

1 is approximately 5 percent of the total gas produced within  
2 the United States.

3       These statistics provide an indication of the  
4 importance of a reliable gas supply to the Southern California  
5 population. It is our belief that the health and well being  
6 of all of Southern California's population is significantly  
7 affected by the availability of natural gas. This area has  
8 long been dependent upon natural gas as the primary fuel  
9 for homes and industry. Coal has never been an important  
10 source of energy locally and fuel oil has been used  
11 principally by our electric generating customers as a  
12 substitute for gas. It is our understanding that there are  
13 only a very few homes within our service territory which  
14 are equipped with oil-fueled appliances. Consequently, it  
15 is readily apparent that the availability of an adequate  
16 gas supply is important not only to the health and comfort  
17 of Southern Californians, but an inadequate supply of this  
18 fuel can have a major adverse economic impact on the people  
19 of this area.

20       Until the late 1960's our company was able to  
21 acquire sufficient gas to meet all the needs of our  
22 residential and commercial customers, almost all the  
23 requirements of our large industrial customers and about 80  
24 percent of the fossil fuel requirements of our utility  
25 electric customers. However, since 1969, we have not been

1 able to acquire any additional supplies of gas from our out-  
2 of-state suppliers - El Paso Natural Gas Company and  
3 Transwestern Pipeline Company. On the contrary, under  
4 decisions issued by the Federal Power Commission we have  
5 been subjected to major curtailments of supply by these  
6 companies - curtailments which are expected to grow larger  
7 in the months and years ahead. In addition, since 1968 the  
8 quantity of gas we have been able to obtain from California  
9 producers has declined about 80 percent.

10 I have attached to the copies of my statement a  
11 chart which illustrates the significance of this supply  
12 situation on your system.

13 And I might digress to say that I have a limited  
14 number of additional copies, but that anyone that wishes  
15 a copy of the statement that will give me their name, I  
16 will see that they are sent one.

17 By examining this chart you will note the  
18 anticipated continuing moderate growth in requirements  
19 expected for our service area and you will also note the  
20 significant drop in actual and forecast gas supply available  
21 to meet those requirements. It is necessary to point out  
22 that this forecast trend in supplies is based upon sources  
23 currently available to our system and does not include the  
24 possibility of receiving additional supplies which I will  
25 discuss shortly. The chart indicates that by 1975 gas

1 service to utility electric-generating plants from our  
2 system will be virtually non-existent, while our other  
3 interruptible customers will receive severely diminished  
4 supplies. You will also note that in the period of 1978  
5 to 1979 supplies available are estimated to be inadequate  
6 to meet the requirements of the firm residential customers  
7 in Southern California. This is a dangerous prospect for  
8 our community. Adequate energy supplies for industry are  
9 essential if we are to avoid an even higher level of  
10 unemployment than exists today. The effect of such  
11 unemployment on the economy of Southern California, and on  
12 the State of California as a whole, would be so great that  
13 it is - in our view - a completely unacceptable alternative  
14 to providing an adequate energy supply. Beyond these  
15 arguments for increased supply is another important factor--  
16 recognized in Southern California for almost 20 years --  
17 that natural gas should be burned by industry to the extent  
18 possible for environmental reasons.

19 Now I would like to turn to a short discussion of  
20 our gas procurement program. We began our search for new  
21 sources of supply several years ago when it became apparent  
22 that we could no longer rely completely on California  
23 producers and our two existing out-of-state suppliers to  
24 provide us with enough additional gas to meet our future  
25 needs.

1 To help develop additional domestic supplies, we  
 2 are participating in gas exploration in our traditional  
 3 supply areas of the southwestern states - New Mexico,  
 4 Oklahoma and Texas.

5 An affiliated company is participating in the  
 6 planning and financing of a coal gasification facility to  
 7 be constructed in northwest New Mexico. If approval is  
 8 obtained from the necessary governmental authorities in a  
 9 manner which will allow this facility to be financed  
 10 satisfactorily, gas could be available from that facility  
 11 to Southern California by 1979.

12 Another project of major importance involves  
 13 potential gas supplies from the North Slope of Alaska and  
 14 northern Canada. One of our corporate affiliates is a  
 15 member of the Arctic Gas group which is seeking Canadian  
 16 and United States regulatory authority for a pipeline from  
 17 Alaska's Prudhoe Bay Field through Canada's McKenzie River  
 18 Valley to supply markets in eastern Canada and the United  
 19 States. Gas from this project is not expected until 1980  
 20 at the earliest.

21 An affiliated company is also participating in  
 22 another consortium, the Polar Gas Group, which is making  
 23 preliminary plans to pipeline Arctic Islands gas to eastern  
 24 Canada and United States markets. The mid 80's are the  
 25 earliest we can expect to obtain this gas.

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Yet another affiliate, the Pacific Alaska LNG Company, has long been active in south Alaska negotiating for sufficient reserves to support a liquefied natural gas project from that area. We are hoping for these supplies to come in by 1979.

Other Pacific Lighting companies are attempting to obtain supplies to support an LNG project in Indonesia, and we are also investigating the possibility of developing sufficient gas reserves in South American locations to support similar projects.

Now, with that background let me address the two matters which I mentioned earlier in my statement, ARCO's proposed development plan for the South Ellwood Offshore Oil Field and Exxon's proposal relating to the Santa Ynez Field. In the case of ARCO's proposal, the proposed development will, by ARCO's estimates, increase its ability to produce natural gas from that field in volumes that are now negligible to in excess of 7 billion cubic feet per year as early as 1976. I can't emphasize too strongly the importance to the Gas Company of obtaining additional supplies of gas in that time frame. As I mentioned, the long term projects we are attempting to develop are all going to take a substantial period of time before deliveries can commence under any of them. The ability to get increased local gas production earlier is most important.

