

1 way to clarify. Why don't you go on to your next point.

2 MR. COX: Those are all of the technical points
3 with the conditions. I did want to suggest that in terms
4 of your interagency agreement on Item Number 3, which is
5 on page 3 of the interagency agreement, in terms of the
6 Scientific Review Study that will be done by the Advisory
7 Scientists, that you also include in there a representative
8 from the commercial fish industry. I think that if there's
9 one thing that's been demonstrated here today from the
10 fishermen's testimony is that they can add a perspective
11 to the scientific data that is going to be analyzed that
12 is missing.

13 ACTING CHAIRPERSON McCARTHY: I think it's
14 certainly appropriate for us to seek their help and their
15 expertise. The interagency agreement, as you appreciate,
16 is intended to cover governmental agencies that involve
17 them to save a statutory charge in these areas
18 to be involved. But we take seriously the comment that
19 we stay very close to the commercial fishermen and the
20 data that they can provide us.

21 MR. COX: Yes. Thank you.

22 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, we checked
23 with Pete Phillips, our Fish and Game representative today,
24 on the question Mr. Cox raised on page 18 or C-5 in regard
25 to feeding and migrating. If you'd like to hear from him

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1 directly, I think he's available to make scientific comment.
2 The summary of the comments which I'm sure you'll correct
3 me if I have wrong is that they could be migrating and feeding
4 anywhere in any part of the lease area. So I would
5 recommend then that we do not take that amendment.

6 ACTING CHAIRPERSON McCARTHY: Mr. Phillips, do
7 you have anything you wish to add?

8 MR. PHILLIPS: That is a good summary.

9 ACTING CHAIRPERSON McCARTHY: Want to identify
10 yourself for the record?

11 MR. PHILLIPS: Thank you. Good afternoon. I'm
12 Pete Phillips with the Department of Fish and Game. That
13 is a good summary of our first view of that recommendation.
14 You could characterize the entire area as a place where
15 feeding and migration of marine organisms occurs.

16 ACTING CHAIRPERSON McCARTHY: All right. Thank
17 you.

18 Thank you, gentlemen, for your testimony.

19 MR. COX: I did want to follow up on one very
20 significant point; and that is that we are a bit concerned
21 about the question that you raised early at this particular
22 hearing with respect to the timing of the studies that will
23 be undertaken. You raised the point that what phase do
24 the specific studies get undertaken. Is it at the lease
25 sale stage or is it at the production or exploratory phase?

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1 I would like to answer that question by stating that if
2 we understand that before any --

3 ACTING CHAIRPERSON McCARTHY: May I rephrase what
4 I think I said at the beginning of this meeting?

5 MR. COX: Yes.

6 ACTING CHAIRPERSON McCARTHY: I'm not confused
7 about when the studies start. My question I think in
8 response to Miss Guzman was at what point do we consider
9 these studies completed enough to give us adequate data
10 on which to make judgments to identify sensitive areas.

11 MR. COX: Yes, I understand that.

12 ACTING CHAIRPERSON McCARTHY: There's a triggering
13 mechanism as to when the study starts. I'm not confused
14 on that point.

15 MR. COX: Yes. I wanted to raise a broader policy
16 question --

17 ACTING CHAIRPERSON McCARTHY: All right. Go ahead,
18 please.

19 MR. COX: -- with respect to at what phase these
20 comprehensive studies are undertaken. We feel that since
21 it's clearly understood that no exploratory or production
22 projects will be undertaken until the studies are performed,
23 that it would be immensely helpful to you as decisionmakers
24 to have this information up front before the lease sale
25 actually takes place. That way we can answer some of the

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1 critical questions that we were just discussing with respect
2 to what happens if an entire parcel is so sensitive that
3 using hindsight you would have decided to delete that
4 particular parcel from this entire lease sale. I believe
5 that it will not create the sort of uncertainties that one
6 might expect, especially in light of the fact that it will
7 certainly supply us with the information up front that we
8 will need in answering some basic threshold questions.

9 In terms of the actual cost of those studies,
10 I'm quite certain that the Commission would like to have
11 the individual lessees bear those costs. I feel that you
12 can, of course, undertake those studies initially and then
13 recoup the cost of those studies within the cost of the
14 lease sale to the individual lessees.

15 We feel that, from our perspective, in the absence
16 of that type of information, it should be made perfectly
17 clear that basically what the lessees will be obtaining
18 from the State is a lease option with a condition subsequent.
19 That is, that they would have the right to drill for oil
20 upon the condition that it was determined that there were
21 areas within the lease sale that would not have significant
22 environmental impacts or impacts on the commercial fishing
23 industry. So I believe that somewhere within the intent
24 of the Commission this concept should be made clear.

25 I think that it's important because we're very

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1 much concerned that once a lease is let, the oil companies
 2 will feel that they have a vested right to actually go into
 3 each one of these parcels. Once the oil development takes
 4 place, no matter how sensitive the area might be, it might
 5 be very difficult to actually regulate the oil companies
 6 once they're on site. I feel that it's a fundamental
 7 threshold question that needs to be answered by the
 8 Commission. Somehow that language should be reflected within
 9 your intent.

