MINUTE ITEM
This Calendar Item No. 1
was approved as Minute Item
No. 1 by the State Lands
Commission by a vote of 3
to 1 at its 5-27-87
meeting.

MINUTE ITEM

1

05/27/87
W 30026

CONSIDERATION OF COMMISSION STAFF RECOMMENDATION
FOR DENIAL OF ARCO'S PROPOSED APPLICATION
FOR THE COAL OIL POINT PROJECT, SANTA BARBARA COUNTY

The following people testified before the Commission:

Assemblyman Jack O'Connell
Assembly District, Santa Barbara

Edward Renwick, Esq.
ARCO Counsel

Richard L. Ranger
ARCO Oil and Gas Company

Jack Sloan, Vice President
Boilermaker International Union

Kevin Reidy, President
Fabricated Products Group
Kaiser Steel

Newell Little, President
Little Oil Company, Inc.

Senator Gary Hart
Senate District, Santa Barbara

Bill Wallace, Chairman
Santa Barbara County Board of Supervisors

Betsy B. Watson, Assistant Chancellor
University of California, Santa Barbara

Dr. James Case
Associate Vice Chancellor, UCSB

Dr. Raymond Sawyer
Professor of Physics, UCSB

Paula Carrell
Legislative Representative, Sierra Club

amended 2/1/88

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Nicole Silk
Pacific Coast Federation of Fisherman's Associations

Robert B. Klausner
Chairman of Oil Committee
Citizens Planning Association of Santa Barbara

Michael E. Phinney
Isla Vista Association

Upon motion made by Gray Davis, and seconded by Chairman Leo T. McCarthy, the following resolution was approved, as amended, by a vote of 2-1 in favor of staff recommendation for denial of ARCO's proposed application for the Coal Oil Point Project, Santa Barbara County:

THE COMMISSION:

1. FINDS THAT, ON MARCH 10, 1987, THE COMMISSION CERTIFIED THE ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS) REVIEWING THE ENVIRONMENTAL IMPACTS OF ARCO'S PROPOSAL AND VARIOUS ALTERNATIVES FOR DEVELOPMENT OF THE LEASE TRACTS.

2. FINDS THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED IN THE EIR/EIS PRIOR TO ITS CONSIDERATION OF ARCO'S DEVELOPMENT PROPOSAL AND HEREBY INCORPORATES BY REFERENCE THE IDENTIFICATION OF OFFSHORE ADVERSE ENVIRONMENTAL EFFECTS WHICH CANNOT BE AVOIDED OR REDUCED TO INSIGNIFICANCE AS CONTAINED IN THE FINAL EIR/EIS. A LIST OF SUCH OFFSHORE ADVERSE ENVIRONMENTAL EFFECTS IS ATTACHED HERETO AS EXHIBIT "A" AND INCORPORATED HEREIN BY REFERENCE.

3. FINDS THAT ARCO'S PROPOSED DEVELOPMENT OF THE LEASES WOULD HAVE SIGNIFICANT ADVERSE IMPACTS ON THE ENVIRONMENT FOR THE FOLLOWING REASONS:

   A. THE ECONOMIC AND SOCIAL WELL-BEING OF THE UNIVERSITY OF CALIFORNIA AT SANTA BARBARA, THE COMMUNITY OF ISLA VISTA, AND OTHER NEIGHBORING COMMUNITIES WOULD BE SUBSTANTIALLY IMPAIRED BY THE AESTHETIC DEGRADATION OF THE AREA SURROUNDING GOLETA AND COAL OIL POINTS WHICH WOULD RESULT FROM THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO. THE UNIVERSITY, NEARBY COMMUNITIES, AND NEARBY STATE AND COUNTY BEACHES AND RECREATION FACILITIES SERVE STUDENTS, FACULTY, TOURISTS AND RESIDENTS, MANY OF WHOM ARE PARTICULARLY ATTRACTED BY THE LARGELY UNIMPEDED OCEAN VIEWS. THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO WOULD RESULT IN SIGNIFICANT VISUAL DEGRADATION OF THE AREA, WOULD CAUSE

DISTURBANCES OF THE COMMUNITY THROUGH INCREASED LIGHT AND NOISE, WOULD HAVE A SIGNIFICANT IMPACT ON THE QUALITY OF LIFE IN THE AREA, AND WOULD SUBSTANTIALLY IMPAIR THE SCENIC QUALITIES WHICH ARE NOW AVAILABLE FOR THE ENJOYMENT OF ALL THE STATE'S CITIZENRY.

B. A MAJOR OIL SPILL FROM THE PROPOSED DEVELOPMENT PROJECT WOULD DO SUBSTANTIAL DAMAGE TO VALUABLE MARINE HABITAT, THE COAL OIL POINT RESERVE, COMMERCIAL AND SPORT FISHING, COASTAL RECREATION, AND THE ECONOMIC AND SOCIAL WELL-BEING OF NEARBY COMMUNITIES. IT WOULD ALSO JEOPARDIZE IMPORTANT SCIENTIFIC RESEARCH AND TEACHING NOW CARRIED ON BY THE UNIVERSITY OF CALIFORNIA AT SANTA BARBARA. MUCH OF THE HARM MAY BE LONG TERM OR IRREPARABLE. IT IS OF STATEWIDE PUBLIC INTEREST THAT THIS TEACHING AND RESEARCH NOT BE IMPEDED, FOR ENVIRONMENTAL, SCIENTIFIC AND ACADEMIC REASONS AND FOR THE ADVANCEMENT OF COMMERCIAL MARICULTURE.

C. UNIQUE HARDBOTTOM HABITAT ENCOMPASSES SUBSTANTIAL PORTIONS OF THE DEVELOPMENT AREA. THIS PARTICULAR HABITAT IS OF SIGNIFICANT ENVIRONMENTAL IMPORTANCE, IN THAT IT IS INHABITED BY A UNIQUE ASSEMBLAGE OF MANY MARINE ORGANISMS NOT GENERALLY FOUND IN THE CHANNEL AREA. THIS HABITAT IS ALSO IMPORTANT AS A FISHERY, BECAUSE COMMERCIAL FISHERMEN FIND MANY MARINE SPECIES OF COMMERCIAL VALUE NOT GENERALLY FOUND ELSEWHERE IN THE CHANNEL. THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO WOULD ENTAIL THE DESTRUCTION OF OR DAMAGE TO HARDBOTTOM, A LOSS WHICH IMPACTS THE ENTIRE STATE. THE UNIVERSITY OF CALIFORNIA AT SANTA BARBARA ALSO CARRIES ON OFFSHORE RESEARCH AND TEACHING ACTIVITIES IN THE HARDBOTTOM AREA. THIS RESEARCH IS ONGOING, OFTEN OVER MONTHS AND YEARS, AND WOULD SUFFER SUBSTANTIALLY FROM EVEN A SHORT TERM DISRUPTION. HARDBOTTOM HABITAT WOULD BE DAMAGED OR DESTROYED THROUGH THE CONSTRUCTION AND OPERATION OF PLATFORM HERON AND PROPOSED PIPELINES, DAMAGING COMMERCIAL FISHING, UNIVERSITY MARINE RESEARCH, AND THE ENVIRONMENT GENERALLY.

4. FINDS THAT, PURSUANT TO THE TERMS OF LEASES 208, 308, 309, 3120, AND 3242 AND TO SECTION 2114 OF TITLE 2, CALIFORNIA ADMINISTRATIVE CODE, ARCO CANNOT DEVELOP ALL OR ANY PART OF THE REAL PROPERTY SUBJECT TO THOSE FIVE LEASES, HEREAFTER CALLED "THE LEASE TRACTS", WITHOUT PRIOR APPROVAL BY THE COMMISSION.

5. FINDS THAT, PURSUANT TO THE TERMS OF ARCO'S LEASES AND APPLICABLE LAWS AND REGULATIONS, INCLUDING DIVISION 6 OF THE PUBLIC RESOURCES CODE, COMMENCING WITH SECTION 6001; THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, DIVISION 13 OF THE PUBLIC RESOURCES CODE, COMMENCING WITH SECTION 21000; THE

STATE CEQA GUIDELINES, CONTAINED IN TITLE 14, CHAPTER 3 OF THE CALIFORNIA ADMINISTRATIVE CODE, COMMENCING WITH SECTION 15000; AND THE REGULATIONS OF THE STATE LANDS COMMISSION, CONTAINED IN TITLE 2, DIVISION 3, CHAPTER 1 OF THE CALIFORNIA ADMINISTRATIVE CODE, THE COMMISSION HAS THE AUTHORITY TO DENY ALL OR PART OF ARCO'S DEVELOPMENT PROPOSAL IF IT DETERMINES THAT ALL OR PART OF THE PROPOSAL WOULD HAVE UNACCEPTABLE SIGNIFICANT ADVERSE SOCIAL, ECONOMIC OR ENVIRONMENTAL IMPACTS.