1 With respect to Exxon's request relative to the Santa Ynez  
 2 Unit, while it will not result in gas supplies as early  
 3 as 1976, still the ability to have access to increased  
 4 local production from that area in a relatively early time  
 5 frame is likewise very important. For these reasons we are  
 6 in full support of the requests of both of these companies.

7 We understand the environmental concern relating  
 8 to offshore drilling. We recognize the need for appropriate  
 9 safeguards, such that the developments we are talking about  
 10 can be accomplished in an environmentally safe manner. We  
 11 believe that this can be done, otherwise we would not  
 12 support this or any other proposal.

13 One final matter. I have been talking about  
 14 supply. We also recognize the need for conservation of  
 15 energy. Maximum conservation steps are absolutely essential.  
 16 However, in our view, even these will not be sufficient to  
 17 eliminate the necessity of developing additional supplies  
 18 to substitute for the depletion of our existing sources  
 19 and to meet the growth and demand for energy which will  
 20 exist even with maximum conservation efforts.

21 In conclusion, let me summarize with a few clearly  
 22 stated points: (1) Southern California is an energy short  
 23 region, (2) alternative forms of energy will not solve the  
 24 needs of our domestic natural gas consumers, (3) we feel  
 25 that the drilling proposed in these projects can be

1 accomplished in an environmentally safe manner, (4) additional  
 2 supplies of gas are needed just as soon as possible in the  
 3 Southern California area even with conservation efforts,  
 4 and, (5) without such gas supplies the economy of Southern  
 5 California is severely jeopardized.

6 Thank you, Mr. Chairman, for the opportunity to  
 7 appear here today.

8 CHAIRMAN FLOURNOY: Are there any questions of  
 9 Mr. Cole?

10 Thank you very much, Mr. Cole. I think next,  
 11 Mr. Gladish, we should probably call Mr. Cory even though  
 12 he isn't --

13 ASSEMBLYMAN CORY: The existing order is fine.

14 CHAIRMAN FLOURNOY: Okay.

15 MR. GLADISH: Next on the list, Mr. Chairman, is  
 16 Mr. A. Howard Hogue, Vice President, Tidewater Marine  
 17 Service of Santa Barbara.

18 CHAIRMAN FLOURNOY: What was the last name?

19 MR. GLADISH: Hogue, H-o-g-u-e, as I understand  
 20 it.

21 MR. HOGUE: Mr. Chairman, members of the State  
 22 Lands Commission, my name is Howard Hogue and I have been  
 23 a resident of Santa Barbara for approximately fifteen years.  
 24 The aspects of the engineering and the Environmental  
 25 Impact Report will be adequately covered and has already

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1 been covered at this meeting and I would like to touch  
2 principally on the social aspect and how that affects the  
3 flora and fauna, with man being probably the most important  
4 fauna that we have in Santa Barbara County.

5 I'd like --

6 LIEUTENANT GOVERNOR HARMER: Mr. Hogue, could I  
7 have a clarification? Are you representing your company  
8 or just yourself?

9 MR. HOGUE: My company, sir, Tidewater Marine  
10 Services. The purpose of my appearance at this meeting is  
11 not to emphasize the widely recognized national and local  
12 need for hydrocarbon products or to dwell on the safety or  
13 expertise of the equipment or installations, rather I would  
14 like to take a few minutes to state that there is a large  
15 segment of working and business people in the Santa Barbara  
16 County area who are vitally interested in an ongoing program  
17 of safe and orderly development of well thought out and  
18 designed offshore and onshore petroleum development projects.

19 Two principal areas that I feel may not have been  
20 touched on at hearings such as this are the effects that a  
21 resumption or increase in oil drilling and production in  
22 the Santa Barbara Channel would have directly on such areas  
23 as Santa Barbara County employment and taxation.

24 Our company which employs the largest number of  
25 seagoing people in the Santa Barbara Channel in the operation

1 of vessels for research and development and in support of  
2 the oil industry has suffered the following reduction in  
3 operations between the years 1968 and 1974.

4 Our wages and benefits have dropped off 60%. Our  
5 expenditures for repair and maintenance and other services  
6 have dropped 67%. Material, goods and supplies purchases  
7 are down over 80%.

8 On Monday of this week I was advised by the state  
9 unemployment office that Santa Barbara County's estimated  
10 unemployment figure was 6.3% in the years 1970 through 1974  
11 inclusive. President Ford has indicated that he was willing  
12 to concede that the country was in a recession should  
13 unemployment figures be over 6%. In this context, Santa  
14 Barbara County has been in a recession for the last four  
15 years.

16 I was further advised that Santa Barbara County  
17 has 2,600 families on food stamps, and a recent article in  
18 the Santa Barbara News Press indicated that so many people  
19 were pouring into the food stamp center to sign up under  
20 the new, broader federal program that it necessitated them  
21 having to hire a number of new employees to handle the  
22 increased load.

23 In view of these facts I can state categorically  
24 that there are a large number of citizens in Santa Barbara  
25 County who would be most appreciative of new jobs and a

1 new flow of business income which would be created by the  
2 orderly development of offshore oil in the Santa Barbara  
3 Channel. These jobs are needed now.

4       The 17 wells that ARCO would like to develop from  
5 their existing platform would produce 17,000 barrels of new  
6 oil per day under full production. Royalty to the state  
7 would accrue in the amount of 8,500 barrels per day valued  
8 at \$10.55 per barrel under full production would pour  
9 \$89,675 per day to the state which, annually would amount  
10 to \$32,731,375 new income which will not be taken away from  
11 any other source or entity and which would provide much  
12 needed employment on a local basis at the same time.

