and it does  
17 enjoy sanctuary status.

18 MR. KJELLBERG: That's the only comments I have.

19 LIEUTENANT GOVERNOR MCCARTHY: Thank you very much.

20 Arthur Benkaim of the Sierra Club.

21 Welcome.

22 MR. BENKAIM: My name is Arthur Benkaim. I'm Chairman  
23 of the Santa Barbara group of the Sierra Club.

24 This statement that I'm going to read was prepared by  
25 the Angeles Chapter of the Sierra Club. That's in Los Angeles

1 and Orange Counties, but our local chapter concurs with their  
2 statement.

3 "The Clean Coastal Waters section of the Angeles Chapter  
4 of the Sierra Club strongly support the proposal before the  
5 State Lands Commission to establish an oil and gas leasing  
6 sanctuary zone covering all State-owned tide and submerged  
7 lands not currently leased or already within sanctuary  
8 zones.

9 "We also fully support your staff's finding that oil and  
10 gas development in this zone is not now in the best interest  
11 of the State. The environmentally damaging consequences of  
12 the Valdez incident and the National Academy of Sciences  
13 report to the President on the inadequacy of physical  
14 oceanographic and socio-economic information for making  
15 leasing decisions, both point to the need for the cessation of  
16 offshore oil and gas development. However not only is it  
17 necessary to stop further lease sales, but we would also  
18 recommend that the State Lands Commission determine that all  
19 offshore leases be eventually returned to the status of ocean  
20 sanctuary.

21 "We would like to propose that the State Lands  
22 Commission direct their staff to develop short and long range  
23 timetables for the relinquishment of all offshore leases. We  
24 suggest the following approaches:

25 "1) Negotiate with the lessees for the repurchase of any

1 undeveloped leases.

2 "2) Negotiate with the lessees for the repurchase of  
3 productive leases as they reach the end of their life and  
4 become increasingly marginal producers. This period of cost  
5 cutting in an attempt to squeeze the last barrel of oil out of  
6 the ground also leads to a relaxation of controls and  
7 increases the risk of an oil spill and ineffective  
8 containment.

9 "3) Negotiate with lessees applying for additional  
10 permits within their leases to return proven unproductive  
11 leases to the State in exchange for permit approval. This  
12 would be similar to the negotiations that take place for the  
13 approval of building permits on land.

14 "The Clean Coastal Water section of the Angeles Chapter  
15 of the Sierra Club thank you for the opportunity to present  
16 our comments to you here today."

17 Thank you.

18 LIEUTENANT GOVERNOR MCCARTHY: Thank you very much.

19 There are four witnesses left. As I indicated to all of  
20 you who were here at the beginning of the hearing, we were  
21 supposed to conclude this hearing at 10 o'clock.

22 Of course, we want to handle this in a very fair  
23 manner. So let me just ask the four witnesses who remain, if  
24 there is anything new or fresh that has not been said.

25 If it's convenient for you to submit your testimony in

1 writing, we welcome it warmly. If there is something cogent  
2 or compelling that we have not heard this morning from the  
3 first 13 witnesses, step forward, of course.

4 Now these four witnesses are Roma Armbrust, Dana Raaz,  
5 Steven Rebuck, and Mark Chytilo.

6 Starting with -- well, any of them. Do any of them feel  
7 that they have some special information that this Commission  
8 needs on which to base its judgment?

9 Yes, sir.

10 Steven Rebuck, sir.

11 LIEUTENANT GOVERNOR MCCARTHY: Go ahead, please.

12 MR. REBUCK: You haven't had anybody speaking from the  
13 fisheries here today, so I'll speak towards that. I am also  
14 the Executive Director of the Ocean Sanctuary Coalition of  
15 San Luis Obispo County.

16 A couple of things that are missing off your map here  
17 is, one, the early gentleman pointed was San Nicholas Island  
18 and then also Santa Barbara Island, which is more central to  
19 islands that you picked there.

20 There's been drift bottle studies around the Channel  
21 Islands produced by Scripps demonstrating how the currents  
22 carry bottles from Santa Barbara Island, particularly, all the  
23 way to Point Conception on the north end and down to La Jolla  
24 on the south with bottles released at the same time.

25 To point this out that, do you have any currents in



1 there -- on a map like this, you can look at it and say, Well  
2 I have these areas of protection. You have the sanctuary with  
3 no development, but recognize that plankton, the whales, all  
4 the life forms that move through this area don't recognize  
5 these boundaries, and I think we need to look at an area like  
6 this in a more hollistic term. Effects in one area are going  
7 to damage a resource in another and that we recognize the  
8 impacts of oil although documented. And I see this as a very  
9 positive step in the right direction.

10 Along with that though, I'd like to recommend that we  
11 look at further mitigations through the 8(g) program. We're  
12 working on some enhancement-type projects. We need more  
13 research into life histories of animals so that we can enhance  
14 their productivity. And then also one of the earlier speakers  
15 mentioned the effects of global warming and sea level rise, as  
16 we've got to take those potential negatives and somehow make  
17 those into some positives, and I think in the area of species  
18 specific artificial reef development, not rubble reefs, not  
19 junk reefs. but actually designing areas of coastline for  
20 future food uses and development, I think it should be part of  
21 this process.

22 And I'd like to close with just one comment on national  
23 security. I was in the Army for six years. I think it's  
24 obvious that we have to look towards national security. The  
25 oil deposits and minerals that exist in these regions are not

1 going to go away. If they're not developed in the next 10  
2 years or 20 years, they're still going to be there. We can  
3 stockpile those things and use them for later.

4 Part of our national security should also include  
5 feeding our people, and fisheries in the past during times of  
6 crisis have been utilized for that purpose.

7 So I think you're on the right track here preserving  
8 these renewable resources and saving the nonrenewable for  
9 later.

10 Thank you, gentlemen.

11 LIEUTENANT GOVERNOR McCARTHY: Thank you.

12 Now the other three witnesses, do you have some  
13 compelling point to make that we have not heard?

14 Yes, sir. Your name.

15 MR. CHYTILO: My name is Morc Chytilo. I'm Chief  
16 Counsel with the Environmental Defense Center.

17 LIEUTENANT GOVERNOR McCARTHY: Okay. Your point.

18 MR. CHYTILO: My point is that as an enforcer of the  
19 environmental laws, we've had substantial experience in  
20 dealing with the oil companies, and we think that the  
21 proposal -- we support it wholeheartedly. I think that there  
22 needs to be some definition on some of the more nebulous  
23 issues, such as slant drilling and also whether it's going to  
24 be appropriate for there to be oil pipelines to go across the  
25 sanctuaries. I think that it's important that you consider

1 all of the hazards associated with vicarious activities such  
2 as that before determining -- or as you implement the policy  
3 here.

4 Just to speak briefly to the economic issues. There are  
5 substantial economic issues associated with the development of  
6 alternative energy technologies which are greater in terms of  
7 a human resource than the very capital intensive oil  
8 development. So there are economic benefits in addition to  
9 vicarious long term environmental benefits associated with  
10 forcing new technologies in the energy arena which are not  
11 dependent upon the petroleum-based resources.

12 So I'll conclude.

13 Thank you very much for coming to Santa Barbara. We  
14 appreciate your proposal, and we hope you'll endorse  
15 it. Thank you.

16 LIEUTENANT GOVERNOR McCARTHY: Thank you very much.

17 MS. ARMBRUST: Roma Armbrust.

18 LIEUTENANT GOVERNOR McCARTHY: All right. We've heard  
19 from the League of Women Voters from Santa Barbara. I guess  
20 we should hear from those in Ventura.

21 Go ahead. What's your compelling point, please?

22 MS. ARMBRUST: Good morning.

23 I think one compelling point is that I will make a  
24 60-mile drive, and I will use fossil fuel. So I had mixed  
25 emotions about coming here today.

1 And another compelling reason is that on the original  
2 map -- I'm not sure who's making your maps, but we put a  
3 pristine beach area and an absolute jewel of the city in Santa  
4 Barbara County and it belongs in Ventura. It was -- I hope  
5 you got the amended map, because Port Hueneme does fall in  
6 Ventura County.

7 LIEUTENANT GOVERNOR MCCARTHY: We're searching for a  
8 cartographer. They're not easy to come by. So we apologize.

9 CONTROLLER DAVIS: Would the map maker stand up so we  
10 can banish him from room?

11 LIEUTENANT GOVERNOR MCCARTHY: We don't want to have a  
12 war break out between Ventura and Santa Barbara County.

13 MS. ARMBRUST: Well, I think the situation of Ventura  
14 County is such that from the League's point of view,  
15 Santa Barbara League has done an absolutely outstanding job of  
16 protecting coastline.