6. FINDS THAT ALL OF THE LEASE TRACTS ARE TIDE AND SUBMERGED LANDS OWNED AS SOVEREIGN LANDS BY THE STATE OF CALIFORNIA.

7. FINDS THAT, PURSUANT TO PUBLIC RESOURCES CODE SECTION 6301, THE COMMISSION HAS EXCLUSIVE JURISDICTION OVER ALL THE TIDE AND SUBMERGED LANDS SUBJECT TO ARCO'S APPLICATION, WHICH LANDS ARE UNDER THE EXCLUSIVE ADMINISTRATION AND CONTROL OF THE COMMISSION AND ARE SUBJECT TO LEASE OR OTHER DISPOSITION UPON SUCH TERMS AS IT DEEMS PROPER.

8. FINDS THAT ALL OF ARCO'S FIVE LEASES ARE SUBJECT TO THE PUBLIC TRUST, WHICH IS ADMINISTERED BY THE STATE FOR THE BENEFIT OF ALL OF THE PEOPLE OF THE STATE, FOR THE PURPOSES OF NAVIGATION, FISHING, COMMERCE, RECREATION, ENVIRONMENTAL PRESERVATION, AND RELATED USES.

9. FINDS THAT THE COMMISSION HAS THE AUTHORITY AS TRUSTEE OF THE PUBLIC TRUST TO PREVENT, ABATE, SUSPEND OR IMPOSE CONDITIONS UPON DEVELOPMENT OF ALL OR ANY OF THE LEASE TRACTS FOR OIL AND GAS PRODUCTION IF IT FINDS THAT SUCH DEVELOPMENT WOULD RESULT IN SUBSTANTIAL INTERFERENCE INCOMPATIBLE WITH OTHER PUBLIC TRUST USES.

10. FINDS THAT THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO WOULD RESULT IN SUBSTANTIAL INTERFERENCE INCOMPATIBLE WITH OTHER PUBLIC TRUST USES, AS SET FORTH IN PARAGRAPH 3 ABOVE.

11. FINDS THAT IT IS IN THE STATEWIDE PUBLIC INTEREST AND IT IS AN APPROPRIATE USE OF PUBLIC TRUST PROPERTY THAT USE OF THE LEASE TRACTS BE RESTRICTED AT THIS TIME TO THE PUBLIC TRUST PURPOSES OF PRESERVATION OF SAID LANDS IN THEIR NATURAL STATE, SO THAT THEY MAY SERVE AS ECOLOGICAL UNITS FOR SCIENTIFIC STUDY, AS OPEN SPACE, FOR PUBLIC FISHING, BOATING, ACCESS, AND RECREATION AND AS ENVIRONMENTS PROVIDING FOOD AND HABITAT FOR BIRDS AND MARINE LIFE AND FAVORABLY AFFECTING THE SCENERY AND CLIMATE OF THE AREA.

12. BASED ON THE FINDINGS SET FORTH ABOVE, DENIES APPROVAL OF THE DEVELOPMENT OF THE LEASES AT THIS TIME AS PROPOSED BY ARCO IN ITS APPLICATION.

13. INVITES ARCO TO REAPPLY FOR DEVELOPMENT OF THE LEASES IN

ORDER TO PERMIT CONTINUED EXPLORATION AND EVALUATION OF THE FEASIBILITY AND ENVIRONMENTAL EFFECTS OF ALTERNATIVES FOR DEVELOPMENT OF THE LEASE TRACTS, INCLUDING, BUT NOT LIMITED TO, DEVELOPMENT FROM ALTERNATIVE SITES, FOR THE PURPOSE OF DETERMINING WHETHER AN APPROPRIATE MEANS FOR DEVELOPMENT OF THE LEASES IS NOW AVAILABLE WHICH MAY AVOID ALL OR SOME OF THE ADVERSE IMPACTS PRESENTED BY ARCO'S PROPOSED DEVELOPMENT.

14. DIRECTS THE COMMISSION STAFF TO DEVELOP A PLAN FOR A COMPREHENSIVE STUDY OF THE OVERALL EFFECTS OF ALL OIL AND GAS DEVELOPMENT IN ALL FEDERAL AND STATE WATERS OFF THE COAST OF CALIFORNIA; TO INVESTIGATE AND DEVELOP POTENTIAL FUNDING SOURCES FOR THE PROGRAM; TO INQUIRE ABOUT PARTICIPATION BY THE OIL AND GAS INDUSTRY AND BY FEDERAL, STATE, AND LOCAL GOVERNMENTS; AND TO RETURN TO THE COMMISSION AT THE END OF SIX MONTHS TO REPORT ON THE FEASIBILITY AND PROPOSED AGENDA FOR THE PROGRAM.

Attachments: Exhibit "A" and
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amended 2/1/88

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EXHIBIT "A"

OIL SPILL IMPACTS

MARINE BIOLOGY

IMPACT: Damage to large numbers of eggs or larvae of certain species as a result of an oil spill.

MARINE BIOLOGY

IMPACT: Oil spill impact to surf grass (Phyllospadix torrey).

MARINE BIOLOGY

IMPACT: Oil spill impacts on rare/threatened/endangered marine species.

MARINE BIOLOGY

IMPACT: Oil spill impacts on benthic habitats.

MARINE BIOLOGY

IMPACT: Oil spill impacts on fish.

MARINE BIOLOGY

IMPACT: Oil spill impact on Areas of Special Biological Interest.

MARINE BIOLOGY

IMPACT: Oil spill impact on intertidal communities.

MARINE BIOLOGY

IMPACT: Oil spill impact on seabirds.

MARINE BIOLOGY

IMPACT: Oil spill impact on Harbor Seal haulouts.

MARINE WATER QUALITY

IMPACT: Alteration of physical and chemical characteristics of the water column and sediments from a major oil spill.

PHYSICAL OCEANOGRAPHY

IMPACT: In high seas, oil spill containment equipment and operators will be hampered.

COMMERCIAL FISHING

IMPACT: Disruption of mariculture operations due to an oil spill.

COMMERCIAL FISHING

IMPACT: Tainting of marketable fish.

COMMERCIAL FISHING

IMPACT: Marketability of kelp lessened by an oil spill.

COMMERCIAL FISHING

IMPACT: Negative publicity associated with an oil spill.

COMMERCIAL FISHING

IMPACT: Fouling of boats and equipment, trapping of fleet in harbor.

COMMERCIAL FISHING

IMPACT: Degradation of commercial species habitat.

COMMERCIAL FISHING

IMPACT: Impact to industries that rely on the fishing industry, i.e., marinas, gas docks, ship chandlers and fish processors.

COMMERCIAL FISHING

IMPACT: Disruption of commercial fishing related research at UCSB.

TERRESTRIAL BIOLOGY

IMPACT: Loss or disturbance to coastal wetland or stream habitats or species due to offshore oil spill from platforms or pipelines.

RECREATION AND TOURISM

IMPACT: Potential for an upset condition causing an oil spill which contacts the shoreline at one of the recreational areas.

UCSB CONCERNS

IMPACT: Oil spill affecting UCSB Marine Research Program - contamination of the seawater intake system.

UCSB CONCERNS

IMPACT: Oil spill impact on University research and teaching.

UCSB CONCERNS

IMPACT: Oil spill affecting UCSB Marine Research Program - ongoing studies.

UCSB CONCERNS

IMPACT: Oil spill affecting UCSB terrestrial biology research - aquatic resources.

IMPACTS FROM ACCIDENTS

AIR QUALITY

IMPACT: Accidental fire, explosion, or release of toxic materials resulting in the formation of ozone and exceedance or exacerbation of oxidant standards. Emission releases resulting from such an accident could also result in NO_2 and TSP levels which exceed or exacerbate standards.

IMPACTS FROM NORMAL OPERATIONS

MARINE BIOLOGY

IMPACT: Impact to lobster and destruction of subtidal hard bottom habitat.

MARINE BIOLOGY

IMPACT: Damage to hard bottom benthos around Heron complex due to platform construction.

MARINE BIOLOGY

IMPACT: Pipeline construction disturbance of outer shelf rocky habitat due to pipelines emanating from Platform Heron.

MARINE BIOLOGY

IMPACT: Damage to kelp canopy from vessel traffic.

MARINE BIOLOGY

IMPACT: Vessel traffic contributing to disturbance and potential accident to a University research vessel.

MARINE BIOLOGY

IMPACT: Impacts to a marine mammal should a collision with a vessel occur.

MARINE BIOLOGY

IMPACT: Impacts of pipeline construction on 14.1 percent of the subtidal softbottom in the project region.

MARINE BIOLOGY

IMPACT: Disturbance from pipeline construction to University research areas, including the intertidal and experimental kelp bed at Ellwood Pier.

MARINE BIOLOGY

IMPACT: Impact on 5.5 percent of kelp bed 29 and 6.2 percent of kelp bed 28. Direct impacts of 4.7 percent of kelp beds in Coal Oil Point region from pipelines and produced water outfall construction.

