Volume [redacted]

BEFORE THE STATE LANDS COMMISSION
OF THE STATE OF CALIFORNIA

IN THE MATTER OF	)	
	)	
ARCO COAL OIL	)	EIR/EIS Public Hearing
	)	
POINT PROJECT	)	

TRANSCRIPT OF PROCEEDINGS

Wednesday, January 28, 1987

County of Santa Barbara
Board of Supervisors Hearing Room
105 East Anapamu Street
Santa Barbara, California

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1 -- P R O C E E D I N G S --
2
3 2:00 p.m.
4
5 CHAIRMAN DAVIS: I am calling this meeting of
6 the Lands Commission to order.
7 The Secretary will note that Commissioners Ordway
8 and Davis are present.
9 The purpose of this hearing, as you will recall,
10 is to allow testimony from the community of Santa Barbara,
11 once having received and reviewed the final Environmental
12 Impact Report. Our previous meeting here was in advance
13 of the issuance of that report and all of us felt that
14 it made sense for the citizens and the affected interests
15 in Santa Barbara to review the report and provide testimony,
16 once having done that.
17 I am also informed that there was a meeting this
18 morning between the Lands Commission staff and the university
19 and the county, and I think other interested parties, at
20 which time there was agreement that it might be advisable
21 to delay the February 17 date, which is now calendared
22 as the date when the Environmental Impact Report will be
23 acted upon.
24 I am inclined to support such a motion, as long
25 as we keep faith with the March 20 deadline. I am going

1 to wait until Lieutenant Governor McCarthy gets here, however,
2 prior to making that motion, so I know there are many of
3 you who have that in mind and are prepared to testify on
4 that issue, so just be advised that we are aware of it,
5 and we would--at least, I for one--like to accommodate
6 those concerns as long as it can be done in keeping with
7 the March 20 deadline that was given to us by ARCO's agreement
8 to extend at the last meeting.
9 So, with that we will begin the testimony.
10 The first witness is Bill Wallace, the President
11 of the Board of Supervisors.
12 MR. WALLACE: Good afternnon. Thank you.
13 Once again, we would like to welcome you to Santa
14 Barbara County and thank you for conducting this hearing
15 in the community that is going to be directly affected
16 by the ARCO facility.
17 We repeat our request made at the January 13
18 hearing for the public release of your staff report prior
19 to the final hearing in Santa Barbara. This could be done
20 simply by holding the February 17 hearing in Santa Barbara.
21 The public's need for the staff report is self evident,
22 it is your staff analysis and recommendation, distilled
23 from thousands of pages of the EIR.
24 The public, in particular the citizens of Santa
25 Barbara County who will be directly and significantly affected

by this project, deserve the right to review the staff report and comment to your Commission on its conclusions. They have been denied that right, due to the unusual processes conducted to this date; however, that right can be maintained simply by holding the final hearing here, rather than in Sacramento, 500 miles from the project and the citizens it will affect.

We request that you hold that hearing in Santa Barbara, and stand ready to assist you in making the arrangements.

The majority of the rest of our statement revolves around the EIR issue, and it really centers on this preferred option.

As you probably know, our staff and yours held a long meeting this morning, and Supervisors Rogers and myself were present, and the staff from the university, including the chancellor, and in my opinion it was a very productive meeting and it really helped to articulate where the differences are, and where maybe we can make some compromises.

I think, though, for the benefit of the Commissioners who were not present at that meeting, that I will go through the county's position on the preferred option, and how that delves with the EIR issue, and that this was adopted by the Board of Supervisors on Monday by a four-to-one vote, with Supervisor Yager absent.

We had hoped to be able to recommend certification

1 of the recently completed final EIR at this time. Unfortunately,
2 we cannot, although an effort to respond to the thousands
3 of comments received on the draft EIR--an effort was made
4 to respond to the thousands of comments received on the
5 draft EIR, we do not believe that the final EIR can be
6 certified in its present form.
7 The document contains substantial new information
8 and analyses not contained in the draft EIR. This information
9 has not been subjected to public review and comment, with
10 subsequent responses and revisions to the text as required
11 by law.
12 In order to provide the legally required public
13 review of this material, we believe the EIR must be recirculated.
14 It is not our intent to try and bog this project
15 down in legalese or state requirements, but we believe
16 that the county's position has got to be protected specifically
17 with the environmentally preferred option, set forth in
18 the EIR.
19 But, we feel that our staff has been working
20 together this morning, and this afternoon, with the legal
21 help, and we think that this can be resolved without that
22 being necessary, but I think I will go through some of
23 the county's positions, that it has been our feeling, under
24 CEQA, and this is how we have always operated, that once
25 an agency, the lead agency, certifies an EIR, that EIR

then is an extension of them. It is no longer the consultant's EIR. It is your preferred option, and under state law we believe that also applies to State Lands, and because Santa Barbara County has specifically been identified as one of the authors of this report, when it says "Prepared by State Lands and Santa Barbara County" that it becomes an extension of us, too.

Now, if you do not use that preferred option, you have to make findings on why it is not possible, or that it can't be mitigated to do that, and we feel that this option is just simply not in the best interests of our county, or State Lands, or ARCO, and I don't believe that even ARCO is supportive of it.

The county's foremost objection to certification of the EIR is raised by the last minute addition of the project alternative designated as environmentally preferred in the EIR. Nothing in this critical section was contained in the draft EIR. The Joint Review Panel, which managed the preparation of the EIR, has had no opportunity to review the analysis which would justify the selection of the project alternative chosen prior to its addition in the final EIR.

Final, our review of the document indicates that the analysis required to reach the EIR's conclusion is either lacking or is seriously flawed. Major elements of the selected project configuration have not been analyzed

in more than a superficial manner. The comparative analysis and its deficiencies have likewise not been calculated for public review and comment as required by law.

To certify the final EIR document without allowing the public adequate time to review, comment, and receive responses on this critical analysis does not meet minimum legal requirements.

The intent of the CEQA process is to allow the public the ability to provide input on sensitive, social, and environmental matters, associated with development projects.

Certifying this document without responding to comments regarding this alternative would violate this key process in the CEQA requirements.

In addition to the section designated a preferred alternative, there have been other entirely new sections of the document. The important new sections have been added, evaluating the impacts on Isla Vista, originally overlooked, the affects of Exxon's SYU project offshore, including additional air quality modeling, and substantial new information on the very complex and controversial issue of commingled versus segregated oil processing.

The County of Santa Barbara and its citizens demand the opportunity to comment on these new or expanded sections.

We would like to step away from these procedural mistakes, and point out several factual errors in the EIR which must be corrected prior to certification. Virtually all of these comments relate to the recommended project alternative. We believe that numerous inconsistencies and errors could have been, and should have been, avoided had the Joint Review Panel reviewed the recommended project alternative prior to publication.

I think I will submit the rest of our discussions about the project alternative in the written, because hopefully this will not become an issue, and if it does it will be a part of the record, because we talk about the safety and a whole bunch of different issues, which we don't feel were adequately addressed if all of the processing is going to be done offshore.

It is clear that the county objects to the EIR's designation of the preferred project, and to the consideration of any offshore oil processing. We join ARCO in preferring onshore processing, which we believe should be in Las Flores Canyon.

We also question the designated project alternative for not recommending the removal of Platform Heron. The final EIR says the removal or the relocation of the platform would not allow full development of the resource; however, this same criteria was not used when recommending that

1 sour gas be reinjected, since reinjection is, by its nature,
2 less than full development. Reinjecting the sour gas avoids
3 significant impacts. Removing or relocating Platform Heron
4 also avoids significant impacts. The county stresses that
5 Heron should be eliminated to mitigate the significant
6 impacts it will cause.
7 The county also requests that sufficient time
8 be given to review and comment on the new information provided
9 regarding commingling and segregation. We are pleased
10 to see that the State Lands Commission staff recognizes
11 as correct the county's long standing position that wet
12 oil measurement errors in commingled systems result in
13 only insignificantly small deviations in royalty errors.
14 Finally, this issue can be put behind us; however,
15 the new information in the final EIR indicates that the
16 State Lands staff has expressed concern that the operator--
17 in this case ARCO--could and will manipulate equipment
18 or accounting to cheat the state out of royalties that
19 it deserves. We do not believe that this is the only method
20 to resolve a deliberate royalty misallocation as physical
21 segregation of oil streams.
22 In other words, the environmental costs to the
23 county and the financial costs to ARCO are expenses which
24 are recommended, instead of simply using a better management
25 and enforcement program to prevent ARCO from cheating.

1 This approach is particularly curious in light of the fact
2 that segregation in ARCO's case would still allow the possibility
3 for ARCO to cheat the state out of potential royalty.
4 The county believes that existing wet oil measurement
5 systems are adequate to provide sufficiently accurate measurements
6 in commingled processing. Further, we do not consider
7 the potential to cheat a valid reason to require segregation;
8 rather, we consider a sound management program, complete
9 with enforcement and monitoring of wet oil measurement
10 systems an adequate and sufficient solution to the problem--
11 if any exists--of ARCO's purported cheating. We think
12 the environmental document, as well as your future decisions,
13 should reflect this.
14 In conclusion, our initial review of the final
15 EIR leads us to assert that the document cannot be certified
16 for the reasons outlined above--which are specifically
17 the preferred option.
18 We are aware of the implications of the fact,
19 relative to the time requirements of the Permit Streamlining
20 Act. Because of the very significant ramifications of
21 the new information in the final EIR, and the consequences
22 of offshore processing to Santa Barbara County, we must
23 request that your Commission take whatever actions are
24 necessary to insure that this significant new information,
25 contained in the final EIR, is recirculated for public

review and comment, as required by law, and that the preferred project alternative be revised.

One final comment that I would like to say is that we do appreciate the continuing cooperation of the State Lands staff in continuing to attempting to resolve the issues of concern to this county, and that because the process between your staff and ARCO's will continue after your permit decision, we request that the county and the university continue to be direct participants in the decision making for the details of the permit.

Thank you very much.

CHAIRMAN DAVIS: Supervisor, I have a couple of questions.

As I expressed before, I think the possibility of commingling not only is environmentally preferable, but more economical to the applicant.

Can you describe in a little more detail the progress that has been made with the Lands Commission on that issue since our last meeting?

MR. WALLACE: Well, I believe that after this morning's meeting, there was a discussion of going to single platforms, and just the extent of how much separation would be required on the single platform, so that oil and water--so that the wet oil that was delivered onshore could be measured, and it was just a question of percentage of water.

1 how much had to be taken out, and there was the discussion
2 of looking at what's being done on the other platforms
3 at this point, but with the compromise goal of single platforms,
4 with a small amount of processing offshore, and there was
5 about three conditions that our staff--and this isn't something
6 that the Board has discussed yet--but, wanted to see in
7 that.
8 One, that there wouldn't be any air pollution
9 impacts. No doubling, like heating offshore and heating
10 onshore, so that there was actually a doubling of the amount
11 of heat required. What the source of that heat would be?
12 Would the platforms have to be enlarged, or could they
13 be kept at the same size as would be required without any
14 offshore processing?
15 So, I think there is some room in there, but
16 then it is still a wet oil line coming onshore, and it
17 is then a question of what compromises could be made, and
18 ideally the best one is renegotiating these leases with
19 ARCO, so the whole problem goes away for at least ARCO.
20 And, we were assured by staff that that was at
21 least a possibility at this point.
22 CHAIRMAN DAVIS: A couple of other issues.
23 Did you mention that this was a four-to-one vote?
24 Or, did you mean one Supervisor was absent?
25 MR. WALLACE: One absent. It was four to zero.

1 CHAIRMAN DAVIS: All right.

I think that I mentioned this before, but it
3 is my experience, being State Controller now for a little
4 more than three weeks, that we are always involved in financial
5 transactions with the federal government, the county government,
6 and there is always post-transaction audits that determine
7 that one of the parties is owed money, or too much money
8 was sent from one party to the other, and then appropriate
9 offset, or a refund, or additional delivery of money, is
10 forth coming.

11 That is kind of what I have in mind in the commingling.
12 I mean, it is clearly environmentally preferable. I think
13 everyone would agree that it is cheaper. There has to be
14 some kind of methodology which would allow for some post-
15 transaction audit to determine whether or not the state
16 received its full--the full royalties to which it is entitled.

17 You know, I don't have any particular brief for
18 any applicant before this Commission, but I don't think
19 we should be in the business of ascribing motivations.
20 ARCO is a good corporate citizen. It is our job to make
21 sure that they pay their fair share, and it is our job
22 to make sure that every user of state resources pays their
23 fair share.

24 One way to do that is to arrive at some contractural
25 arrangement, either by renegotiating the leases, or some

1 other provision that allows that to take place.

2 MR. WALLACE: I think that, in reference to what

3 you are saying too, is that it was our reading of the final

4 draft EIR that the--and our statement was--that it would

5 result only in insignificantly small deviations in royalty

6 errors. It was just then the question of the honesty of

7 both sides in determining that the measurement was feasible

8 within only small errors.

9 But, again, the information coming out was only

10 as good as the information going in.

11 COMMISSIONER ORDWAY: I do have a couple of questions.

12 I would concur with you that we frequently have

13 done audit trails, but it is a whole lot easier following

14 an audit trail where there is a whole host of bills and

15 canceled checks, than fluid going through a pipeline, the

16 mix of which we really don't know a whole lot about, and

17 it could be very varied.

18 But, my question really is to the lawyers in

19 the room--and I am sure that there are at least a couple.

20 It is my understanding of the law--and I may have it confused--

21 but it was my understanding that a preferred option is

22 required to be included in a final EIR? Is that correct?

