BEFORE THE STATE LANDS COMMISSION
OF THE STATE OF CALIFORNIA

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

TRANSCRIPT OF PROCEEDINGS

Tuesday March 10, 1987

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

APPEARANCES

STATE OF CALIFORNIA

State Lands Commission

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Gray Davis, State Controller
Nancy Ordway, Office of Director of Finance

Staff

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Robert Hight, Chief Counsel
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Dwight Sanders, Project Coordinator
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Jane Smith, Executive Secretary
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EIR/EIS Preparers - Chambers Group

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Dr. Noel Davis, Marine Biology Division
Dr. Margaret Lobnitz, Air Quality Analysis
Clement Shute, Attorney

APPLICANT

ARCO Oil and Gas Company

Richard Ranger, Regulatory and Permitting Director
Thalia Gelbs, Air Quality

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1 -- P R O C E E D I N G S --

2

3 10:30 a.m.

4

5 CHAIRMAN MC CARTHY: I want to thank you all
6 for your patience, and welcome all to this hearing of the
7 State Lands Commission, on the issue of certification of
8 the Environmental Impact Report and Environmental Impact
9 Statement on the ARCO Coal Oil Development applicant.
10 Before we get to that, we have a couple of short
11 pieces of business to take care of, on the staff, here
12 at the Commission.
13 My fellow Commissioners are Commissioner Ordway
14 and Commissioner Davis. My name is Leo McCarthy.
15 We want to move for confirmation of the Minutes
16 of the previous meetings.
17 [MOTION] COMMISSIONER DAVIS: So move.
18 All right?
19 Approved.
20 Now, let's get to the first issue at hand, and
21 I would like to call on Mayor Sheila Lodge to come forward
22 and testify.
23 Mayor, welcome.
24 MS. LODGE: Thank you for the opportunity to
25 appear before you, again.

1 over the makeup over the preferred alternative.

2 With regard to upcoming public deliberations

3 on this project, I urge you to continue to conduct your

4 meetings here in Santa Barbara. We appreciate the time

5 and energy required to convene here, and your accommodation

6 of our needs in this regard so far.

7 In order to adequately serve the public interest,

8 in full discussion of information and possible decisions

9 which will so very directly affect our community, it is

10 imperative that local meetings continue.

11 If you are able to correct the deficiencies in

12 the Final EIR/EIS and certify the document by the March 20

13 deadline, I understand that your Commission may take up

14 to 90 days to act on your permit decision.

15 In scheduling your decisions, the Commission

16 must recognize the importance of full participation of

17 the university community, thus your hearings and final

18 actions should be scheduled while the university is in

19 session, with student, faculty and administration, available

20 on campus to participate.

21 The community, as a whole, must have adequate

22 time to analyze and comment on any proposed decisions and

23 mitigations. Your schedule should not only allow opportunity

24 for public comment to be offered before your staff and

25 the Commissioners to fully consider the new information

1 and suggested changes, before you must render your final
2 decision. I understand that will require some careful
3 scheduling, but I hope that you will indeed make it possible
4 for the university community to comment, and that you will
5 return to Santa Barbara for the next hearing.
6 Thank you for the opportunity to comment this
7 morning.
8 CHAIRMAN MC CARTHY: Thank you, Mayor. Thank
9 you very much.
10 Any questions by members of the Commission?
11 [No response.]
12 Thank you, that is fine.
13 All right, Supervisor Bob Wallace, the Chairman
14 of the Board of Supervisors.
15 Welcome, again.
16 MR. WALLACE: Bill Wallace.
17 CHAIRMAN MC CARTHY: Bill. I'm sorry, excuse
18 me.
19 MR. WALLACE: I don't write very well this early.
20 The Board would like to express their appreciation
21 again for State Lands coming to Santa Barbara County to
22 have this final certification hearing.
23 We have a fairly lengthy statement with attachments,
24 which I am not going to read all of, and hopefully you
25 have a copy of it, so that you can take a look at before

1 My comments this morning will be brief. At your
2 last hearing, here, I supported the county in their opposition
3 to certification of the final EIR/EIS. In conclusion of
4 the environmentally preferable alternative was--the inclusion,
5 I'm sorry, the environmentally preferable alternative was
6 and remains unacceptable.
7 We agree with the County that the decision makers
8 should not be constrained by an inappropriate designation
9 of a project alternative as environmentally preferable.
10 The Joint Review Panel not only did not select the alternative,
11 but they had no opportunity to review and comment on its
12 selection before incorporation in the EIR/EIS.
13 Elements of the alternatives, to the extent that
14 information has been provided explaining its components,
15 conflict with County policy for or more consolidation of
16 processing facilities. These policies are intended to
17 minimize cumulative impacts of support facilities for oil
18 and gas development and are vigorously supported by the
19 city.
20 While we recognize the time constraints faced
21 by this Commission, we believe the document should not
22 be certified in its present form. The document should
23 be modified to include an environmentally preferable alternative,
24 which reflects the consensus of the Joint Review Panel,
25 or which, at the very least, acknowledges the disagreement

1 your final vote, today.

2 Again, we would like to welcome the State Lands
3 Commission, and extend our appreciation for holding this
4 EIR certification in Santa Barbara. We think it demonstrates
5 a sincere commitment to maximize citizen participation
6 in the permit process, and as you can see from the size
7 of the audience, that there is still no reduction in the
8 public interest in this item, in spite of the number of
9 hearings that have been held.

10 Upon review of the State Lands Commission staff's
11 calendar item, the county must object to the recommended
12 certification of the ARCO Coal Oil Point Project, Environmental
13 Impact Report. We object to certification because:

14 1. Inadequate responses were provided to comments
15 on the draft EIR.

16 2. The recommended environmental preferable
17 alternative is not supported by the analysis in the EIR.