MARINE BIOLOGY

IMPACT: Destruction to surf grass in lower intertidal and shallow subtidal from Corral/Las Flores pipeline construction.

MARINE BIOLOGY

IMPACT: Pipeline damage to sand dollar bed.

MARINE BIOLOGY

IMPACT: Impact to fish from loss of habitat (kelp) due to construction activities.

MARINE BIOLOGY

IMPACT: Impact to lobster and destruction of subtidal hard bottom habitat.

MARINE BIOLOGY

IMPACT: Injury to marine mammals by blasting for pipeline construction.

MARINE BIOLOGY

IMPACT: Disturbance of Burmah Beach Harbor Seal haul out by pipeline construction at Ellwood.

MARINE BIOLOGY

IMPACT: Injury to marine birds by blasting for pipeline construction.

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MARINE BIOLOGY

IMPACT: Impact of construction on rare, threatened or endangered species.

COMMERCIAL FISHING

IMPACT: Loss or damage to fish habitat, including kelp beds potentially affecting set gillnetters, trawlers and trappers.

AIR QUALITY

IMPACT: Upset conditions which lead to the formation of ozone and exceedance or exacerbation of oxidant standards. Emission releases could also result in NO_2 and TSP levels which exceed or exacerbate standards.

CULTURAL RESOURCES

IMPACT: Disturbance to cultural sites and areas sacred to Native Americans.

ACOUSTICS

IMPACT: Impact noise of metal clanking against metal during platform construction and operation and heard at locations near shoreline.

VISUAL/AESTHETICS

IMPACT: Long-term degradation of ocean views along the south coast of Santa Barbara County caused by operation of offshore platforms.

RECREATION AND TOURISM

IMPACT: Construction noise impacts may force closure of the Sandpiper Golf Course.

RECREATION AND TOURISM

IMPACT: The visual impact of platforms offshore of ocean oriented recreational facilities will adversely affect the recreational experience.

UCSB CONCERNS

IMPACT: Construction and drilling noise audible onshore.

UCSB CONCERNS

IMPACT: Visual impact of offshore platforms on UCSB campus.

CUMULATIVE IMPACTS

MARINE BIOLOGY

IMPACT: Cumulative or increased potential for impacts on areas of special biological interest resulting from offshore oil development.

MARINE BIOLOGY

IMPACT: Oil spill impacts to the intertidal zone.

MARINE BIOLOGY

IMPACT: Cumulative impacts to the offshore area due to pipelines.

MARINE BIOLOGY

IMPACT: Increased potential for oil spill impacts to marine mammals from cumulative offshore development.

MARINE BIOLOGY

IMPACT: Increased probability of an oil spill to affect rare-threatened and endangered species.

MARINE BIOLOGY

IMPACT: Disturbance to marine mammals from offshore construction and operations.

MARINE BIOLOGY

IMPACT: Interference with University research by degradation of marine life from produced waters, drilling waste and sewage disposal.

MARINE BIOLOGY

IMPACT: Effects on University research from a major oil spill.

MARINE BIOLOGY

IMPACT: Distruction of kelp bed from pier and pipeline construction and vessel traffic.

COMMERCIAL AND SPORT FISHING

IMPACT: Greater likelihood of a significant impact on the local fisheries resulting from an oil spill.

COMMERCIAL AND SPORT FISHING

IMPACT: Vessel traffic infringement on commercial fishing.

COMMERCIAL AND SPORT FISHING

IMPACT: Pipelines and platforms excluding trawlers from fishing areas.

COMMERCIAL AND SPORT FISHING

IMPACT: Commercial divers would be affected if recovery of kelp beds does not occur within a one year period after pipeline construction, produce water outfall construction or boat traffic.

COMMERCIAL AND SPORT FISHING

IMPACT: Cumulative effects of an oil spill on recreational fishing.

COMMERCIAL AND SPORT FISHING

IMPACT: Cumulative effects on kelp harvesting.

COMMERCIAL AND SPORT FISHING

IMPACT: Cumulative effects from oil spills on mariculture.

COMMERCIAL AND SPORT FISHING

IMPACT: Overall exclusion of commercial fishing activity by offshore oil and gas development.

CULTURAL RESOURCES

IMPACT: Potential disturbance to offshore archeological or cultural sites.

TERRESTRIAL BIOLOGY

IMPACT: Loss or change in vegetation, including sensitive plant species, due to air pollution.

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SOCIOECONOMICS

IMPACT: Increased demand on water supplies in a region already experiencing overdraft situations.

VISUAL/AESTHETICS

IMPACT: Cumulative long-term degradation of ocean views along the south coast of Santa Barbara County caused by the presence of offshore platform complexes.

RECREATION AND TOURISM

IMPACT: Cumulative potential for an upset condition causing a major or catastrophic oil spill which contacts the shoreline at one of the recreational areas.

RECREATION AND TOURISM

IMPACT: The visual impact of cumulative development scenario platforms offshore of ocean-oriented recreational facilities will adversely affect recreational experiences.

UCSB CONCERNS

IMPACT: Oil spill affecting UCSB Marine and Terrestrial Research Programs.

1424S

CALENDAR ITEM

A 35 01 05/27/87

S 18 W 23422
W 40370
PRC's 208, 308, 309, 3120 and 3242

CONSIDERATION OF COMMISSION STAFF RECOMMENDATION FOR DENIAL OF ARCO'S PROPOSED APPLICATION FOR THE COAL OIL POINT PROJECT, SANTA BARBARA COUNTY.

APPLICANT: ARCO Oil and Gas Company
P. O. Box 147
Bakersfield, CA 93302
Attention: Paul B. Norgaard

AREA, TYPE LAND AND LOCATION:
Five offshore lease tracts comprised entirely of tide and submerged lans, located off the southern coastline of Santa Barbara County, near Goleta and Coal Oil Points.

AB 884: June 8, 1987

ARCO Oil and Gas Company (ARCO) has submitted a preliminary development plan for the resumption of development drilling on the lease tracts covered by five State oil and gas leases: PRC's 208, 308, 309, 3120, and 3242. These five tracts lie off the California coast at Goleta and Coal Oil Points in Santa Barbara County. Some are adjacent to the University of California at Santa Barbara (University) and the community of Isla Vista. In addition to ARCO, Mobil Oil Corporation (Mobil) has interests in 3120 and 3242, although ARCO acts as the operator. ARCO seeks the Commission's approval of the placement of additional platforms, pipelines, and other facilities on the lease tracts and nearby lands in order to develop the oil and gas fields covered by its leases.

Commission Staff is recommending that ARCO's proposed project be denied at this time.

Amended 2/1/88

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I. APPLICANT'S PROPOSED PROJECT

A. DESCRIPTION OF PROPOSAL

ARCO's proposed project would consist of three platform complexes offshore, oil and gas pipelines to shore, and onshore storage and processing facilities.

Three double-platform complexes, Heron A & B, Haven A & B, and an additional double platform at the current location of Platform Holly, are proposed. A double-platform complex consists of two platforms located side-by-side, connected by a bridge. Each double-platform complex would have a drilling platform and a production platform. The drilling platform component is designated "A" and the production platform component is designated "B". Holly A and B would also be connected to the existing Platform Holly by a bridge.[1]

Each of these platforms would be about 180 feet by 120 feet with two decks, the lower at 50 feet above the water and the upper 25 feet higher. The highest point, the top of the drilling derrick mast, would be about 250 feet above the water level.

A maximum of 234 new wells would be available from the new platforms. Heron A & B, located on lease 309 would have up to 84 wells which would develop leases 308 and 309. Holly A & B would be located on lease 3242 and would provide facilities for up to 80 wells for the development of that lease. Haven A & B, to be located on lease 3120, would have up to 70 wells and would be used to develop leases 208 and 3120.

To accommodate the need for increased processing capacity, the existing Ellwood facility at Bell Canyon would be modified by removing gas treatment equipment and adding equipment to increase oil dehydration capacity to 80,000 barrels per day. Two dehydration

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[1] ARCO in its application designated the new Holly platform complex as Holly A-B. The "A" designated the drilling platform and the "B" designated the production platform. The EIR/EIS used this designation scheme throughout. Throughout this staff report, Holly A shall refer to the existing platform and Holly B shall refer to the new proposed facility, whether it be a complex or a single platform.

options are proposed. Either wet oil from all leases would be metered offshore then commingled together for dehydration, or oil from each lease would be kept segregated until after it is dehydrated.

If the wet oil is commingled before dehydration, ARCO proposes two new oil pipelines, one from each of Platforms Haven and Heron to a landfall at Ellwood. The pipeline now running between the existing Platform Holly and Ellwood would be used for all oil produced through the Holly complex. If wet oil from each lease is kept segregated, the existing line from Holly could be used for oil from lease 3120. Four new pipelines would then be needed, one for each of the remaining leases.