23 CHIEF COUNSEL HIGHT: That's correct.

24 COMMISSIONER ORDWAY: It is also my understanding

25 that if this Commission chooses to certify that EIR, with

1 the preferred option, we are in no way bound to accept
2 that as the preferred option? Is that correct?
3 CHIEF COUNSEL HIGHT: That is also correct.
4 COMMISSIONER ORDWAY: So, the other parties,
5 including the county, should they adopt this as a reasonable
6 EIR--because obviously from your comments you are not going
7 to see it as adequate--would not be bound to what is included
8 there on paper now as the preferred option? Is that correct?
9 I just want to get it very clear that because
10 a consultant put in a preferred option, that that is not
11 what is going to tie the hands of this Commission.
12 MR. WALLACE: Well, I am aware of that, but I
13 think--and I would prefer to have our staff, or our attorneys,
14 respond to that, too, because I don't think a "yes" or
15 "no" answer is quite--doesn't quite answer the question.
16 The question is too simplistic.
17 COMMISSIONER ORDWAY: The question from me is,
18 "Does that bind me to vote for that preferred option?"
19 And, I believe the answer is, "No."
20 My read of the law is that at least for this
21 Commission, and it may be different for the way counties
22 function, I am not a member of the--
23 MR. WALLACE: But, you have to make certain findings
24 on why you shouldn't do it.
25 COMMISSIONER ORDWAY: --Board of Supervisors.

1 That's--we would have to make findings on what
2 we are going to do anyway.
3 In mean, whatever our decisions are, are going
4 to have to be substantiated by findings, whether they are
5 those that are in part or in whole, and put in the preferred
6 option, or whether they are ones that we feel are right
7 and proper and were never discussed in the EIR.
8 I mean, I believe that--and that is also my understanding
9 of the law, is that we have to substantiate our decisions
10 with findings.
11 MR. WALLACE: Well, we are not saying that you
12 can't do this, as the preferred option in the EIR.
13 We are saying that if you do do it, then you
14 are required by law to recirculate it, because this is
15 so vastly different than what was in the draft EIR, and
16 that we don't believe that the findings in the EIR, or
17 the information even contained in the EIR back this preferred
18 alternative.
19 And, I didn't read all of my statement, but there
20 is a massive amount of--there are only two pages set aside
21 for reinjecting sour gas in this massive description, and
22 that is the preferred option.
23 We don't feel, and our staff doesn't feel, that
24 there is enough back-up materials without recirculating
25 this for you to certify it with this as the preferred option.

1 And, that is our legal point, and we don't want
2 to get bound up with that. But, we feel that if you do
3 choose this as the preferred action, that it really does
4 leave options open that we are opposed to and that we don't
5 feel are backed up by the record.
6 That's our opinion, and I am sure that your legal
7 counsel will be giving you advice, either here or wherever,
8 before this is done, and I would really appreciate it if
9 you could hear Mr. Cohan from our legal staff.
10 CHAIRMAN DAVIS: I would be pleased to.
11 Your procedural point, as I gather, is I gather,
12 that the issue of certification should take place first
13 at a time subsequent to February 17; and secondly, in Santa
14 Barbara?
15 MR. WALLACE: Right.
16 But, we are not saying that if this preferred
17 option can be negotiated without again breaking CEQA laws
18 so that it is backed up by the current information, then
19 we don't have a problem with you certifying the EIR.
20 We feel that the other information is not so
21 new and so different that we have--again as outlined in
22 our proposal--it is just that preferred option that we
23 find so objectionable, and we feel is not adequately covered.
24 So, we feel that the EIR could be certified if
25 that could be negotiated, and whether or not your staff

1 wanted to concur, or say something different at this point,
2 or would prefer to do it some other time?
3 CHAIRMAN DAVIS: Mr. Hight, do you have any observations
4 on that? As our General Counsel?
5 CHIEF COUNSEL HIGHT: From the staff's point
6 of view, we believe that legally the preferred alternative
7 can be negotiated with the county.
8 It is a matter of agreement, from the Commission's
9 point of view, and the county's point of view, but that
10 option is legally available.
11 MR. WALLACE: And, from our understanding from
12 ARCO, in their testimony before us on Monday, they wouldn't
13 mind seeing that happen, either, because they don't want
14 to get bogged down in this legal issue of whether or not
15 this is so totally new that it has to be recirculated,
16 partly because they are not particularly interested in
17 the preferred option, either.
18 So, I think that, after the hearing we had
19 this morning, we felt that this could be worked out between
20 now and the certification, whether it be February 17 or
21 some other date, without having to have it recirculated
22 for that issue, alone.
23 Now, I can't speak for all of the other testimony
24 that you are going to hear today, but this is the county's
25 position at this time.

1 CHAIRMAN DAVIS: Thank you.

2 MR. COHAN: Good afternoon, Mr. Chairman.

3 With your permission, I will just add a few comments.

4 I am John Cohan, Senior Deputy County Counsel, and I thought

5 it might help to clarify several of the legal issues.

6 We are in general agreement with the opinions

7 expressed by Mr. Hight, your Chief Counsel.

8 I don't want to make any more statements on what's

9 past. We may have some differences on the nature of the

10 final EIR and what would have to happen to change the conclusions

11 in the EIR, but we feel that it would be appropriate and

12 certainly legal to reconvene the Joint Review Panel and

13 refer the matter back to the county--pardon me, to the

14 Review Panel, to resolve the question of the environmentally

15 preferred option, before you all met to certify the EIR,

16 and we think that that probably would be a sensible approach.

17 CHAIRMAN DAVIS: Thank you.

18 Do you have any more questions?

19 COMMISSIONER ORDWAY: No.

20 CHAIRMAN DAVIS: I would like to call on Mayor

21 Sheila Lodge of the City of Santa Barbara.

22 MS. LODGE: Thank you for the opportunity to

23 testify to the Commission, and I also would like to welcome

24 you back to Santa Barbara.

25 We appreciate your response to local concerns

1 by scheduling this hearing here.

2 The ARCO Coal Oil Point Project, and its permitting
3 process, are under close scrutiny from our community because
4 of the enormous impacts the project will have on so many
5 people.

6 We also are acutely aware that the decisions
7 your Commission makes will set precedence for oil development
8 throughout the state tidelands.

9 As a community that has invested years of effort
10 and resources to developing local policies on offshore
11 oil issues, we have much at stake. The City of Santa Barbara's
12 interest, which will be directly affected by this project,
13 are air quality, exposure to the risk of oil spills--and,
14 by the way, today is the day that the famous oil spill
15 of 1969 began. We didn't know for 24 hours that it was
16 occurring, and so we tend to count the date as January 29,
17 but it actually began today. It is also the Challenger
18 Shuttle day. A couple of significant high tech failures
19 that we have to keep in mind when we are dealing with oil
20 industry development in the offshore waters.

21 We have population related socioeconomic impacts
22 to this city, regional industrialization affecting our
23 recreation and tourism industries, and I would like to
24 point out that the City of Santa Barbara receives no revenue,
25 no tax revenue of any kind, from the oil development. We

1 only get the negative impacts of poorer air quality,
2 industrialization, and so on.
3 Our economy is based on retirement, tourism,
4 and high tech industry, and all of these are negatively
5 impacted by the oil industry. We realize that it is going
6 to be there, however, but we must insist that it be carried
7 out in the most environmentally safe and least damaging
8 way possible.
9 We also have potential impacts to the environmentally
10 sensitive area at the city owned Goleta Slough. This project
11 will be on the border of the oil and gas sanctuary, which
12 protects the waters and coastline immediately off of the
13 city's shoreline, and is therefore of particular concern
14 to the city.
15 Our understanding of the Commission's current
16 hearing schedule is that this is the only local hearing
17 planned before your decision, not only on certifying the
18 final EIR, but also on issuing a permit for the offshore
19 components of the project, and both decisions are, of course,
20 critical from a local perspective, and I do appreciate
21 your indication of willingness to further put off that
22 hearing on February 17--that is currently scheduled for
23 February 17--and I also hope that you will consider holding
24 that hearing here, rather than in Sacramento.
25 The way it is now, this schedule virtually excludes

1 local response to the recommendations of your staff's report.
2 Presumably, this will be the first and only opportunity
3 the community would have to review and respond to any and
4 all mitigations and conditions proposed for the offshore
5 portions of the project.
6 Given the all inclusive nature of the alternative
7 recently identified in the final EIR, this could be the
8 only development permit to be issued for this project,
9 other than for the pipelines. That schedule makes adequate
10 public comment almost impossible, and as I said before,
11 we hope that you will indeed extend it.
12 We need the time, in addition to simply address
13 the substance of the report, itself, the adequacy of the
14 just released final EIR. The primary topic of today's hearing
15 must be decided before the consideration of issuing any
16 permits. We share the conclusion of Santa Barbara County
17 that the final EIR is inadequate and should not be certified
18 in its present form.
19 Given the precedent setting nature of this particular
20 project for future energy development in all the state
21 tidelands, I am also concerned that by the process being
22 established, there is to a certain extent seems to be an
23 amount of disregard for the views and interests of local
24 agencies. Santa Barbara County, a responsible agency
25 under CEQA, has participated in the Joint Review Panel,

1 but did not have the opportunity to review the recommended,
2 environmentally preferable alternative.
3 The alternative clearly conflicts with established
4 county policies for consolidated onshore processing of
5 oil and gas.
6 Second, on a more technical level, I believe
7 that the final EIR is inadequate because the rationale
8 leading to the selection of the environmentally preferred
9 alternative is sketchily presented and has not been circulated
10 for public review and comment. A reader is required to
11 sift back through volumes of material--and I am sure you
12 really know that it is volumes--of materials, searching
13 for the details and assumptions that went into the analyses
14 of the various components which have been combined to form
15 this alternative.
16 The summary comparison table, presented for the
17 first time in the new Executive Summary, needs to be checked
18 thoroughly for completeness and accuracy. Preliminary
19 review suggests errors and omissions. As one example,
20 in the table for terrestrial and fresh water biology, Class 1
21 or Class 2 impacts, due to construction of oil processing
22 facilities drop out for the offshore oil processing alternatives;
23 however, turning to the marine biology table there is no
24 discussion of oil processing facilities, per se.
25 In the discussion of platforms, both construction

1 and operation, it makes no mention of greater impacts or
2 risks to marine biology due to the presence of processing
3 on those platforms.
4 The tables do not address any impacts from offshore
5 gas processing, or reinjection, since these were not analyzed
6 as major alternatives.
7 The recommended scenario is a combination of
8 several alternatives that were reviewed in varying levels
9 of detail in the EIR. Several of the major components
10 chosen, i.e., reinjection of sour gas and offshore processing
11 of sweet gas, were treated as other alternatives and were
12 not fully analyzed.
13 On page 5-1 of the draft EIR, it states:
14 "If one of the following alternatives is selected
15 by decision makers, it is probable that supplemental
16 environmental analysis will be required after
17 development of a specific project design."
18 We do not find any changes or additions to these
19 analyses in the final version of the EIR. How can this
20 be the basis for the selection of these alternatives as
21 environmentally preferable?
22 As the city has supported the county's oil processing
23 consolidation policies in the past, supported local control
24 of projects to maximize protection of our resources, and
25 opposed unnecessary offshore operations, we cannot support

1 the alternative proposed or an EIR which concludes that
2 this is environmentally preferable.
3 We are very pleased to see the County take a
4 leadership role in upholding their policies in the context
5 of this project. These policies were hammered out over
6 a period of many years, with full community and oil industry
7 participation.
8 I hope that you will take our comments into consideration,
9 and I look forward to cooperating further with the Commission.
10 Thank you very much.
11 Are there any questions?
12 CHAIRMAN DAVIS: I just have a couple of comments.
13 I think your point is well taken about cities
14 adversely affected by drilling, and not sharing the revenues.
15 There was legislation passed recently to allow counties
16 to participate in those revenues, and maybe Mr. Wallace
17 will be--you could work something out with Mr. Wallace,
18 over there.
19 MS. LODGE: Bill?
20 CHAIRMAN DAVIS: I think it probably makes sense
21 to extend that to the cities, as well, and if you are interested
22 in pursuing any legislative remedies, I would be happy
23 to help you with that.
24 MS. LODGE: Thank you very much.
25 CHAIRMAN DAVIS: Also, I am, you know, very concerned

about the impact of any project on any community, particularly Santa Barbara, which has done its fair share and then some, to help the nation secure an adequate energy supply, and that is why I visited with the fishermen on my last trip down, and met with representatives from the university and Isla Vista, and I do also share your sentiment that the ultimate decision to approve, or disapprove, the EIR, ought to be done in the community directly affected by it, and I will make that part of my motion, to extend the hearing.

MS. LODGE: Thank you. We appreciate that.

CHAIRMAN DAVIS: I think that is all that I have.

Nancy?

COMMISSIONER ORDWAY: Just one question.

Not of you. Again, of our folks.

Did anybody--not just the county--but did anybody get a chance to review the preferred option before it was put into print?

I know that I didn't see it, and it was not brought to be along in the two boxes of paper that consisted of the remainder of the EIR.

RANDY MOORY: I am Randy Moory, Project Manager for the--

COMMISSIONER ORDWAY: Could you speak up just a little bit, please? Or, get a little closer to that mike.

1 RANDY MOORY: Randy Moory, Project Manager for
2 the State Lands Commission for this EIR.
3 This preferred--
4 CHAIRMAN DAVIS: This is the fellow, gang. Right
5 over there. This is the guy that prepared the EIR.
6 Give them you address!
7 RANDY MOORY: It is 1807 13th Street.
8 COMMISSIONER ORDWAY: Right.
9 EXECUTIVE OFFICER DEDRICK: That is the wrong
10 address!
11 RANDY MOORY: The preferred project alternative--
12 or preferred environmental alternative was discussed in
13 a JRP meeting, and the direction to the consultant--
14 COMMISSIONER ORDWAY: And, the JRP is the Joint
15 Review Panel?
16 RANDY MOORY: --Joint Review Panel.
17 The direction to the consultant was to--recognizing
18 the time that was going on--that they should go ahead and
19 put what they thought that the parameters that all of the
20 components had been discussed in the original draft EIR
21 was recognized by all members of the JRP.
22 So, nobody saw this thing in print until such
23 time as the final EIR had come out, but we were--
24 COMMISSIONER ORDWAY: But, there were staff discussions--
25 RANDY MOORY: There were staff discussions about

1 that a preferred environmental alternative would have to
2 be included in the final, other than the no project alternative.
3 CHAIRMAN DAVIS: Could I just pursue that.
4 Were any of the Commissioners made aware of the
5 nature of the preferred alternative?
6 RANDY MOORY: No.
7 COMMISSIONER ORDWAY: No.
8 EXECUTIVE OFFICER DEDRICK: Nor was the Executive
9 Officer, Mr. Chairman.
10 CHAIRMAN DAVIS: Pardon me?
11 EXECUTIVE OFFICER DEDRICK: Nor was the Executive
12 Office.
13 COMMISSIONER ORDWAY: So, you weren't alone in
14 not knowing.
15 MS. LODGE: Somehow, that is a small consolation.
16 COMMISSIONER ORDWAY: Well, it is a small project.
17 CHAIRMAN DAVIS: All right.
18 Thank you, Mayor.
19 The next witness is--forgive me if I don't pronounce
20 this right--Paul Aiello, of Jordano, Inc.
21 Did I butcher that? What is the--
22 MR. AIELLO: Good afternoon.
23 No, you pronounced that very good.
24 CHAIRMAN DAVIS: Did I? Aiello.
25 MR. AIELLO: Aiello.