18 We would also like to incorporate by reference
19 our previous comments on the EIR, as the staff recommendation
20 fails to adequately respond to our concerns.

21 Attached to this testimony are three important
22 attachments, which we would also like to incorporate into
23 the record.

24 Our objections to the environmentally preferred
25 alternative are again procedural and factual. Contrary

1 to Public Resources Code, the environmentally preferred
2 alternative was not chosen from among the other alternatives,
3 in fact, alternative project scenario, incorporating all
4 of the components of a full project, were discussed only
5 for a limited number of issue areas, i.e. air quality,
6 socioeconomics, and transportation.
7 At the January 28 State Lands Commission hearing,
8 your Commission heard objections to the selection of the
9 environmentally preferred alternative from virtually every
10 speaker at the hearing. I believe that even the applicant
11 is opposed to that.
12 The flaws in the analysis and selection of the
13 environmentally preferred alternative are as follows:
14 1. Sour gas reinjection and offshore sweet gas
15 processing.
16 2. Selection of the onshore gas pipeline, with
17 landfall at Ellwood.
18 3. We again stress the air, in selecting offshore
19 oil processing as the preferred alternative--or any alternative
20 in Santa Barbara County at this time.
21 4. The newly included alternative impact comparison
22 table, which appears to have been used to select the environmentally
23 preferred alternative has many errors, whose corrections
24 would modify the selection of the environmentally preferred
25 alternative.

1 Because of these flaws in the selection of the
2 environmentally preferred alternative we have to object
3 to the certification of the EIR.
4 The county believes that the analysis in the
5 EIR would support the following alternative:
6 1. We concur fully with the present environmentally
7 preferred alternative in recommending single platforms,
8 no storage at Dos Pueblos, and abandonment of existing
9 facilities at Ellwood.
10 2. Sweet and sour gas processing should be in
11 Las Flores Canyon.
12 3. Oil processing should be located in Las Flores
13 Canyon.
14 4. Oil and gas pipelines should be corridors
15 proposed by ARCO.
16 5. Oil processing should be commingled.
17 6. Platform Heron should not be approved at this
18 time.
19 Santa Barbara County has been very impressed
20 with the approach the State Lands Commission in providing
21 adequate review, time, and local hearings, necessary for
22 public participation, in the EIR certification process,
23 in your commitment to solve problems such as commingling
24 that has plagued this project since its inception.
25 It appears that you are genuinely interested

in local concerns. The county, likewise, is committed to working cooperatively with your staff and ARCO in modifying the project to meet the objections of all.

We, therefore, request assurance from your Commission that meetings will be initiated among your staff, UCSB, the county, and other interested persons, as soon as possible, and well before any permit decision, to discuss major components of the project under consideration.

There are still outstanding questions about offshore dehydration, commingling, offshore gas processing, and royalty management.

Our final concerns are related to the actual State Lands Commission hearings on the permit decision. We are aware that your Commission has taken unusual action in splitting the EIR certification action from the permit decision.

We wish to express our thanks to you since the additional time aids everyone in addressing the complex issues yet unresolved surrounding this project. We request that the upcoming permit decision hearings also be conducted in Santa Barbara, and that the staff report and agenda be provided at least 20 days prior to the project hearing, to allow sufficient review time for all interested parties.

Thank you for the opportunity to comment on the Coal Oil Point Project EIR certification.

1 Under Attachment A, and I am just going to briefly
2 summarize this, so that it will be in front of you, though,
3 in the first item is the inadequate responses. Of the
4 477 comments the county provided on the draft EIR, at least
5 30 were not responded to in an adequate fashion, and not
6 a single meaningful change was recommended in the final
7 EIR, over the draft EIR.
8 Next, we have specifically stated our--specifically,
9 our objections to the environmental preferred alternative
10 in the EIR, which I outlined earlier.
11 And, under three, we have outlined the county's
12 selected environmentally preferred alternative, as we see
13 it from the EIR, and there is outlined the county's plan.
14 I am only going to touch again on Platform Heron,
15 which we feel should not be approved at this time. Significant
16 Class I impacts can be eliminated by removal of this platform
17 from the proposal. This is included in Attachment B, and
18 those impacts are reduced there. A reduction in air quality
19 emissions and a reduction in the impact of a platform in
20 close proximity to the university and large resident population
21 are of the greatest importance.
22 In support of Heron's removal, we offer a CEQA
23 section which addresses specifically project alternatives,
24 and this is the section:
25 "The discussion of alternatives shall focus

1 on alternatives capable of eliminating
2 any significant environmental affect,
3 or reducing them to a level of
4 insignificance, even if these alternatives
5 would impede to some degree the
6 attainment of the project objectives,
7 or would be more costly."
8 We recognize the EIR discusses the removal of
9 Heron as such an alternative, but we believe the selection
10 of the environmentally preferred alternative fails to consider
11 the numerous significant impacts eliminated y the removal
12 of Heron from the project.
13 Instead, the argument presented opposing Heron's
14 removal, cite the possibility of less than full development,
15 even though CEQA stresses this is not an issue, and this
16 is what an EIR is all about, is CEQA.
17 Furthermore, the oil is not lost. It may be
18 recovered in the future. Recent advances and drilling
19 technology--and we have attached an Attachment C which
20 talks about horizontal wells for gas--whereas the complete
21 technology to employ this technique may be lacking, delaying
22 the development of the Coal Oil Point field, at least in
23 the Heron area, until the technology can be perfected,
24 would be a fair compromise to the citizens and environment
25 of Santa Barbara County.

