This Calendar Item No. 99 was approved as Minute Item No. 99 by the California State Lands Commission by a vote of 3 to 0 at its 8-19-03 meeting.

MINUTE ITEM
99

08/19/03

P. THAYER

CALIFORNIA STATE LANDS COMMISSION
(PARTY)

Regular Calendar Item 99: Commission considered adoption of a resolution opposing the inventory of offshore oil and gas resources in the OCS. The item was approved unanimously.

CALENDAR ITEM
99

A)
) Statewide
S)

08/19/03
P. Thayer

CONSIDERATION OF A RESOLUTION BY THE CALIFORNIA STATE LANDS COMMISSION OPPOSING A FEDERAL INVENTORY OF OFFSHORE OIL AND GAS RESOURCES

State Lands Commissioner Steve Westly has proposed that the California State Lands Commission adopt a resolution in opposition to a proposed inventory of oil and gas resources in federal offshore waters.

BACKGROUND:

Over the past several years the United States Congress has considered several Energy bills to amend the Energy Policy and Conservation Act of 1975. Section 105 in this year's Senate Bill 14 (S. 14 – Domenici) would, among other things, require an inventory of offshore oil and gas resources in federal waters. This section authorizes 3D seismic surveys as part of the inventory. Section 105 (Exhibit A) also requires that impediments to offshore oil and gas development be determined and defines those to include state and local laws, which may include those protective of the environment. The Section 105 provisions gather the information and evidence necessary to start new oil and gas leasing in federal offshore waters and has been widely interpreted as the first step in abandoning the existing federal moratorium on leases.

For procedural reasons, in place of S. 14, the Senate passed HR 6, which does not contain the provisions of Section 105, to place an Energy Bill in a Senate-House Conference Committee. However, Senator Domenici, author of S. 14 and chair of the conference committee, stated in a press release, that he expected to write many of the provisions of S. 14 into HR 6 when it is considered by the conference committee.

High-energy seismic surveys are not allowed in California state waters because environmental review has not yet demonstrated that they do not harm fish and wildlife. To protect important environmental, economic and recreational resources associated with the coast, California has established a coastal sanctuary that prohibits new oil and gas leasing in state waters. Finally, several local governments have adopted ordinances or Local Coastal Program policies, pursuant to the California Coastal Act that seek to control onshore oil and gas development and support facilities for offshore development.

The California State Lands Commission has a long history of working to protect the coast from new offshore oil development. Commencing with the 1969, the Commission has not leased any new areas for oil and gas. Since January 1995, it has accepted

quitclaims of eight existing offshore oil and gas leases. In September, 2001, the Commission adopted a resolution proposed by Lieutenant Governor Bustamante opposing development on 36 undeveloped federal leases off California's coast.

EXHIBITS:

A. Section 105 of S.14 introduced in the first session of the 108th Congress
B. Proposed resolution opposing a federal inventory of offshore oil and gas resources.

COMMISSION ACTION:

If the Commission adopts the proposed resolution, as directed, the Executive Officer will forward copies to: to the President and Vice President of the United States, to the Governor of California, to the United States Secretary of the Interior, to the Majority and Minority Leaders of the United States Senate, to the Speaker and Minority Leader of the United States House of Representatives, to the Chairs and the Ranking Minority Members of the Senate Committee on Energy and Natural Resources, the House Committee on Resources, and the House Committee on Energy and Commerce, and to each Senator and Representative from California in the Congress of the United States.

Exhibit A

S.14

The Energy Policy Act of 2003 (Placed on Calendar in Senate)

SEC. 105. COMPREHENSIVE INVENTORY OF OCS OIL AND NATURAL GAS RESOURCES.