1 CHAIRMAN DAVIS: Aiello.

2 MR. AIELLO: You go to the head of the class.

3 My testimony is not near as technical, I guess.

4 I am a little bit more of an emotional person.

5 I am representing Jordano, Incorporated, a company

6 that has been in this area for 72 years, doing business

7 in the food and beverage business. Myself, I have been

8 in Santa Barbara since 1958, and yes, I am even old enough

9 to remember the oil spill of 1969, at which time, contrary

10 to most of the media, we weren't walking around in oil,

11 and in fact, the beaches of our town, before or since,

12 haven't been as clean, as when Union Oil spent the money

13 to clean them up.

14 My feeling is that you should be aware that there

15 are some of us in this community that, in fact, there are--

16 some of the same people that are opposing ARCO's project,

17 in any form, their intentions are the same as those that

18 opposed our freeway project for 30 years, causing a tremendous

19 expense to the taxpayers, causing the loss of lives, and

20 injuries, over the last 30 years, in that section of our

21 town. They opposed the beautiful Fess Parker project,

22 the Red Lion, which is now open, and in fact, is a tremendous

23 improvement to our area.

24 They have caused a building moritorium, and a

25 down zoning of our area, to where those of use who do have

1 children, they can no longer live in this area, because
2 they can't afford the housing here.
3 I have had the pleasure of doing business with
4 the oil companies for the past 20 years, and that's okay,
5 you know. We at Jordano's employ 400 people, and there
6 is a profit motive. We are supplying food to these platforms,
7 and to these folks.
8 I have had the opportunity to visit some of their
9 facilities, at which I am always impressed by the tremendous
10 emphasis on safety and cleanliness. Marine life abounds
11 around these things, you know.
12 We feel that this project will serve the people
13 of this town very well. It will help to possibly revitalize
14 that middle class, which is slowly dissipating here, and
15 we feel that in fact that possibly the majority feeling
16 in Santa Barbara--maybe not the majority, but there are
17 those of us that do live here that are pleased with the
18 development of another natural resource, and feel thankful
19 that in fact it is here.
20 Thank you very much.
21 CHAIRMAN DAVIS: Let me just ask one question.
22 MR. AIELLO: Okay, sir.
23 CHAIRMAN DAVIS: You, in effect, cater or provide
24 food for the people who work on the rigs?
25 MR. AIELLO: That is correct.

1 CHAIRMAN DAVIS: Do you also have--is there also
2 an establishment that people can come in and eat on the
3 premises?
4 MR. AIELLO: No, that is a part of our business.
5 We also are providing food to restaurants and institutions
6 in the tri-county area, so it is not walk-in type.
7 CHAIRMAN DAVIS: Okay.
8 MR. AIELLO: It is a wholesale.
9 CHAIRMAN DAVIS: Nancy.
10 COMMISSIONER ORDWAY: [No response.]
11 CHAIRMAN DAVIS: Thank you.
12 MR. AIELLO: Thank you.
13 CHAIRMAN DAVIS: The next person to testify is
14 Leo Jacobson, who is an Isla Vista resident.
15 As I assume you know, we just take these witnesses
16 in order of their having filled out one of these witness
17 statements, which are available up front, if any of the
18 students, or anyone who came in late, they want to testify,
19 you just need to fill out one of these forms that are down
20 in front.
21 MR. JACOBSON: My name is Leo Jacobson, and I
22 am a 20-year resident of Isla Vista, and I want to thank
23 the Commission for the three volumes of the January issue
24 of the finalized EIR and addenda that was delivered to
25 my house. We were, in fact, redundantly gifted this material

1 three time over!

2 In reviewing some four inches of new material,
3 I was awed by the responsibility assigned to the Commissioners,
4 and when I got to page 61 of the Executive Summary I found
5 what you see on the slide, and even this simple summary
6 statement illustrates the subtle coercion to which my friends
7 and neighbors were subjected to.

8 Whether to allow the proposed project, at this
9 time, is issue No. 1. Issue No. 2, which alternative to
10 adopt if a project is allowed, is issue No. 2, and 3, 4,
11 and 5 are simply subsets of issue No. 2.

12 And, I submit that the presentation of this status
13 as independent issues implies that resolution in favor
14 of 2 is inevitable, and that is exactly the setting in
15 which this EIR process, and the commentary, were processed.

16 There are no pages of argument of the thousands,
17 close to 10,000 pages, there are no pages of argument for
18 No. 1.

19 I would now like to take my remaining minutes
20 to humbly suggest what I would do if I were a Commissioner.
21 I would like to tell you what I would do, if I were you,
22 and why.

23 First, I would narrow the field to the two major
24 issues, namely 1 and 2.

25 Secondly, the EIR and the massive amount of commentary,

1 which has just been put in the public view, in Volume 2
2 of the January issue, you will find that virtually all
3 of the items marked for response, some 1100 from the university,
4 500 from the county, 250 from organizations, some 100 from
5 individuals, are there because the writers had no faith
6 that item No. 1 on that slide was a real issue, and therefore
7 massive oil development was inevitable, and the technical
8 arguments on alternatives and mitigations had better be
9 entered.
10 My own comments to the State Lands Commission
11 hearing on October 24, reflected my personal retreat from
12 a position that deserved all of the study, and attention,
13 and coherence that I could muster to argue that the larger
14 local, university, state, and national interests are served
15 best by resolving issue No. 1, and disallowing this project
16 to go on at this time.
17 The EIR process, apparently, does not call for
18 this, since if you bought issue No. 1 and resolved it,
19 there is no impact therefore there is no writing.
20 If I were a Commissioner, I would recognize the
21 power of the coercive force entailed and offering larger
22 revenues from maximum oil development to state and county
23 coffers. Staffs at such institutions have difficulty in
24 denying funds of such magnitude for virtuous projects of
25 state.

1 When we add to that the amoral, if not cynical
2 offerings of large monetary reparations for Class 1, non-
3 mitigatable impacts, it explains the atmosphere that affected
4 us all. It generated, and we accepted, an attitude expressed
5 by, "What the hell? It is a lost cause. What is second
6 best?"
7 If I were a Commissioner, I would recognize the
8 coercion inherent in a process that allowed us, you and
9 me, so little time and so little--and such little information
10 for thought on a project so massive and so irreversible
11 once undertaken.
12 Even the manic saturation, up to five per household,
13 of the January addenda, speaks to the unreasonable aspects
14 of this process.
15 Then, to sum up, the confrontation puts on one
16 side the immediate revenue seekers, which include state
17 people, as well as ARCO, and even some university forces,
18 and on the other side, the organization, individuals,
19 that would have said--and did say, "No project at this
20 time," for good and just reasons, but spent their energies
21 on finding alternatives and mitigations.
22 I call on the Commissioners to rectify what I
23 think is a massive wrong, in effectively squelching argument
24 for the no project, at this time, option, by either accepting
25 the EIR, and disallowing the project at this time, or rejecting

1 the EIR as incomplete for reasons cited.

2 In the name of justice and equity, I would also

3 suggest that recommendations be made for the compensation

4 to ARCO for whatever costs are assignable for having been

5 mislead to believe that rejection of no project at this

6 time was inevitable.

7 Thank you for this opportunity to address you.

8 CHAIRMAN DAVIS: Commissioner Ordway.

9 COMMISSIONER ORDWAY: I wanted to thank you for

10 pointing out the obvious reason why no one should read

11 only an executive report, or an Executive Summary.

12 I believe my fellow Commissioners join me, many

13 of us are a good way through the EIR, reading it, and

14 not just reading the Executive Summary, and I think you

15 raised a perfectly good and valid point. Other people

16 shouldn't drag you along for information. You should read

17 it and make up your own mind.

18 Thank you.

19 CHAIRMAN DAVIS: I would just add to that, Mr.

20 Jacobson, that I have been in public service for about

21 15 years, and I assume that everybody is trying to--has

22 their own axe to grind, be it staff, applicant, lobbyists

23 pro and con, and so I factor all of that into a decision

24 making process, and I am sure that all of the other Commissioners

25 do, too, as well, so you know we are are not unaccustomed

1 to being pushed in a certain direction, and we respond
2 accordingly. Don't feel that we are a prisoner of the
3 process. It is quite the opposite.
4 Commissioner McCarthy has joined us.
5 Leo, we are just hearing testimony based on the
6 EIR, which is now before everybody.
7 The next witness is Chancellor Aldrich of the
8 University of Santa Barbara.
9 MR. ALDRICH: Thank you, Mr. Chairman, and members
10 of the Commission. I am Daniel G. Aldrich, Jr., acting
11 Chancellor of the University of California at Santa Barbara.
12 Since our last meeting, the university and other
13 agencies and individuals have received the final Environmental
14 Impact Report on the proposed ARCO project at Coal Oil
15 Point.
16 The university has reviewed the document and
17 has found nothing in it to lessen the apprehension expressed
18 to you a couple of weeks ago; thus, the university's position,
19 on this offshore development remains the same. In deed,
20 with each reading of the EIR documents our concerns about
21 the project's potential intrusions on the UCSB campus and
22 on our neighboring communities are heightened.
23 For example, UCSB was fortunate in having as
24 a consultant on the air quality evaluations in the EIR
25 Dr. Edgar Stephens, a nationally respected expert who is

1 a member of the faculty at the University of California,
2 Riverside, and more precisely he conducts continuing research
3 through the Air Pollution Research Center there.
4 Dr. Stephens disputes some of the EIR's conclusions
5 on air quality problems associated with the proposed ARCO
6 project. He suggests that the sulfur chemistry of the
7 oil and associated gas would be rather consistent, in contrast
8 to the document's assertion, that such odors can vary and
9 can be very sporadic.
10 He further notes that the potential for H_2S odor
11 impact is high because of the large portion of petroleum
12 resource, which is sour gas. Moreover, Professor Stephens
13 views as improbable the assessment that under upset conditions
14 H_2S concentration from the offshore platforms are just barely
15 larger than they are under normal conditions, and he notes
16 for Platform Holly the upset projections are actually said
17 to be smaller than they are expected to be on the day-
18 to-day operations. This, despite the fact that emissions
19 under upset conditions are shown to be very much larger.
20 Dr. Stephens' misgivings about the credibility
21 of the air quality models' trajectories are shared by his
22 colleague, Dr. William P. L. Carter, also a member of the
23 faculty at UC Riverside, who notes that the EIR dismisses
24 the project's impacts upon visibility, and does not address
25 the extent to which SO_2 will be converted to sulfate. Such

1 conversion of course, can have an adverse affect upon
2 visibility at very low concentrations. More important,
3 the potential adverse consequences for human health are
4 somewhat alarming.
5 Class 1 impacts related to NO_x, TSP, ozone and
6 NO_2 are predicted for this project. If the impact analysis
7 taken from the flawed air quality model can be believed,
8 generally speaking the response to comments related to
9 these local and regional air quality impacts refers us
10 to the Authority to Construct permit process, when additional
11 mitigation and offset calculation models will be considered
12 by the Air Pollution Control District.
13 I wish to make the Commission aware of the serious
14 nature of the matter before you. The permitting of the
15 proposed ARCO offshore development adjacent to a major
16 university, and to a densely populated community. To illustrate
17 further, it is useful to examine the pages which identify
18 potential accidents, which may be associated with both
19 offshore and onshore elements of the project, and the probability
20 of their occurrence.
21 The Commissioners should note, for example, that
22 the design basis accidents, which are characterized as
23 likely to happen, include a sour gas leak, and a slug catcher
24 leak, both evaluated in the EIR document as having major
25 consequences, that a transportation accident, also likely

1 to happen, could involve a spill from a truck carrying
2 natural gas liquids and the resulting fire, or vapor cloud,
3 or both, with severe consequences.
4 I do not intend to belabor these points, for
5 we will provide you with the university's addition to the
6 list of impacts, proposed mitigations, and conditions which
7 arose from our reading of the final EIR; however, I believe
8 that these examples and others are illustrative of our
9 contention that this project, if permitted, will require
10 the greatest care from you and your staff.
11 I join UCSB's eminent authority on the economics
12 of the oil industry, Professor Walter Mead, in his assessment
13 that one cannot view the fiscal factors of oil production
14 without considering the social costs, as well.
15 In light of the last point, I want to reiterate
16 the university's view of the ARCO project.
17 1. We would rather have no project, but if the
18 resource must be developed, we would like to see the Platform
19 Heron removed from the project, a position which we share
20 with the Department of Fish and Game, and other agencies.
21 At the very least that platform must be moved
22 to the west to protect the habitat.
23 2. Single platforms must be employed, rather
24 than double platform complexes.
25 3. We strongly support commingled pipelines.