1 We would like to conclude our discussion of Heron's
2 removal by reflecting on the intent of the marine sanctuary
3 east of proposed Platform Heron. The intent of that sanctuary
4 was to protect the urbanized areas of Santa Barbara from
5 the affects of oil and gas development; however, with the
6 installation of Platform Heron, one of the most densely
7 populated areas in the United States--Isla Vista--will
8 be subjected to the numerous significant impact which the
9 marine sanctuary was designated to preclude.
10 We again stress that Platform Heron should be
11 removed from the proposed Coal Oil Point Project.
12 And, I would like to add just a comment or two
13 of my own, which was not on the Board's agenda yesterday,
14 and I would like to comment just a little bit further on
15 Heron, because this is, of course, the biggest stressful
16 thing this community is facing. Heron is not just a visual
17 aesthetic impact. It is a massive, unmitigable, non-compatible,
18 industrial structure, within two miles of Isla Vista, which
19 has a density of 34,000 people per square mile.
20 This is what started CEQA, to prevent these types
21 of incompatible uses. Isla Vista has already been heavily
22 impacted by a state institution which we have no control
23 over--UCSB. We are overcrowded, and the quality of life
24 is already severely impacted. Adding this industrial use
25 so close would be next to intolerable.

1 And one final comment, denial of Heron doesn't
2 mean the lease cannot be developed. It just can't be developed
3 at this time in a manner proposed by ARCO. It has just
4 too many Class 1 negative impacts. Let them try again,
5 and find a more environmentally acceptable way to get the
6 oil.
7 Thank you very much.
8 CHAIRMAN MC CARTHY: Thank you very much.
9 Any questions by Commissioners, at this time?
10 [No response.]
11 All right, thank--
12 MR. WALLACE: Mr. Chairman, we do have our staff,
13 who will be here all day for any kind of technical question.
14 CHAIRMAN MC CARTHY: Thank you very much. All
15 right, Bill.
16 I did not see him, but I am told now that Assemblyman
17 Jack O'Connell is in the audience.
18 We would like to invite him forward to testify.
19 Welcome, Mr. Assemblyman.
20 MR. O'CONNELL: Thank you very much, Mr. Chairman.
21 I too, want to express my appreciation to the
22 Chairman, and the Commissioners, for coming to Santa Barbara.
23 I know that this is your third trip for the public hearing,
24 and we certainly appreciate your efforts.
25 Also, I realize that the purpose of today's hearing

1 is to discuss the adequacy of the EIR/EIS, and the certification
2 of the ARCO project. Not being a technical expert, I am
3 going to keep my remarks brief.
4 The primary request that I would like to make
5 of the Commission is that in the event that the certification
6 does occur today, of the EIR and EIS, is that you agree
7 to hold another hearing in Santa Barbara within 60 days
8 to make a final decision on this project.
9 The past hearings held by the Commission here
10 in Santa Barbara have certainly been very helpful, very
11 informative, I believe both to the citizenry here, and
12 also to the Commission and to your staff; however, none
13 of those hearings have been accompanied by a staff recommendation
14 and a report on the project, itself.
15 While general input on the project, and specific
16 input on the EIR and the EIS is very important, the hearing
17 at which a final decision will be made is the most crucial
18 for our community.
19 It is only by holding a hearing on the project
20 itself, here in Santa Barbara, within the 60 days, will
21 the community be able to fully participate in the process,
22 and the applicant will also receive a decision in a reasonable
23 period of time.
24 With regard to the EIR/EIS, it appears that the
25 Commission staff is recommending that the environmentally

1 preferred alternative, remain so designated in the final
2 document. My concerns about the inclusion of this designation
3 are really two fold. First of all, Santa Barbara County
4 has major procedural and factual objections to this approach.
5 Before certification occurs, there should be
6 some agreement between the county and the state, as to
7 the legal ramifications of this action. Absent such an
8 agreement, the alternative should not be included in the
9 final document.
10 Second, there appears to be a great deal of disagreement
11 as to whether the alternative designated as environmentally
12 preferable is, in fact, environmentally preferable. If
13 by law, it is necessary to include an environmentally preferable
14 alternative in the EIR, that alternative should clearly
15 be the environmentally preferable choice.
16 Furthermore, the EIR/EIS must contain documentation
17 supporting such a designation.
18 Finally, I would like to reiterate my opposition
19 to Platform Heron, which has been proposed to be immediately
20 adjacent off of the coast of the University of Santa Barbara;
21 my opposition to offshore processing; and dumping any of
22 the drilling muds within state waters.
23 Commingling and consolidation of facilities must
24 be pursued, and any platforms that might be installed ought
25 to be single platforms, as opposed to the dual platforms.

I, again, want to thank you for coming to Santa Barbara. I certainly realize that it is difficult to get here from Sacramento, and I hope to see you back again within 60 days.

Thank you very much.

CHAIRMAN MC CARTHY: Thank you.

COMMISSIONER ORDWAY: Mr. Chairman.

CHAIRMAN MC CARTHY: Mr. Assemblyman? Commissioner Ordway has a question.

MOTION] COMMISSIONER ORDWAY: I don't actually have a question of you, although it is nice to be in your district.

I would like to, however, make a motion that this Commission take the environmentally preferred alternative and in no way uses it for the basis of any potential project approval by this Commission on this project.

And, I think that is a proper motion, given the state policy on consolidation, the county's policy on consolidation, the university's feelings with respect to consolidation, and the preference of the applicant.

So, I would like to basically disavow us of the environmentally preferred alternative, and I put that in the form of a motion.

CHAIRMAN MC CARTHY: Any questions?

COMMISSIONER DAVIS: Could I just ask counsel, what impacts that actually would have on the adequacy of

1 the EIR?

2 CHAIRMAN MC CARTHY: Sorry, to keep you there.

3 I thought it was a question to you.

4 Thank you, Assemblyman.

5 CHIEF COUNSEL HIGHT: Yes, Mr. Davis, that will

6 have no impact on the adequacy of the EIR.