13       In addition to royalties paid to the State of  
14 California, Santa Barbara County which is very much in need  
15 of new funds would see an increase in property tax payments  
16 from ARCO from \$500,000 in 1973 to \$800,000, an increase  
17 of \$300,000, based on the value of the new wells and  
18 equipment and reserves. This is property tax alone. Santa  
19 Barbara having very little taxable industry, the only other  
20 real source to raise this kind of tax money used by the  
21 County would be to continue to increase either the tax rate  
22 or valuation on existing personal property of individual  
23 home owners and small businessmen.

24       I feel that this Board is uniquely equipped to  
25 pass judgment on this question due to its long exposure

1 and experience with related problems. I fear any postpone-  
2 ments will result in long delays detrimental to the State,  
3 Santa Barbara County and its people.

4 I hope these modest facts will encourage you to  
5 give favorable consideration to some of the salient facts  
6 related to the increase of offshore development in the  
7 Santa Barbara Channel at an early date. I would like my  
8 comments to be included as in support of Exxon's request  
9 which also appears on this same agenda.

10 CHAIRMAN FLOURNOY: Thank you very much, Mr. Hogue.  
11 Are there any questions of Mr. Hogue?

12 Thank you very kindly.

13 MR. GLADISH: Mr. Chairman, next on the list is  
14 A. Barry Cappello, City Attorney, City of Santa Barbara.  
15 While Mr. Cappello is coming up, I will transmit two pieces  
16 of correspondence to Mr. Gary Hart. One is from the County  
17 Environmental Quality Office and the other is from the  
18 Alta Vista Community Council.

19 MR. CAPPELLO: Mr. Chairman and members of the  
20 Commission, I am here to read a prepared statement, but  
21 having the problem of being an attorney and listening to  
22 two of the speakers before me, I'd like to have just a  
23 brief rebuttal, if I may, extemporaneously.

24 Both Mr. Hogue and Mr. Cole, who spoke before  
25 you, just prior to my appearance, have indicated the need

1 for the energy. The hearing before you is whether the  
 2 Environmental Impact Report is an adequate report, and prior  
 3 to the decision on whether this Commission needs the energy,  
 4 and should approve the application, it must make the decision  
 5 first on whether the environmental impact of this project  
 6 will be significant.

7 Now, Mr. Cole's remark, we feel, raised the  
 8 question of the specter of unemployment and shortages. This  
 9 begs the question. The country needs major energy conservation  
 10 leadership. The word is ~~conservation~~. Now, if in fact --  
 11 and I don't even begin to accept the fact -- that the  
 12 Public's appetite for energy is insatiable, we should curb  
 13 that appetite rather than feed it until we run out of food.

14 Now the City of Santa Barbara has engaged a  
 15 consultant, and I shall read his statement last, if I may --  
 16 his name is Don McFarland -- concerning aspects of the EIR.  
 17 And I have given copies to the Commission. I believe you  
 18 have copies of my prepared statement.

19 Gentlemen: I am A. Barry Cappello, the City  
 20 Attorney for the City of Santa Barbara; I am here representing  
 21 the City Council on behalf of the City of Santa Barbara, to  
 22 oppose approval of the application for the resumption of  
 23 drilling operations in the South Ellwood Offshore Oil Field  
 24 from Platform Holly. We oppose this application because  
 25 adequate safeguards to protect the environment have not

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1 been imposed by this Commission. Also, we oppose this  
2 application because the State Lands Commission has not  
3 complied with the Environmental Quality Act in the prepara-  
4 tion of the Environmental Impact Report required for this  
5 project.

6 This application is the result of the Commission's  
7 decision last year to consider applications for drilling  
8 on existing platforms on a platform by platform basis.  
9 That decision was made without preparation of an environmental  
10 impact report. The E.I.R. submitted by your staff for  
11 Platform Holly does not evaluate alternatives to this project  
12 taking into consideration total offshore drilling operations  
13 which may occur in the Santa Barbara Channel in the future.  
14 The State Lands Commission has not informed the public of  
15 the applications for drilling it expects, based upon data  
16 within its files. It has not required the oil companies to  
17 reveal their intentions for future oil drilling in the  
18 Channel. In other words, the State Lands Commission has  
19 decided without an environmental assessment, that new  
20 platforms expected in the Channel will not be considered  
21 in evaluation of this project. This is contrary to the  
22 Environmental Quality Act which requires that environmental  
23 impact reports discuss the cumulative impact of a project  
24 in view of the future. It is obvious that the scope of  
25 environmental review has been narrowed because a look at

1 the total drilling to be anticipated by the 1980's would show  
2 that this project should not be approved.

3 The E.I.R. attempts to isolate for consideration  
4 the environmental impact of Phase 1 of this project. We  
5 all know that it is unrealistic to assume that the State  
6 Lands Commission will not receive many requests over the  
7 next five to ten years for approval of drilling in the  
8 Santa Barbara Channel. We know that this decision will be  
9 the standard to justify additional requests for drilling  
10 on the grounds that the new application does not impose a  
11 greater threat to the environment than the platform Holly  
12 application; yet, with each approval the potential for a  
13 platform blow-out or a massive spill due to a tanker  
14 accident in the Channel comes closer and closer. Based  
15 upon the experience of the 1969 oil spill, we cannot pretend  
16 or gamble that such a spill will not occur. You must also  
17 be aware that the adverse effects last many years. For  
18 example, property values and use of City beaches continue  
19 to be lower now, some five years after the 1969 spill, than  
20 they would have been, had there not been a spill.