1 Since your January 13 hearing, staff from the Commission,
2 the county, and the university, met to discuss this issue,
3 and the university's belief that technology exists to measure
4 accurately, continuously commingled wet oil.
5 At the staff meeting last week, Professor Sanjoy Banerjee,
6 Chairman of the Department of Chemical and Nuclear Engineering,
7 produced a patent he holds for such a system. The system
8 has been used successfully by Exxon for a couple of years.
9 This meeting of staff also included rather extensive
10 discussions of the economic issues surrounding the commingling
11 issue. In the fact of a patented system which measures
12 commingled oil accurately, and economic evidence which
13 suggests that the revenue question may not be a serious
14 one, State Lands staff concluded that neither of these
15 issues is as troubling as the question of shading of oil
16 royalties by the oil industry.
17 Thus, a technology question, which involved into
18 a socioeconomic one, has developed into an ethical issue.
19 If so, then we suggest that it can be resolved by appointing
20 a neutral third party to oversee the measuring operations.
21 4. UCSB continues to oppose offshore oil processing.
22 5. We support the prohibition on dumping drill
23 muds and cuttings, as well as processed waters, into the
24 sea. You will soon hear more testimony on this matter
25 from our marine scientists, since we could find no policy

1 or project condition to support the belief that your Commission
2 prohibits such practices.
3 6. We urge early preparation of accident prevention
4 plans by ARCO, UCSB, and affected agencies, as well as
5 initiatives in emergency preparedness and response.
6 The final EIR indicates that a good many unanswered
7 questions remain about affects of the ARCO project upon
8 its surroundings. They range from tangible affects, such
9 as the affects upon kelp beds, or supply boats, and the
10 outcome of kelp transplants to less measurable impacts,
11 such as the potential change in the character of the west
12 Goleta Valley.
13 Thus, we support the EIR's contention that further
14 study of the affects of offshore development on coastal
15 communities and activities is warranted.
16 The University of California at Santa Barbara
17 should play a pivotal role in these undertakings, with
18 the objectives of more informed approaches to mitigating
19 adverse affects of the industry's projects, and assistance
20 to permitting agencies, and others, in rational approaches
21 to the use of the ocean's resources.
22 Please note that I am submitting a revised and
23 expanded list of impacts which we have identified which
24 arise from the ARCO project, along with the conditions
25 we propose to mitigate them.

I would like now to introduce three of our faculty members, marine scientists at the campus, each will expand on points that I have made.

First, Professor James Case, and he will be followed by Professor Alice Allredge, and finally Professor Al Ebeling, who is acting director of the Marine Science Institute.

Thank you.

MR. CASE: Thank you for coming to Santa Barbara.

I'm James Case. My research speciality is in the physiology of marine animals.

I want to briefly present the essentials of my written comments on the revised EIR to you at this time. These deal with the recommended mitigations on water quality, marine biology, and the related matter of commercial fishing in the Santa Barbara area, and finally on the most important matter that the chancellor just touched upon, the scientific over sight on this process--or project.

As to water quality, in your January--

CHAIRMAN DAVIS: Excuse me, Professor--excuse me.

Do you have a written copy of your testimony?

MR. CASE: I don't have it with me. I will present something later.

CHAIRMAN DAVIS: All right.

MR. CASE: Is it permissible to continue without it?

1 CHAIRMAN DAVIS: No, go ahead. We normally like
2 to follow it as--
3 MR. CASE: Right. I was unaware of that. The
4 last time that I was here I was complaining about a roofing
5 job, so I am quite new to this sort of thing.
6 As to water quality, in your January 19 summary
7 and issue paper, you discussed produced water and drilling
8 muds and cuttings.
9 Regarding produced water, you rightly observed
10 that the data base on the sublethal effects of produced
11 water is limited, but that there is potential for significant
12 impact.
13 Regarding drilling muds and cuttings, you specify
14 that impacts on research and commercial fishing exist.
15 To some extent, your positions on these matters
16 may have been influenced by scientific testimony previously
17 presented by Dr. Morse and me, and our associates, particularly
18 Dr. Zimmer-Faust. Since our presentations evoked replies
19 in the final document, I will say enough to reemphasize
20 only our position and to call your attention to research
21 alluded to previously, which we have now published.
22 We have shown, more so in abalone larvae and
23 my group on lobsters and crabs--both adult and larvae--
24 that chemicals found in produced water and drilling muds
25 interfere with both critical stages in the life history,

1 and with vital aspects of adult behavior. These affects
2 are on, generally speaking, sensory processes.
3 Professor Morse is in Michigan today, so I will
4 simply reinforce our joint arguments by calling your attention
5 to the reports I am submitting to you. These detail the
6 conclusion of the work that we presented earlier, specifically,
7 now showing how hydrocarbons, in the low-parts-per-billion
8 range, affect neuro-function and simply marine organisms.
9 Further, Zimmer-Faust has published, and has
10 other work in press, showing that ammonia, found in processed
11 water according to the EIR, interferes with feeding by
12 lobsters at concentrations only 1.5 times standard ambient
13 levels.
14 Finally, in a recent report, the toxicity to
15 local commercial crab larvae of metals occurring in drilling
16 muds is detailed.
17 The affects which our research group has discovered
18 occur at concentrations less than those acceptable under
19 current standards of the Regional Water Quality Board.
20 The problem is that we strongly believe that the water
21 standards are inadequate, probably for general use, and
22 absolutely so for research quality sea water, such as is
23 essential for the operations of the UCSB sea water laboratories
24 and in our new marine biotechnology laboratory.
25 I have emphasized this matter of standards in

1 an article in a book to be published by the Department
2 of Energy by concluding, "It seems generally true that
3 the time scales of conventional toxicant assessment do
4 not take into account the cumulative affects possible during
5 chronic exposure under natural conditions, and do not assess
6 the detrimental affects upon survival in natural populations
7 of seemingly trivial affects on neuro-functions and resultant
8 behavioral modification."
9 We are not alone in this belief, since the 1985
10 National Academy publication on Oil in the Sea --update
11 on an earlier volume--cites as major remaining research
12 problems, behaviorial interferences by very low petroleum
13 concentrations, affects on larvae, and chronic low level
14 pollution affects.
15 There are two arguments that I wish to make from
16 this review. First, in item 5 of your Project Summary,
17 we believe you should add a fifth impact to commercial
18 fishing. This is low level chronic toxicity to critical
19 larval stages of the fishery stock.
20 Secondly, we urge generally that you establish
21 water quality conditions to the permitting of the Coal
22 Oil Project, that approximate our research standards, for
23 the good not only of UCSB research, but as a precaution
24 in the public interest. At the very least, you should
25 make certain that there be no releases of drilling muds

1 and processed water into the channel. We specifically
2 urge you not to be satisfied with Regional Water Quality
3 Board toxicant standards, and to set standards of your
4 own that recognize the water quality requirements for research
5 at UCSB.
6 Our public interest precaution emphasizes the
7 fact that you are probably about to contribute to what
8 amounts to a vast, channel wide, experiment, with an unknown
9 outcome 20 to 30 years out. This is simply because science
10 can now tell you so little about long-term low level toxicant
11 affects in the environment.
12 That the Coal Oil Point project has an experimental
13 flavor is recognized in the final EIR, because at several
14 points ongoing research and monitoring are called for.
15 NOAA recommends exploration of methods for detecting and
16 monitoring cumulative effects. I find this a fascinating
17 comment, because it is an example of a federal agency worried
18 about a state messing up its own waters, somewhat the obverse
19 to what one frequently hears.
20 Similarly, the Department of the Interior recommends
21 analysis of fate and effects, and interactive effects,
22 of contaminants.
23 Finally, new mitigation language, which we discover
24 in the final EIR, suggests a major program to monitor water
25 quality that could lead to further mitigation measures,

1 and two, a channel-wide program to monitor marine life.

2 Clearly, I submit that there is unease in your

3 ranks, as to the outcome of this project. Its experimental

4 nature is surely laid plain by these several calls for

5 monitoring and research; therefore, if this project is

6 to go forward, we urge you to establish a long-range research

7 program to watch over it, not as a mitigation to problems

8 that we, or others, might see, but as a thoughtful and

9 prudent insurance policy in the public interest.

10 In early 1984, concerned UCSB faculty and administrators

11 began consideration of ways to implement such research.

12 We believe that our marine scientists, engineers, students

13 of public policy, and economics, know as much as anyone

14 about the channel, and we hope that our ideas can help

15 you develop such a research program.

16 One possible research plan that might be acceptable

17 to the University of California, and interested state and

18 federal agencies, is outlined in a brief document which

19 we have submitted today. We would be interested to see

20 if it might become a basis for cooperative action.

21 Thank you.

22 CHAIRMAN DAVIS: Thank you.

23 Let me just make a comment or two, and ask the

24 other Commissioners if they have any comments or questions,

25 because I see we have another two professors to go.

1 MR. CASE: Right.

2 CHAIRMAN DAVIS: If I recommend that to the
3 students, you just kind of boot strap onto one witness,
4 and you get five or six for the price of one.

5 MR. CASE: That's right.

6 CHAIRMAN DAVIS: The chancellor's testimony,
7 which I appreciated very much, mentioned something that
8 had been emphasized by two or three previous speakers,
9 and I just want to make a comment on it.

10 There has been several comments about the financial
11 benefits of an approval, and that somehow that might be
12 a motivation, or an influence, on this Commission's ultimate
13 action. Even though those revenues would be significant,
14 I think you have to see them in light of about a $40 billion
15 budget, the likelihood of even more money coming in, unless
16 a tax compliance bill is passed this year to conform with
17 what the federal tax bill has done, and the Gann Initiative,
18 which will constrain the amount of money we can spend,
19 so while revenues are always important, you know, the problem
20 this year may not be the lack thereof, but a surplus of
21 revenues that can be spent.

22 MR. CASE: I would like to comment on that.

23 Your EIR finalizing statement, recommends that
24 the producers be charged the costs for such a research
25 project, if that is what you have in mind.

1 It appears to be the intent of the preparers
2 of that document that this should be entirely borne by
3 the developers, at no cost to the citizens of the state,
4 and I think that personally that is highly appropriate.
5 CHAIRMAN DAVIS: Also, the chancellor mentioned--
6 the second witness to mention--progress on this commingling
7 issue.
8 I just wanted to just ask the Executive Officer
9 for her observations, as to what, if any, progress has
10 been made on that since the last meeting.
11 EXECUTIVE OFFICER DEDRICK: Well, I thought we
12 had a very useful meeting this morning, Commissioners.
13 We met with the chancellor and several staff
14 people, several people from the university, the county,
15 and several people from the county staff, and representatives
16 of the two legislators who represent this area.
17 The purpose of the meeting which was to try and
18 clarify some confusions, in terms of defined issues, that
19 existed, and was conducted by your Deputy Jim Tucker, I
20 think we had a productive--I felt the discussion was productive.
21 We talked about the various alternatives to hard and fast
22 issues, such as total offshore processing, which has never
23 been proposed by the Commission staff, but had to be examined
24 in the EIR--Supervisor Wallace referred to that this morning--
25 also as we discussed at the last hearing, the option of

1 dealing with the leases with ARCO, getting some amendments
2 to the leases was discussed. We have discussed that with
3 ARCO. Mr. Thompson, our chief of the Extractive Branch
4 told me that I could be cautiously optimistic on that point.
5 I do think we are making progress. We were very--
6 I really felt that the university provided us with some
7 very useful information, and the promise of a good deal
8 of assistance, which I am sure we can use.
9 The testimony that the chancellor has just submitted
10 contains several pages of proposed--which Dr. Case just
11 referred to--several pages of proposed mitigations for
12 problems that really sound very productive to me.
13 So, I think that to answer your immediate question,
14 in commingling we are making progress, and certainly on
15 the biological bases, the recommendations to the Commission
16 I think--other than a problem of the project not going forward
17 at all, which is sort of beyond our scope, but on the technical
18 level, I think that we have received some very positive
19 input from the scientists.
20 Is that sufficiently responsive?
21 CHAIRMAN DAVIS: Yes, so I gather--well, I mean,
22 the strong impression that I got at the last meeting was
23 that the Lands Commission staff thought it was just technically
24 impossible to deal with the issue of commingling, that
25 there it could be very difficult to determine whether the

1 state was getting its money worth, or not, and I guess
2 my question is, do you feel, you know, that your position
3 is changing based on the conversations and work that you
4 have done in between these two meetings?
5 EXECUTIVE OFFICER DEDRICK: I think we are coming
6 to a better understanding of what both--various people
7 are truly concerned about, and commingling can be--the
8 accuracy of measurement is, you know, the issue that concerns
9 us.
10 There are various ways to address that, and I
11 think that in the discussions Mr. Trout met with the university,
12 at your suggestion--or the suggestion of the Commission
13 after the last meeting--and looked at the proposed instruments
14 that they think are available. There are obviously disagreements
15 between the proponents of those instruments, which really
16 will not do precisely what is expected.
17 But, the point is that I think we are getting
18 closer to a genuine understanding of each other's true
19 issues here, and in that there is genuine accommodation.
20 I mean, there is real room to accommodate the problem,
21 I think.
22 From the view point of the staff, our concern
23 is that we can provide to the Commission accurate reproduceable
24 measurement within the limitation of all of these types
25 of things, so that our auditing procedures don't result

1 in millions of lawsuits, and that we know that we are accounting
2 for the public's revenue as accurately as physically possible.
3 I think that we can do that and still end up
4 with commingled pipelines and onshore processing, which
5 is what is the desire of, I think, the university, the
6 biological people, and the County of Santa Barbara.
7 CHAIRMAN DAVIS: Okay, one last question, and
8 then I want to call on Commissioner McCarthy.
9 Apart from the possibility of renegotiating the
10 leases, which I think everyone agrees would solve the problem,
11 and moot the dispute over whether it is technically possible--
12 EXECUTIVE OFFICER DEDRICK: Yes.
13 CHAIRMAN DAVIS: --apart from that possibility,
14 do you feel you have made progress on the issue of whether
15 it is technically possible to track this oil and determine
16 how much money the state is entitled to?
17 EXECUTIVE OFFICER DEDRICK: Yes.
18 And, the reason for that, Commissioner, is that
19 the staff would propose that some degree of dehydration--
20 the more you can dehydrate, the easier it is to measure,
21 the more reproduceable the measurements are, up to some
22 point, and that point is a long way from pipeline quality
23 oil. It does not need to be virtually dry oil in order
24 for that measurement to be reproduceably accurate.
25 That is the most straightforward answer to your

1 question, and to that extent it is definitely a, "Yes".
2 CHAIRMAN DAVIS: All right.
3 Commissioner McCarthy.
4 COMMISSIONER MC CARTHY: I just wanted to ask
5 that before we leave today, arrange a meeting between the
6 State Lands Commission's staff, and Professor Case, and
7 either Professor Alldrege, or Ebeling, whichever fits,
8 so that what has been submitted today to establish a framework
9 for long term research be reduced to something the members
10 of the Commission can look at very, very soon, well in
11 advance of the the February 17 meeting.
12 EXECUTIVE OFFICER DEDRICK: Yes
13 We would be happy to do that, Commissioners.
14 MR. CASE: I have an overhead, which you might
15 find useful now.
16 I don't want to intrude it upon the proceedings,
17 if you are running short of time. We will be delighted
18 to meet with you later on and discuss these matters.
19 COMMISSIONER MC CARTHY: Yes, I think if we can
20 arrange a meeting within the next week, to get going. I
21 think we have something very valuable that we can achieve
22 in the research that you are proposing.
23 I was astounded to find out that the federal
24 government does not fund any kind of significant offshore
25 research on the impact of oil drilling or exploration on

1 marine life.