17 We just want you to know that we are concerned in  
18 Ventura County about our coastline. We wholeheartedly as an  
19 organization support coastal protection, particularly the  
20 beach area adjacent to the water. We commend elected  
21 officials at the State level coming forward and making it  
22 easier for us to do our jobs.

23 Thank you very much.

24 LIEUTENANT GOVERNOR MCCARTHY: Thank you.  
25 Dana Raaz. Okay.

1 MR. RAAZ: Thank you.

2 I do have a printed statement I'll leave with you.

3 LIEUTENANT GOVERNOR MCCARTHY: Thank you.

4 MR. RAAZ: I would like to cover two points that I don't  
5 think have been discussed sufficiently today. Number one is  
6 the potential future burden that this action may have on  
7 taxpayers in California.

8 My understanding is that revenues from State lands are  
9 decreasing, correct me if I'm wrong on that. Onshore and  
10 existing offshore reserves are declining. This sanctuary will  
11 prevent new development which may add revenue to the State. I  
12 heard one person suggest that we look into buying back leases  
13 that have already been sold. That's an interesting proposal.  
14 It's going to take money that the State doesn't have right  
15 now.

16 Potentially large amounts of money are going to be lost  
17 through this action to the State, and whether this meets the  
18 definition of a project or not, I think the impacts of that on  
19 the citizens of California is worthy of an impact study.

20 And lastly I'd like to see some wording put into  
21 this. It's obvious that it's going to be proposed and passed.  
22 I'd like to see some wording put into it that possibly  
23 describes it as a temporary measure, because I'm sure in the  
24 current political environment, it's a lot easier to get a  
25 sanctuary than it would be to rescind one, and again would

1 like to thank you for an opportunity to speak.

2           LIEUTENANT GOVERNOR MCCARTHY: Thank you very much for  
3 your testimony.

4           Incidentally, the revenue coming from existing leases is  
5 increasing not diminishing, and we'll be happy to provide you  
6 with the dollar numbers. I mean it's increasing and we can  
7 provide you with the dollar numbers and that if that's useful  
8 to you.

9           The other point I wanted to make is that it's of  
10 continuing importance to us to try to analyze the economic  
11 consequences as well as the environmental consequences of all  
12 of these actions. This is just one issue among a variety of  
13 issues dealing with how much offshore coastal oil drilling  
14 should occur and we looked at its impact, not just on the oil  
15 industry and all the ancillary businesses that support the oil  
16 industry, but on the hospitality industry, commercial fishing  
17 industry, a wide range of things. It's of the utmost  
18 importance to try to understand the economic consequences.  
19 Sometimes the economic and the environmental consequences are  
20 tightly intertwined, of course.

21           So we don't take these lightly and at other hearings,  
22 we've asked a lot of questions about what it does to existing  
23 businesses. We've had inkeepers, restaurateurs, a variety of  
24 people testify as well as to how they thought offshore oil  
25 drilling impacted their business. So we're very conscious of

1 the main thrust of your comments.

2 MR. RAAZ: I appreciate that comment, and I hope you  
3 look objectively at the data you're getting from those  
4 hearings because now here in Santa Barbara County, it's  
5 foremost on everybody's minds. We've been involved with  
6 offshore oil development for close to a century now, and we  
7 did have a disastrous go back in '69 and yet I see the  
8 fisheries and the tourism industries flourishing in  
9 Santa Barbara County.

10 So I'm personally of a mind that offshore oil  
11 development and these other industries can coexist. It is  
12 important to study it, but I also think it's real important to  
13 keep an open mind.

14 Thank you.

15 LIEUTENANT GOVERNOR MCCARTHY: Thank you.

16 That concludes our witnesses for the day.

17 I do want to mention that the Citizens Planning  
18 Association of Santa Barbara County, Inc., has asked that we  
19 submit a statement of theirs into the record, and I do  
20 that. Please make sure we submit this into the record.

21 I want to make a brief closing statement if I may.

22 On this issue before us, I think what we're dealing with  
23 here is a coastline which represents an economic and an  
24 environmental lifeline for 29 million Californians. There are  
25 millions who delight in the recreational asset that the

1 coastline represent, and there are certainly hundreds of  
2 thousands who economically benefit from a lot of industries  
3 that depend upon the ambience and the nature of the coastline  
4 and coastal waters, not just referring to commercial  
5 fisherman, but to people in a variety of industries. So there  
6 are both significant economic and environmental consequences  
7 at stake on the long stream of judgments we're making on where  
8 we permit offshore oil drilling and how much of it we permit  
9 and what its impact is on the lives of people.

10 It deals with their standard of living, and it deals  
11 with their quality of living, and you simply cannot ignore the  
12 impact of air and water pollution of tanker traffic. It's so  
13 dense that the prospect of collisions and the meaning of major  
14 oil spills is something that's of great policy importance to  
15 this Commission and to the people of California.

16 Valdez has occurred. A loud alarm bell. The National  
17 Academy of Sciences has spoken about the dearth of  
18 information, and we've been making all these judgments on  
19 offshore oil drilling with that dearth of information.

20 This Commission has an irresistible responsibility to  
21 protect the public under the Public Trust Doctrine to make  
22 sure that a wide range of recreational and environmental uses of  
23 the coastline are protected. It is not a commission which  
24 addresses merely the prospect of revenues from oil drilling.  
25 It is a commission that both along the coastline and in the



1 interior water systems in the State of California has the very  
2 deep duty of trying to give meaning to the Public Trust  
3 Doctrine, and the courts have interpreted that doctrine very  
4 clearly as the protection of fishing rights, swimming rights,  
5 and a whole range of uses of the coastal water systems from  
6 both an environmental and an economic point of view.

7 The sanctuary we would pass on today I see as yet  
8 another step in what perhaps is a 30-year battle. We've  
9 passed two decades of it. I hope we're entering into the last  
10 decade of federal and joint and State and local governmental  
11 actions on this issue. This is another step in that 30-year's  
12 war, and I hope it's a step that has persuasive meaning.

13 Controller Davis.

14 CONTROLLER DAVIS: As members of the State Lands  
15 Commission and as the incoming Chairman next January, I just  
16 want to explain to people that we have twin  
17 responsibilities. We have fiscal responsibilities, and we are  
18 also environmental stewards, and we have to balance those  
19 responsibilities to help drive good public policy.

20 I strongly believe that today's sanctuary, which I  
21 intend to vote for, notes the economic and environmental well-  
22 being of all the areas effected by this sanctuary. I think it  
23 is consistent and a logical extension of the CCORS study.  
24 The CCORS study meant to send out a message, "No more drilling  
25 until we develop all the facts and all the information about

1 the coast." Maybe then there'll be no more drilling anyway,  
2 but at least we'll have a rational plan on which to make --  
3 rational basis on which to make decisions.

4 In years past some of our predecessors on this  
5 Commission have adopted the philosophy, "Just take the money  
6 and run." I object to that, and as I said earlier, I think  
7 it's unfair to the local communities that must absorb all of  
8 the environmental degradation and get virtually none of the  
9 economic benefits.

10 And finally in the larger sense of things, I think we  
11 are rapidly coming to the day when public policy will not  
12 justify certain economic activity simply in the name of jobs,  
13 because we all live on this planet. We all have a stake in  
14 the protection of the ozone layer. None of us like to see any  
15 of our friends or neighbors exposed to a degraded  
16 environment that may affect their well-being or those of their  
17 children.

18 So it's not as if it's jobs against the environment.  
19 It's really realizing that everybody has a stake in this  
20 system, and that if you take something from the planet, you  
21 have to make the planet whole, make it at least as well off as  
22 it was before you were there. So that may be five or 10 years  
23 off, but I predict that before very long, any company that  
24 pokes around or fools around with the planet will have to  
25 clean up their mess. I mean it will be part of their

1 obligation under law, and already lending institutions are  
2 requiring -- the SEC is requiring that when you go to get an  
3 issue, sell stock, you have to cite the environmental  
4 liabilities associated within the activities you  
5 undertake.

6 So we're rapidly moving toward that day. That's the  
7 larger scheme in which this small action we take today is seen  
8 at least from my prospective.