According to the applicant's proposal, a gas treatment facility capable of handling 60 million cubic feet per day of sour gas and 90 million cubic feet per day of sweet gas would be constructed in Las Flores Canyon just north of the existing POPCO gas facility and the Exxon gas treatment facility expansion. An associated natural gas liquids and liquified petroleum gas (NGL/LPG) facility and truck loading area would also be built in Las Flores Canyon.

Two offshore gas pipelines, one for sweet gas and one for sour gas, would be laid from the platforms to landfall at the mouth of Corral/Las Flores Canyon. Onshore pipelines would then continue to the treatment facilities.

Onshore treated oil pipelines would be constructed from the Ellwood facility to an industry-wide pipeline at Las Flores Canyon or Gaviota for shipment out of the County. The proposed pipeline route is south of Highway 101 and the Southern Pacific Railway line from Ellwood to Dos Pueblos, continuing on the south side of U.S. 101 to a point near Naples where the pipeline route crosses the highway and continues along the highway on the north side to Las Flores Canyon.

Two oil storage tanks would be constructed at Dos Pueblos South. These tanks would hold 120,000 barrels each, and would be about 42 feet high with a diameter of 150 feet.

B. APPLICANT'S PROPOSED ALTERNATIVES

ARCO has provided designs for four major alternatives to components of their original proposed project. Common to all of the component alternatives proposed is the applicant's intention to modify the Ellwood electrical substation to support the offshore platforms. Existing Holly production would continue to be dehydrated at Ellwood, although the facility would be modified to segregate lease 3120 production from lease 3242 production. The four alternatives are as follows:

1. Oil Dehydration at Las Flores Canyon.

This alternative involves the construction of a dehydration facility with a capacity for 80,000 barrels of oil per day. It would occupy the same graded pad as Exxon's proposed 140,000 barrels-of-oil-per-day Santa Ynez facility. All production from ARCO's Coal Oil Point platforms in State waters would be commingled in Las Flores Canyon. ARCO and Exxon would share some facilities, including access roads and a pipeline corridor.

2. Gas Processing at Venadito Canyon

This alternative involves the construction of the gas treatment facility in Venadito Canyon rather than Las Flores Canyon. Ancillary facilities would include an electric substation and a facility for the storage and loading of natural gas liquids/liquid petroleum gas (NGL/LPG). The facilities would be identical to that proposed for Las Flores Canyon. With the exception that the onshore gas pipeline corridor would enter Venadito Canyon rather than Las Flores Canyon, all components would be the same as for the applicant's proposed project. This option was analyzed at the request of the applicant because ARCO had an option to purchase land in Venadito Canyon. ARCO has not renewed that option, however, and has withdrawn its application for the proposed Venadito Canyon alternative.

3. Offshore Oil Dehydration

This alternative would include the dehydration of crude oil to sales-pipeline-quality on the production platform of each of the three proposed platform complexes. The production from each lease would be segregated until dehydration is completed and the dry oil measured. The oil would then be commingled and shipped in commingled pipelines to shore. Each of the production platforms would be increased in size to about 205 x 130 feet and would consist of three decks instead of two.

Some equipment would be added to the existing Ellwood facility to segregate the dehydration of oil from existing Platform Holly. The offshore pipeline configuration would be the same as the applicant's commingled pipeline configuration to the Ellwood facility.

4. Single-Platform Alternative

Larger individual platforms standing alone would replace the two-platform complexes under this alternative. These platforms would have three decks measuring about 180 x 180 feet. The lower two decks would be at the same height as in the applicant's proposed project, but the third deck would be about 25 feet above the second deck. The top of the drilling mast would be about 45 feet above that proposed in ARCO's original plan. All other components are the same as in the applicant's original proposal.

C. OTHER ALTERNATIVES CONSIDERED

In addition to the alternatives proposed by the applicant, the Environmental Impact Report/ Environmental Impact Statement (EIR/EIS) examined other alternatives to the proposed project. Since the applicant's proposal includes various components, which could be put together in various ways, each component was analyzed separately. These alternatives include the following:

1. No project;

2. Phasing or delay of parts of the project;

3. Development from subsea completions;

4. Development from onshore;

5. Development from federal waters;

6. Reduction in number of platforms;

7. Moving platform locations;

8. Re-routing of pipeline corridors;

9. Partial offshore dehydration of all oil production by reducing the water-cut to 10-20 percent prior to transport to shore for final dehydration;

10. Full offshore dehydration on one or two platforms for all oil production;

11. Partial offshore dehydration on one or two platforms for all oil production;

12. Dehydration of segregated production from leases 3120 and 3242 in a separate facility from commingled production from leases 208, 308 and 309 as follows:

a. Dehydrating all leases 3120 and 3242 segregated oil and gas production at existing Ellwood and dehydrating all oil and gas produced from leases 208, 308 and 309 at Las Flores Canyon;

b. Dehydrating all leases 3120 and 3242 oil production in segregated facilities offshore and all oil from leases 208, 308 and 309, along with gas from all five leases, in a commingled facility onshore at either Ellwood or Las Flores Canyon;

c. Dehydrating all leases 3120 and 3242 segregated oil at Ellwood and all commingled oil from leases 208, 308 and 309, along with all gas from all five leases, at another facility in Las Flores Canyon or offshore;

d. Dehydrating all leases 3120 and 3242 oil in segregated facilities in Las Flores Canyon

and dehydrating all oil from leases 7/08, 308 and 309 and all gas from all five leases in commingled facilities in Las Flores Canyon;

13. Re-injection of sour gas.

II. HISTORY AND STATUS OF LEASES AND PROPOSED PROJECT

A. HISTORY OF THE FIVE LEASES

The five leases which ARCO proposes to develop were issued in the 1940's and 1960's. Some exploration and production has taken place on all of the lease tracts.

Lease 3120 was issued on April 29, 1964 and contains approximately 3,324 acres west of Coal Oil Point. Lease 3242 was issued on April 8, 1965 and contains 4,290 acres located west of 3120. Both leases 3120 and 3242 were issued to Richfield Oil Company, now ARCO, and Socony-Mobil Oil Company, now Mobil Oil Corporation. Each company holds a 50 percent interest in each of the leases. ARCO, however, is the operator.

Leases 308 and 309, each of which contains approximately 1920 acres, were awarded in 1947 to a number of companies, including a predecessor of Phillips Petroleum. Through a series of assignments, Richfield Oil Company (now ARCO) gained a 75 percent interest in the leases and became the operator of the leases in 1959. Three subsea wells were drilled and completed in the Sespe-Vaqueros formation in 1961. Onshore storage and treatment facilities were constructed near Coal Oil Point to support these wells. Cumulative production from these wells was about 1.3 million barrels None of the wells is currently producing. In 1985, ARCO purchased Phillips' 25 percent interest in the two leases and now holds 100 percent interests in both leases.

Lease 208, which contains approximately 1920 acres, was awarded to a predecessor of Phillips in 1946. ARCO purchased 100 percent of Phillips' interest in the lease in 1985. The lease is currently producing from onshore facilities which have produced a total of 9.3 million barrels of oil.

Prior to 1969, development of the five leases was

principally from the Rincon, Vaqueros and Sespe formations. The Monterey formation had not been believed capable of producing significant amounts of oil and gas, but subsequent information revealed substantial commercial potential.

In mid-1969 Exxon announced its Monterey discovery on federal tract P0188, the present site of Platform Hondo. As of December 1986, Platforms Holly and Hondo were the only offshore installations producing from the Monterey formation.

In February 1969, in response to an oil spill caused by a blowout in federal waters, the Commission imposed a drilling moratorium on all offshore State oil and gas leases. In December of 1973, the moratorium was lifted subject to a lease-by-lease review and approval by the Commission. At that time, the Commission also required that State lessees comply with more restrictive drilling and production safety procedures and required that they provide a fund to cover potential damages from an oil spill caused by their operations.

ARCO subsequently applied to drill 17 additional development wells from platform Holly on lease 3242. This proposal was analyzed in an Environmental Impact Report prepared by Dames and Moore for the State Lands Commission in 1974. Resumption of development drilling on leases 3120 and 3242 was authorized on May 27, 1975. Development drilling operations resumed in 1976 and continued through 1981.

Exploration efforts were resumed in 1979 when ARCO applied to the Commission for resumption of exploratory drilling on leases 308 and 309. The exploration plan submitted with the application was analyzed in an EIR prepared for the Commission by Atlantis Scientific in 1980. Resumption of exploratory drilling on leases 308 and 309 was authorized on October 8, 1980.

In 1981, ARCO and Aminoil U.S.A., Phillips Petroleum Company's predecessor in interest, applied to the Commission for resumption of exploratory drilling on leases 208, 3120 and 3242. The exploration plan submitted with the application was analyzed in an EIR prepared by ERG-Jacobs for the Commission in 1982. Exploratory drilling from a mobile drilling vessel was authorized on leases 208, 3120 and 3242 on February 5, 1982.