(a) IN GENERAL-The Secretary of the Interior shall conduct an inventory and analysis of oil and natural gas resources beneath all of the waters of the United States Outer Continental Shelf ('OCS'). The inventory and analysis shall--

(1) use available data on oil and gas resources in areas offshore of Mexico and Canada that will provide information on trends of oil and gas accumulation in areas of the OCS;

(2) use any available technology, except drilling, but including 3-D seismic technology to obtain accurate resource estimates;

(3) analyze how resource estimates in OCS areas have changed over time in regards to gathering geological and geophysical data, initial exploration, or full field development, including areas such as the deepwater and subsalt areas in the Gulf of Mexico;

(4) estimate the effect that understated oil and gas resource inventories have on domestic energy investments; and

(5) identify and explain how legislative, regulatory, and administrative programs or processes restrict or impede the development of identified resources and the extent that they affect domestic supply, such as moratoria, lease terms and conditions, operational stipulations and requirements, approval delays by the federal government and coastal states, and local zoning restrictions for onshore processing facilities and pipeline landings.

(b) REPORTS-The Secretary of Interior shall submit a report to the Congress on the inventory of estimates and the analysis of restrictions or impediments, together with any recommendations, within six months of the date of enactment of the section. The report shall be publically available and updated at least every five years.

EXHIBIT B

RESOLUTION BY THE CALIFORNIA STATE LANDS COMMISSION OPPOSING A FEDERAL INVENTORY OF OFFSHORE OIL AND GAS RESOURCES

WHEREAS, The United States Senate has voted to pass the Energy Policy Act of 2003 (H.R. 6); and

WHEREAS, The leadership of the Senate Energy and Natural Resources Committee has supported the failed Senate Bill 14 (S. 14), which includes provisions that would mandate environmentally harmful 3-D seismic technology and require a comprehensive inventory of oil and gas resources in the Outer Continental Shelf, and has promised to amend provisions of S. 14 into the present Energy Bill; and

WHEREAS, California's 1,100 mile coastline, with its beautiful beaches, wild cliffs, abundant fish stocks and fragile environment is a national treasure and a valuable State resource which is at the heart of a tourist industry that generates nearly five billion dollars in state and local tax dollars each year; and

WHEREAS, California has long recognized the value of its coast by protecting it from oil and gas development with the State Lands Commission administratively halting new leases since 1969 and the California Legislature prohibiting leases in 1995; and

WHEREAS, The use high energy air guns is not permitted in California waters unless their safety is demonstrated through the preparation of an environmental impact report under the provisions of the California Environmental Quality Act, and consequently their use in the federal Outer Continental Shelf is likely to be found inconsistent with California's approved Coastal Zone Management Plan; and

WHEREAS, The use of air guns in high energy 3-D seismic technology constitutes a known risk to marine mammals, young fish and fish larvae; and

WHEREAS, the intent behind an oil and gas reserves study is to promote future offshore oil and gas development, undermining current offshore drilling moratoria and also compromising the State of California's role under the federal Coastal Zone Management Act, in the leasing, exploration or development of Outer Continental Shelf lands; and now, therefore, be it

RESOLVED *by the California State Lands Commission,* That the Commission opposes the comprehensive inventory of oil and gas resources in the Outer Continental Shelf included in the failed Senate Energy Policy Act of 2003, S. 14,

and the Commission urges that provisions encouraging use of environmentally harmful 3-D seismic technology or seeking a comprehensive inventory of oil and gas resources in the Outer Continental Shelf as provided for in the failed Senate Bill 14, not be added in conference, consistent with the House of Representatives' position; and be it further

RESOLVED, That the Commission's Executive Officer transmit copies of this resolution to the President and Vice President of the United States, to the Governor of California, to the United States Secretary of the Interior, to the Majority and Minority Leaders of the United States Senate, to the Speaker and Minority Leader of the United States House of Representatives, to the Chairs and the Ranking Minority Members of the Senate Committee on Energy and Natural Resources, the House Committee on Resources, and the House Committee on Energy and Commerce, and to each Senator and Representative from California in the Congress of the United States.