9 LIEUTENANT GOVERNOR MCCARTHY: Thank you.

10 Commissioner Davis moves that this Commission adopt the  
11 108 miles of California coastline included in this would be  
12 sanctuary, that the 200,000 acres of offshore waters be  
13 protected within this sanctuary off the coast of  
14 Santa Barbara, Ventura, Los Angeles, and Orange County.

15 I join him in his motion, and the two of us now vote  
16 affirmatively on this issue, and this sanctuary is adopted.

17 Thank you very much, ladies and gentlemen.

18 That concludes this meeting.

19 Thank you.

20

21 (Please see Attachment for letters submitted into the  
22 record.)

23

24

25

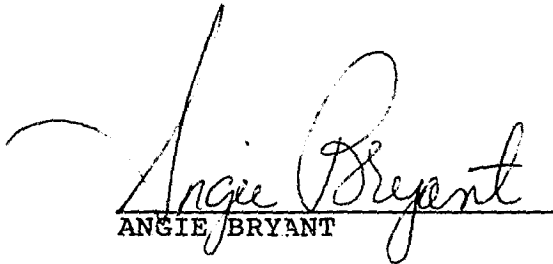
(WHEREBY proceeding was concluded.)

CERTIFICATION

STATE OF CALIFORNIA        )  
                                  )  
COUNTY OF VENTURA        )        ss.

I, ANGIE BRYANT, do hereby certify that the foregoing pages 1 through 66, inclusive, comprise a true and correct verbatim transcript of the matter as reported by me.

Witness my hand this 19th day of January, 1989, at Ventura, California.

  
ANGIE BRYANT

PRISCILLA PIKE COURT REPORTING SERVICES  
SUITE 203-A  
3639 E. HARBOR BLVD.  
VENTURA, CA 93001  
(805) 658-7770

A P P E N D I X

MEL LEVINE  
27TH DISTRICT, CALIFORNIA

COMMITTEE ON FOREIGN AFFAIRS

COMMITTEE ON INTERIOR

SELECT COMMITTEE ON NARCOTICS  
ABUSE AND CONTROL

CO-CHAIR  
SENATE FRONT TALK SHOW

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

WASHINGTON OFFICE  
132 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
TELEPHONE: 202-551-0461

DISTRICT OFFICE  
1750 WEST SHERWAY DRIVE, FLOOR 1000  
LOS ANGELES, CA 90046  
TELEPHONE: 213-419-7415  
213-263-4198 (SANTA MONICA)

December 5, 1989

Leo T. McCarthy, Lt. Governor  
Chairman, State Lands Commission  
State Capitol, Room 1114  
Sacramento CA 95814

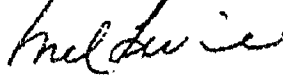
Gray Davis, State Controller  
Member, State Lands Commission  
300 Capitol Mall, 18th Floor  
Sacramento, CA 95814

Dear Lt. Governor McCarthy and Controller Davis:

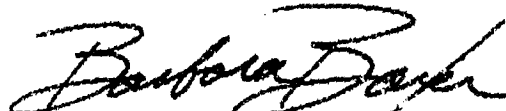
We applaud the Commissioner's willingness to consider extending the California Sanctuary Zone in order to include currently unprotected portions of the Southern California Coast. As you know, protection of the California Coast has been one of our highest priorities and therefore we urge your positive action on the sanctuary proposal.

Thank you for your thoughtful consideration.

Sincerely,



Mel Levine  
Member of Congress



Barbara Boxer  
Member of Congress

SACRAMENTO OFFICE  
STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0001  
(916) 445-8292

SANTA BARBARA OFFICE  
STUDIO 127, EL PASO  
SANTA BARBARA, CA 93101  
(805) 966-2196

OXNARD OFFICE  
300 SOUTH C ST., SUITE 4  
OXNARD, CA 93030  
(805) 461-9437

# Assembly California Legislature

JACK O'CONNELL  
ASSEMBLYMAN, THIRTY-FIFTH DISTRICT

CHAIRMAN, SUBCOMMITTEE ON EDUCATIONAL REFORM

CHAIRMAN, WAYS AND MEANS SUBCOMMITTEE #3 ON  
RESOURCES, AGRICULTURE AND THE ENVIRONMENT

*Assistant Speaker Pro Tempore*

COMMITTEES  
EDUCATION  
FINANCE AND INSURANCE  
PUBLIC EMPLOYEES  
RETIREMENT AND SOCIAL  
SECURITY  
RULES  
WAYS AND MEANS  
JOINT LEGISLATIVE AUDIT  
COMMITTEE  
FINANCE AND INSURANCE  
SUBCOMMITTEE ON WORKERS  
COMPENSATION  
WAYS AND MEANS SUBCOMMITTEE  
ON EDUCATION  
SELECT COMMITTEE ON CHILD  
CARE

December 6, 1989

Lieutenant Governor Leo McCarthy, Chairman  
State Lands Commission  
1807 13th Street  
Sacramento, CA 95814

Dear Chairman McCarthy and Commission Members:

I want to applaud the State Lands Commission for proposing the establishment of an oil and gas leasing Sanctuary Zone in State Waters in Santa Barbara County.

As you know, I have introduced legislation, Assembly Bill No. 893, which would prohibit oil and gas leasing within State waters from Point Conception to the Santa Barbara - San Luis Obispo County line. While this area represents most of the remaining unleased, unprotected tracts in Santa Barbara County, it would not affect any of the other counties included in the Commission's proposal. The reasons I introduced this legislation are essentially the same as those discussed in your staff report on the proposed Sanctuary Zone.

First of all, I am certainly very concerned about the possibility of an oil spill off our coast. Our recent experience with the Valdez in Alaska clearly indicates that we are terribly unprepared for marine oil spills of any magnitude. As a member of the Assembly Select Committee on Oil Spill Prevention and Response Preparedness, I intend to work at the State level to improve this situation. In the meantime, however, a "Valdez Oil Spill" in Santa Barbara's Channel would be devastating.

Approval of the proposed Southern California Sanctuary Zone would compliment the Northern California Sanctuary Zone approved by the Commission in October of last year. The Sanctuary Zones will then provide full protection to the unleased areas until the

TESTIMONY OF SANTA CRUZ CITY COUNCILMEMBER JOHN LAIRD TO CALIFORNIA  
STATE LANDS COMMISSION REGARDING OIL-FREE STATE SANCTUARY, 12/6/89

Good morning. My name is John Laird, and I am a member of the Santa Cruz City Council which has long been involved in the fight to protect our coast against offshore oil. I would like to thank you for convening this session and for considering the proposal before you to create an oil-free zone in remaining state waters. Your proposal is bold, it is fresh, and we welcome it with open arms.

It is time for us to kick the offshore oil habit and go on a program of renewable energy and conservation. Local government ~~has~~ ~~been~~ ~~promoting~~ ~~energy~~ ~~efficiency~~, mass transit, recycling, and renewable energy for the past decade. I believe that your action will be felt and heard in every part of the state they take the hint.

California is the fourth largest oil-producing state in the nation, contributing 16% of the total U.S. production. Current offshore oil production is leased areas of state waters and the state is responsible for 25% of total U.S. production - onshore and offshore.

I support your proposal to create an oil-free sanctuary in the remaining state waters currently not protected, including the area off Orange, Los Angeles, Ventura and Santa Barbara counties.

There are a significant number of alternatives to expanding oil drilling in California. If mass transit use nationwide grew at the same rate California has experienced, 100 times more oil will be saved



by 2000 than what is extracted from California state waters in a year. Another way is to raise the minimum MEG to 40 in 1980 and 50 in 1990 by the year 2000. Using this approach, by the year 2000, over 40% more oil would be conserved than was produced in California state waters last year.

If eight million dollars is spent nationwide on energy-efficient windows, 40 million barrels per year, a little more than California's annual state water oil production would be conserved. The cost of producing this same amount of oil would be \$500 million, and that amount of money that would be saved.

We should choose these alternative methods we choose a future drilling. It is not just ecologically as feasible to find alternatives to expanding oil production off our shores, but economically it is the best move to make.

The rest of the nation should follow the example, as we eventually have to wean ourselves off our oil habit. To insure that that transition is an orderly one, we should begin now. And we can begin with the action you are about to take.

On behalf of Santa Cruz City residents and those who care about our environmental, economic and energy future, thank you again for what you are about to do.