The first major new exploratory test of the Monterey Formation in the Coal Oil Point Field occurred in June, 1982. The exploratory well, the 309 #8, tested at approximately 4,000 barrels of oil per day. The Embarcadero field, lying west of the South Ellwood field, was discovered in March 1985 when well 208 #102, was drilled and tested.

Based on the results of these exploratory wells, extensive seismic data and data collected from productive wells on leases 3120 and 3242, ARCO estimates that up to 300 million barrels of recoverable oil and up to 500 billion standard cubic feet of gas may be located in the Coal Oil Point, South Ellwood and Embarcadero Offshore fields, which underlie the five leases covered by this application.

ARCO and its partners, Mobil and Aminoil (now Phillips), first filed a preliminary development plan for the Coal Oil Point Project in 1984. The original application proposed to develop leases 308, 309 and 3242 from two double-platform complexes. Oil dehydration was proposed to be at Ellwood, Eagle Canyon, or Las Flores Canyon, with gas processing at Eagle or Las Flores Canyon. Various revisions were made to the application during the next few months and an Administrative Draft EIR (pre-public draft) was completed in March 1985. ARCO withdrew its application in April 1985, coincident with the discovery of additional resources within leases 208 and 3120.

ARCO resubmitted its application in September, 1985. Prior to the resubmittal of their application, ARCO had purchased the full interests of Phillips in leases 208, 308 and 309.

B. ENVIRONMENTAL REVIEW

After the first application submitted by ARCO was deemed complete, the Commission entered into a joint review panel agreement with Santa Barbara County for the purposes of ensuring that the Commission and County, as the primary permitting agencies for the project, prepared an environmental document that met each agency's permitting needs and all legal requirements.

The preparation of the original 1985 EIR was done jointly by the County of Santa Barbara and the State

Lands Commission. Both parties were responsible for selecting the consultant and overseeing the consultant's work. The Joint Review Panel was assisted by a task force of State and Federal agencies which advised the Panel regarding the analysis and treatment of environmental issues in the EIR. Agencies represented on this task force included the University of California at Santa Barbara, the California Department of Fish and Game, the Coastal Commission, National Marine Fisheries, U.S. Fish and Wildlife Service, California Department of Transportation, Regional Water Quality Control Board, Division of Oil and Gas, Coast Guard, California Highway Patrol, and others.

After ARCO withdrew its initial application from the Commission and the County of Santa Barbara, the United States Army Corps of Engineers determined that an Environmental Impact Statement (EIS) must be prepared under the National Environmental Policy Act (NEPA) for the permits it would issue. The Joint Review Agreement was amended to include the U. S. Army Corp of Engineers as a member of the Joint Review Panel and to make the document an EIR/EIS when ARCO resubmitted its application to the Commission and the County.

To ensure that the public had sufficient opportunity to comment on the environmental document, the Joint Review Panel held two public hearings in Santa Barbara and two in Ventura to receive public comments on the draft EIR/EIS. These hearings were held at the University of California at Santa Barbara, in the Santa Barbara County Board of Supervisors chambers and at the Ventura County Government Center.

The final EIR/EIS was made available to the public on January 13, 1997. Over 3075 comments were received, and the responses to these comments cover about 3,000 pages. Copies of the finalizing addendum were sent to all the individuals and government agencies that commented on the draft EIR and to anyone who requested a copy. Other copies of the final EIR/EIS were made available to the public at the offices of Santa Barbara County and other local governments, at the library of the University of California at Santa Barbara, and at numerous other libraries and locations throughout the area.

The Commissioners received public testimony on the proposed project during three public hearings held in

Santa Barbara on January 13, January 28, and March 10, 1987 following release of the environmental document. All of these hearings were well attended by members of the public, and, at each hearing, the Commission was presented with considerable public testimony on the project proposal.

On March 10, 1987, the Commission certified the environmental impact report prepared for the Coal Oil Point project. Pursuant to state law, the Commission has until June 8, 1987 to act on ARCO's application.

C. LEGAL STATUS OF THE LEASES

The oil and gas leases give ARCO the right to explore for, drill for and produce oil, gas and other hydrocarbons contained within the lease tracts. Because the lease tracts are comprised entirely of tide and submerged lands, however, the tracts are subject to the public trust interests held by the State. The State cannot alienate the trust interest except under certain circumstances which are not applicable in this case. ARCO therefore took its oil and gas leases subject to the paramount public trust interests burdening the land.

The public trust is the interest held by the State for the benefit of all its people. It is an interest which burdens all of the State's sovereign lands, including all tide and submerged lands. Under the public trust doctrine, trust lands must be used for trust purposes. Such purposes have traditionally been held to include navigation, fisheries, and commerce. More recently, the courts have included water related recreation and environmental preservation. In the case of Marks v. Whitney (1971) 6 Cal.3d 251, the court held that, "...one of the most important public uses of the tidelands -- a use encompassed within the [public] trust -- is the preservation of those lands in their natural state, so that they may serve as ecological units for scientific study, as open space, and as environments which provide food and habitat for birds and marine life, and which favorably affect the scenery and climate of the area." [Id. at 259-260]

California courts have held that offshore oil exploration and development are also proper uses of the public trust, contributing as they do to commerce. However, the courts have also held that such

exploration and development may be abated if they are found to interfere substantially with other public trust uses.

The Commission has been delegated authority to administer state lands as trustee of the public trust. As such, it must decide which of the various potential public trust uses should be given preference for particular trust lands. Because ARCO's leases are subject to the trust, its rights to develop its leases are subject to the Commission's continuing duty to supervise these uses and its right to modify or prohibit them when they threaten substantial interference with other public trust purposes.

III. STAFF ANALYSIS OF PROJECT

Because of the substantial adverse impacts ARCO's proposal would have, the Commission Staff is recommending denial of the project at this time. Its reasons for doing so rest entirely on consideration of the offshore components of the project. For that reason, the discussion presented here is confined to the proposed platforms and offshore pipelines. Since Staff is recommending denial of the project, it is premature and inappropriate to address the onshore components of the proposal, which for the most part are not within the Commission's jurisdiction.

While the proposed platforms present numerous problems, the primary issues involve economic and social impacts from aesthetic degradation of the area, oil spill contamination, protection of marine habitat for environmental, scientific and commercial purposes, and interference with marine research and commercial fishing. While the platform proposed for leases 308 and 309, Platform Heron, would present adverse effects of greater significance than the other two platforms, many of the issues the Commission must consider are common to all three platforms or platform complexes.

A. Social and Economic Impacts from Visual Degradation of the Goleta-Coal Oil Point Area.

Of all the public commentary received during the project review process, perhaps no subject was of more pervasive concern than the degradation of the area caused by the project's visual impacts.

The concerns about aesthetic degradation are not simply a matter of arbitrary taste. The appearance of an area affects choices people make with regard to where they live, work, study and visit. The public is concerned about the affects on property values, businesses, tourism, and recreational activities and facilities. The University is concerned about its ability to recruit both students and faculty. It is reasonable to conclude that the introduction of a large industrial complex in the middle of a now largely natural seascape would affect the quality of life in nearby communities.

There are aesthetic issues regarding all three platform proposals. However, on the subject of visual impacts, Heron is of particular concern, because it is so much more intrusive and would have far greater impacts on the region's most densely populated area.

1. Platform Heron; Particular Issues

Platform Heron would have a highly intrusive effect on the seascape as seen from nearby shores. It would be only two miles directly offshore from the community of Isla Vista and the University. It is highly visible not only from public beaches and streets, but also from a great many private homes and businesses. Essentially all southern ocean views from Isla Vista and the University would include Platform Heron. As noted in the EIR/EIS, the platform is of such a scale that the mind cannot readily block it out from view.

Concerns about the visual impacts of Platform Heron were expressed from all quarters of the community. At public hearings on the project held in Santa Barbara County, the opposition concerning aesthetics was directed primarily and most strongly against Heron. Isla Vista residents were concerned about the loss of their now largely unimpeded ocean vistas. The views are one of the most important amenities making their community attractive to them. They were particularly concerned about the negative effect on property values, in that they believe the intrusion of a major industrial complex in the midst of the ocean scenery would inevitably make their community much less attractive. The University is worried about recruitment of both students and faculty. Among the most frequently cited reasons given by

students and faculty for choosing the Santa Barbara campus over other educational facilities was the scenic qualities of the area. The County of Santa Barbara and surrounding communities expressed concerns over the impact the platform would have on tourism and the attractiveness of beaches and other recreational facilities. It was asserted that Platform Heron would contribute so much to the visual degradation of the Goleta-Coal Oil Point area that the communities would likely suffer significant adverse economic and social effects.

While specific alternative locations were not addressed in the EIR/EIS, proposals to move the platform were made by both the University and ARCO. Such a movement could render the platform somewhat less visually intrusive as seen from the University, Goleta Beach County Park, and the eastern end of Isla Vista. Without additional environmental and engineering study, however, the full merits and effects of such a relocation cannot be determined. A more comprehensive study of all the possible alternative sites would be necessary if any relocation is to be considered.