2 MR. CASE: Yes.

3 COMMISSIONER MC CARTHY: Or, their environment.

4 MR. CASE: Um-huh.

5 COMMISSIONER MC CARTHY: And, this is a great

6 opportunity for us to do it in a most sensitive offshore

7 area.

8 MR. CASE: Yes.

9 It is a critical environment, as my colleagues

10 will demonstrate to you, but I think as a matter of fact

11 the Minerals Management Service has funded a $5.5 million

12 benthic biology study in the Santa Maria basin, which

13 is, of course, outside of the state lands.

14 So, I think that certainly shows the worry that

15 must exist at some administrative levels in the government.

16 COMMISSIONER MC CARTHY: Thank you.

17 COMMISSIONER ORDWAY: One question.

18 CHAIRMAN DAVIS: Commissioner Ordway.

19 COMMISSIONER ORDWAY: One question on Professor

20 Banerjee's patent, is that an exclusive patent with Exxon?

21 Or is it--is Professor Banerjee's patent exclusively with

22 Exxon?

23 UNIDENTIFIED SPEAKER: Yes, it is.

24 COMMISSIONER ORDWAY: So, it is not something

25 that we could--it is not a technology that we could transfer.

1 It is probably also not a technology that we could look
2 at, then.
3 MR. CASE: Subject to Exxon's consent, of course,
4 it could be transferred.
5 I think the perception of the use of the device,
6 as opposed to the real world, leaves us some distance apart.
7 COMMISSIONER ORDWAY: Okay.
8 MR. CASE: We are aware of the device.
9 COMMISSIONER ORDWAY: Okay.
10 CHAIRMAN DAVIS: That causes me to ask one more
11 question to the Executive Officer.
12 Is the use of that device essential to resolving
13 the issue from a technical stand point?
14 EXECUTIVE OFFICER DEDRICK: No.
15 CHAIRMAN DAVIS: Okay.
16 EXECUTIVE OFFICER DEDRICK: No.
17 I think we resolve it by more immediate means,
18 and perhaps go forward with research, if we can get everybody
19 interested in pursuing some research on instrumentation,
20 which I think this issue of the ARCO, the whole affair,
21 has aroused a great deal of interest in the industry. I
22 think there will be research pursued.
23 The university has offered to sort of be the
24 center for--the university system--for doing such research,
25 which seems to me a very positive suggestion.

1 CHAIRMAN DAVIS: Okay.

2 MR. CASE: If there are no further questions,
3 I would like to introduce Professor Alice Alldredge of
4 the Department of Biological Sciences.

5 CHAIRMAN DAVIS: All right.

6 Professor Alldredge, before you begin, I am asked
7 to read this by the Fire Marshall.

8 This is bad news, folks. This is not my message.
9 I am just relaying it.

10 The Fire Marshall would like everyone to find
11 a seat, and if there are not enough seats for everyone,
12 we would like you to go in the adjacent room, where I guess
13 these proceedings can be seen on TV.

14 That is at least what the message says.

15 Maybe Supervisor Wallace could--since I assume
16 that he works with you, maybe you could assist--

17 MR. WALLACE: [Inaudible]

18 CHAIRMAN DAVIS: But, as the President of the
19 Board of Supervisors, maybe you could assist these people
20 in moving to whatever location is necessary.

21 COMMISSIONER ORDWAY: While people are moving,
22 I really do have to ask the faculty one thing.

23 When you give lectures, do you get ovations from
24 your students?

25 MS. ALLDREDGE: No, we do not. I must be honest.

1 Do you want me to go ahead?

2 CHAIRMAN DAVIS: Professor, yes.

3 MS. ALLDREDGE: I am Dr. Alice Alldredge, Professor
4 of Marine Biology and vice Chairperson of the Department
5 of Biological Sciences.

6 I would like to address two major issues, technical
7 issues, raised in the EIR.

8 First of all, the consultants' environmentally
9 preferred alternative for offshore processing. On page
10 55 of the Executive Summary, the EIR states:

11 "The elimination of onshore impacts associated
12 with an oil processing facility alternative appears to
13 outweigh the increased impacts offshore, since these impacts
14 are of slight intensification of significant impacts that
15 are normally associated with offshore oil development.

16 And, then it further says:

17 "Offshore impacts associated with oil processing
18 will be slightly increased by increasing the potential
19 for smaller oil spills, by intensifying Class 1 visual
20 aesthetic impacts, and intensifying air pollution emissions
21 offshore, while decreasing emissions onshore. There will
22 be a slight increase in loss of marine biological resources."

23 That is from the EIR.

24 If this were a typical unpopulated area of coast
25 I would understand justification for trade offs for offshore

1 processing in this way, but Coal Oil Point is not a typical
2 part of the coast. Any option which increases the chance
3 of oil spills no matter how small is no option at all when
4 one of the platforms is to be located within one mile of
5 the seawater intake that supports a $6 million marine
6 research program at a major, nationally acclaimed, university.
7 And, a slight increase in the loss of marine
8 biological resources cannot be tolerated, if those resources
9 are critical to the research, teaching, effectiveness,
10 and reputation of that university.
11 This recommendation for offshore processing by
12 the consultants appears to disregard all of the other parts
13 of the EIR, which define the special nature of the Coal
14 Oil Point area, and its unique use by the university.
15 It appears to discount the significance of this
16 site for research and teaching and treats it as though
17 it were any other stretch of the coast.
18 At this site, of all sites, we should be trying
19 to eliminate, rather than allow a slight intensification,
20 of the impacts normally associated with offshore drilling.
21 The prime goal of an environmentally preferred
22 option at this unique site, should be to provide maximum
23 protection to the marine biological resources which serve
24 as a natural marine laboratory for the university, and
25 to reduce to an absolute minimum chances for any oil spills,

1 no matter how small.

2 It is obvious from reading the comments in the
3 draft EIR, and in listening to the testimony at two previous
4 hearings, that it is the impacts on the offshore facilities,
5 not the impacts from the onshore ones, that are of the
6 greatest concern in this project.

7 The consultant's preferred option, regarding
8 offshore processing, appears unjustified, in light of the
9 content of the EIR, itself, and a major conclusion has
10 essentially been drawn with little substantiating analysis.

11 Second of all, I would like to address the issue
12 of muds and cuttings. The EIR continually labels the impacts
13 of ocean discharges of muds and cuttings as Class 2 impacts,
14 meaning they are significant, but mitigatable by prohibiting
15 discharging. Further, the Commission was told at the last
16 hearing here in Santa Barbara, that State Lands has not
17 permitted any discharging of muds and cuttings in state
18 waters; however, this is not a dead issue. ARCO was permitted
19 to make a small discharge of muds and cuttings last January
20 from Platform Holly, and they presently are permitted to
21 discharge wash cuttings. I think this is an opportunity
22 for the State Lands Commission, for you to send a very
23 strong message to the Regional Water Quality Control Board
24 about this issue. It is definitely not a dead one.

25 Many marine scientists at UCSB have criticized

1 the draft EIR for its inadequate coverage of resuspension
2 of muds and cuttings. The final EIR contains an appendum
3 by Ronald Kolpack, an expert on the sediment transport
4 and resuspension. His report states that the rate of compaction
5 of drilling solids will be on the order of months to years,
6 rather than the days, claimed by the original sediment
7 model in the EIR, and that the original model was unrealistically
8 conservative in emphasizing that cohesion and compaction
9 of muds will inhibit resuspension and transport.
10 In fact, he concludes that it will take about
11 one to three years, rather than the decades as projected
12 in the draft EIR, for most of the discharged materials,
13 including cuttings, to be carried to the bottom of the
14 Santa Barbara basin.
15 This means that most of the discharge material
16 will become resuspended at some point, and it will become
17 resuspended on a fairly short time frame, on the order
18 of a year, or slightly more, greatly increasing problems
19 of water turbidity, and increasing concentrations of barium
20 in the water. Most marine invertebrates and marine fish
21 native to the California coast have larval stages in the
22 water column, which then settle to the bottom and become
23 adults. Dr. Case discussed testimony with you that indicates
24 that many of the toxic materials, including barium sulfate,
25 may inhibit that settlement.

1 So, again, I urge you to consider this issue
2 of muds and cuttings very critically. I think it could
3 send a very strong message to the Regional Water Quality
4 Control Board, which I believe is granting these permits.
5 Finally, I would like to comment on what the
6 alternatives to discharging at the site might be. Three
7 alternatives for muds and cuttings discharge have been
8 proposed, in addition to the one of discharging them directly
9 at the platform site, and one of those would be barging
10 to Port Hueneme, or in Ventura County, and then trucking
11 that material to a land dumping site.
12 I feel that the air quality problems--although
13 I am not an expert there--would be significant with this
14 option, but also the increased traffic, barge traffic,
15 right along the coast of both Santa Barbara and Ventura
16 Counties, could greatly increase the problems of collisions
17 and potential spills, and I think that that particular
18 option is one that is of lesser feasibility than the others.
19 Another that has been proposed is to discharge
20 the cuttings directly into the Santa Barbara basin, into
21 the middle of the channel. This does not remove the material
22 from the local area. About seven percent of the muds and
23 cuttings are colloidal and currents would still waft them
24 into shore, and they would still impact the large numbers
25 of larvae farms which are present in the middle of the

1 Santa Barbara basin, and here in the Santa Barbara Channel,
2 throughout.
3 To me, as a marine scientist, the environmentally
4 preferable alternative would be to barge the muds and cuttings
5 150 to 200 miles offshore, to an EPA approved dumping site.
6 Offshore at that location we find the California current,
7 which is a very rapidly moving current, and at that distance
8 from shore there are very few larvae remaining in the plankton.
9 Most of them are found much closer to shore, so that those
10 larvae would be impacted much less at that offshore site,
11 and the California current would produce a tremendous dilution
12 of drillings muds that were discharged in that particular
13 area.
14 I am in favor of this particular option only
15 if the current regulations regarding the contents of muds
16 and cuttings in California continue. In other words, we
17 must still not allow discharging of chromium ligno sulfonate
18 of oil containing--or muds that contain oil and diesel
19 fuels. If those particular components became a part of
20 the drilling muds and cuttings, then no offshore drilling,
21 even at 200 miles out, should be allowed.
22 Thank you very much.
23 CHAIRMAN DAVIS: Thank you.
24 Commissioner McCarthy, do you have any questions?
25 Nancy?

1 Thank you.

2 And, finally, Professor Al Ebeling, Director

3 of Marine Science Institute.

4 MR. EBELING: I am Al Ebeling, and I am also

5 Professor of Zoology in the Department of Biological Sciences,

6 and as Alice and Chancellor Aldrich have said--acting Director

7 of the Marine Science Insitute at UCSB, at least until

8 June 30.

9 I certainly want to thank the Commission in allowing

10 me to make testimony on the public value of an undisturbed

11 Naples Reef, and its vulnerability to offshore oil development.

12 I am a marine biologist, with particular interest in the

13 fish and kelp and sea urchins and the other organisms that

14 live in offshore areas of reef and kelp like Naples, and

15 I have been studying--my students and I have been studying

16 Naples Reef for some 16--almost 20 years now, and of course,

17 Naples Reef is vulnerable because it is in the path of

18 the cast offs that might result from offshore oil development,

19 especially of Platform Haven.

20 Naples Reef is a lush area of reef and kelp located

21 about a mile offshore near Ellwood. It is a rocky monolith,

22 covering more than five acres. The area supports a vast

23 expanse of giant kelp.

24 Naples has been the object of intense multiple

25 use, scientific, educational, recreational, and commercial.

1 Now, party boats carrying 15 to 40 anglers visit the site
2 regularly. Especially on weekends, a small flotilla of
3 skiffs, with fishermen, or scuba divers, also exploit the
4 sport fishery there.
5 Naples was recently featured in California Diver
6 magazine, as uniquely diverse, productive habitat for
7 sport divers, so it is well known.
8 Naples has great scientific and educational value
9 as well. Over the past 16 years, UCSB researchers and
10 students have assembled impressive body of knowledge of
11 how this natural kelp reef system operates.
12 UCSB researches are finding out how a health
13 reef supports a dynamic force of kelp, which in turn generates
14 forage and refuge for a rich array of important food and
15 game, fin, and shell fish. For example, we have an unusual
16 body of baseline information on how the biological community
17 responds to natural disturbances and climatic change.
18 Now, the national and state investment in Naples
19 Reef as a model kelp bed, ecosystem, for research in teaching,
20 have been large indeed. Besides enormous time and effort
21 spent by researchers and students, the National Science
22 Foundation alone has supported research on the Naples system,
23 costing more than three quarters of a million dollars--
24 not large by oil standards, but a hell of a lot of money
25 by our standards.