(3)

Env. Studies 0385  
Arent Schuyler

UNIVERSITY OF CALIFORNIA, SANTA BARBARA

BERKELEY • DAVIS • IRVINE • LOS ANGELES • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

ENVIRONMENTAL STUDIES

SANTA BARBARA, CALIFORNIA 93106

December 6, 1989

To the Members of the State Lands Commission:

I have studied the risks of oil production and marine transportation in this region since 1970 and I, and my students, believe that cleaning up oil spills in the winds and weather normally present in the Santa Barbara Channel and the Santa Maria Basin is not possible. Every effort must be made to prevent them.

The Exxon Valdez could have grounded on Point Conception instead of Bligh's Reef and we would still be trying to clean up an oil spill that stretched from here to San Diego. It could have collided with an oil platform and caught fire and this county would have been covered with oily soot. The chances of such a catastrophe are very slight but the consequences are so severe that we must do everything humanly possible to prevent them.

A brief dose of statistics about the Channel and the Basin will show why we do not need more oil platforms in State Waters. Presently 24 ocean going ships go through the Channel every day. On the average 3 of these are tankers. At least 80% of all the ships are foreign flag vessels. There are 18 operating oil platforms in the region, 2 are under construction, and 6-12 more are planned. By 2000 the Marine Emergency Management Study (MEMS) done for the County of Santa Barbara projects 40 passages a day and 40 or more platforms.

Since 1950 we have had one platform blowout in this region (Platform A, 1969) and two collisions between large vessels, the Cossatot and the Copper State in 1963 and the Pac Baroness and Atlantic Wing in 1987. Fortunately we have not had a collision between a ship and a platform but since 1950 worldwide there have been 28 collisions between platforms and ships and the Coast Guard knows of at least eight near misses in this region.

Common sense tells us that as traffic of any kind in a corridor increases and the number of obstacles in that corridor increases, the chance of a collision also increases. Studies of actual ship collisions in crowded passages show that the number of collisions is proportional to the square of the rise in traffic. One way to decrease the risks of collisions and groundings is to not increase the number the obstacles and that is why I strongly support the proposed Sanctuary.

Other preventative measures that the Commission might wish to consider in the future are:

1. Making the Vessel Traffic Lanes mandatory rather than voluntary.
2. Placing English speaking pilots on board all vessels that traverse our coasts.
3. Insisting that the shipping companies have enough crew on their ships so the people on board are not worked to the point of exhaustion and human errors.
4. Establishing Vessel Traffic Control Systems along the coast.

Sincerely,  
*Arent H. Schuyler, Jr.*  
Arent H. Schuyler, Jr.  
Lecturer Emeritus



# CITY OF NEWPORT BEACH

## OFFICE OF THE MAYOR

Mayor  
Ruthelyn Plummer

December 5, 1989

Mayor Pro Tem  
Phil Sansone

Honorable Leo T. McCarthy, Chairman  
State Lands Commission  
1807 13th Street

Council Members

John C. Cox, Jr.

Sacramento, CA 95814

Evelyn R. Hart

Donald A. Strauss

Dear Lt. Governor McCarthy:

Clarence J. Turner

Jean H. Watt

On behalf of the City and citizens of Newport Beach, I am writing to express support for the establishment of an oil and gas leasing sanctuary zone covering all State-owned tide and submerged lands which are not currently leased or already within sanctuary zones.

This zone would be established in waters within Orange, Los Angeles, Ventura, and Santa Barbara counties. Approval of the zone would declare that no new oil and gas leasing and development will take place within the designated area.

The recent disaster within Prince William Sound, Alaska, brought home to the residents of Newport Beach the fragility of a coastline when confronted by an oil "accident." A review of Newport's capabilities for responding to an oil-related problem were tested in August 1985 when a single abandoned well located on land several blocks from the nearest body of water exploded. The resulting rush of oil moved to the storm drains and entered the Newport channel. The cleanup took several weeks. It is clear to me, as Mayor, that the present state of preparedness and equipment availability - both local and regional - is inadequate to deal with an offshore spill. Additional oil and gas leases would only worsen the problem and expose California's sensitive coastal resources to damage.

I ask that you support the establishment of this sanctuary zone.

Yours sincerely,

  
RUTHELYN PLUMMER  
Mayor

RP:cd



**LEAGUE OF WOMEN VOTERS**  
**SOUTH CENTRAL REGIONAL TASK FORCE**  
Ventura, Santa Barbara, Santa Maria Valley, San Luis Obispo

1217-A De La Vina Street  
Santa Barbara  
California 93101  
Telephone: (805) 965-2422

December 6, 1989

To: State Lands Commission  
Leo T. McCarthy, Lieutenant Governor, Chairman  
Gray Davis, State Controller, Commissioner  
Jesse R. Huff, Director of Finance, Commissioner

The Leagues of Women Voters of San Luis Obispo, Santa Maria Valley, Santa Barbara, and Ventura have joined together in a Task Force on coastal issues. Since 1985 we have followed closely offshore oil and gas development in the tri-county area.

This regional task force thanks the State Lands Commission for coming to Santa Barbara and for this opportunity to be heard. We recommend the State Lands Commission approves the establishment of an oil and gas leasing sanctuary zone for state lands not currently leased in Ventura and Santa Barbara Countys.

There are simply too many important unanswered questions to continue to lease lands - questions of safety, environmental consequences of oil and gas development and effects of socio-economic consequences of such development. We have noted in the past that once lands are leased, momentum takes over, and it is difficult, if not impossible, to stop development. Therefore it is better to place an oil and gas sanctuary status on unleased lands until such questions can be adequately addressed.

Thank you again for your consideration of this issue.

Yours truly,

*Marty Blum*

Marty Blum  
Chairman



1217-A De La Vina Street  
Santa Barbara  
California 93101  
Telephone: (805) 965-2422

LEAGUE OF WOMEN VOTERS OF SANTA BARBARA  
INC.

December 4, 1989

To: STATE LANDS COMMISSION, Special Meeting, Santa Barbara, December 6, 1989

Re: Establishment of Oil and Gas Leasing Sanctuary Zone, Santa Barbara County

The League of Women Voters of Santa Barbara (the League) commends the State Lands Commission (SLC) for holding this special meeting in Santa Barbara, and thanks the Commission for the invitation extended to the League to submit input.

In addition to the Calendar Item's explanatory notes, the League reviewed pertinent background data, including

- August 15, 1983: California Coastal Commission (CCC) staff report re SLC's proposed lease sale(s), Point Conception to Point Arguello;
- April 1984: SLC's Report to Governor and to Legislature, on CCC action/recommendations, August 23, 1983, on SLC's above referenced lease sale;
- September 26, 1984: CCC staff report, Findings to Reflect Commission's Final Action of October 25, 1983, on referenced lease sale;
- March 28, 1986: SLC's Notice of Preparation of EIR for Exploratory Drilling for Oil and Gas Resources on "Parcel 1" in Point Conception Area;
- January - May 1987: SLC hearings on ARCO's Coal Oil Point Project;
- 1988 - 89: progress of the California Comprehensive Offshore Resources Study (CCORS), which emerged from SLC's final action on ARCO's COPP.

Also for the record the League has followed related oil/gas developments, - e.g. the President's OCS Leasing Task Force; fallout from the Exxon Valdez oil spill, including Gray Davis' letter/enclosures of October 11, 1989; recent report by the National Research Council re adequacy/inadequacy of OCS data; proposed/pending State legislation (SB 1500, SB 1482, AB 893...); Santa Barbara County's Crude Oil Transportation Analysis....

Re today's Calendar Item, the League of Women Voters of Santa Barbara recommends/urges that the State Lands Commission approve the establishment within Santa Barbara County of an oil and gas sanctuary covering all State-owned tide and submerged lands not currently leased or already within sanctuary zones.

QUESTIONS

- 1 Once sanctuary status is assigned to Santa Barbara's State-owned tide and submerged lands as indicated above, how will SLC begin to cope with increased pressures to step up/accelerate oil/gas activities on existing leases?
- 2 Which will come first - SLC encouragement of/willingness to process increased applications for such stepped-up activities, - or CCORS developments including release of report on the Santa Barbara Channel sector, and implementation of CCORS' GIS component?
- 3 What is the status of CCORS' GIS component? When will necessary computer hardware/software be funded and in place? The League expressed great concern about this basic need at the CCORS' scoping meeting April 14, 1988, at UCSB.

Again thank you for coming to Santa Barbara, and for this opportunity to submit input.