Given present information, there appears to be little that can be done to mitigate the intrusive effect of Platform Heron other than eliminating the platform from further consideration at this time. Its size and proximity to populated areas are such that its intrusiveness cannot be avoided. The County and the University have taken the position that Heron is not acceptable as an element of the project. Comments submitted by the public state that the platform would have a substantial negative impact on the social and economic well-being of both the community and the University.

The State as a whole has an interest in preserving the viability of local communities and public facilities. While the State has an interest in developing leases 308 and 309 to help meet financial and energy needs, it also has an significant interest in preserving the scenic beauty of the coast, particularly where its preservation contributes significantly to the community's financial and social health and well-being.

Any aesthetic degradation of the Goleta-Coal Oil Point area is not simply a matter of local concern. The recreational facilities and other amenities in the Isla Vista community permit many visitors from all parts of the State to visit and enjoy the beaches and ocean views. The University setting is enjoyed by students and faculty from throughout California and the nation. The visual degradation of the area is of statewide concern. The scenic qualities of the Santa Barbara Channel are a resource belonging to all the State's people.

2. Platform Holly B; Particular Issues

The proposed platform, Holly B, would be quite visible from Isla Vista, the West Campus of the University, and recreational facilities and beaches in the area of Coal Oil Point. It would be considerably larger than the present facility and would consequently present a much larger silhouette than is now seen from shore, particularly as seen from the site of the Hyatt resort facility to be built at El Capod. Even though it is farther from the most densely populated parts of the area, Isla Vista and the University, its impact is substantial.

3. Platform Haven; Particular Issues

The western-most of the proposed platforms, Haven, would present nearly as much of a visual intrusion as Heron. The primary difference is that it is visible primarily from areas west of Coal Oil Point, an area less densely populated than Isla Vista. Consequently, the aesthetic impacts it presents would not be expected to have the same economic and social effects as Platform Heron.

Haven would nevertheless be highly visible from the highways, beaches, recreation facilities, businesses, residences, and various other public and private locations. While the visual degradation which would result from Haven would not have as much of a socio-economic effect as that from Heron, the aesthetic impact from Haven is still substantial.

4. Night Lighting and Flaring

One of the concerns addressed by residents of Isla Vista and the University involves the effect that night lighting from the platforms would have on the area. Given the extensive lighting normally found on offshore platforms, the lighting would be expected to have some adverse effect on residents onshore.

The most significant lighting problem would result from emergency gas flaring. The size and nature of the resulting flame, particularly at night, would make shielding ineffective. Because of the proximity of the platforms to the University and Isla Vista, the intrusive effect of the flaring at night may be considerable.

B. Oil Spills.

Among the greatest environmental impacts from the project would be those resulting from a large oil spill. These impacts would range from contamination of ocean water, beaches and sediment to injury to benthic habitat, adult marine organisms, eggs and larvae, sea birds, harbor seals and other marine mammals. Several of the bird and marine mammal species are classified by state and federal law as rare, threatened or endangered. Important research carried on by the University of California at Santa Barbara, both offshore and in onshore laboratories, may suffer irreparable injury. The local tourist industry would be impacted. The potential impacts of major spills are treated as a Class I impact in the EIR/EIS. Such impacts are those which are significant and cannot be mitigated to insignificance. While the impact classification is determined by the potential effects of a spill, without reference to likelihood, the issues involved are nevertheless of great public concern and require consideration by the Commission.

The EIR/EIS identified Class I impacts to commercial and sports fishing associated with oil spills from platforms or pipelines. Significant economic impact would occur to area fishermen from fouling of equipment and preventing the fishing fleet from leaving port for a protracted period of time. The local fishing industry may also suffer a marketing crisis long after clean up of the spill if the public perceives that the

fish and shell fish are oil tainted. Several mariculture operations would be significantly affected by an oil spill.

1. Platform Heron; Particular Issues

The issue of particular interest to the University with respect to the proposed Heron site is the potential contamination of the seawater intake used for its onshore marine research laboratories. Some mitigation measures would be helpful, but, given the data now available, elimination of Heron would provide the fullest protection for both onshore and offshore research.

The University's research laboratories are among the most important of their kind in the nation. They require 720,000 gallons of fresh seawater every day, brought in through the intake located just east of Goleta Point.

The University's primary fear is the possibility that oil from a spill could enter into the laboratory tanks, destroying current research. Also of concern is that, if the intake is inoperative for more than two days during cleanup operations after a spill, the marine species under study would die for lack of fresh seawater.

According to testimony given by representatives from the University, because much of the research carried on in the marine laboratories is of an ongoing nature, even a short term disruption could have a long term impact. Reconstruction of current experiments after destruction would require months or years, if it could be done at all. Given the time which would be necessary for rebuilding, the University feels that a major spill contaminating the intake could effectively destroy its entire marine sciences program. Not only could all current experiments be lost, but many members of the faculty could be forced to go elsewhere to complete their own research, and recruitment of new faculty could be severely impeded.

Even with modification of the intake filtration system and increased storage capacity, this impact would still remain significant. A relocation of

the platform may provide sufficient additional time after a spill to provide more protection. However, without more environmental data, the merits and effects of any relocation with respect to the University's intake cannot be determined. The best available protection would be to deny Heron at this time.

2. Platform Holly B; Particular Issues

The proposed platform, Holly B, would pose additional risk of oil spill contamination not already present from the existing platform, Holly A. Any oil spill from Holly B would also threaten offshore research carried on by the University both to the east in the Coal Oil Point hardbottom area and to the northwest in the Naples Reef area.

3. Platform Haven; Particular Issues

A major spill from the proposed Platform Haven would threaten the area known as Naples Reef. This area lies near the shore, north and northwest of the proposed platform site. The reef is considered important because it is comprised of rocky habitat uncommon in the Santa Barbara Channel area, is only 75 feet below the surface, and supports rich and diverse marine life. It is used by commercial and sports fishermen and recreational divers. It is used by the University for research and teaching and is listed as significant land in the survey completed by the Commission Staff in 1975 pursuant to Public Resources Code sections 6370, et seq.

While the reef is already subject to risks of oil contamination, the proximity of Haven would pose special risks not otherwise present. Any substantial spill from Haven would reach the reef, causing extensive damage before currently available containment technologies and equipment could prevent it.

Also of concern is that Platform Haven would impose a more immediate threat of contamination to the coastline further west because of its proximity to shore.

C. Loss of Benthic Habitat.

Another major issue is the effect the project as proposed would have on area benthos; that is ocean floor inhabitants, such as lobsters, halibut, prawns, and crabs. Concerns on this matter were expressed by the University, the Department of Fish and Game, the California Coastal Commission, the U.S. Army Corps of Engineers, the County of Santa Barbara, the local fishing industry, and many members of the public. The areas considered particularly sensitive are hardbottom and rocky habitat.

1. Platform Heron; Particular Issues

The proposed location for Platform Heron is within a large hardbottom area. This type of habitat is uncommon to the Santa Barbara Channel and supports a unique assemblage of many marine organisms with high species diversity and density. Many of the species are not widely found in the area, and some are of high commercial value.

Heron poses a threat to the hardbottom simply by its presence. According to the analysis contained in the EIR/EIS, its proposed location is directly on hardbottom or on rocky or cobbled bottom with essentially the same characteristics as solid hardbottom. Placement of a platform there would result in the loss of habitat of considerable environmental significance. Even greater damage would result from construction of pipelines leading from the platform. The EIR/EIS calculates that the total hardbottom habitat damaged by both platform and pipeline construction would be approximately 200 acres of habitat.

The State has an interest in saving such habitat for purely environmental reasons. It also serves a scientific purpose as a site used for research by the University. Because hardbottom habitat is uncommon in the Channel and because this area is very close to the University, it is subject to more study than most other nearby locations. The University therefore carries on research, not only at Naples Reef, but also in the area proposed for the installation of Heron. Marine research operations may not be easily relocated, given the lack of alternative study areas and the ongoing

nature of much of the research.

The commercial value of some of the species occupying the hardbottom presents an additional reason for its preservation. The potential loss of habitat would have an impact on the numbers of such species available to fishermen. Particularly important are lobster, rock fishes, ling cod and several species of crab.

One proposed alternative would involve relocating the platform site to a softbottom area. The feasibility and effects of any such relocation have not been fully analyzed, nor were they addressed in the EIR/EIS. Any proposal to relocate the platform site would require a supplemental environmental impact report and additional engineering and design.

2. Platform Holly B; Particular Issues

The proposed location for Platform Holly B would affect additional softbottom habitat similar to that underlying existing Holly A.

3. Platform Haven; Particular Issues

The proposed location for Platform Haven would adversely affect approximately 45 acres of softbottom habitat. This location is currently undisturbed.