One outcome is that the student trainees at UCSB, many professional marine biologists now in California and elsewhere, got their start by studying the Naples system. These studies by faculty and student have produced more than 20 publications in scientific journals. Obviously, the broader scientific community, as well as the local citizenry, have a great stake in preserving this environment.

The scientific community simply has no equivalent replacement for Naples Reef, and I would like to underscore that. Perhaps the greatest threat to the scientific and recreational value of the area of the proposed construction and maintenance of Platform Haven, about two miles south, southeast, of Naples Reef. We are concerned about a storage effect of muds and cuttings that may accumulate during construction and drilling activities, to be resuspended and move onshore, over Naples later on. If substantial amounts built up offshore, Naples may be particularly vulnerable during winter and spring storm periods, just as new plants are recolonizing the reef.

The storm, swell and surge generate water motion powerful enough along the bottom to, for example, to pick up scuba tanks, and experimental cages, heavy pieces of equipment lost at Naples, and carry them to shore more than four miles away in the opposite direction of the prevailing current.

1 Even a thin layer of sediment could inhibit kelp
2 colonization, not to mention of course the toxic effects
3 of the chemical contaminants.
4 For these and other reasons, such as increased
5 boat traffic, and blasting during construction, many of
6 my colleagues, my students, and I strongly recommend the
7 alternative plan of oil development that is least potentially
8 dangerous to one of our most valuable offshore resources.
9 Thank you.
10 CHAIRMAN DAVIS: Are there any questions?
11 [No response.]
12 Thank you very much.
13 Dr. Nash.
14 MR. NASH: Thank you very much.
15 The senate does have some copies of these--that
16 is the testimony of myself, as chair of the UCSB Division
17 of the University of California Academic Senate, and then
18 of four professors who want to emphasize quite different
19 aspects of the problems of the development, as talked about
20 so far.
21 I thank you for this opportunity to outline the
22 concerns of the UCSB faculty about the proposed project,
23 especially the planned siting of Platform Heron.
24 These faculty concerns have grown as we have
25 learned more about the ARCO project. Earlier concerns,

those you have already heard about, focus chiefly on adverse impacts on marine environment research.

The more recent concerns go straight to the heart of the University of California system's general state-wide commitment to provide the best possible education for current and future generations of the state's most precious, long term, resource. It is youth.

Bluntly, a responsible State Lands Commission ARCO project decision, needs adequately to balance the state royalty benefits of varying modes and rates of Coal Oil Point production. against these varying modes and rates long term cost to the state and the citizens in lost educational opportunities and foregone research. Little in the EIR/EIS evidences a serious attempt so to do.

My purpose is to state the core of the policy difficulty. My colleagues will follow me, and will develop the most important aspects. The core difficulty emerges from the changed role of the UC Santa Barbara campus, and more generally, of the six newer UC general campuses in the University of California system, enhancing the education of the youth as a whole.

The day is long past when the great preponderance of educational opportunities offered to undergraduates in the UC system occurred at the two heartland campuses, Berkeley and UCLA. Indeed, these days, more University

1 of California bachelor degrees are conferred by the new
2 general campuses combined, than by Berkeley and UCLA combined.
3 The center of the University of California undergraduate
4 educational experience has shifted to the six newer campuses.
5 Among these new campuses UC Santa Barbara has numerically
6 speaking assumed the role as chief educator, in sheer numbers.
7 Almost one-quarter of all bachelor degrees awarded by these
8 campuses have been UC Santa Barbara degrees.
9 A clear indicator of this changed role of UC
10 Santa Barbara in the state's overall public higher educational
11 structure lies in the 1986 statistics as to universities
12 and colleges where graduating high school seniors send
13 their S.A.T. scores. Last year, UC Santa Barbara passed
14 Berkeley, not to mention Stanford, the combined Claremont
15 complex colleges, and USC, in numbers of such students
16 sending their S.A.T. scores. UC at Santa Barbara is now
17 second among all instutitions, public and private, in the
18 state, behind only UCLA, in this score.
19 The campus's educational and research missions
20 are more, and not merely, large endeavors, but ones of
21 high quality. Half a decade ago, at the time of the last
22 major nationwide survey of the quality of faculty and graduate
23 study programs, the Associated Research Council Survey,
24 UC Santa Barbara, along with two other newer UC campuses,
25 those at Irving and San Diego, emerged having really solid

1 academic training and research reputations. These three
2 campuses received reputational scores to put them in the
3 same ball park as much older institutions across the country,
4 such as the University of North Carolina, Duke, Johns Hopkins,
5 Indiana, Ohio State, and Northwestern.
6 It took these old institutions on the average
7 of rather more than a century to build those reputations.
8 Due to numerous factors, not least is the extraordinary
9 investment of the taxpayers of the State of California
10 in support of higher education, it took these three newer
11 campuses only about a quarter of a century to achieve the
12 same quality.
13 As of now, the people of the State of California
14 have built into the UC system what is the more you look
15 at it, the most astonishing achievement in higher education,
16 not only in the nation, but in the world. There never
17 has been, indeed, anything quite like it for sweep and
18 scope of quality, for sheer immensity, or first class academic
19 enterprise. It is scarcely an exaggeration to think that
20 the University of California's system as a whole is to
21 higher education, much as the Himalayas are to mountain
22 ranges. Not only are its Everest to Berkeley, and its K-2,
23 95 miles south of here, impressive, so too are its other
24 mountains.
25 Above all, the UC system is a public achievement.

1 It would not do for one state agency--the State Lands Commission--
2 likely to count on this development of an oil project in
3 a fashion that would jeopardize the future capabilities
4 of another state agency--UC Santa Barbara. The great concern
5 with the faculty thus is that the ARCO project not cripple
6 the campus' educational and research future.
7 For that reason, the UCSB Academic Senate's Executive
8 Committee, its Advisory Council to the Chair, and its representative
9 to the system wide Senate Assembly, have authorized me
10 to declare the Senate's strong support both for the positions
11 taken by the campus' administration concerning appropriate
12 terms of ARCO project development, and for the Santa Barbara
13 County's Supervisors' insistence under appropriate courses
14 and procedures in getting to certification.
15 My colleagues will now give you the specific
16 reasons that they are worried that the ARCO project as
17 a whole, especially Platform Heron, threatens the future
18 of the campus.
19 And, the first of these speakers will be Professor
20 Giles Gunn, if I may call on him.
21 CHAIRMAN DAVIS: Okay.
22 [Applause from adjoining assembly room.]
23 Must be a time delay between the two rooms.
24 MR. GUNN: Mr. Chairman, Commissioners, my name
25 is Giles Buckingham Gunn. I am a Professor of English

1 and of religious studies at the University of California
2 at Santa Barbara, having spent the bulk of my career on
3 the faculties of the University of Chicago, and the University
4 of North Carolina at Chapel Hill, I joined the faculty
5 of the University of California at Santa Barbara, under
6 the auspices of what is called a "target of opportunity
7 distinction appointment."
8 Essential to my recruitment for this position,
9 was an option to purchase one of the homes in the new faculty
10 housing project at West Campus Point. Now that the houses
11 are complete, and we are moved in, I can assure you that
12 my wife and I, together with our children, are immensely
13 pleased with this decision.
14 Isla Vista is an exciting community to live next
15 to, and the university--our address is Goleta--and the
16 university has turned out to be an extremely challenging,
17 as well as congenial environment in which to continue my
18 work.
19 But, I can also assure you that if my wife and
20 I had known of the possibly placement of Platform Heron,
21 barely two miles from our front door, I would never have
22 even considered this appointment and I would further warrant
23 that most of our other neighbors in the West Campus housing
24 project, who recruited to the faculty by this same indispensable
25 housing option, feel as we do. Thank you.

1 CHAIRMAN DAVIS: Thank you.

2 MR. SREDNICKI: My name is Mark Srednicki. I
3 am associate Professor of Physics at UCSB, and I would
4 like to expand a little on Professor Gunn's deeply felt
5 personal statement that he would not have come to UCSB
6 had Platform Heron been in place.

7 There is no question that the ARCO project, and
8 especially Platform Heron, will have a severe impact on
9 the university's ability to recruit and retain high quality
10 faculty.

11 A central goal of the university is to increase
12 the number of professors with international reputations
13 in their fields, professors who can convey to their students,
14 their colleagues, the local community, and to the state,
15 the excitement and the challenge of their particular intellectual
16 endeavors.

17 There is no question that Platform Heron will
18 cripple any attempt to achieve this goal.

19 The people we would most like to bring to UCSB
20 are those who can have professorships anywhere they choose.
21 Professor Gunn is an example of such a person. There are
22 many other examples already at UCSB.

23 In my own department, physics, we have a Nobel
24 Laureate and a McArthur Fellow on the faculty. These
25 people can have jobs anywhere. Many other faculty, especially

1 in engineering, can double their salaries by taking jobs
2 in industry. These people are here, and we have to ask
3 why they choose to come here? And, why they choose to
4 stay here?
5 And, if you think about it, there really aren't
6 very many good reasons for a professor to come to Santa
7 Barbara. The price of housing--
8 COMMISSIONER ORDWAY: Excuse me.
9 MR. SREDNICKI: Yes.
10 COMMISSIONER ORDWAY: I went to UC Riverside.
11 I bet there are a whole lot better reasons to come to Santa
12 Barbara then to go to Riverside.
13 MR. SREDNICKI: Have you compared the price of
14 a house in Riverside to a house in Santa Barbara?
15 COMMISSIONER ORDWAY: Have you ever tried to
16 breathe the air in Riverside?
17 MR. SREDNICKI: Have you breathed the air after
18 Platform Heron is in place?
19 The university has attempted to relieve the housing
20 situation, which I can speak to from personal experience,
21 through the West Campus housing project, and we just heard
22 the probably impact of Platform Heron on the West Campus
23 housing project.
24 It is essentially impossible for a family living
25 on a single university salary to buy a house in Santa Barbara.

1 This is a mathematical fact. This being a fact, it becomes
2 of paramount importance for spouses of faculty members
3 to find work in Santa Barbara. And, here again, Santa
4 Barbara is not an attractive place.
5 As an example, last year I served on a committee
6 which was attempting to recruit another faculty member
7 in my specialty. We made a short list of possibilities,
8 and we phoned them up, and the three top people on that
9 list said, "No, we are not interested because we know our
10 wives won't be able to find work in Santa Barbara."
11 And, there wasn't--when I phoned these people
12 up, there wasn't much I could tell them. Most of them
13 were aware that my own wife had to change careers after
14 we came to Santa Barbara.
15 Also, just listing reasons not to come here,
16 the cultural resources of Santa Barbara are not great compared
17 to major cities and their suburbs. If you don't believe
18 that, turn on your radios, if you are staying over night,
19 and scan the radio dial, and then go to Los Angeles, or
20 San Francisco, and scan the radio dial and see how many
21 interesting programs you can come up with.
22 CHAIRMAN DAVIS: Obviously, you don't plan to
23 seek public office in Santa Barbara.
24 [Laughter]
25 MR. SREDNICKI: So, in answer to the question

1 of why someone would come here, perhaps Ms. Ordway gave
2 us the answer, and that is the perceived quality of life
3 here. It is a nice place. Look around. We have nice
4 beaches. We have nice mountains. It is, so far, has pretty
5 good air, and it means a lot to us to be able to drive
6 to work and see the ocean on one side and the mountains
7 on the other side--or bicycle to work as I used to do before
8 I moved farther from the university.
9 And, it will make a big difference to us if we
10 see Platform Heron looming over the campus, and in a moment
11 we will see slides showing it looming over the campus,
12 as we go to work. It detracts. It changes the ambience
13 from one of a quiet coastal community to one of what I
14 would call industrial blight, and the visual impressions
15 of that are only reinforced by the noise problems caused
16 by helicopters as well as noise on the platform itself,
17 air pollution problems, and so forth.
18 And, as Professor Gunn said, it is certainly
19 true that many people will choose not to come here, precisely,
20 and only because Platform Heron is there, and the people
21 we want to bring are the people who can choose to go elsewhere.
22 The cost to the university of those people not
23 coming here will certainly be enormous, and I would urge
24 you to remove, at the very least, Platform Heron from the
25 project, and preferably to deny the project completely.

1 Thank you.

2 CHAIRMAN DAVIS: Thank you.

3 I just want to comment that I know the Lieutenant
4 Governor, and I know the Governor, are very interested
5 in attracting the very best faculty possible to the University
6 of California, and not only is that important to students
7 to attain an excellent educational experience--or to enjoy
8 an excellent educational experience--but it is one of the
9 best inducements that we have to attract and retain industry,
10 and so those comments are not falling on deaf ears.

11 I know the Lieutenant Governor has written articles
12 on this subject, and I, as Chairman of the Assembly House
13 Committee the last four years, are particularly interested
14 in faculty housing and know how difficult it is to accommodate
15 the concern, particularly with people moving in from out
16 of state.

17 Commissioner McCarthy?

18 Nancy?

19 MR. CASE: The next person is Professor Holbrook.

20 I should just say that the comments about Santa
21 Barbara spoken by the last speaker, were not those of the
22 Academic Senate.