Contact: Ruth Saadi, Energy Director

*Kathryn Woolson*  
Kathryn Woolson, President



CITIZENS PLANNING ASSOCIATION OF SANTA BARBARA COUNTY, INC.

December 6, 1989

To: State Lands Commission  
From: Citizens Planning Association

Re: **Hearing on proposed Oil & Gas leasing Sanctuary Zone**

Dear Lt. Governor McCarthy and Members of the State Lands Commission;

The Citizen Planning Association of Santa Barbara County (CPA) which has been actively involved in the Offshore and Onshore Oil & Gas issue for many years is here today to express our strong support for the proposed sanctuary.

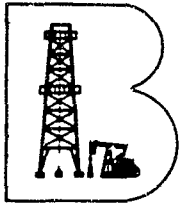
It has become clear to CPA for many years that no new oil and gas leasing and development should take place on any areas in State or Federal waters until such time that adequate equipment and preparation is in place to respond to offshore spills. That is not the case today. CPA believes that any additional oil and gas leases in State waters would only exacerbate the present deficiencies of offshore oil development and result in great risk to California's sensitive coastal resources.

The recent findings of the National Academy of Science which expressed that there is inadequate data about the physical oceanography of the California coast, and the socioeconomic impacts from offshore leasing, in addition to the actions of the President to postpone OCS leases off California (Lease Sales 91, 95 and 119) shows that there is serious question to the appropriateness of allowing additional offshore oil and gas leasing off California.

For the reasons stated, and the multitude of environmental and socioeconomic reasons which you will hear from others today, CPA strongly supports the establishment of the proposed oil & gas leasing Sanctuary Zone.

Thank you for your consideration,

CITIZEN PLANNING ASSOCIATION



# Bush Oil Company

P.O. Box 1538  
Taft, California 93268  
(805) 769-8811

December 5, 1989

RECEIVED  
DEC 8 1989  
STATE LANDS COMMISSION

Mr. Leo McCarthy, Lt. Governor, Chairman  
Gray Davis, State Controller, Commissioner  
Jesse R. Huff, Director of Finance, Commissioner  
State Lands Commission  
1807 13th Street  
Sacramento, CA 95814

Gentlemen:

Today, December 5, 1989, we became aware of your special meeting of the State Lands Commission scheduled for tomorrow, Wednesday, December 6, 1989, in Santa Barbara to consider the establishment of an Oil & Gas Leasing Sanctuary Zone covering all state owned tide and submerged lands not currently leased or already within a sanctuary zone. The public, the oil industry and this company need time to study, in detail, the implications of this proposal. For example, the future of our company may be drastically affected since we currently lease and produce oil from State Lands within the proposed Sanctuary Zone. In fact, we have ongoing applications (over two (2) years old) for adjacent leases.

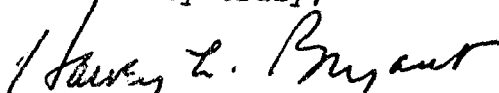
We also participated in the State Lands Commission California Comprehensive Offshore Resources Study initiated in 1988 and have not yet seen the results of that study. We believe the actions you are proposing to set up the sanctuary should be reviewed in light of that study. We also believe that State Lands Leases which can be produced from existing leases should be exempted from this Sanctuary Zone.

Therefore, in a spirit of cooperation with the goals of the Commission, we request that, at the conclusion of the hearing in Santa Barbara, the State Lands Commissioner's postpone a decision on the Sanctuary Zone for sixty (60) to ninety (90) days. This will permit other members of the oil industry as well as the general public to study this proposal and provide input at the next meeting.

Page two  
December 5, 1989

We believe that the public has not been adequately notified of the proposed December 6, 1989, State Lands Commission meeting. Again, in the best interest of the public and in keeping with the Commission's tradition of fair play and public disclosure, we request that the Commissioner's postpone action on the establishment of Oil & Gas Leasing Sanctuary Zones, for sixty (60) to ninety (90) days.

Yours very truly,



Harvey Bryant  
President

HLB:RLH:dg  
1465:rlh6



**EXXON** COMPANY, U.S.A.

POST OFFICE BOX 4279 • HOUSTON, TEXAS 77210-4279

EXPLORATION DEPARTMENT  
OFFSHORE, ALASKA DIVISION

GEOLOGY AND GEOPHYSICS-WESTERN

JOHN F. JOITY  
MANAGER

RECEIVED

DEC 5 - 1989

STATE LANDS COMMISSION

December 4, 1989

Ms. Claire Dedrick  
Executive Officer  
State Lands Commission  
1807 - 13th Street  
Sacramento, CA 95814

Dear Ms. Dedrick,

Exxon Co., USA is very concerned over the proposal that will be considered at the December 6, 1989 public meeting of the Commission. We request that the following comments be entered into the record of this hearing.

This proposal, to establish a leasing sanctuary zone covering all state-owned tide and submerged lands not currently leased or already within sanctuary zones, would withdraw areas of substantial petroleum exploration opportunities for believe that it is a serious mistake to restrict exploration and its ability to produce energy minerals at a time when the nation's reserves and its ability to produce these reserves are both declining, and when our energy trends substantiate a need for more, not less, domestic petroleum exploration.

California offshore state and Outer Continental Shelf lands have historically been excellent places to look for oil. Over 2 1/2 billion barrels have been produced from these offshore areas -- 80 percent of that from state lands. In the past twenty years, more giant fields (greater than 200 million barrels) have been found under the waters off California than in any other region of the country.

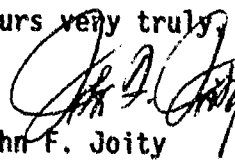
Though no one can say for certain that the subject state offshore lands will be highly productive, it is axiomatic that the best place to explore for petroleum is in areas that have already been proven productive. All of the tracts proposed for withdrawal lie in or adjacent to three of the four most productive petroleum producing areas of the world: the Los Angeles, Ventura and Santa Maria basins.

One thing that can be said for certain, though, is that as long as these areas are withheld from exploration and possible development, they will never be able to contribute to the state's energy future.

California and the rest of the nation will need these resources. The perception of a glut of oil worldwide precludes most people worrying today about the source and supply of America's energy. We have too soon forgotten the lessons of the 1970's -- that everything, especially oil supply, is cyclical -- and that today's surplus will be tomorrow's shortage.

The California Energy commission predicts that the state's gasoline consumption, already the highest in the nation, will grow an additional 20 percent by 2005. To prepare for that tomorrow, we must commit to explore for and develop the state's resources today.

Yours very truly,

A handwritten signature in dark ink, appearing to read "John F. Joity". The signature is stylized and somewhat cursive, with the first name "John" being the most prominent.

John F. Joity

Unocal North American  
Oil & Gas Division  
Unocal Corporation  
1800 30th Street, Suite 200  
Bakersfield, California 93301-1921  
Telephone (805) 322-7600  
Telefax (805) 395-5297

**UNOCAL** 

RECEIVED  
DEC 8 1989  
STATE LANDS COMMISSION

December 6, 1989

Western Region

State Lands Commission  
1807 13th Street  
Sacramento, California 95814

Attn: Leo T. McCarthy, Chairman

OFFSHORE CALIFORNIA  
Orange, Los Angeles, Ventura,  
and Santa Barbara Counties  
December 6, 1989  
State Lands Commission Meeting  
Consideration of Sanctuary

Gentlemen:

Union Oil Company of California is once again genuinely alarmed at the Commission's hastened proposal to establish additional sanctuary for offshore California which prohibits oil and gas leasing on State tide and submerged lands within Orange, Los Angeles, Ventura and Santa Barbara Counties.

As evidenced by similar past action affecting Humboldt and Mendocino Counties, the Commission continues to exhibit a total disregard toward its own directive to undertake the California Comprehensive Offshore Resources Study (CCORS). The purpose of CCORS was intended to provide a regional and statewide information base which, when combined with project specific analysis, would insure decision making was in the best interest of the State of California. The upcoming consideration of establishing additional sanctuary precluding oil and gas development, one of offshore California's primary resources, indicates that CCORS is nothing more than a cosmetic exercise, not to mention a waste of the taxpayers' money and California's scientific resources. The oil industry has tried to lend support and assistance to CCORS to insure that it accomplished its purpose of providing a mechanism on which rational decisions affecting California's coastal resources could be based. It would seem to be in the best interests of everyone to provide CCORS that opportunity.