7 The environmentally preferred alternative is

8 required by law, but the Commission has the ability to

9 disavow itself from that position, as Ms. Ordway's recommendation

10 has.

11 COMMISSIONER DAVIS: So, the motion--

12 COMMISSIONER ORDWAY: The motion is basic.

13 Keep it in there because we are required to have

14 it in there, but to disavow--

15 COMMISSIONER DAVIS: --that we are not going

16 to--

17 COMMISSIONER ORDWAY: --to disavow that we are

18 not going to consider it.

19 COMMISSIONER DAVIS: --accept it.

20 Fine. I would concur with that.

21 CHAIRMAN MC CARTHY: All right.

22 Is there anyone in the audience who wishes to

23 oppose that suggestion?

24 [No response.]

25 If not, the Commission unanimously agrees to--

1 MS. SCHWARTZ: Mr. Chairman.

2 CHAIRMAN MC CARTHY: Yes.

3 MS. SCHWARTZ: Are you taking comment on the

4 motion?

5 CHAIRMAN MC CARTHY: Yes.

6 MS. SCHWARTZ: Thank you.

7 I am Naomi Schwartz, Senator Gary Hart's office.

8 I wasn't planning to speak, but I would like to address

9 the motion.

10 I think it would be unfortunate for you to vote

11 positively on this. Two reasons. The environmentally

12 preferred alternative has ramifications beyond this particular

13 project. The offshore storage and treatment of gas and

14 crude oil is something, as you know, is a contention on

15 the Exxon project. It could well be considered for future

16 projects in this area.

17 There has been much debate as to whether or not,

18 in fact, such activity is environmentally preferred.

19 I think the record on this project is clear as

20 to the contention that that is not preferred.

21 Now, even though what you are suggesting is not

22 to consider this alternative for the ARCO project, if you

23 keep it in this document, which you are about to certify

24 today, as an environmentally preferred alternative to onshore

25 treatment, it will have significant ramifications for the

1 future, and for other projects, and I would just would
2 urge you to consider that before voting.
3 CHAIRMAN MC CARTHY: Could we have some comment
4 from staff on whatever legal implications this might have?
5 If this motion were adopted? Even if it remained a part
6 of the EIR?
7 CHIEF COUNSEL HIGHT: May I suggest, Mr. Chairman,
8 that would be an appropriate subject for an executive session?
9 CHAIRMAN MC CARTHY: All right.
10 We will take a five-minute recess, and be in
11 executive session.
12
13 Recess: 10:45 a.m. - 10:50 a.m.
14
15 CHAIRMAN MC CARTHY: The motion before this Commission
16 is not to delete the environmentally preferable alternative
17 cited by Commissioner Ordway.
18 It is intended to allay the concerns of many
19 members of the public, who have testified in previous meetings,
20 and at least alluded to today, that there were damaging
21 implications from one or two elements within the environmentally
22 preferred alternative.
23 I think the intent of the motion was just to
24 indicate, if it passes, that the members of this Commission
25 do not intend to incorporate any of the recommendations

1 within the environmentally preferred alternative.

2 To attempt to delete any section of this EIR/EIS,

3 of course, would render it defective and therefore this

4 Commission would not have the option of acting upon it.

5 The motion is before the Commission. What is

6 the wish of the Commission?

7 COMMISSIONER ORDWAY: Call for the vote.

8 COMMISSIONER DAVIS: I would support the motion.

9 CHAIRMAN MC CARTHY: So do I.

10 Unanimous.

11 The next witness is Chancellor Daniel--

12 COMMISSIONER DAVIS: Mr. Chairman.

13 CHAIRMAN MC CARTHY: --Aldrich--

14 COMMISSIONER DAVIS: Mr. Chairman.

15 CHAIRMAN MC CARTHY: Commissioner Davis.

16 [MOTION] COMMISSIONER DAVIS: I wanted to raise this while

17 Assemblyman O'Connell was at the microphone, but he is

18 now the third witness who has urged us to have our--assuming

19 this EIR is approved today, to have a hearing in Santa

20 Barbara, to decide on whether or not to approve the project,

21 and I just want to lend my voice to that, as well.

22 I think these hearings have been constructive.

23 Obviously, this community has a vital interest in the decisions

24 of this Board, and its critiques and suggestions, have

25 affected our actions to date, and I would like to move

1 that we have a hearing in Santa Barbara to decide whether
2 or not this project would be approved, within the statutory
3 constraints allowed to us by law.
4 CHAIRMAN MC CARTHY: Commissioner Davis, you
5 were not present at an executive committee meeting yesterday,
6 and perhaps your representative didn't have the opportunity
7 to convey to you a specific request made by Commissioner
8 Ordway at that meeting.
9 I wonder if you might allow her to restate--
10 there is nothing confidential about it--to restate a personal
11 problem that she has, regarding--
12 COMMISSIONER ORDWAY: It has been definitely
13 delightful to--
14 CHAIRMAN MC CARTHY: --the issue--
15 COMMISSIONER ORDWAY: --get out of Sacramento
16 and come down to Santa Barbara.
17 Unfortunately, the way the budget process is
18 currently going on, and I am sure you remember it going
19 on, as we hit April, May and June, it pretty much restricts
20 Finance to Sacramento.
21 So, if you choose to have a hearing in April,
22 May or June, for the final certification of this project,
23 and you have it in Santa Barbara, you will have to have
24 it without any member of the Department of Finance here.
25 It is just a time constraint that we have that