21 By approval of this application the State Lands  
22 Commission is indicating its approval to the concept of  
23 transporting oil drilled from State Lands in the Santa  
24 Barbara Channel by use of tankers. Yet the State Lands  
25 Commission has not thoroughly studied whether onshore pipe-

1 lines should be constructed or that use of tankers should  
2 not be permitted until there is a higher safety level.  
3 Obviously, to build an onshore pipeline for one platform  
4 is not economically feasible. However, in the long term,  
5 an onshore pipeline may eliminate or greatly reduce the  
6 need for tanker traffic in the Channel, not only for oil  
7 drilled from State Lands, but also for oil drilled in  
8 federal waters. By approving this project the Commission  
9 is forcing itself to a gradual increase in tanker traffic  
10 until the inevitable, a "Torrey Canyon" type accident and a  
11 massive oil spill resulting therefrom.

12 One assumption made by the State Lands Commission  
13 staff in the preparation of this E.I.R. is that the drilling  
14 on Standard Oil Company platforms Heidi, Hilda, Hazel, and  
15 Helen, would have no adverse impact on the environment.  
16 I stress that again, that in the preparation of the E.I.R.  
17 for Platform Holly, that those particular platforms, the  
18 drilling from Standard Oil Company platforms, Heidi, Hilda,  
19 Hazel, and Helen, would have no adverse impact on the  
20 environment. They relied upon negative declarations. As  
21 you know, there was extensive opposition to the filing of  
22 negative declarations when the Standard Oil applications  
23 were approved by the Commission. We are confident that the  
24 outcome of the litigation we have filed will require pre-  
25 preparation of a full E.I.R. by the State Lands Commission.

1 Because this E.I.R. on Platform Holly is based upon that  
 2 erroneous assumption, it is imperative that approval of  
 3 this E.I.R. be withheld until the impact of the Standard  
 4 Oil projects is known, and gentlemen, that is probably going  
 5 to be two or three months.

6 Prior to your decision on this application, I am  
 7 asking you to obtain the opinion of the Attorney General  
 8 whether this E.I.R. complies with the Environmental Quality  
 9 Act. Does it meet the requirement to take into consideration  
 10 and to discuss the impact of this project on future projects  
 11 in view of all the data to which the Commission has access  
 12 regarding offshore drilling? Whether this environmental  
 13 impact report is adequate can only be determined and will  
 14 be evaluated by the Courts in light of all the information  
 15 now known to the Commission. That question should be asked,  
 16 Mr. Chairman and gentlemen of the Commission, to the  
 17 Attorney General's Office, before you vote on this E.I.R.  
 18 and this application.

19 The adverse environmental impact of this project  
 20 will be great. Air quality standards will be violated,  
 21 normal tanker operations will pollute the Channel, scarce  
 22 water resources will be consumed, oil spills, large and  
 23 small, will disrupt and prevent use of oceanfront property.

24 I have provided to you and your staff the comments  
 25 of Donald L. McFarland regarding his review of the final

1 E.I.R. report. He states that tankers going to South  
 2 Ellwood would be ballasted with sea water which must be  
 3 pumped out prior to arrival at South Ellwood. The sea water  
 4 is taken directly into the oil storage tanks and when pumped  
 5 out into the ocean, carries many barrels of crude oil with  
 6 it. This is a known source of deliberate pollution which  
 7 must be eliminated prior to approval of any drilling  
 8 operations.

9 As I indicated, I will read you Mr. McFarland's  
 10 statement right after this.

11 The E.I.R. rejects the request we made at the  
 12 hearing on the draft E.I.R. that Atlantic Richfield be  
 13 required as a condition of drilling to assume liability for  
 14 all damages including tax losses to be incurred as a result  
 15 of an oil spill. The E.I.R. states that existing laws  
 16 provide adequate method of recovery of damages. That is  
 17 erroneous. The City of Santa Barbara had to litigate for  
 18 five years to be compensated for damages. While we were  
 19 establishing through oil company records their liability  
 20 and while we were establishing through experts that the City  
 21 had incurred millions of dollars worth of damages, the City  
 22 of Santa Barbara had to reduce its payroll and services  
 23 because of one type of oil spill damage -- a reduction in  
 24 tax revenues. We were never paid for our tax losses. We  
 25 believe that the State Lands Commission has the authority

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1 and should require as a condition of approval of any off-  
2 shore drilling the assumption of liability by the applicant  
3 for all damages including tax losses. If the State Lands  
4 Commission believes that it does not have such authority,  
5 it would be entirely appropriate to delay any action on  
6 approving offshore drilling and to request from the State  
7 Legislature such authority.

8 In summary, it is our position that the E.I.R.  
9 submitted for approval does not meet the requirements of the  
10 Environmental Quality Act and that approval of offshore  
11 drilling should not be granted until the total impact of  
12 offshore drilling is evaluated and studied. Secondly, the  
13 adverse environmental impacts identified in this E.I.R.  
14 require that the State Lands Commission deny this application  
15 until such time that the industry is able to show that it  
16 is willing to take the necessary steps to preserve the  
17 environment, not to sacrifice it.

18 Now, I'd like to read the comments of Mr. Donald  
19 McFarland, who was retained by the City of Santa Barbara.  
20 Mr. McFarland's comments are as follows:

21 "I am a resident of Santa Barbara and owner of a  
22 consulting design engineering business. I am also Commodore  
23 of the Santa Barbara Yacht Club for 1975 and sail a great  
24 deal in the Channel waters. I have been very concerned  
25 about the safety problems inherent in the proliferation of

1 oil platforms and tanker traffic. In addition, I have made  
2 every effort to be abreast of containment and recovery  
3 technology.

4 "Relative to these concerns, I have examined the  
5 Ellwood environmental impact report and urge you to reject  
6 the application for additional production wells on Platform  
7 Holly for the following reasons:

8 "1. As a general observation it is misleading and  
9 inaccurate to consider this E.I.R. report as though it were  
10 the only increase in operations under consideration now or  
11 in the future. Many other applications for renewed opera-  
12 tions as well as entirely new installations are known. Each  
13 instance, when viewed in isolation, appears to cause  
14 negligible damage to the environment. However, when viewed  
15 in context with the accumulation of all the anticipated  
16 applications, the result may well be far more serious.