Page 2

Although the proposed sanctuary is similar to that established for offshore Mendocino and Humbolt Counties, the potential for damage to the region which it impacts is far greater. The oil and gas industry maintains a long-standing relationship with Orange, Los Angeles, Ventura and Santa Barbara Counties and has been an integral part of and substantial contributor to the region's economic development and prosperity. Certain special interest groups may applaud the proposed sanctuary, however, it is probable that the sanctuary would negatively effect a significant element of this substantial population base.

By convening a special meeting upon less than three weeks prior notice, it is apparent that the Commission has no intention of considering the regional concerns, the oil industry's presentation of its ability to safely pursue further exploration and development, or possible negative impacts the sanctuary could have on national security or potential future revenue to be realized by the State of California.

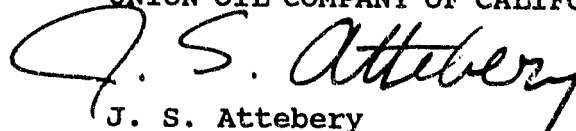
Nobody can under emphasize the tragedy of the Exxon Valdez in Prince William Sound. However, this incident cannot justify irrational and arbitrary measures under the guise of preventing future accidents. In fact, the proposed sanctuary will generate increased tanker traffic which increases the probability of a catastrophic spill.

Union strongly urges the State Lands Commission to postpone the decision on establishment of the proposed sanctuary until such time as the full range of information bearing on such a decision is available. At the very least, follow your own directives and allow CCORS to provide an information base on which an informed decision can be rendered on whether or not further offshore oil and gas leasing should take place off Orange, Los Angeles, Ventura and Santa Barbara Counties.

Your consideration of the above comments will be greatly appreciated.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA



J. S. Attebery  
Regional Land Manager

JSA:KRD: ph

cc: Claire T. Dedrick

**Shell Western E&P Inc.**

A Subsidiary of Shell Oil Company



P.O. Box 11164  
Bakersfield, CA 93389

December 6, 1989

RECEIVED  
DEC 8 1989  
STATE LANDS COMMISSION

Honorable Leo T. McCarthy  
Lieutenant Governor  
State Lands Commission  
State of California  
1807 13th Street  
Sacramento, CA 95814

Dear Lieutenant Governor McCarthy:

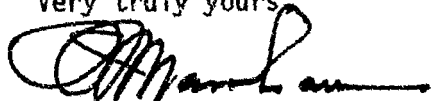
SUBJECT: OIL AND GAS LEASING SANCTUARY

Shell Western E&P Inc. (SWEPI), a company which actively produces oil and gas onshore and offshore in the State of California, is opposed to the establishment of further oil and gas sanctuaries in State tide and submerged lands as proposed in Calendar Item 01 of the December 6, 1989 public meeting agenda. Many of the areas identified as being considered for inclusion in additional oil and gas sanctuaries are adjacent to areas that have existing oil and gas operations in either state or federal waters. These areas may contain valuable resources which could help California and the United States be less dependant on imported oil. We remain convinced that development in these areas can go forward in a safe and environmentally sound manner. In addition, the revenue from production in these waters could supply a significant source of funds for a number of critical projects for the people of the State of California.

We recognize that our views on the establishment of additional oil and gas sanctuaries may be at odds with the views of the State Lands Commission. However, we are surprised that the Commission would consider a decision involving the State's coastal environment, and energy needs and supplies while the California Comprehensive Offshore Resources Study (CCORS) is underway. Our understanding has been that CCORS is intended to provide the information the State Lands Commission feels is necessary to make decisions about coastal development. Our industry has committed resources to reviewing the CCORS documents to help the state develop the

kind of accurate and unbiased data needed to make decisions on coastal uses. It seems inconsistent for the Commission to consider making such a decisions now when the Commission's previous position has been that they do not have the information necessary.

Very truly yours,

A handwritten signature in black ink, appearing to read "T. L. Marshall", with a long horizontal flourish extending to the right.

T. L. Marshall  
Division Land Manager  
California Division

JRT:ssm



**Chevron U.S.A. Inc.**  
6001 Bollinger Canyon Road, San Ramon, California  
Mail Address: PO Box 5950, San Ramon, CA 94583 0905

Richard J. Harris  
General Manager  
Land Department, Western Region

December 1, 1989

RECEIVED  
DEC 4 - 1989  
STATE LANDS COMMISSION

The Honorable Leo T. McCarthy  
Lieutenant Governor, Chairman  
State Lands Commission  
1807 13th Street  
Sacramento, CA 95814

Dear Mr. Chairman:

Chevron wishes to express its serious concerns regarding the State Lands Commission's proposal to establish an oil and gas leasing "sanctuary" in all State-owned tide and submerged lands not already in a "sanctuary". At issue in this proposal is not whether the State Lands Commission should or should not lease such lands for nothing is currently compelling the leasing of those lands. The important issue is the process by which the Commission should make such important decisions.

For more than a year and with major expenditures of resources on workshops, public meetings, and other activities, the Commission has been pursuing development of its California Comprehensive Offshore Resources Study (CCORS). According to numerous statements by the Commission and staff, CCORS is necessary because the Commission needs more and better information to make decisions whether specific oil and gas projects are in the best interest of the State. However, despite the Commission's emphasis on CCORS as a critically important part of the Commission's planning and decision-making process regarding oil and gas activities, the Commission has apparently decided that CCORS is both unnecessary and irrelevant as the Commission rushes to what can only be viewed as a politically-driven decision to establish a leasing "sanctuary". The Commission appears willing to entertain such decision without benefit of the environmental, socio-economic, or energy-related data and information CCORS is intended to provide.

For those of us who are participating constructively in the CCORS process, it is extremely frustrating to see proposals such as this "sanctuary" which indicate that the Commission is ready to prejudge the results of the CCORS. Even more alarming is the indication that CCORS eventual results will be ignored whenever politics might dictate a different result.

We urge the Commission not to approve the sanctuary proposal, but to support and pursue the more rational public planning process it has itself initiated in CCORS.

Very truly yours,

RTH:jjn

cc: Ms. Claire Dedrick



Texaco USA

PO Box 2100  
Denver CO 80201  
4601 DTC Boulevard  
Denver CO 80237

EXPRESS MAIL

December 5, 1989

RECEIVED

DEC 6 1989

STATE LANDS COMMISSION

CONSIDERATION OF ESTABLISHMENT OF AN  
OIL AND GAS LEASING SANCTUARY ZONE  
COVERING ALL STATE-OWNED TIDE AND  
SUBMERGED LANDS WHICH ARE NOT CURRENTLY  
LEASED OR ALREADY WITHIN SANCTUARY ZONES  
IN ORANGE, LOS ANGELES, VENTURA AND  
SANTA BARBARA COUNTIES

State Lands Commission  
1307-13th Street  
Sacramento, California 95814

Attn: Mr. Leo McCarthy  
Lieutenant Governor

Gentlemen:

Texaco Inc. is opposed to the referenced proposal. Texaco feels that this is a premature proposal because the California State Lands Commission is still in the process of developing the California Comprehensive Offshore Resource Study (CCORS).

A great deal of time, effort and money has been spent on CCORS in an attempt to provide the kind of statewide information which will guide the Commission in making determinations on various projects. Such a proposal should not be considered until after the completion of CCORS.

Very truly yours,

TEXACO INC.

Jeannette H. Kerr  
Area Land Manager

JHK:1mb  
5/1





Texaco USA

PO Box 2100  
Denver CO 80201  
4901 DTC Boulevard  
Denver CO 80237

EXPRESS MAIL

December 5, 1989

CONSIDERATION OF ESTABLISHMENT OF AN  
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STATE LANDS COMMISSION

State Lands Commission  
1807-13th Street  
Sacramento, California 95814

Attn: Mr. Gray Davis  
Controller

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TEXACO INC.

  
Jeannette H. Kerr  
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5/1-2



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SANTA BARBARA COUNTIES

State Lands Commission  
1807-13th Street  
Sacramento, California 95814

Attn: Ms. Claire T. Dedrick  
Executive Officer

Dear Ms. Dedrick:

Texaco Inc. is opposed to the referenced proposal. Texaco feels that this is a premature proposal because the California State Lands Commission is still in the process of developing the California Comprehensive Offshore Resource Study (CCORS).

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Very truly yours,

TEXACO INC.