4. Pipelines to Shore; Particular Issues

The proposed pipelines to shore would also harm benthic habitat. As presently proposed, the oil pipelines from the platforms to shore at Ellwood would result in damage to nearshore rocky habitat. While running the oil pipelines only across softbottom would protect the rocky habitat, moving the lines to the nearest softbottom area would severely impact a significant sand dollar bed. Avoiding both these two problems would require a much longer offshore line, thereby increasing the risk of offshore leaks and resulting spills.

The gas pipelines proposed from the platform to

Las Flores Canyon would cause significant damage to softbottom habitat along the entire length of the pipeline. Because of the distance between the platforms and the proposed processing site, this is an unusually long offshore gas line. It has been suggested that the line be run directly to shore at Ellwood and then onshore to Las Flores Canyon. However, the onshore relocation increases the risk to the public of accidental releases of lethal hydrogen sulfide gases. It would also increase the damage to the nearshore rocky bottom habitat near Ellwood.

D. Noise

Considerable public concern has been expressed about the effects of noise from the platforms. Metal-against-metal clanging would be distinctly audible from shore. These are classified in the EIR/EIS as Class I impacts; that is, those which are not reduced to insignificance after mitigation. While these noises would be intermittent, they would continue throughout the life of the project.

Considerable noise would be generated during the construction and drilling stages of the project. Piledriving for anchoring the platforms would cause substantial noise. Drilling operations would also cause more noise than that generated during the production phase of operations. While some scheduling and other mitigations may alleviate some of the problems, significant noise is unavoidable as the project is currently proposed.

E. Commercial Fishing and Mariculture

The EIR/EIS identifies numerous impacts the project would have on commercial fishing and mariculture. While many impacts may be mitigated, some interference with fishing would be unavoidable. It is possible that a construction or crew boat may stray from assigned traffic lanes. Any pipeline protrusions would occasionally snag nets, even if accurate charts showing pipe locations are given to fishermen. Temporary anchor scars in softbottom may also snag nets for a time. The safety zones required around each platform would render significant areas unavailable for fishing.

Crab and lobster fishermen would be particularly affected by Platform Heron because of the resulting loss of hardbottom inhabited by these species. The Coal Oil Point hardbottom is important to fishermen because of its large size. Commercial species are found there in large numbers. As discussed above with respect to impacts to benthic habitat, the location of Platform Heron on this hardbottom would destroy some of this habitat and thereby adversely impact area fishing. Construction of Haven, Holly B and the pipelines to shore would have an impact on bottom dwelling fish found in soft bottom areas, such as halibut and sole.

IV. CONCLUSION

At this time, approval of ARCO's development proposal does not appear appropriate. Environmental, economic and social values should not be jeopardized by development of the resource at this time. While a satisfactory method for development of the five leases may be available, none has yet been demonstrated.

The proposal for Platform Heron offers the greatest impacts, particularly with respect to threatened destruction of the University's marine research program and damage to hardbottom benthic habitat. The impact which would directly affect the greatest number of people would be the burden on the economic and social well-being of both Isla Vista and the University resulting from the aesthetic degradation of the area.

While the impacts which would attend Platform Heron are greater than those of the other two proposed platforms, all these platforms present significant adverse effects on the area. ARCO's application does not contemplate such a major alteration of the project as elimination of one or more of the three platforms.

While the State has a financial interest in the development of the leases, both because of the expected royalties and need for petroleum resources, there is also a statewide interest in protecting the interests of individual communities. As a coastal area with amenities available for the use of many of the State's residents, the Goleta/Coal Oil Point area is an asset belonging to all Californians.

Preservation of the leases in their present condition at this time is an appropriate use of public trust property.

The courts have recognized the benefits of such use in promoting environmental, scientific, and aesthetic purposes. It has also been clearly established that preservation of fisheries is a proper use of public trust lands. If the Commission finds the development of the leases as now proposed would constitute an unwarranted interference with other trust uses, it may impose appropriate restraints, including denial.

The EIR/EIS, already certified by the Commission, reveals that Platform Heron as proposed would present substantial threats to the University and its marine research programs, the social and economic well-being of the community of Isla Vista, and many other important local and statewide concerns. It also would cause a substantial loss of hardbottom habitat, resulting in further impacts on University marine research, interference with commercial fishing, and general environmental degradation. The environmental review therefore indicates that the current proposal for development of the leases should be denied.

Further study may reveal a more appropriate means for exploiting the resources underlying the leases. It may be possible that relocation of one or more platforms would be sufficient in alleviating relevant concerns to permit the development to proceed. The EIR/EIS did address the environmental effects of relocating the Heron site, but it did not specifically analyze any particular alternative sites.

The Commission may therefore invite ARCO to reapply for the project. This reapplication would permit the Commission Staff to consider other alternatives proposed for development of the resource. Any such reapplication should include, at a minimum the following:

A. The use of single platforms only, and not double-platform complexes;

B. A plan for disposal of all drilling muds and cuttings from the project only at an EPA-approved disposal site not in state waters;

C. A comprehensive noise abatement plan;

D. A plan for disposal of all produced water from oil and gas processing at Las Flores Canyon in a manner which does not involve ocean discharges; and,

E. A plan for minimizing impacts to benthic habitat,

including, but not limited to, proposals for pipeline construction techniques which produce less anchor scarring, specific alternative platform sites, and reductions in the numbers of pipelines.

A comprehensive study of the overall effects of all proposed oil and gas development in both federal and state waters off the California coast has also been proposed. This study could include evaluation of development, exploration, production and oil spill containment technology; coordination in scheduling federal and state developments; resolution of oil transportation issues; and development of appropriate onshore processing and support facilities. The study's purpose would be to identify approaches for minimizing adverse environmental, economic and social impacts of further offshore development. If such a study were available it could provide additional valuable data to assist in the evaluation of the appropriate development of the leases.

In order to initiate such a comprehensive study, the Commission should direct its Staff to develop and establish a specific research plan, investigate and develop possible sources of funding, and contact potential participants within industry and federal, state, and local governments. Such preliminary work is anticipated to take approximately six months. At the end of that period, the Staff would return to the Commission with a report on how the comprehensive study would proceed and be funded.

The resource would not be lost by delaying development of the leases. The resource would remain in place while other options are considered. The Commission may at some time find that the State's energy and financial needs are sufficient to override the adverse impacts on this area.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT, ON MARCH 10, 1987, THE COMMISSION CERTIFIED THE ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS) REVIEWING THE ENVIRONMENTAL IMPACTS OF ARCO'S PROPOSAL AND VARIOUS ALTERNATIVES FOR DEVELOPMENT OF THE LEASE TRACTS.

2. FIND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED IN THE EIR/EIS PRIOR TO ITS CONSIDERATION OF ARCO'S DEVELOPMENT PROPOSAL AND HEREBY

INCORPORATES BY REFERENCE THE IDENTIFICATION OF ADVERSE ENVIRONMENTAL EFFECTS WHICH CANNOT BE AVOIDED OR REDUCED TO INSIGNIFICANCE AS CONTAINED IN THE FINAL EIR/EIS.

3. FIND THAT ARCO'S PROPOSED DEVELOPMENT OF THE LEASES WOULD HAVE SIGNIFICANT ADVERSE IMPACTS ON THE ENVIRONMENT FOR THE FOLLOWING REASONS:

A. THE ECONOMIC AND SOCIAL WELL-BEING OF THE UNIVERSITY OF CALIFORNIA AT SANTA BARBARA, THE COMMUNITY OF ISLA VISTA, AND OTHER NEIGHBORING COMMUNITIES WOULD BE SUBSTANTIALLY IMPAIRED BY THE AESTHETIC DEGRADATION OF THE AREA SURROUNDING GOLETA AND COAL OIL POINTS WHICH WOULD RESULT FROM THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO. THE UNIVERSITY, NEARBY COMMUNITIES, AND NEARBY STATE AND COUNTY BEACHES AND RECREATION FACILITIES SERVE STUDENTS, FACULTY, TOURISTS AND RESIDENTS, MANY OF WHOM ARE PARTICULARLY ATTRACTED BY THE LARGELY UNIMPEDED OCEAN VIEWS. THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO WOULD RESULT IN SIGNIFICANT VISUAL DEGRADATION OF THE AREA, WOULD CAUSE DISTURBANCES OF THE COMMUNITY THROUGH INCREASED LIGHT AND NOISE, WOULD HAVE A SIGNIFICANT IMPACT ON THE QUALITY OF LIFE IN THE AREA, AND WOULD SUBSTANTIALLY IMPAIR THE SCENIC QUALITIES WHICH ARE NOW AVAILABLE FOR THE ENJOYMENT OF ALL THE STATE'S CITIZENRY.