23 MS. HOLBROOK: My name is Sally Holbrook. I
24 am an associate Professor of Biology at UCSB.

25 For about the past seven years I have been

1 engaged in ecological research on two species of fishes
2 that live in the reefs of the Santa Barbara Channel.
3 I would like to mention briefly today two issues
4 that were raised earlier by the testimony of Dr. Alice
5 Alldredge on Januaary 13. These concern the threat posed
6 by the ARCO project to the well being of the UCSB Marine
7 Science Institute. I feel that the EIR has not adequately
8 addressed itself to these issues.
9 As an indication of the prestige and productivity
10 of the Marine Science Institute, Dr. Alldredge provided
11 a few statistics on MSI's share of research funding from
12 several prestigious sources. For instance, you may remember
13 that she noted that MSI is awarded about 20 percent of
14 the Office of Naval Research annual budget in oceanic biology.
15 MSI consistently ranks in the top three institutions
16 for funding in the Biological Oceanography Program at the
17 national Science Foundation.
18 I would like to add some additional information
19 here. First, what are the other institutions who rank
20 with UCSB at the top in NSF awards in biological oceanography?
21 They are Woods Hole, Scripps, and the University of Washington.
22 These institutions are world class research institutions,
23 viewed as a precious resource by their states, as well
24 as by the world wide scientific community.
25 I rather doubt that the State of Massachusetts

1 would seriously contemplate permitting oil development,
2 or any other development, that could degrade the biological
3 or human environment less than two miles at the research
4 lab at Woods Hole.
5 My second point, regards competition among investigators
6 to obtain this NSF funding, and competition among research
7 institutions to retain these well funded, productive investigators.
8 Much of the research funded by biological oceanography
9 at NSF, which is where I get most of my research money,
10 to MSI investigators, is conducted in the Santa Barbara
11 Channel, or in research laboratories on our campus that
12 are supplied with sea water by our system.
13 Research dollars from NSF are extremely hard
14 to obtain. In the past three years, only about 25 percent
15 of the proposals submitted to biological oceanography have
16 been funded at any level. Investigators are engaged in
17 extreme competition for these research dollars, and awards
18 are made based on research performance, and productivity.
19 Researchers are well aware that any factor that
20 slows or interrupts research productivity, or damages their
21 credibility, is likely to jeopardize their chance of renewing
22 their grants.
23 The proposed ARCO project poses a variety of
24 such risks to the research climate at MSI, including damage
25 to the channel environment from project discharges, oil

1 spills, and construction impacts, disruption of research
2 activities off Coal Oil Point, and at Naples Reef, and
3 threat of contamination of the sea water system, upon which
4 so much of our research depends. As such, we view it as
5 a serious threat to the ability of UCSB to maintain and
6 expand its reputation as one of the world's top research
7 units in marine sciences.
8 As I stated, there is keen competition for research
9 dollars among scientists. There is equally keen competition
10 among institutions to attract and retain the most productive
11 scientists.
12 Regarding its marine scientists, UCSB may find
13 itself in a much weaker position, if the proposed ARCO
14 project becomes a reality. Many scientists will fear the
15 affects of impacts of this project on the channel environment,
16 and will hesitate to establish long term research programs
17 here. Others will find that the quality of life on campus
18 is seriously degraded by the presence of Platform Heron,
19 less than two miles away.
20 UCSB thus may find its marine research program
21 threatened from a second direction, a weakened ability
22 to recruit and retain the best scientists available.
23 I appreciate this opportunity for my testimony
24 to be heard.
25 Thank you.

1 CHAIRMAN DAVIS: Thank you.

2 MR. GEBHARD: If it is all right, approximately mid-way
3 in my presentation I would like to show very, very quickly, a
4 series of comparative slides for your consideration.

5 My name is David Gebhard. I am a Professor of
6 Architectural History at UC Santa Barbara. I have served
7 as the Chairman of the County of Santa Barbara's Board
8 of Architectural Review, President of the Citizens Planning
9 Association of Santa Barbara, and presently I am co-Chairman
10 of the City of Santa Barbara's Landmark Committee, and
11 vice-Chairman of the Architectural Review Committee for
12 the community of Montecito.

13 Having myself, over the years, prepared segments
14 of EIRs, and having reviewed them for governmental bodies
15 and agencies, I would be the first to agree that one of
16 the most difficult segments of any report is that of addressing
17 the aesthetic element, both as to what it is, and of utmost
18 importance, the question of how it might be mitigated.

19 The various difficulties of identifying and addressing
20 the aesthetic impact of this specific large scale project
21 before you, it seems to me, encounters the usual series
22 of difficulties often found in EIRs.

23 The underlying causes of these difficulties and
24 deficiencies are an outcome, it seems to me, of a number
25 of factors, but two rather specifically , oftentimes the

1 inadequacy of the professional expertise utilized in preparing
2 the report, and of even more significance, the uneasiness
3 of all of the parties concerned to admit the essential
4 significance of the aesthetic element.
5 The proposal before you is a classic example
6 of this problem. The report ends up either avoiding any
7 meaningful discussion of aesthetic impact of this proposal,
8 and its various alternatives, whatsoever, or when an effort
9 is made to treat it--as one will find in Appendix 6-B--
10 it is approached in a vague manner, really as an issue
11 that is so euphemeral that it is included only with embarrassment
12 in what should be an objective, quantifiable, report.
13 The initial problem evident in the EIR is that
14 those preparing it totally equate the aesthetic element
15 to view impact, i.e., what you or I, or any individual,
16 would see standing at this or that single point, looking
17 out to the ocean, and seeing Platform Heron, or any of
18 its alternatives.
19 The question of viewpoint should be indeed one
20 facet of any individual's visual experience, in taking
21 the scene in, but it is only facet, a beginning if you
22 will. If we stop for a moment and think about it, a visual
23 experience, such as observing an immense oil platform in
24 the ocean, is composed of a series of aesthetic reactions.
25 The object, newly imposed, not only modifies in a major

way our reaction to the sea at this point, and the coast that lies adjacent to it, but equally it drastically affects us as an aesthetic idea.

As the 19th century author, John Ruskin, observed, our awareness of the moment--that we are living and operating--indeed assumes reality through the way that we manipulate the landscape and through the construction of buildings and other types of general structures and manmade objects.

What will be the result of Platform Heron? Or, any of the alternative proposals? If allowed to be built at the site proposed? At present, the aesthetic impression created when one approaches the UCSB campus, from the east--as a case in point--on Ward Memorial Freeway, is a remarkable combination of man-induced elements. The grove of palm trees to the left of Goleta Beach. Then nature essentially takes over. It is the beach, the low cliff, the ocean itself, and the islands beyond.

On the top of the mesa is the university itself, but here the man-induced planting of eucalyptus, and other vegetation, all of which seems natural, pulls in and hides the numerous buildings of the campus.

What a completely opposite experience will prevail if Heron, or an alternative group of platforms, are allowed to be built. Though two miles out to sea, its immense size and height literally a miniature-sized city, with

1 a ten-story skyscraper, will dominant this scene. The
2 gross magnitude of this project will drastically compromise
3 all else which lays before us. It's dominating affect,
4 both as a visual object, and for what it has to say about
5 our aesthetic and ethical values, will await us whenever
6 we obtain a view of the ocean from varying points on the
7 campus, and if I might I would like to go through these
8 slides with you very quickly.
9 What we have done in this series of paired slides
10 is to show you exactly the same series of points of view
11 before and after, imposing with as much accuracy as one
12 indeed can, imposing upon slides--
13 CHAIRMAN DAVIS: Can we turn down the lights?
14 MR. GEBHARD: --thank you very much.
15 Imposing on the second of the series of these
16 slides that I will be showing you this afternoon, the general
17 visual effect that this platform would have.
18 Here we see a scene from the beach, itself.
19 And, here we see superimposed, trying to keep
20 the scale as accurate as we possibly can, as far as its
21 base and height is concerned, what will greet one as one
22 either bicycles to the university from the City of Santa
23 Barbara, approaches it from the City of Santa Barbara
24 on Ward Memorial Parkway.
25 And, here one can see, as one moves closer to

1 the campus, to the west again, either on the beach, on the walkways,
2 on the bicycle paths, or on the freeway itself, how even
3 when the cliff intervenes and the vegetation which lies
4 beyond it, the mass of the tower is apparent for us to
5 see.
6 Let us take a second postion, that basically
7 out in front of the lagoon, almost as if--as a matter of
8 fact--you were seated or walking along in front of the
9 student center. Here is the view as we presently enjoy
10 it and see it, and here is the view that will take place
11 if the platform is allowed to be built.
12 One thing that I do want to emphasize, and of
13 course in a way any presentation of slides in this fashion,
14 distorts and distorts in a variety of different ways, but
15 always bear in mind--which I am sure you will--that when
16 anyone of us is walking along, or taking in a view, movement
17 and et cetera enters into the picture. The vividness of
18 what we are discussing here, indeed, will become even more
19 apparent.
20 Or going to one of the upper stories of one of
21 the university buildings, the library building in this
22 particular case, from the floor occupied by Theoretical
23 Physics, here you can see the view from the ocean, and
24 here you can see the platform as it lies out in the ocean,
25 itself.

1 It can perhaps be argued that there are other
2 more pragmatic considerations, which would justify the
3 construction of such an incompatible industrial project,
4 dominating and overlooking a campus of the University of
5 California, but there can be no question that looking at
6 impartially and objectively the construction of this platform
7 will be a major aesthetic disaster for the university community,
8 and as you have--I am certain--noted in the EIR, and in
9 the Appendix 9-B, there is no conceivable mitigation for
10 this negative aesthetic impact.
11 Returning to John Ruskin, it was he who first
12 cautioned us to carefully consider the manner in which
13 we manipulate and thereby design the physical world around
14 us, for we have an obligation, not only to ourselves, but
15 of even more importance to those who follow us.
16 Thank you.
17 CHAIRMAN DAVIS: Thank you.
18 The next witness is Marty Blum.
19 MS. BLUM: I am Marty Blum, President of the
20 League of Women Voters of Santa Barbara.
21 The League thanks you for coming once again to
22 Santa Barbara to receive public input on this final EIR.
23 I will submit longer comments which I have handed to you
24 just now, but I wish to make just a few remarks here.
25 Today the League requests the final EIR not be

1 certified. It is woefully inadequate for many reasons,
2 including but not limited to the following:
3 First of all, the EIR itself. How does one go
4 about coping with such mountains of data? You decision
5 makers are able to spread out numerous volumes--we believe
6 there are about 17--for easy perusal and easy cross reference.
7 You have clerical staff to do leg work of collating and
8 so on. You have professional staff, consultants, enough
9 no doubt to assign one or more to each of the 21 issue
10 areas, to analyze, evaluate, summarize, synthesize and
11 distill findings and recommendations, while the public
12 has no such perks. We are on our own.
13 How to get at the data in the EIR, and in the
14 final EIR, that is the question? There is no user's guide,
15 no reader's guide, and the index is also useless. This
16 has not been revised or updated from the draft EIR.
17 The final EIR's two page guide, entitled Section 1
18 Introduction to the Final EIR Volumes, is not a reader's
19 guide. Actually, it confuses more than it clarifies,
20 primarily because the sections referred to bear no relationship
21 to the section numbers used in the draft EIR, nor does
22 the Executive Summary serve as a reader's guide. Details
23 are in our written statement, but in the Executive Summary
24 Section 5 gets left out, and this is unfortunate, since
25 Section 5 contains the bomb shell that has been rumored

1 for days, and that was referred to by Supervisor Wallace,
2 the environmentally preferable alternative, a brand new,
3 other alternative, in lieu of what Section 5 concedes to
4 be the environmentally superior alternative, or the no
5 project alternative.
6 The new alternative suggested calls for offshore
7 processing of all oil produced by the project. This is
8 a whole new ball game for us. We are back to square one.
9 The other alternative, the new alternative, is not addressed
10 in the draft EIR, as it has already been pointed out here.
11 Let's face it. We are caught in a bad time bind
12 here. Neither the staff, nor the consultants, really are
13 to blame. The draft EIR and the final EIR had to be hurry
14 up, last minute, jobs to meet unreasonable time schedules.
15 This EIR is proof positive of something the League has
16 commented on in other hearings on oil and gas developments,
17 and that is when it comes to oil and gas projects of this
18 magnitude the Permit Streamling Act is turning CEQA into
19 a shambles, and the Brown Act into a charade. You decision
20 makers are hobbled and the public is shut out of the process.
21 Furthermore, concerning the Executive Summary,
22 the League notes that there is no overview mention of the
23 final EIR's Section 6, entitled: "Environmental Aspects
24 of Commingled and Segregated Oil Dehydration." Errata
25 sheets were received for this section, and we understand

1 that we are talking about this section, but presumably
2 it is still in the picture.
3 The League received the Commission's January
4 19 document just too late to comment on it.
5 The second reason for noncertification, the interjection
6 of the environmentally preferable alternative into the
7 final EIR through a casual recommendation in the Executive
8 Summary, without addressing its many implications.
9 And, the third reason for noncertification, the
10 final EIR does not adequately address the contentious subject
11 of cumulative impacts. The League's critique of October
12 28 of last year zeroed on "cum" impacts and found that
13 the draft EIR was wanting in several areas. Since this
14 project initiates an extensive tidelands program, its EIR--
15 the League submits--is obligated to come up with a state
16 of the art cumulative impact assessment analysis. The
17 EIR fails to go that extra mile. It does not assess the
18 area's admitted fragile limited carrying capacity, nor
19 does the EIR identify trigger points or thresholds, either
20 singally or collectively, for the 21 issue areas.
21 Cumulative impacts in any one issue area are
22 bad enough. They grow exponentially as cum impacts and
23 other issue areas are factored into the equation.
24 Well, in summary, the final EIR, because of its
25 inadequacies, include these enumerated above, and does

1 not warrant certification by the State Lands Commission.
2 Contents do not address the johnny-come-lately, last minute
3 environmental preferable alternative. How can you, in
4 all good conscience, certify the final EIR, that it has
5 been completed in compliance with CEQA? And, that in its
6 present form you will be able to review it, and consider
7 information contained therein, prior to approving the project
8 within your present time schedule?
9 In closing, the League reiterates our request
10 made on January 13, that you Commissioners personally spear head
11 a much needed reevaluation and update of California's energy
12 policy.
13 Thank you again for holding these special hearings
14 in Santa Barbara, for going the privilege of--or the convenience
15 of certifying the EIR and permitting the process in all
16 one day. Thank you.
17 CHAIRMAN DAVIS: I just want to reiterate what
18 I said at the last meeting, that while this process is
19 not perfect, far from it in fact, none of us--I know that
20 I don't and I know that my Commissioners--want to play
21 hide the ball in policy making, and if it requires another
22 meeting in Santa Barbara to certify the EIR, whatever we
23 have to do to insure the community that its impact is fully
24 felt, understood, and digested, I for one am prepared to
25 do it.