Jeannette H. Kerr  
Area Land Manager

JHK:imb  
5/1-3

STATE LANDS COMMISSION HEARING  
Santa Barbara, California  
December 6, 1989

Statement by

Dana A. Raaz  
3315 Sagunto St.  
Santa Ynez, CA 93460

Good morning. My name is Dana Raaz and I'm a resident and "over-taxed" payer of Santa Barbara County. I'm here today to speak in opposition to the proposed "sanctuary zone" in State tidelands. Aside from the obvious fact that declaring a sanctuary at this time would totally negate your own "California Comprehensive Offshore Resource Study", it has the effect of transferring a potentially huge financial burden onto our shoulders --- the taxpayers.

Since 1980 over 3 1/2 BILLION dollars of oil and gas revenues from State Lands have helped defray the enormous (and ever-increasing) cost of running State Government. Many of these areas you propose to place in "sanctuary" are areas where additional large amounts of revenue would be generated.

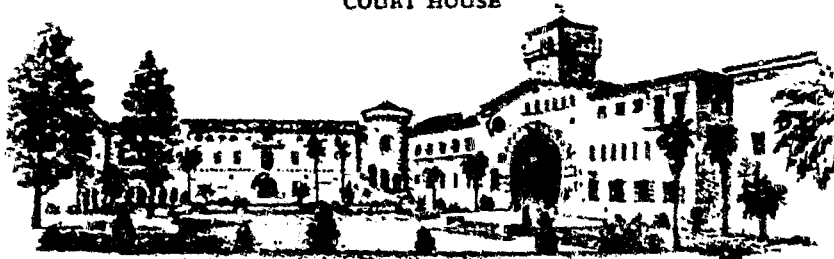
Considering the level of study and mitigation required to develop offshore oil and gas resources today, the State Lands Commission can (and SHOULD) develop those areas in a manner consistent with your mandate. By locking away all the remaining tidelands in a "sanctuary" you are disallowing ANY development of these resources, whether "environmentally sound" or not. I suspect it is far easier to create a "Sanctuary" than it is to rescind one.

I urge you to look at each proposed development individually, carefully weigh the potential benefits against a realistic assessment of the possible harm, and proceed with those that are determined to be "in the best interest of the State". That is, after all, your job.

Lastly, I submit to you that an action such as has been proposed, one with potential enormous cost to present and future taxpayers, is certainly worthy of an environmental impact study whether it meets the definition of "project" or not.

Thank you.

COURT HOUSE



GMO

**TORU MIYOSHI**

Chairman  
Fifth District

**TOM ROGERS**

Vice-Chairman  
Second District

**GLORIA MEGINO OCHOA**

First District

**WILLIAM B. WALLACE**

Third District

**DIANNE OWENS**

Fourth District

**KENNETH A. PETTIT**

County Clerk-Recorder  
and Ex-Officio  
Clerk of the  
Board of Supervisors

**COUNTY OF SANTA BARBARA**

BOARD OF SUPERVISORS

105 East Anapamu Street  
Santa Barbara, California 93101  
Telephone (805) 568-2190

**TESTIMONY TO THE STATE LANDS COMMISSION  
ESTABLISHMENT OF OIL AND GAS LEASING SANCTUARY**

December 6, 1989

I would like to welcome you to Santa Barbara for this important hearing today. My comments are provided today on behalf of the Board of Supervisors of the County of Santa Barbara.

When we received word of the hearing scheduled for today and considered its topic, the establishment of a leasing sanctuary in State waters off Southern California, we reacted very positively. For some time now, the County of Santa Barbara has favored a leasing sanctuary in both State and Federal waters off our coast. We whole-heartedly concur with the evidence cited in your staff report regarding inadequate information for leasing decisions, and believe that the proposed action to establish leasing sanctuaries in unleased or quitclaimed areas is the appropriate action to prevent future development in those areas.

The bulk of my comments today will focus, however, on the problem our County faces from the existing leases in State waters. If you look at the figure provided in the staff report you will note that almost half of Santa Barbara County's coast is still held in active leases. While the proposed sanctuary may prevent future impacts from leasing and subsequent development, our County is still faced with the prospect of significant, adverse and moreover unmitigable impacts from 19 active leases in State waters. On some of these leases, the operators have proposed massive development projects

that would rely on onshore facilities that are either unbuilt or nearly at their capacity. Simply put, the future impacts that the County sees as most perilous are those from existing leases that could be developed at any time.

It is because of this potential development that we stress the need for the State Lands Commission to continue with the long-range planning that its staff has been pursuing. The CCORS study is an essential component to that planning process, and we urge that you refocus and continue with it. Parallel to the CCORS, we would like to see a policy development program by the State Lands Commission that includes the following four themes for regulation of development on existing leases.

- 1) Investigation of the feasibility of terminating and re-acquiring existing idle leases which have low oil or gas production value.
- 2) Phased development of future projects so that the physical and environmental limitations of an area are not exceeded.
- 3) Requirement that all future development projects be commingled and that consolidated facilities, including pipelines, be used.
- 4) Requirement for pipeline transportation of crude oil, consistent with policies in the California Coastal Act and the County's Local Coastal Plan.

I urge the Commission to direct its staff to begin today working on policies that will address these issues, while ensuring that all policies mesh with those of our County. I offer the full support of our staff in developing all appropriate policies.

I also offer our staff's support and assistance in developing a more active program of removing abandoned facilities that have been used historically for development of State tidelands resources. As you know, Santa Barbara County has endured oil and gas development for almost a century, and as a result, hazardous and unsightly remains from that development still dot our coast. The Commission's lead in removal of some of these hazards including platforms Helen and Herman off Gaviota has been appreciated. However, a great deal more work is still necessary. For instance,

an abandoned gas processing plant once used for Helen and Herman's production still sits, rusting and rotting, on property owned by Gaviota State Park. The owner of that facility, Texaco, is unwilling to remove it; we hope the Commission can provide an impetus for its removal and for the rapid and safe removal of all abandoned or outdated facilities.

Lastly, we would suggest the State Lands Commission continue a dialogue with the Federal government regarding additional 8(g) funds for the State of California. Federal development of oil and gas reservoirs immediately adjacent to State jurisdiction removes resources that could ultimately have been developed by the State. That development would have provided money to the State through royalty payments. Federal development of those resources unfairly distributes royalty to the federal government that justly belongs to the State of California. <sup>Even though</sup> since the State Lands Commission is delaying development of those areas through the proposed Sanctuary, ~~yet~~ federal development and its consequent impacts to our County continues on, <sup>thus we</sup> we believe compensation to the State and to our County are in order.

In closing, please accept our support for the proposed leasing sanctuary, and we look forward to working with your staff in pursuing the other actions we feel are absolutely essential to our County.

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*Dan*

STATEMENT OF DAN HAIFLEY, SAVE OUR SHORES OIL INFORMATION PROGRAM, TO STATE LANDS COMMISSION RE STATE OIL SANCTUARY

Santa Barbara City Hall, December 1, 1989, 9:41

Chairperson McCarthy, Commissioner Davis, my name is Dan Haifley and I am Project Coordinator of the Oil Information Program. The program is a project of Save Our Shores, and we are on contract with 2 local governments to provide assistance in their work on coastal issues. I would like to thank you for the opportunity to speak today.

We are very pleased with the proposal before you to place the remaining unleased portions of California's state tidelands into an oil-free Sanctuary. The proposal is bold, the proposal is wise, and the proposal dares us to move into a future where energy efficiency, renewable resources and sound planning rule the day. If you approve an oil Sanctuary for the state waters off Santa Barbara, Ventura, Los Angeles and Orange counties, you will be taking a step that is logical given the pioneering work the California Energy Commission has done to promote energy conservation and renewable energy. I hope your initiative is noticed by the folks who administer oil rights in the federal waters off California. Maybe they'll take the hint.

Offshore production in California in the State and federal jurisdictions netted over 60 million barrels of crude oil in 1987. California is the second largest producer of offshore

oil in the nation. Your proposal will not affect current production in state waters nor will it affect active leases. California will continue to do its share. Santa Barbara, Huntington Beach, Seal Beach, Ventura and Long Beach have done more than their share to contribute to the nation's energy supply. We need to pay more attention to the long-term industries that are damaged by offshore oil but which will be here long after the oil is gone: commercial fishing, tourism, and coastal agriculture.

California has lead the way in developing new energy technologies. The California coastline is a national treasure. Let's give that treasure back to the people of the nation and take it away from the oil companies. Let's just say no to more offshore oil.