1 is seasonal, and April, May and June, we are in Sacramento.
2 COMMISSIONER DAVIS: Well, with all due respect,
3 I have some familiarity with the Department of Finance,
4 and I have worked with them for seven years, and I have
5 to believe that there is someone who can be allowed to
6 represent the Department.
7 COMMISSIONER ORDWAY: There are only three of
8 us, and as you know, we handle the same 30-odd boards and
9 commissions that you and your deputies handle, in addition
10 to the budget, so our time becomes just very difficult
11 to schedule out-of-town meetings during that period.
12 And, I wouldn't want to promise that I, or another
13 deputy, could be down here, when we may not be able to,
14 because I don't think that is fair.
15 And, that is my only constraints, and you, of
16 course, have the luxury with two votes out of three, to
17 hold the meeting at your convenience, and at your preferred
18 location.
19 COMMISSIONER DAVIS: Well, I don't think it is
20 at any member's--I don't think the audience intends to
21 inconvenience any member of this Commission, but you know,
22 I do think we have an obligation to, if at all possible,
23 to hold a hearing here, assuming the EIR is approved.
24 And, I guess that I would like to put that as
25 a motion before the Board because I believe that there

1 has to be some time between today and the legal date that
2 we have to finalize our decision on this matter, that all
3 three of us can--at least a representative from all three
4 of our offices, consistent with--well, that all three of
5 us can be present.
6 CHAIRMAN MC CARTHY: Well, I too would find it
7 profitable to hold another hearing in Santa Barbara, on
8 the central issue before us; however, I am not going to
9 support your motion, because Commissioner Ordway has been
10 a participant in all of the hearings up until now, and
11 if at the final moment she is being ordered to stay in
12 Sacramento--so this is not a matter of some personal convenience--
13 as one of the top executives in the Department of Finance,
14 she is instructed to stay in Sacramento, so unless we were
15 to postpone this issue until after adoption of the budget--
16 and I guess since June 8 is the latest date by which we
17 can decide this issue, the budget will probably not be
18 adopted by June 8--Commissioner Ordway would not be allowed
19 to participate.
20 I think I would respond to the--
21 COMMISSIONER ORDWAY: Well, my time would be
22 very difficult to schedule.
23 CHAIRMAN MC CARTHY: I think that I would respond
24 in the same way, Commissioner Davis, if you faced a limitation
25 on your availability at such a crucial point.

1 I would rather not have a third member of this
2 Commission, who has not been a participant in any of these
3 hearings at any point, come and sit in on such a momentous
4 decision that would have to be made. That would be very
5 difficult.
6 So, I want to explain to the audience, although
7 I personally favor moving this Commission all over the
8 State of California, because I think public input and
9 participation is crucial, and what we should be about,
10 and that is why I strongly urge and support it--these hearings
11 in Santa Barbara--I can't do this, and exclude one of the
12 three members of this Commission, because I think she
13 has presented reasonable grounds on which we have to hold
14 this meeting in Sacramento.
15 We will move on to Chancellor Daniel Aldrich.
16 Chancellor Aldrich.
17 MR. ALDRICH: Thank you, Mr. Chairman, members
18 of the Commission.
19 My name is Daniel G. Aldrich, Jr., and I
20 am acting Chancellor at the University of California at
21 Santa Barbara.
22 I am here to present testimony for the campus,
23 which argues against certification of the Environmental
24 Impact Report on the proposed ARCO Coal Oil Point project.
25 UCSB's decision to urge the Commission not to

1 certify this EIR, is based in part upon the EIR's purposes
2 in the permitting process as defined for us by the State
3 Lands' staff.
4 That is to say, we understand that certification
5 carries with it the designation of the EIR as the information
6 source upon which you will base your ultimate decisions
7 about the ARCO project.
8 If that is the case, your judgment will be based
9 upon a document which contains conclusory statements which
10 are not supported by the facts; one which underestimates
11 the impacts we can expect from one of the largest offshore
12 projects proposed for the Santa Barbara Channel, and by
13 one which avoids entire issues which have been identified
14 by concerned citizens and agencies during your hearings
15 in Santa Barbara.
16 Moreover, the calendar item which is before you
17 today falls far short of the standards which ought to be
18 present if a reasoned dialogue on these matters is to take
19 place.
20 To be specific about the ARCO EIR's shortcomings,
21 it doesn't address the ramifications of a project without
22 Platform Heron, an alternative advanced by the city, the
23 county, the university, and number of individuals who represent
24 informed and concerned organizations; it gives inadequate
25 attention to the phased development alternative, an option

1 which ARCO is currently advancing; our request for a full
2 analysis of the economic impact upon ARCO, and upon the
3 state, of the drastic decline in the oil and gas prices,
4 and has gone largely unheeded.
5 As cumbersome and unwieldy as the ARCO EIR is,
6 it does not adequately address the effects upon terrestrial
7 ground water aquifers of the reinjection of produced waters,
8 nor does it quantitatively assess the cumulative impacts
9 of the project upon marine water quality, noise and air
10 quality.
11 One important component of the cumulative impacts,
12 the extent of air quality impacts from the Exxon project,
13 will not be known until Exxon's processing plant is sited.
14 The water quality issue, as it affects larvae
15 of marine organisms is of grave importance to the university,
16 for reasons which I have, and other speakers, have cited
17 before, and neither the EIR nor the calendar item makes
18 an adequate response to our concerns.
19 The EIR is vague in discussing the nature and
20 manner of implementing the several calls for ongoing research
21 and monitoring during the life of the project. In this
22 connection I wish to emphasize that this EIR represents
23 a step in the permitting of what may become the first of
24 many projects involving California coastal waters, and
25 thus is critically important in establishing precedents