1 So, you may or may not like the ultimate decision
2 this Commission reaches, but you have a right to have a
3 fully open and complete process, and I am committed to
4 that, and I suspect and believe that my Commissioners are,
5 too.
6 I just don't like the inference that there is
7 some secret thing about to happen, because I know that
8 we don't want it to happen, and we don't want anything
9 to happen in secret.
10 Leo?
11 The next witness is Richard Ranger.
12 MR. RANGER: Good afternoon, Chairman Davis,
13 Governor McCarthy, and Ms. Ordway. My name is Richard
14 Ranger, and I represent the applicant, ARCO Oil and Gas
15 Company.
16 ARCO would like to take the opportunity today
17 to provide some new information for your consideration
18 and that of the public beyond that which we presented at
19 your last hearing on January 13.
20 At that hearing, we described the history of
21 oil and gas development in the Coal Oil Point area by ARCO
22 and its predecessor companies, activity which lead to the
23 discovery of the Coal Oil Point field. That discovery,
24 in turn, lead ARCO to submit its development plan for the
25 Coal Oil Point Project to your agency, and to other agencies,

1 for environmental review.

2 Also at that hearing, we expressed our preference
3 for onshore oil and gas processing. We further stated
4 that if offshore processing is not the project alternative
5 your Commission selects, we would build only single platforms
6 at each location, not the complexes we once proposed.

7 Today we will offer additional mitigations to
8 address potential impacts from the Coal Oil Point Project
9 which other described in their comments to you on January 13.
10 We will also provide you with additional justification
11 for our plan for development of the Coal Oil Point Field,
12 the resource which is critical to this project, from the
13 location we proposed for Platform Heron. We will also offer
14 our thoughts on the issue of commingled production.

15 First the impact areas. Flaring is one of those. ARCO
16 will flare only during emergency situations. There will
17 be no flaring during well testing or other routine operations.
18 The plan for flaring analyzed in the EIR was developed
19 by ARCO to meet the exacting standards of Santa Barbara
20 County's Air Pollution Control District. We have since
21 improved that plan so flaring will only be required during
22 emergency situations.

23 Our platform design includes special equipment
24 which reduces this emergency flaring to an absolute minimum.
25 This design will not only receive scrutiny from your staff,

1 but from the Santa Barbara County APCD, from whom we must
2 receive a permit to operate any facilities in state waters.
3 Another issue was that of noise. To address
4 this, ARCO will install sound baffling on the shoreward
5 sides of the Heron Platform drilling floor. In the instance
6 of noise identified in the EIR from pile driving activities
7 associated with the installation of the Heron Platform,
8 we need to set only the four corner piles from the surface.
9 This will reduce the audible pile driving time by two-
10 thirds.
11 It is possible that some residents of Isla Vista,
12 who describe the noise impact as a particularly acute
13 concern, may be remembering noise carried to shore during
14 drilling of the 309-9 well, shown on the overhead, which
15 was only a mile and a quarter from shore. Platform Heron
16 will be almost twice that distance from shore.
17 Another issue that has been raised, that of discharge
18 of produced water. With respect to produced water, ARCO
19 has never planned to discharge produced water from the
20 platforms into the marine environment. Our plan has always
21 called for sending produced water to shore via pipeline
22 for injection.
23 Another issue, that of vessel traffic corridors,
24 of particular concern to UCSB research and fishermen. Throughout
25 offshore construction and operations, crew boats, work

1 boats, and other vessels serving the Coal Oil Point Project
2 will observe established vessel traffic corridors.
3 ARCO was an original member of the oil industry,
4 fishing industry, liaison effort which developed the vessel
5 traffic corridor plan, and ARCO has complied with the plan
6 since its inception.
7 This overhead shows how boats must now leave
8 the Ellwood Pier, and follow the traffic corridor established
9 and agreed to for our Platform Holly operations. As our
10 new platforms come on line, crew boats and work boats will
11 continue to these platforms along this established corridor.
12 For pipeline installation, a mooring plan will
13 be developed with the Coastal Commission to confine vessel
14 traffic to a narrow area during construction along the
15 pipeline corridors. ARCO will require that its contractors
16 observe this plan.
17 Now we turn to the location proposed for Platform
18 Heron. ARCO's original development plan, submitted for
19 the Coal Oil Point field called for two platform locations,
20 one on each of Leases 308 and 309. Ongoing studies of
21 alternative develop options lead ARCO to a plan discussed
22 in the EIR that will allow full development of the field
23 from a single platform near the common 308/309 lease line.
24 This plan will require state-of-the-art drilling techniques
25 with maximum hole angles of 70 degrees.

At the January 13 hearing several speakers requested moving the location for Platform Heron to the west at least 1000 meters. We have assessed the impact of this move on the oil that will be recovered. We have also reviewed our platform location studies and biological surveys to better define the nature of the ocean bottom environment in the area of ARCO's proposed platform location.

Within the area depicted in the EIR as hard bottom substrate, visual observations, side-scan sonar data, and soil boring surveys show that there are scattered large depressions filled with up to five feet of marine sediments. Placing platform Heron on one of these sediment filled areas will protect against adverse impact to the hard bottom substrate.

Additional visual confirmation of the location of these sediment filled basins will take place beginning this week end, using an underwater video camera. This underwater video survey, along with side-scan sonar data, will assure location of Platform Heron to avoid or minimize adverse impact to the hard bottom habitat.

Because of the concerns some have expressed about potential impacts from Platform Heron to the hard bottom area on Leases 308 and 309, and to university research, we state today that we withdraw our plans to discharge drill muds and cuttings at the proposed Heron location.

With this mitigation, the only potential disturbance of the ocean floor will be the single platform itself, which measures 170 by 210 feet at the ocean floor, and the narrow pipeline corridor crossing Lease 308.

It should not be forgotten that Platform legs and cross members will themselves provide habitats which are very attractive to many species of fish and for organisms, such as mussels, barnacles, and scallops. This attraction has been shown to occur under virtually every offshore structure from platforms to piers.

Biological surveys in the vicinity of offshore structures including ARCO's Platform Holly, show more organisms and greater species diversity than in adjacent areas without offshore structures.

Turning now to the impact of moving the platform 1000 meters west. This horizontal cross section, looking from the beach, at Leases 308 and 309, shows the portion of the Monterey reservoir that could not be reached. Based on analyses of cross sections, and geologic structure-maps, a total of 30 million barrels, or one-third of the total resource could not be developed from that platform location. Loss of this 30 million barrels of reserves, and associated gas, could jeopardize the economic viability of the total project.

[Audience reaction.]

I thank you for noticing that.

With respect to pipeline installation--

CHAIRMAN DAVIS: You probably didn't mean that as an applause line.

MR. RANGER: --it was not marked as one, no sir.

At the January 13 hearing, ARCO also heard concerns expressed about pipeline installation in two areas: One, the hard bottom area on Leases 308 and 309; and two, the near shore area.

Regarding the hard bottom area, ARCO has developed a plan to address these concerns. The plan calls for pipelines to be pulled from a barge located and anchored outside of the hard bottom area, shown by the yellow circle on the over head, to Platform Heron.

This distance will require anchoring of a pull barge only at the platform location. The result will be a reduction of anchor settings on the hard bottom area from a maximum of 96, described in the EIR, to only 4.

Regarding the near shore concerns, ARCO's plan calls for fabricating the pipelines onshore and pulling these lines through the near shore area to a barge anchored beyond the kelp beds. This results in a narrow corridor with a minimum of disturbance.

This operation will be identical to the installation and fabrication of the seep pipeline in 1982, which received

1 Coastal Development Plan approval from Santa Barbara County,
2 and the California Coastal Commission.
3 Finally, turning to the question of commingled
4 production, the importance to the Commission of a commingled
5 production operation, as compared to a segregated system,
6 became apparent at the January 13 hearing; also, the problem
7 of accurately determining the State of California's royalty
8 share with a wet oil metering system was discussed.
9 Two possible ways to achieve acceptable accuracy
10 in royalty determination were mentioned:
11 1. Accurate wet oil metering.
12 2. Modified royalty calculations which eliminate
13 wet oil metering requirements.
14 As we recall, the State Lands Commission directed
15 its staff to work with interested parties to further explore
16 these possibilities. ARCO has met with the State Lands
17 staff on two occasions since the January 13 hearing, and
18 frankly we are encouraged. ARCO believes a solution to
19 the accuracy problem can be found both through a wet oil
20 metering system, and with royalty modifications.
21 I would simply like to repeat, as we stated on
22 January 13, that we are here because we do believe that
23 there are a series of reasonable outcomes for consideration
24 by your Commission that allow both the development of this
25 resource and the protection of the environment in which

1 it sits. We are dedicated in working with your staff,
2 and the staffs of other agencies, and the public of this
3 community, to resolving some of those concerns, to allow
4 both to proceed.
5 That is a commitment we make not only for this
6 hearing, for the hearings to come, and for the permitting
7 process, but it is a commitment that our people will observe
8 every day of operations on ARCO facilities, as they have
9 every day of the operations that we have conducted in this
10 area for a number of years.
11 With that, I would like to introduce Mike Webb
12 of Anthrosphere--
13 EXECUTIVE OFFICER DEDRICK: Excuse me, I need
14 to ask you one question before you leave.
15 With the Commission's permission.
16 Could we return to flaring briefly, Mr. Ranger.
17 When you referred to the need to flare in emergency, do
18 you mean flaring in the sense that concerns the public?
19 That is to say, a large orange flame that is visible for
20 20 miles and puts out H_2S?
21 MR. RANGER: Correct.
22 EXECUTIVE OFFICER DEDRICK: Or, do you mean the
23 sort of flaring that the staff has--the combustion that
24 the staff has proposed, with the special burners that it
25 results in the complete combustion and SO_2 recovery, and

1 no visible light?

2 MR. RANGER: We have had those discussions with

3 staff, and we are working with your staff to pursue a system

4 of incineration, or complete combustion; but, I was also

5 stating for the record, that we do not intend to flare

6 other than in emergency situations.

7 EXECUTIVE OFFICER DEDRICK: Yes.

8 I wanted to clarify the fact that we recognized

9 that you are not planning to do any production flaring,

10 but only upset condition--emergency flaring, but it was

11 to the type of combustion that that emergency flaring would

12 constitute specifically that I direct my question.

13 MR. RANGER: In the case of upsets, we are not

14 certain yet that the combustion equipment that we have

15 discussed would handle those episodes, but we are continuing

16 to work with your staff toward an answer to that question.

17 EXECUTIVE OFFICER DEDRICK: Thank you.

18 Excuse me, Commissioners.

19 COMMISSIONER ORDWAY: May I just ask a question

20 of the court reporter.

21 Do you need to stop to change paper? I notice

22 that you are stacking up, so if you want to--if we want

23 to take 30 seconds, I think now is an appropriate break

24 time.

25 If we can just hold up the next witness for a

1 moment, while the court reporter changes paper.

2

3 Recess: 4:25 p.m. - 4:35 p.m.

4

5 COMMISSIONER ORDWAY: I believe that we can reconvene.

6 [MOTION] CHAIRMAN DAVIS: As I indicated earlier, I want

7 to make a motion to allow--actually a two-fold motion to

8 delay the point at which the EIR is voted on for certification,

9 to sometime in the first ten days in March, subject to

10 agreement with the Commissioners, and that that certification

11 vote take place in Santa Barbara, and we would communicate

12 the precise date of the meeting well in advance to meet

13 the statutory notice requirements.

14 I guess, under our rules, we don't need a "second"

15 so is there any discussion on the motion?

16 [No response.]

17 If no, all in favor of aye, say "Aye".

18 COMMISSIONER ORDWAY: Aye.

19 COMMISSIONER MC CARTHY: Aye.

20 CHAIRMAN DAVIS: All right, that motion carries,

21 so we will have the meeting in Santa Barbara sometime in

22 the first ten days of March, to deal with the issue of

23 certification.

24 That should accommodate some of the concerns

25 that were raised at this morning's meeting, allow more

1 time for progress on the question of commingling, and deal
2 with the staff's concerns with being able to get a report
3 out by ten days before the February 17 meeting.
4 EXECUTIVE OFFICER DEDRICK: Thank you, Commissioners.
5 COMMISSIONER ORDWAY: Question.
6 Just a procedural question of staff, having nothing
7 to do with this case.
8 Would we then hold the remainder of our February
9 calendar on the 17th?
10 EXECUTIVE OFFICER DEDRICK: That is entirely
11 up to the Commissioners, and we are scheduled for the 17th.
12 We haven't noticed yet, because we don't need to.
13 COMMISSIONER ORDWAY: Okay.
14 EXECUTIVE OFFICER DEDRICK: So, at your pleasure
15 we will be happy to schedule it which ever way you want.
16 COMMISSIONER ORDWAY: Okay, thank you.
17 CHAIRMAN DAVIS: Excuse me.
18 MR. RANGER: Mr. Chairman, I would just like
19 to make a brief clarifying statement to the Commission.
20 The question raised back before the break, by
21 Executive Officer Claire Dedrick, and that is during upset
22 conditions the process by which any gas would be dealt
23 with would be complete incineration. It would be virtually
24 a smokeless process.
25 So, again, that is during upset conditions, and

as I have stated, we have scotched our plans for well test flaring, that had previously been described. There will be no well test flaring, or flaring during routine operations.

With that, I, or others on our staff, will be available for further questions, but I would like to introduce Mr. Mike Webb from Anthrosphere.

Thank you.

CHAIRMAN DAVIS: Are there any questions from the Commissioners, at this point?

[No response.]

MR. WEBB: Thank you.

I am Mike Webb. ARCO has asked me to speak for just a moment to explain what we are doing about air quality questions, a concern that ARCO has for maintaining the air quality, and the things that we are doing presently.

EXECUTIVE OFFICER DEDRICK: Excuse me, but would you identify your organization for the record, please.

MR. WEBB: Yes, and in fact that is where I was next.

EXECUTIVE OFFICER DEDRICK: Oh, I'm sorry.

MR. WEBB: As a way of introduction, I have been in the air quality business for 15 years. Part of those years I spent working with some of the other people who have helped prepare this EIR.

I am currently President of Anthrosphere, Incorporated,