B. A MAJOR OIL SPILL FROM THE PROPOSED DEVELOPMENT PROJECT WOULD DO SUBSTANTIAL DAMAGE TO VALUABLE MARINE HABITAT, COMMERCIAL AND SPORT FISHING, COASTAL RECREATION, AND THE ECONOMIC AND SOCIAL WELL-BEING OF NEARBY COMMUNITIES. IT WOULD ALSO JEOPARDIZE IMPORTANT SCIENTIFIC RESEARCH AND TEACHING NOW CARRIED ON BY THE UNIVERSITY OF CALIFORNIA AT SANTA BARBARA, MUCH OF WHICH HARM MAY BE LONG TERM OR IRREPARABLE. IT IS OF STATEWIDE PUBLIC INTEREST THAT THIS TEACHING AND RESEARCH NOT BE IMPEDED, FOR ENVIRONMENTAL, SCIENTIFIC AND ACADEMIC REASONS AND FOR THE ADVANCEMENT OF COMMERCIAL MARICULTURE.

C. UNIQUE HARDBOTTOM HABITAT ENCOMPASSES SUBSTANTIAL PORTIONS OF THE DEVELOPMENT AREA. THIS PARTICULAR HABITAT IS OF SIGNIFICANT ENVIRONMENTAL IMPORTANCE, IN THAT IT IS INHABITED BY A UNIQUE ASSEMBLAGE OF MANY MARINE ORGANISMS NOT GENERALLY FOUND IN THE CHANNEL AREA. THIS HABITAT IS ALSO IMPORTANT AS A FISHERY, BECAUSE COMMERCIAL FISHERMEN FIND MANY MARINE SPECIES OF COMMERCIAL VALUE NOT GENERALLY FOUND ELSEWHERE IN THE CHANNEL. THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO WOULD ENTAIL THE DESTRUCTION OF OR DAMAGE TO

HARDBOTTOM, A LOSS WHICH IMPACTS THE ENTIRE STATE. THE UNIVERSITY OF CALIFORNIA AT SANTA BARBARA ALSO CARRIES ON OFFSHORE RESEARCH AND TEACHING ACTIVITIES IN THE HARDBOTTOM AREA. THIS RESEARCH IS ONGOING, OFTEN OVER MONTHS AND YEARS, AND WOULD SUFFER SUBSTANTIALLY FROM EVEN A SHORT TERM DISRUPTION. HARDBOTTOM HABITAT WOULD BE DAMAGED OR DESTROYED THROUGH THE CONSTRUCTION AND OPERATION OF PLATFORM HERON AND PROPOSED PIPELINES, DAMAGING COMMERCIAL FISHING, UNIVERSITY MARINE RESEARCH, AND THE ENVIRONMENT GENERALLY.

4. FIND THAT, PURSUANT TO THE TERMS OF LEASES 208, 308, 309, 3120, AND 3242 AND TO SECTION 2114 OF TITLE 2, CALIFORNIA ADMINISTRATIVE CODE, ARCO CANNOT DEVELOP ALL OR ANY PART OF THE REAL PROPERTY SUBJECT TO THOSE FIVE LEASES, HEREAFTER CALLED "THE LEASE TRACTS", WITHOUT PRIOR APPROVAL BY THE COMMISSION.

5. FIND THAT, PURSUANT TO THE TERMS OF ARCO'S LEASES AND APPLICABLE LAWS AND REGULATIONS, INCLUDING DIVISION 6 OF THE PUBLIC RESOURCES CODE, COMMENCING WITH SECTION 6001; THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, DIVISION 13 OF THE PUBLIC RESOURCES CODE, COMMENCING WITH SECTION 21000; THE STATE CEQA GUIDELINES, CONTAINED IN TITLE 14, CHAPTER 3 OF THE CALIFORNIA ADMINISTRATIVE CODE, COMMENCING WITH SECTION 15000; AND THE REGULATIONS OF THE STATE LANDS COMMISSION, CONTAINED IN TITLE 2, DIVISION 3, CHAPTER 1 OF THE CALIFORNIA ADMINISTRATIVE CODE, THE COMMISSION HAS THE AUTHORITY TO DENY ALL OR PART OF ARCO'S DEVELOPMENT PROPOSAL IF IT DETERMINES THAT ALL OR PART OF THE PROPOSAL WOULD HAVE UNACCEPTABLE SIGNIFICANT ADVERSE SOCIAL, ECONOMIC OR ENVIRONMENTAL IMPACTS.

6. FIND THAT ALL OF THE LEASE TRACTS ARE TIDE AND SUBMERGED LANDS OWNED AS SOVEREIGN LANDS BY THE STATE OF CALIFORNIA.

7. FIND THAT, PURSUANT TO PUBLIC RESOURCES CODE SECTION 6301, THE COMMISSION HAS EXCLUSIVE JURISDICTION OVER ALL THE TIDE AND SUBMERGED LANDS SUBJECT TO ARCO'S APPLICATION, WHICH LANDS ARE UNDER THE EXCLUSIVE ADMINISTRATION AND CONTROL OF THE COMMISSION AND ARE SUBJECT TO LEASE OR OTHER DISPOSITION UPON SUCH TERMS AS IT DEEMS PROPER.

8. FIND THAT ALL OF ARCO'S FIVE LEASES ARE SUBJECT TO THE PUBLIC TRUST, WHICH IS ADMINISTERED BY THE STATE FOR THE BENEFIT OF ALL OF THE PEOPLE OF THE STATE, FOR THE PURPOSES OF NAVIGATION, FISHING, COMMERCE, RECREATION, ENVIRONMENTAL PRESERVATION, AND RELATED USES.

9. FIND THAT THE COMMISSION HAS THE AUTHORITY AS TRUSTEE OF THE PUBLIC TRUST TO PREVENT, ABATE, SUSPEND OR IMPOSE CONDITIONS UPON DEVELOPMENT OF ALL OR ANY OF THE LEASE TRACTS FOR OIL AND GAS PRODUCTION IF IT FINDS THAT SUCH DEVELOPMENT WOULD RESULT IN SUBSTANTIAL INTERFERENCE INCOMPATIBLE WITH OTHER PUBLIC TRUST USES.

10. FIND THAT THE DEVELOPMENT OF THE LEASES AS PROPOSED BY ARCO WOULD RESULT IN SUBSTANTIAL INTERFERENCE INCOMPATIBLE WITH OTHER PUBLIC TRUST USES, AS SET FORTH IN PARAGRAPH 3 ABOVE.

11. FIND THAT IT IS IN THE STATEWIDE PUBLIC INTEREST AND IT IS AN APPROPRIATE USE OF PUBLIC TRUST PROPERTY THAT USE OF THE LEASE TRACTS BE RESTRICTED AT THIS TIME TO THE PUBLIC TRUST PURPOSES OF PRESERVATION OF SAID LANDS IN THEIR NATURAL STATE, SO THAT THEY MAY SERVE AS ECOLOGICAL UNITS FOR SCIENTIFIC STUDY, AS OPEN SPACE, FOR PUBLIC FISHING, BOATING, ACCESS, AND RECREATION AND AS ENVIRONMENTS PROVIDING FOOD AND HABITAT FOR BIRDS AND MARINE LIFE AND FAVORABLY AFFECTING THE SCENERY AND CLIMATE OF THE AREA.

12. BASED ON THE FINDINGS SET FORTH ABOVE, DENY APPROVAL OF THE DEVELOPMENT OF THE LEASES AT THIS TIME AS PROPOSED BY ARCO IN ITS APPLICATION.

13. INVITE ARCO TO REAPPLY FOR DEVELOPMENT OF THE LEASES IN ORDER TO PERMIT CONTINUED EXPLORATION AND EVALUATION OF THE FEASIBILITY AND ENVIRONMENTAL EFFECTS OF ALTERNATIVES FOR DEVELOPMENT OF THE LEASE TRACTS, INCLUDING, BUT NOT LIMITED TO, DEVELOPMENT FROM ALTERNATIVE SITES, FOR THE PURPOSE OF DETERMINING WHETHER AN APPROPRIATE MEANS FOR DEVELOPMENT OF THE LEASES IS NOW AVAILABLE WHICH MAY AVOID ALL OR SOME OF THE ADVERSE IMPACTS PRESENTED BY ARCO'S PROPOSED DEVELOPMENT.

14. DIRECT THE COMMISSION STAFF TO DEVELOP A PLAN FOR A COMPREHENSIVE STUDY OF THE OVERALL EFFECTS OF ALL OIL AND GAS DEVELOPMENT IN ALL FEDERAL AND STATE WATERS OFF THE COAST OF CALIFORNIA; TO INVESTIGATE AND DEVELOP POTENTIAL FUNDING SOURCES FOR THE PROGRAM; TO INQUIRE ABOUT PARTICIPATION BY THE OIL AND GAS INDUSTRY AND BY FEDERAL, STATE, AND LOCAL GOVERNMENTS; AND TO RETURN TO THE COMMISSION AT THE END OF SIX MONTHS TO REPORT ON THE FEASIBILITY AND PROPOSED AGENDA FOR THE PROGRAM.