1 that will be significant down through the years in resolving
2 the many legitimate demands upon our coastal waters.
3 Furthermore, as the EIR itself states, there are many
4 scientific unknowns attached to this major development in coastal
5 waters. Many of these have been documented by the research
6 faculty at UCSB in presentations to this Commission. All
7 of these unknowns require that a very thoughtfully developed,
8 all encompassing, program of research and monitoring be
9 established, rather than the fragmented, short-term investigations
10 that are frequently carried out by the various agencies
11 concerned.
12 We believe that the EIR is therefore defective
13 in not outlining a long-term program in which all appropriate
14 agencies are brought together to watch over developments
15 as they unfold.
16 This EIR should not be certified until it contains
17 provision for, in effect, an insurance policy for the coastal
18 environment on behalf of the state and its citizens.
19 The ARCO EIR contains misinformation, which could
20 wrongly affect the Commission's decisions about the proposed
21 Coal Oil Point project.
22 About two years ago, UCSB faculty challenged
23 the accuracy of the socioeconomic impacts derived from
24 using the model which was applied to the ARCO EIR. In
25 conversation with the designer of the model, Dr. Ben Stevens,

1 we learned that this regional model could not tell us anything
2 about socioeconomic impacts upon either the university
3 or Isla Vista, from the ARCO project.
4 Indeed, Mr. Stevens agreed with our faculty conclusion
5 that there is no acceptable way to assess the accuracy
6 of applying his regional model to a local situation, and
7 therefore the results it provides are not useful for local
8 planning purposes. I hasten to add that Dr. Stevens is
9 highly regarded and rightly so. He simply acknowledges
10 that statistical modeling is an imperfect science.
11 Socioeconomic impacts and accuracy of modeling
12 forecasts are important subjects for Santa Barbara County,
13 and UCSB. In recent weeks, a report has shown that the
14 actual growth experience from a Chevron project in Santa
15 Barbara County far exceeds that projected in the Chevron
16 EIR, with some very troubling results for communities north
17 of us. Growth-related impacts of the ARCO project are
18 of interest to the university, as well as to the county,
19 because of their potential impact upon UCSB's land use
20 options.
21 While I am on the subject of the accuracy of
22 the documents which are critical to these proceedings,
23 I want to correct a reference to UCSB's participation in
24 the EIR process. We were not as heavily engaged in the
25 preparation of the EIR as the calendar item suggests.

1 Finally, we find certain references to the university
2 in the ARCO EIR to be disquieting. For one thing, our
3 concerns about the impacts of the project upon faculty
4 and student recruitment and retention, a factor about which
5 there has been ample testimony, are not treated with the
6 seriousness we believe they deserve; moreover, we found
7 the calendar item's responses to UCSB comments and concerns
8 to be woefully inadequate. Critical portions of my testimony
9 and that of Professors Case and Alldredge were omitted.
10 All of these points cast the wisdom of certifying
11 the ARCO EIR into serious doubt. The unique and unusual
12 elements of this proposed offshore development project
13 are well documented. Its impacts upon a major research
14 university, an environmentally sensitive habitat, a component
15 of the university's natural reserve system, and a densely
16 populated area, are of grave concern.
17 Thus, the Coal Oil Point project warrants a thorough
18 and thoughtful environmental review document, which fully
19 evaluates the degree of its intrusion upon south coast
20 communities, and their populations.
21 At this juncture, we do not believe that we have
22 such a document.
23 Thank you.
24 CHAIRMAN MC CARTHY: Any questions by members?
25 [No response.]

1 MR. WALLACE: Mr. Chairman, excuse me.

2 Could we have County Counsel make just a brief
3 comment on your previous motion? We were still caucusing
4 when you took your vote on the environmentally preferred
5 option.

6 We would just like to get a few comments into
7 the record, if that would be possible.

8 CHAIRMAN MC CARTHY: Certainly.

9 MR. WALLACE: Mary Ann.

10 MS. SLUTSKY: Good morning. Mary Ann Slutsky,
11 from the County Counsel's office.

12 I actually must admit that I didn't understand
13 Commissioner Ordway's motion, perhaps, and I didn't hear
14 the follow up after you convened.

15 But, my concern is that if you meant that you
16 would not be bound by the EPA, but would consider it, I
17 would feel that the law certainly would allow for that,
18 but my belief is that if you meant by your motion that
19 you were not going to consider it in your decision making,
20 I feel that CEQA requires that you consider the document
21 as a whole.

22 Furthermore, the county is afraid that if you
23 disavow the EPA, you will put us in a position, as the
24 responsible agency, of being unable to make a decision,
25 based on a document which has been deflated significantly,

1 and in our abilities to review it as an entire informational
2 document.
3 Thank you.
4 CHAIRMAN MC CARTHY: I interpret the motion to
5 mean--and I wish the Commissioners to comment on this,
6 if they feel it appropriate--that we wanted the citizens
7 of Santa Barbara, the faculty and students at the university,
8 all concerned about all parts of this EIR, and specifically
9 about the EPA--because we have heard a lot of comments
10 about that--that the members of this Commission are not
11 impressed by the elements proposed in the EPA, and do not
12 incorporate it into our decision on the EIR/EIS, and whatever
13 basis it may serve for the final decision on the application
14 before us.
15 MS. SLUTSKY: Of course, we are not in support
16 of it, either, at all.
17 I just wanted to make sure that you were going
18 to look at the document as a whole, and that would include
19 the EPA, as well.
20 COMMISSIONER ORDWAY: We realize that--
21 CHAIRMAN MC CARTHY: Commissioner Ordway.
22 COMMISSIONER ORDWAY: --yes, we realize that
23 we have to look at it as a whole, but I just think that
24 at least the three folks sitting on this side of the table
25 certainly agree that it is not spiffy.

1 MS. SLUTSKY: Thank you.

2 COMMISSIONER ORDWAY: That the EPA is not spiffy.

3 CHAIRMAN MC CARTHY: Thank you.

4 All right.

5 Dr. James Case, Professor of Marine Biology.

6 Welcome back, Dr. Case.

7 MR. CASE: I remembered my manners this time.

8 CHAIRMAN MC CARTHY: I want you to know that

9 I reread your testimony.

10 I want to tell Chancellor Aldrich that I read

11 all of the testimony twice, from the university faculty.