10 ACTING CHAIRPERSON McCARTHY: Mr. Cox, the balance
 11 we've tried to strike here on the studies that are going
 12 to be undertaken, and so far there's over \$8 million worth
 13 of studies that have never been done by the Federal or State
 14 Government anywhere else that I'm aware of to this date.
 15 That the balance and the method of payment is obviously
 16 an attempt to reconcile strongly clashing views on whether
 17 oil drilling should go forward at all in this area or whether
 18 it should not. It so happens that there are a fair number
 19 of elected officials in this State Government that believe
 20 it should, starting with the top of the government and with
 21 a fair number of people in the Legislature. I won't speak
 22 for the other commissioners regularly here, but let me tell
 23 you that there's some substantial sentiment on this
 24 Commission that there should be oil drilling to obtain
 25 revenue. So this whole method is an attempt to reconcile

1 the values you've been pointing out in your testimony to
2 us with the thrust, the interest coming from others that
3 are not thinking perhaps as deeply or attaching the same
4 weight as you are to those issues. That's what we have
5 before us. I understand why you've stated your point of
6 view. I know we're not going to get \$8 million out of the
7 State General Fund or any major part of that for these studies
8 on some contingency that we're going to get it from oil
9 companies later on. That isn't going to work, not if you
10 follow this current budget process and the Legislature closely
11 and saw what was left on the floor.

12 MR. COX: Yes. I just want to leave you with
13 one last thought; and that is that I have constant contact
14 with commercial fishermen in the Santa Barbara area and
15 have been informed that Point Conception is one of the last
16 areas that they can go into without having to get involved
17 with a lot of conflicts with the oil industry and that over
18 the last couple of years they have been subjected to a lot
19 of damages as a consequence of seismic testing in the area.
20 I've had several commercial fishermen tell me that they
21 are being literally driven out of business due to the loss
22 of nets and traps. I feel that it's very important for
23 this body to understand the importance of protecting a
24 critical economic interest that will be severely impacted
25 by this particular lease sale, primarily because it's the

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1 in-shore area within the 30 fathoms that you find the critical
2 marine biota, the fishing masses. We just want to urge
3 this body to adopt a 30 fathom fishermen sanctuary, and we
4 would like to urge the Commission to so proceed.

5 ACTING CHAIRPERSON McCARTHY: Thank you, Mr. Cox.

6 MR. COX: Thank you.

7 ACTING CHAIRPERSON McCARTHY: That's all the
8 witnesses I have listed. It's time for the Commission to
9 act or not to act, whatever it chooses to do.

10 Do you have any closing statements giving us
11 information we need to know about, Miss Dedrick?

12 EXECUTIVE OFFICER DEDRICK: No. I'll be glad
13 to answer any questions you have or at least try.

14 [Thereupon a discussion was held off
15 the record.]

16 ACTING CHAIRPERSON McCARTHY: All right. Ladies
17 and gentlemen, at the beginning of this meeting I referred
18 to a four-page matter that included several amendments,
19 two of which were from the, I think, from an oil industry
20 source and two of which were from environmentalist sources.
21 We have had references to those during the testimony of
22 several witnesses. If there are any further comments from
23 either of my fellow Commissioners, I'd like to ask if there's
24 a motion now to adopt these amendments into the main packet
25 that we've all been addressing that was under the face sheet

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1 of calendar summary on this item today? Do I hear a motion?
2

3 COMMISSIONER JERVIS: Yes, I'll move.

4 COMMISSIONER ORDWAY: Second.

5 ACTING CHAIRPERSON MCCARTHY: All right. Without
6 dissent, these amendments are adopted. The amendments

7 described as Proposed Amendments to Special Operating
8 Requirement 5(d), Version 1, and the amendments on the
9 following pages. It is my understanding, and I want to

10 hear this from my two colleagues on the Commission, that
11 the amendments proposed by several witnesses that we adopted

12 during the course of the testimony will be included in
13 language changes in this packet, and that if we act to approve

14 this proposal, that those changes are incorporated in it.
15 Is that the understanding?

16 COMMISSIONER ORDWAY: Yes.

17 COMMISSIONER JERVIS: Yes.

18 ACTING CHAIRPERSON MCCARTHY: I would now

19 entertain a motion to adopt this packet. Before I do, I
20 want to state that we have not addressed another issue that
21 this Commission wishes to further address. That's the issue
22 of jurisdiction. We intend to address that issue at the

23 August 25th hearing of this Commission. Further, we intend
24 to be in close contact with the Coastal Commission on that

25 issue and with any parties that want to raise the issue
with us. Obviously, our discussion of the jurisdictional

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1 matter is occasioned by the litigation that exists on the
2 subject, occasioned by the interest of members of the Coastal
3 Commission and occasioned by our own interest to resolve
4 the issue of jurisdiction.

5 It is not our intent to act upon that at this
6 time, but it is our intent to act upon every other aspect
7 of the lease sale proposal so that the Coastal Commission
8 may have before it at its August 23rd meeting this package
9 as an action taken by the members of this Commission if
10 that's our decision momentarily.

11 Is there any further comment from members of the
12 Commission? If not, I'm ready for a motion or action on
13 this packet before us.

14 COMMISSIONER JERVIS: I'll move it.

15 COMMISSIONER ORDWAY: Second.

16 ACTING CHAIRPERSON McCARTHY: Mr. Jervis moves.

17 Without dissent, we unanimously adopt this packet as the
18 proposed set of conditions and approval for this lease sale.
19 Staff will present it on behalf of this Commission to the
20 Coastal Commission meeting as scheduled on August 23rd.

21 Is there anything further to come before this
22 Commission at this time?

23 If there is not, the meeting is adjourned.

24 Thank you, ladies and gentlemen.

25 [Thereupon the State Lands Commission

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meeting was then adjourned at 2:55
p.m.]

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I, CATHLEEN SLOCUM, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission meeting was reported in shorthand by me, Cathleen Slocum, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 23 day of August, 1983.

Cathleen Slocum

CATHLEEN SLOCUM
Certified Shorthand Reporter
License No. 2822