17 "2. The report is filled with statistics to show  
18 that although accidents do happen, the likelihood in this  
19 case is minimal. For example, this request adds only 60  
20 more tanker trips per year to the Channel's shipping lanes.  
21 In view of the well over 6,000 trips per year currently  
22 sailing through the Channel, the increase is a modest 1%.  
23 However, by 1980, the traffic will increase to 12,000 trips  
24 per year -- of which 84% will be tankers! Does it not make  
25 sense to consider the impact of an additional 6,000 tankers

1 per year on the Channel's environment rather than view  
2 South Ellwood's additional 60 tankers per year in isolation?  
3 "3. Considerable data is presented to impress  
4 the reader with safety measures and accident free operations.  
5 Yet nothing is said about the deliberate pollution of the  
6 Channel waters by tankers. The South Ellwood tankers must  
7 arrive at the loading terminal empty. However, tankers  
8 cannot safely travel in the empty condition, and therefore  
9 the oil tanks are ballasted with sea water to approximately  
10 40% capacity. The sea water is taken directly into the oil  
11 storage tanks and when pumped out carries many barrels of  
12 crude oil with it. 46% of all pollution caused by marine  
13 operations results from ballast and bilge pumping. This is  
14 deliberate -- not accidental pollution. Sixty additional  
15 tanks per year approaching South Ellwood terminal, pumping  
16 out their ballast water, will have a significant effect on  
17 the Channel's environment.

18 "4. Much is made of 'Clean Seas' ability to contain  
19 and recover spilled oil. However, by their own admission,  
20 operations are limited to waves of 5 - 6 feet and winds of  
21 20 knots. This is only a normal condition in the Channel  
22 waters. The 1969 Spill was carried on shore by wind and  
23 waves considerably in excess of that. Fishermen and  
24 offshore sailors frequently encounter conditions far more  
25 severe. Clean Seas has only one storage barge with a

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1 capacity of 7,840 barrels and no shoreside facility to empty  
2 it. The 1969 Spill was in excess of 80,000 barrels! On  
3 hand is 1,000 feet of heavy duty containment barrier. This  
4 will only surround an area smaller than a football field!  
5 The capacity and equipment available in the event of a major  
6 spill is completely inadequate. The fact is, if the 1969  
7 Spill were repeated tomorrow, the results would be exactly  
8 the same. It is little comfort to know that there are 1,000  
9 tons of baled straw available in El Monte to soak up the  
10 oil on the beaches.

11 In conclusion, until the long-range environmental  
12 impact is studied, the deliberate pollution of the Channel  
13 waters by tankers is evaluated and prevented, and until the  
14 capability to control spills from platforms and/or tankers  
15 exists, an intelligent and rational decision to approve this  
16 application cannot be made. I urge the Commission to deny  
17 this application at this time."

18 It is signed by Mr. Donald L. McFarland on  
19 December 18, 1974.

20 And may my statements, Mr. Chairman, and  
21 Mr. McFarland's statements be made part of the written  
22 record as well?

23 CHAIRMAN FLOURNOY: They will be.

24 MR. CAPPELLO: I will be happy to answer any  
25 questions, if you have them.

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CHAIRMAN FLOURNOY: - Apparently there are none.

Thank you very much.

MR. CAPPELLO: Thank you.

MR. GLADISH: Mr. Chairman, the next one on the list was Mr. Alvin C. Weingand of Get Oil Out, Santa Barbara.

MR. WEINGAND: Mr. Chairman and members, I wonder why there are no ladies on this Commission.

CHAIRMAN FLOURNOY: That is a matter that consequence has voted a decision on.

MR. ORR: The new Governor may change that.

MR. WEINGAND: I see. Thank you.

MR. GLADISH: I would offer the knowledge that my secretary is here and does function with the Commission.

MR. WEINGAND: That's all right. I will proceed.

I am Alvin Weingand from Santa Barbara, a founder of Get Oil Out Inc., known as GOO. I am speaking today for that organization.

Nearly six years ago, as Mr. Flournoy will recall, following the disastrous Union Oil Co. spill on January 28, 1969, I first appeared before this Commission. The purpose of that meeting was an urgent one - to ask for a moratorium on further drilling operations in the Santa Barbara Channel.

The Commission at that time consisted of Lt. Gov. Reinecke, Comptroller Houston Flournoy and Finance Director Casper Weinberger.

1           Our arguments happily then were obviously compelling.  
2           Despite the recommendations from the Lands Commission  
3           staff, who in my experience in the State Senate, and  
4           subsequently have consistently and unwaveringly favored the  
5           oil industry against the public interest. Nevertheless,  
6           the Commission supported our request.

7           Their decision was a momentous one. It reassured  
8           the people of Santa Barbara and millions of concerned  
9           citizens that at least one official body would not countenance  
10          further pollution of an area noted throughout the world for  
11          its unique scenic and recreation values.

12          Unhappily, the Commission on December 11, 1973  
13          voted to lift the restriction and as was easily foreseen,  
14          ARCO, Standard and others applied for permits to expand  
15          their drilling and production operations.

16          Before you is ARCO's application for the resumption  
17          of drilling from Platform Holly off Ellwood. I should say  
18          that before leaving Santa Barbara yesterday, a lawsuit  
19          that GOO has filed against the State Coastal Commission,  
20          the judge granted a temporary restraining order prohibiting  
21          any operations, any extension of operations, by ARCO until  
22          next year when the Court will hear the argument. Now, that  
23          suit challenged the Coastal Commission's agreement to  
24          permit further drilling without an Environmental Impact  
25          statement, as you probably recall.