200 + 10 pages

STATE LANDS COMMISSION HEARING  
Santa Barbara, California  
December 6, 1989

Statement by

California Coastal Operators Group  
Western States Petroleum Association

Good Morning. My name is Terry Covington with the California Coastal Operators Group. I am speaking today on behalf of our organization and the Western States Petroleum Association.

We appear before you today to oppose the proposed leasing sanctuary zone in State Tidelands which would prohibit future leasing and development in the proposed areas. We realize that the charge of the Commission in terms of developing the state's natural resources is a difficult one which must ensure development of the resource in a manner which also maximizes protection of the environment. I hope our comments today can make a contribution toward reaching that objective.

Two years ago, in Santa Barbara, staff members from your respective offices and Commission staff held a workshop in Santa Barbara regarding the California Comprehensive Offshore Resources Study - CCORS. At that time, the stated purpose of CCORS was "to develop a broader understanding of the state's coastal environment and its energy needs and resources." The Commission indicated it did not have enough information to make policy decisions on coastal energy projects. In the intervening two years, the Commission staff, local government, oil companies and others have participated in this study. In fact, the first chapter has just been released for comment.

How, then, can the Commission embark upon a major policy decision such as the one proposed here today without having had the benefit of the study you initiated? If in fact the study is irrelevant, we would certainly appreciate knowing that. We urge you not to take an action today that would be very difficult to reverse if information from the CCORS study and other sources should indicate that oil leasing and development are environmentally compatible in certain parts of State Tidelands. And, we believe this to be the case.

The question of natural resource development is one of balancing the need for development with the potential impacts. This delicate balancing of facts demands that we take energy development out of the political arena and examine it without prejudgement. In order to do that, we believe both the environmental and the economic sides of the "ledger" need to be examined. Of particular interest to members of the Legislature, when AB 893 (to prohibit future leasing in State Tidelands between Pt. Conception and the Santa Barbara/San Luis Obispo line) was before various Committees, was the vital need for the resource and the contribution that resource makes to the state's fiscal picture.

It is almost certain the area you propose to lock up contains valuable resources. These areas are adjacent to existing state and federal leases that are already developed or being developed. You will recall that the State Lands Commission had intended to lease an eight-tract area north of Point Conception in 1982. We also know that California's energy picture is one of growing demand in a state that imports over forty percent of its needs. That forty percent arrives by tanker from Alaska and foreign countries. As Alaska and state onshore production declines, the West Coast will become further "crude short" causing additional foreign imports by tanker.

On the fiscal side, revenues from production in state waters are significant. At a time when the state must increase the sales tax to provide earthquake relief, it is not a time to cast aside this economic contribution to the state's welfare of over \$3 billion since 1980. And a significant portion of this revenue has gone to capital outlay projects for education.

When you combine the benefits derived from offshore development and add to that the stringent environmental regulatory requirements that are currently in place, we believe you have a sound program for future Tidelands leasing and development. Orderly development provides greater environmental protection than waiting until an oil and gas emergency develops when all the careful planning is held hostage to the emergency. We would add that the state should give more consideration to a method by which California can share some of the benefits it derives from development in state waters with the communities adjacent to this development. Past revenue sharing placed little emphasis on those communities that have co-existed with oil development.

In closing, we hope you will reconsider your proposal today in light of the need to examine information from the CCORS study now underway and in consideration of the benefits to be derived from future leasing in these areas.

Rossell  
Dr Barbara Uehling  
Office

**TESTIMONY TO THE STATE LANDS COMMISSION ON  
ESTABLISHMENT OF OIL AND GAS LEASING SANCTUARY ZONES**

by

Barbara S. Uehling  
Chancellor  
University of California, Santa Barbara

December 6, 1989

The University of California, Santa Barbara, strongly endorses the proposal before the State Lands Commission to establish sanctuary zones to defer new oil and gas leases in State waters from Santa Barbara to Orange Counties. We agree with the evidence cited in your staff report that information needed for leasing decisions is inadequate. We concur with your staff that the ability to deal adequately with offshore oil spills does not exist at this time, and that data on physical oceanography and socio-economic impacts of offshore oil and gas activity in southern California are not sufficient for leasing decisions.

The University's research community believes there are additional reasons why new lease sales in State tidelands should not now proceed. In particular, biological impacts from drilling and production are incompletely known, and there has been little effort to develop effective mitigation for impacts that are known to occur in the marine environment from production activities.

For these reasons, the University believes the proposed action to establish leasing sanctuary zones in State tidelands is justified and appropriate. Our oil and gas reserves should remain unexploited until all adverse environmental and socio-economic effects are fully understood and techniques to avoid or minimize those impacts have been developed. Establishment of leasing sanctuaries will help ensure that future offshore oil and gas development will proceed only when it can be done in an environmentally sound manner.

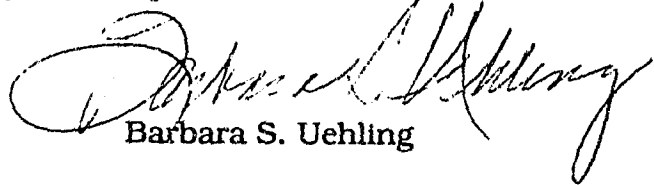
While the University strongly supports the proposal for leasing sanctuaries, we feel that it does not go far enough. The proposal does not address presently leased tidelands that have not yet been developed. Nearly half of the tidelands in Santa Barbara County have been leased already, and proposed oil and gas projects for these areas pose serious environmental and socio-economic risks. The University opposes development of new projects on leased tidelands at this time for exactly the same reasons we support the sanctuary proposal.

The University encourages the State Lands Commission to explore options to include some of these undeveloped leased tidelands as sanctuary zones. The University urges the State Lands Commission to

explore the feasibility of reacquiring or terminating leases. High priority should be given to leased areas where any oil and gas development activity would cause undue impacts to coastal environments. With respect to offshore oil and gas development, exploitation of these tideland areas pose the most serious and immediate threat.

Finally, the University encourages the State Lands Commission to redouble its long-range planning efforts. The California Comprehensive Offshore Resources Study is a necessary first step in that process. While the CCORS study will provide invaluable information, it is a fact that many crucial information gaps will remain. Some of these gaps will require new research endeavors appropriate to the University of California. We encourage the State Lands Commission to explore options to fund that crucial new research. We suggest that allocation of 8(g) funds to new University research programs that focus on unresolved environmental, socio-economic and mitigation issues would be highly appropriate. We seek support from the Commission to develop that avenue.

In closing, the University strongly endorses the proposal to establish sanctuary zones, and we look forward to providing you with any assistance we can in resolving outstanding environmental and socio-economic issues related to oil and gas activity in State tidelands.



Barbara S. Uehling



## SIERRA CLUB

SO. CALIF. REGIONAL CONSERVATION COMMITTEE  
CLEAN COASTAL WATERS TASK FORCE

Comments on the proposed establishment  
of an Offshore Oil and Gas Leasing Sanctuary zone  
State Lands Commission Hearing - December 6, 1989

The Clean Coastal Waters section of the Angeles Chapter of the Sierra Club strongly support the proposal before the State Lands Commission to establish an oil and gas leasing sanctuary zone covering all State-owned tide and submerged lands not currently leased or already within sanctuary zones.

We also fully support your staff's findings that oil and gas development in this zone is not now in the best interests of the state. The environmentally damaging consequences of the Valdez incident and the National Academy of Sciences report to the President on the inadequacy of physical oceanographic and socioeconomic information for making leasing decisions both point to the need for the cessation of offshore oil and gas development. However not only is it necessary to stop further lease sales but we would also recommend that the State Lands Commission determine that all offshore leases be eventually returned to the status of ocean sanctuary.

We would like to propose that the State Lands Commission direct their staff to develop short and long range timetables for the relinquishment of all offshore leases. We suggest the following approaches:

- 1) Negotiate with the lessees for the re-purchase of any undeveloped leases.

2) Negotiate with the lessees for the re-purchase of productive leases as they reach the end of their life and become increasingly marginal producers. This period of cost cutting in an attempt to squeeze the last barrel of oil out of the ground also leads to a relaxation of controls and increases the risk of an oil spill and ineffective containment.

3) Negotiate with lessees applying for additional permits within their leases to return proven unproductive leases to the State in exchange for permit approval. This would be similar to the negotiations that take place for the approval of building permits on land.

The Clean Coastal Waters section of the Angeles Chapter of the Sierra Club thank you for the opportunity to present our comments to you here today.