12 I am a UC Regent. They may ask me.

13 MR. CASE: I'm James F. Case. I am a member

14 of the Marine Biology faculty at UCSB, and I have some

15 brief comments on general aspects of the EIR, not the scientific

16 details that interested us previously.

17 I believe that the EIR under consideration today

18 is defective in terms of Article 10 of the CEQA guidelines.

19 This article has to do with the style of writing and the

20 appropriate lengths of EIRs. It states that EIRs shall

21 be written in plain language, so that decision makers and

22 the public--

23 [Laughter.]

24 COMMISSIONER ORDWAY: Mr. Chairman.

25 CHAIRMAN MC CARTHY: Commissioner Ordway.

1 COMMISSIONER ORDWAY: Could Article 10 of the
2 CEQA guidelines also apply to all statutes that are developed
3 by members of the Legislature in Sacramento? It would
4 certainly be helpful.
5 MR. CASE: I suspected as much.
6 CHAIRMAN MC CARTHY: You have caused anarchy,
7 you realize that?
8 MR. CASE: But, howsoever that may be, we hope
9 that the public can rapidly understand these documents,
10 eventually, and it is also interesting to note that Article 10
11 defines page limits of normally less than 300 pages for
12 proposals of unusual scope or complexity.
13 These defects hamper understanding of the EIR
14 for all but the most urgently motivated readers, and therefore
15 serve to reduce consideration of the EIR to only a small
16 fraction of all who are effected by development of state
17 waters. This denies the electorate of its proper voice
18 in the matter of the ARCO proposal.
19 There are two specific reasons for bringing this
20 to your attention today. First, of course, I hope that
21 you will require revision and clarification of the EIR,
22 so that it can be widely understood. This, very probably
23 will by increasing general understanding of the project,
24 be valuable to all by eliminating needless controversy
25 based on ignorance and misunderstanding.

1 Secondly, and perhaps most importantly, with
2 the Coal Oil Point project you are unavoidably forging
3 new precedents for development of California coastal waters.
4 I hope you will establish a model for optimal coastal development
5 by these actions.
6 Unfortunately, if you indicate that this route
7 can be illuminated by EIRs such as this one, by approving
8 it as it stands, I believe that you will have deprived
9 this state of useful, scientific, environmental analysis
10 by establishing a precedent for accepting the mass of an
11 EIR as a substitute for clarity in argument, and incisive
12 technical analysis.
13 In addition to the transgression on the CEQA
14 norms, for length and clarity of an EIR, there are other
15 general problems in the development of this EIR having
16 to do with proper communication with the public. I mention
17 one very significant one: While experts are often able
18 to evaluate a document of this type on internal evidence,
19 the public often cannot, and therefore has to rely on supporting
20 evidence. One form of this is knowledge of the qualifications
21 of the preparers of the EIR.
22 We outsiders know very little about this. We
23 do not know how Chambers Associates were chosen, and from
24 what size pool of competent bidders. The public knows
25 essentially nothing about the experience and the qualifications

of Chambers Associates, or about the technical personnel who were consultants to them.

Evaluation of the scientific merits of the EIR has, of course, been the major item on our menu for months, and you clearly understand by know what UCSB marine biologists think about its quality; however, I believe that I should point out one defect in the technical aspects of the EIR, and a possible oversight in your staff's reaction to it.

Several UCSB marine scientists have described research showing vulnerability of the larvae of commercially fished organisms in the channel, to what are in truth currently legal variations in water quality. Perhaps, because ARCO is committed to not discharging drilling muds and produced waters into the channel, your staff, in recent comments on mitigations on behalf of the channel's commercial fisheries, has emphasized mitigation regarding adults and not the highly chemically sensitive larvae of commercially fished species.

We still believe that the state of the larval population is perhaps the most sensitive indicator of the health of the channel fisheries for abalone, crabs, and lobsters, sea urchins, and fish. Larval populations should most certainly be continuously monitored, as a precaution against possible affects of inadvertent spills of a number of chemicals from the platforms. The battle on behalf

of fisheries' protection may well be over before it is joined if the monitoring involves only adult populations.

And, I would point out that our channel fisheries is a renewable resource, with a landed catch value of $20 million a year.

In closing, I wish to note that there is much talk about unpredictable cumulative effects on the channel environment of the ARCO and other projects, in both state and federal waters.

As has been emphasized, this is too local a view. You are responsible for permitting oil and gas development in the state waters from Mexico to Oregon, yet, you seem to be about to permit your way through this great expanse one project at a time, with no consideration of interactions between projects--that is, at least, evident to the public.

I hope that you can find a way to pause for a year or two and figure out a way to examine cumulative effects on a state-wide scale. Even more broadly, your actions have national significance, which is extremely difficult to evaluate, since they take place in the absence of a consistent federal petroleum policy, that is, what you permit to be produced today, may well be squandered tomorrow by lack of a sound federal policy.

This is another argument for delaying exploitation of state petroleum resources, until you are assured that

1 they will be best used in the public interest.

2 One step toward such an integrated and logical

3 utilization of our resources is easy: simply refuse to

4 accept this flawed EIR and have it repaired or redone with

5 proper attention to technical analysis and the simple

6 fundamentals of communication with your constituency, the

7 citizens of California.

8 A delay in the process for a year or two should

9 not harm the applicant seriously and would give you an

10 opportunity to assess the project on the basis of a

11 generally acceptable EIR.

12 Thank you.

13 CHAIRMAN MC CARTHY: Thank you, Doctor. You

14 made some good points.

15 Commissioner Gray has a question, Doctor.

16 Dr. Case, would you mind? Thank

17 COMMISSIONER DAVIS: You are suggesting that

18 the EIR be rejected until a comprehensive analysis be made

19 of the impacts on proposed state and federal projects?