1 I don't even believe Mr. Cappello was aware of  
2 that action that was taken within the last 36 hours.

3 We say that this application must be denied and  
4 I am not going into all the excellent arguments against  
5 further oil operations in the Santa Barbara Channel because  
6 they have been advanced to you today, and there will be  
7 more expert witnesses.

8 What is incomprehensible to me, with all this  
9 experience, is the failure generally of this Commission to  
10 heed these arguments, most of which are not new, and to  
11 disregard and ignore them.

12 You all know the Channel area. You know it is  
13 visited by millions annually. Its one hundred mile long  
14 beaches are unmatched on the Pacific Coast. You know that  
15 the threat of oil pollution is a ghastly one to these  
16 visitors and the thousands who make their home and earn their  
17 living in this paradise of the Pacific.

18 You are also thoroughly aware of the fragile  
19 structure of the Channel ocean floor, the frequency of  
20 earthquakes, and the proximity of oil platforms to the  
21 shoreline. These factors make the region deadly hazardous.

22 Certainly you are familiar with inherent dangers  
23 of offshore oil drilling - and the complete and utter  
24 inability of the oil companies to prevent, contain, recover,  
25 or control oil spills. You have had countless examples

1 over the period of the last six years, and even before,  
2 indicating this problem.

3 According to the industry's publication OCEAN OIL  
4 WEEKLY, an ARCO well in the South China Sea has been blowing  
5 wild since 1972 in spite of every conceivable effort to  
6 control it. And I am also informed by the same Industry  
7 journal that in the last twenty years, ARCO has experienced  
8 twenty-one serious blowouts! That is better than one a year.  
9 I'd like to know where these much ballyhooed prevention and  
10 control systems are, even today, if such things are occurring.

11 The ARCO Final Environmental Impact Report states  
12 that in drilling a certain degree of risk-taking is tolerable  
13 and a certain degree of failure and pollution is acceptable.  
14 By whose standards? Certainly not by those who have  
15 experienced such a disaster as that which occurred in Santa  
16 Barbara in 1969.

17 We have been told frequently about the cumulative  
18 effect of oil operations and that it is impossible to  
19 calculate what the future will hold if you allow the  
20 extension of this business in that Channel. To ignore  
21 this impact of offshore drilling, of the increased tanker  
22 traffic, the mish mash of onshore and offshore pipelines,  
23 and the vehicular traffic of oil trucks and whatnot is  
24 unpardonable. Oil operations certainly long before this  
25 should have been regarded as ultra-hazardous - and be subject

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1 as Mr. Cappello said, to unlimited liability for the pollution  
2 of the air, the ocean, and our environment, and for tax  
3 purposes, when accidents occur, not if they occur. And I  
4 would certainly propose to our good legislators that  
5 legislation is urgently needed to further this reasonable  
6 objective.

7 Now, you have also heard people yak about the  
8 natural seeps. There has never been an oil spill on the  
9 beach, and I have lived on the beach for forty years in  
10 Santa Barbara, there has never been oil on the beach but  
11 what some governmental agency, including the Coast Guard,  
12 immediately says, "Well, it's from a natural seep." That  
13 monotonous explanation gets awfully tiresome. Now, many  
14 reputable engineers claim that pressurization of these  
15 offshore wells in State waters, by the way, could well be  
16 and probably are, responsible for the seeps in that ultra-  
17 fragile channel floor.

18 And you have heard about the tanker problem this  
19 morning, but I don't think it has been mentioned that  
20 every tanker that comes in to Ellwood would have to cross  
21 the north bound sea lane in order to get into the south  
22 bound one and to the refineries off Los Angeles.

23 Now, the hazards of shipping can't be over-  
24 emphasized, and I hope you gentlemen will consider this  
25 a threat to the environment that is extremely serious.

53  
1           Gentlemen, we simply ask you to review all the  
2 evidence submitted by responsible people. A former  
3 President, whose name I won't mention, did have this to  
4 say:

5           "Immediate economic gains are not the only,  
6 or even the major way, of measuring the value of  
7 a geographic area. The ability of that area to  
8 sustain wildlife, and its capacity to delight and  
9 inspire those who visit it for recreation can be  
10 far more important characteristics."

11           Gentlemen, in your last ten days on this Commission  
12 you have the golden opportunity, it seems to me, to act on  
13 behalf of the people of this State and countless people  
14 throughout the country, and be exalted by generations to  
15 come.

16           If you can't in conscience so act, then I would  
17 strongly urge that you defer action on oil matters until  
18 after January first. Then there will be a new agency. At  
19 least let us wait until the California Energy Commission  
20 is created next year. I understand that its duty will be  
21 to establish Energy Policy and set priorities, including  
22 the use of Tideland resources.

23           I just think it would be prudent and wise for you  
24 to give serious consideration to this thought.

25           Merry Christmas to you all.

1 CHAIRMAN FLOURNOY: Thank you, Al. Is there any  
2 question of Mr. Weingand?

3 I wish you wouldn't rush us, Al. We have a few  
4 more days than ten. We have until the fifth.

5 Thank you very much.

6 MR. GLADISH: Next on the list, Mr. Chairman, is  
7 Mr. Kenneth Cory. And we have added another name after  
8 Mr. Cory, a Mr. Dick Mansfield.

9 ASSEMBLYMAN CORY: Mr. Chairman and members, I  
10 have some comments with respect to this particular lease.  
11 I also have a request and I don't know if it is appropriate  
12 to make it at this time or another time. I couldn't see  
13 where it would fit into the agenda, but a request that  
14 Senator Dymally had made with me in suggesting that you  
15 set a meeting for January 7th of the State Lands Commission,  
16 and instruct the staff to issue it, if that would be  
17 possible, so that we could have a meeting on the seventh  
18 of January.

19 CHAIRMAN FLOURNOY: We shall note your request  
20 at this time and take it up later.

21 ASSEMBLYMAN CORY: On the question of this  
22 particular application I would like to concur in the  
23 statements of Assemblyman Hart, and the City Attorney of  
24 Santa Barbara. I think they dealt with the environmental  
25 one. I would like to stress the lack of a requirement for

1 full or complete liability on the part of the applicant.  
2 The conditions that have been suggested by the staff as  
3 being adequate, I think are inadequate in that regard and  
4 we do wish you would proceed.

5 But I would like to take just a brief time to  
6 make an additional plea to each of you three men as  
7 individuals, that as you have sat, or your predecessors have  
8 sat, on this Commission for eight years, you have had the  
9 capacity to see the implication of this individual act,  
10 and it is sort of an extension of Mr. Cappello's argument.  
11 We are not talking here about a single application in my  
12 opinion, but we are talking about whether or not the State  
13 Lands Commission will have this arrow removed from its  
14 quiver in dealing with the overall energy crisis that this  
15 State and this nation faces. And you can use that same  
16 argument, and say "No, we must proceed immediately because  
17 here is 17,000 barrels of oil."

18 I would suggest to you that that is not the  
19 way to go because it has been that kind of piecemeal approach  
20 that has led the major consortium of oil companies in this  
21 country to get us into this fix we are currently in. They  
22 have never wanted us to ask questions as to its impact upon  
23 our energy policy. And particularly Mr. Orr, when we were  
24 talking some time ago at the height of the so-called  
25 energy crisis, the fact that our oil was being taken. ~~yet~~

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1 those same major oil companies were not so generous in whether  
2 or not they were going to supply us with oil at all, or  
3 gasoline products. That's the kind of consideration that, I  
4 think we are giving up if we allow this individual company  
5 to expand upon this platform, that we need to have that  
6 available as negotiation for getting total information from  
7 the oil industry. We do not have information available  
8 to us in California as to how much oil is really available.  
9 We do not know what the reserves are. That has got to come  
10 to an end if we are going to develop a rational energy policy.  
11 And we need not just this platform, we need a lot  
12 of things to negotiate with that industry to get them to  
13 change their policies, because their policies must change  
14 if we are going to have a rational energy policy, a policy  
15 which will enable the Los Angeles Department of Water and  
16 Power to have fossil fuel and will allow the Department of  
17 General Services to supply petroleum products for the  
18 Highway Patrol and the Division of Forestry. Those kinds of  
19 things are long-term negotiations. I would suggest to you  
20 that this application has been focused down very narrowly  
21 to just these additional wells and the short-term income.

22 Both the Lieutenant Governor and the Controller  
23 are well aware, in your legislative capacity previously,  
24 that one of our chronic problems in the State Government is  
25 the long-range planning versus the short-range gain. In

1 prior administrations, neglecting this one, one of the  
2 chronic arguments that the minority party was making was  
3 that we were being -- to save this dollar now we were  
4 wasting future income. And I would suggest to you that that  
5 is what this kind of approach of letting out these leases  
6 and under these conditions, and permitting these additional  
7 wells is foregoing the opportunity for us to negotiate  
8 a better deal next month or next year. I think it has to  
9 go into the total question of long-range budget, not just  
10 the immediate cash needs of today. The question of whether  
11 or not we should, for example, not lease out unless we get  
12 something in return or not grant those permits unless we  
13 have some understanding that we are going to have a supply  
14 of petroleum products for the State of California, and will  
15 ARCO bid on our petroleum needs? Those kinds of questions  
16 are really not looked at, and if you act now, if it were  
17 not for the TRO that was spoken of earlier that was granted  
18 yesterday, we will not have that opportunity to negotiate  
19 those things, and I think if each of you think about the  
20 long-range implications and the broad spectrum of duties of  
21 legislators, the Lieutenant Governor, the Controller, the  
22 Director of Finance, I think you will realize that those are  
23 the kind of things that a government, a new Administration,  
24 needs, and you are taking that away from them.

25 That is something that I'd like for you to

1 consider before you make that decision. I do concur with  
 2 the statements of the other two individuals, as I indicated,  
 3 but I think not just as you are sitting there as members of  
 4 the Lands Commission, but as Controller, what it means  
 5 to the long-range future of this State and this nation,  
 6 as you are sitting there as the Director of Finance, the  
 7 current Director of Finance, and John, you as the Lieutenant  
 8 Governor, because I think it really is part of that question  
 9 that I would hope to leave with you and hope that you consider  
 10 that before you make up your decision.

11 CHAIRMAN FLOURNOY: Thank you very much. Any  
 12 questions?

13 MR. GLADISH: Yes, Mr. Chairman. Next I have  
 14 Mr. Richard W. Mansfield with the State Building and  
 15 Construction Trades Council of California.

16 MR. MANSFIELD: Thank you, Mr. Chairman. My name  
 17 is Dick Mansfield and I am the legislative advocate and  
 18 representative for the State Building Construction Trades  
 19 Council. Our Council consists of about 480 affiliated  
 20 craft councils and local unions that are involved in the  
 21 construction industry. We have approximately 380,000  
 22 members in the State of California.

23 Our Council is viewing with growing concern the  
 24 problem of the energy crisis and the impact that it is  
 25 having on California's economy, and the economic outlook

1 for the nation in general. The membership of my Council  
2 right now is facing a 32% unemployment factor. Housing is  
3 off better than 50% what it was over a year ago. The  
4 lumber industry is practically shut down.

5 Now obviously, we have to look at what some of  
6 these causes are. And in trying to reach some kind of a  
7 rational conclusion, we examined the effect of the  
8 environmental movement upon employment, upon manufacturing,  
9 upon the use of sources of energy. And as a result of the  
10 environmental movement, not taking into consideration  
11 socio-economic factors, we put ourselves in a position where  
12 as an importer of oil and petroleum products, we are at the  
13 mercy of those nations who are exporting those products.  
14 Even today, Canada has served notice upon the United States  
15 that after, I think it is five or six years, they are no  
16 longer going to export any oil to this country. Nor are  
17 they going to sell any natural gas to this country because  
18 they want to become a self-sufficient energy producing  
19 nation, and if they continue to export then they will not  
20 be self-sufficient. They have taken the right approach  
21 and I think it is the approach that this country must take.

22 Recently in Washington, one of President Ford's  
23 aides states that on a short term basis the development of  
24 all of our sources of energy in this country must be  
25 undertaken at once. The result of that policy of course

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1 is the current federal leasing program in the Santa Barbara  
2 Channel and the Continental Shelf off the coast of Southern  
3 California.

4 On that Continental Shelf, it is estimated that  
5 there is 2 to 26 billion barrels of oil. This oil, if it  
6 were developed, would certainly go a long way toward  
7 alleviating the energy crisis.

8 Now second, I would like to touch upon what impact,  
9 direct impact, that this is having upon our economy. With  
10 the world market of oil at \$10.55 a barrel, or whatever it  
11 is -- and the Arabs just recently stated that they were  
12 going to increase the price another 5% -- this automatically  
13 raises the cost of every single thing that is manufactured.  
14 It raises the cost of my people, who some of them have to  
15 drive a hundred miles a day to go to work. They are going  
16 to end up paying in the future 75¢ or maybe a dollar for  
17 a gallon of gasoline.

18 And gentlemen, our Council is going to do something  
19 about it. We are going to get deeply involved in all of  
20 these decisions which are going to directly affect  
21 employment.

22 Now, directing my comments towards the current  
23 application that you have in front of you, obviously we  
24 fully support the EXXON application and the Atlantic  
25 Richfield application. I am a long-time resident of Santa

1 Barbara. My family moved there in 1929. I was educated  
 2 in the Santa Barbara City School System, and I lived there  
 3 until 1967 when I moved here to Sacramento. Right after  
 4 the war I was employed by the Signal Oil and Gas Company  
 5 on their Ellwood lease, and I was employed by that company  
 6 for seven years. I worked on well drilling rigs and I  
 7 worked in construction and just about all the facets of  
 8 that particular company's activity in the Ellwood area.

9 And I might say this, that that Ellwood lease  
 10 with the condition that was kept in, the screening, the  
 11 plantings that were placed around the pumping units, the  
 12 screening and plantings were placed around all areas, in  
 13 the operation of that lease during the time that I worked  
 14 there, we never had any oil spill at all, none whatsoever.  
 15 We did have a blowout and a well fire, and even on that  
 16 occasion there wasn't any oil that ever reached the ocean.

17 But that lease was maintained, and looked better  
 18 than a major portion of the City of Santa Barbara, down on  
 19 the lower east side, where even today you have slum  
 20 conditions that are absolutely intolerable.

21 (Laughter.)

22 MR. MANSFIELD: I know that might sound funny  
 23 but gentlemen, this is the truth. The policy of the City  
 24 of Santa Barbara, ever since I can remember, has been  
 25 against any oil exploration whatsoever, regardless of what

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1 effect it would have on the environment. And I think today  
2 we have to get our heads out of the sand and we are going  
3 to have to take a look at where we are going. And I think  
4 the environmental groups are going to have to take into  
5 consideration socio-economic factors. You have a fourteen  
6 hundred page report there but the socio-economic impact  
7 only consists of about a page and a half. And gentlemen,  
8 I think somewhere along the line that's going to have to  
9 be brought into balance.

10 Now, I recall, as I testified before you gentlemen  
11 on the other applications last month, I recall as a boy down  
12 on the beaches, Santa Barbara, down off the Carpinteria,  
13 there is a bluff right adjacent to the beach itself which  
14 is composed entirely of tar. It is a natural tar seep and  
15 on hot days that tar will actually ooze out of that bank  
16 and come right down onto the beach. Years ago they used  
17 to mine that tar for asphalt. They had a plant in there.

18 You go further north along the coast to  
19 Summerland. In the nineteen hundreds, there were actual  
20 springs in which petroleum bubbled up out of the ground.  
21 And at one time there were well over 200 wells offshore in  
22 the Summerland area, around 1904, 1905.

23 Off of the coast of Isla Vista, an area known  
24 as Coal Oil Point, which is where Platform Holly is, just  
25 about off of that point, I have fished out off of that

1 point, and there is a natural seep there where about five  
 2 or six barrels a day of oil, seep up right off the ocean  
 3 floor, and there is gas bubbles that come up with it. Off  
 4 of Gavotta you have had other natural tar seeps. And all of  
 5 these petroleum products, or petroleum, whatever you want  
 6 to call it, wash up on the beach, obviously, and people  
 7 get it on their feet and so on and so forth. Every time  
 8 the wind shifts down there, you get an accumulation of that  
 9 building up in the Channel, it comes up on the beach and  
 10 somebody says, "Well, there has been another oil spill  
 11 somewhere."

12 Well gentlemen, that is just not true. That oil  
 13 has been on these beaches for years. In the log of, I  
 14 believe it was Sir Francis Drake, and other early explorers,  
 15 they brought their ships in to the Goleta Slough area at  
 16 low tide and they used the tar that they found along the  
 17 beach to re-calk the ship, and that is a matter of record.

18 And I think that, gentlemen, we are going to have  
 19 to take a real close look at this situation, and we  
 20 strongly urge you to approve these applications. We think  
 21 that all of the proper measures have been taken to protect  
 22 the environment. That oil belongs to the citizens of the  
 23 State of California and not the citizens of Santa Barbara.  
 24 And we all have a stake, a very critical stake, in that  
 25 development. And I strongly urge that you approve the