20 MR. CASE: I would personally much prefer to

21 see it permitted in the context of a publically announced

22 state coastal development policy. I realize you have

23 problems with streamlining and that sort of thing, but

24 I speak only on theoretical grounds, which I hope will be

25 persuasive.

1 COMMISSIONER DAVIS: I endorse that view, and
2 think that as we approach this important decision we ought
3 to have a better understanding of all the possible drilling,
4 both within state and federal waters in order to make a
5 thoughtful decision.
6 MR. CASE: Truly. You have to consider the
7 federal effects, since they are contiguous with us, and
8 I would certainly strongly second your view. Thank you.
9 COMMISSIONER DAVIS: Thank you, Doctor.
10 CHAIRMAN MC CARTHY: Thank you, Doctor.
11 Dr. Richard Zimmer-Faust. The Marine Sciences
12 Institute. Welcome, Doctor.
13 MR. ZIMMER-FAUST: Thank you very much.
14 I have been a research biologist with the Marine
15 Sciences Institute, University of California at Santa
16 Barbara, since 1983. My research is on the natural history
17 of crustacea: lobsters, crabs.
18 Focusing on the local spiny lobster, Panulirus
19 interruptus, and on the physiology and ecology of the
20 chemical sense, olfaction and taste, or marine organisms,
21 I wish to comment briefly on the final -- or on the Coal
22 Oil Point EIR/EIS.
23 It has now been well established that the chemical
24 senses of marine animals are vitally important to the
25 detection and acquisition of resources. Chemical cues

1 are responsible for controlling a wide variety of
2 activities, including larval settlement -- you've heard
3 our arguments about larval -- potential larval mortalities,
4 foraging and feeding, just as well; mate selection and
5 other activities.
6 Olfaction and taste is mediated by sensory
7 neurons whose membranes directly contact the external
8 environment; consequently, olfaction and taste processes
9 are often found to be impacted by low-level environmental
10 contaminants.
11 Given the ocean is a complex chemical milieu,
12 marine animals are faced with the problem of having to
13 detect behaviorally relevant chemicals against a background
14 of environmental chemical noise.
15 I recently found that the California spiny lobster,
16 Panulirus interruptus, detects chemical feeding attractants
17 in concentrations that are only less than one percent greater
18 than concentrations actually maintained in seawater. In
19 this ability, the nose of an animal like the spiny lobster
20 is superior to that of any terrestrial animal.
21 Perhaps more importantly, I have recently
22 identified both inorganic and organic substances that
23 inhibit lobster and crab feeding. A manuscript detailing
24 some of these results has been published in the Biological
25 Bulletin and has already been submitted as evidence to

1 State Lands.

2 I would like you to know that I am not alone
3 in these observations; several other investigators,
4 particularly Dr. Barry Ache of the University of Florida,
5 Dr. Charles Derby of Georgia State University, Dr. Jelle
6 Atema of the Marine Biological Laboratory at Woods Hole
7 have attained similar findings for a variety of marine
8 animals.

9 One identified inhibitor is ammonia. This substance
10 retards feeding by California spiny lobsters at concen-
11 trations just one-and-a-half times ambient levels in sea-
12 water. Ammonia is a major constituent of processed water
13 and of produced water created during gas treatment.

14 ARCO has proposed, as one of its alternatives,
15 although unlikely as it is, to release produced water from
16 its Las Flores Canyon refinery to the ocean via an outfall.
17 The volume of this discharge is projected to be a staggering
18 6,000,000 liters per day, with ammounia being a predominant
19 constituent.

20 Even accounting for the Environmental Protection
21 Agency's plume dilution model, released ammonia will be
22 substantially higher than that proven to suppress lobster
23 feeding.

24 However, the important point is not that ammonia
25 acts as an inhibitor, but rather, that investigators such

as Professor Case, Daniel Morse and myself at UC Santa Barbara have just developed the analytical tools which allow us to define the role of chemoreception, of olfaction and taste, in natural marine habitats. The Coal Oil Point EIR/EIS does not properly address sublethal effects caused by subtle changes in seawater chemistry associated with offshore drilling. Such effects will undoubtedly impact the fitness of marine organisms with implications to their commercial fisheries.

Current standards for environmental pollutants are based mostly on short-term assays with crude end points, usually death. This is insufficient, of course, when considering the fine-tuning of physiological and behavioral processes of marine animals.

This brings me to a second major point, namely, the paucity of data on pollutant toxicities to local marine animals. Recently I directed an investigation of toxicities of eleven metals found in drilling muds to embroys of the yellow crab, Cancer anthonyi. A manuscript based on the study has been submitted to the Journal of Marine Biology for peer review, and I previously submitted a copy to State Lands as evidence.

The yellow crab is the largest contributor to a local fishery in Santa Barbara County. This crab inhabits areas of hard and soft bottoms to about 100 meters

1 depth and its distribution overlaps significantly with
2 the region proposed by ARCO for offshore drilling.
3 To my surprise, our study was the first to investi-
4 gate effects on the embryos of a west coast crab and it
5 was the first to identify the effects of metals on a life
6 history stage specifically of the yellow crab.
7 I ask the commission: How can the impact of
8 offshore oil drilling be fairly assessed by the Coal Oil
9 Point EIR/EIS in an absence of relevant data on affected
10 species?
11 Simply stated, it can't. We found mercury,
12 chromium, cadmium and manganese to cause significant embryo
13 mortalities at concentrations less than 10 parts per billion,
14 the lowest concentration tested. We further found iron
15 to retard embryo metamorphosis and larval hatching at one
16 to ten parts per million, a concentration which could occur
17 in saturated interstitial waters at sites near oil production
18 platforms.
19 Our demonstration of iron effects is important,
20 because low-level iron has previously not been considered
21 lethal to marine organisms.
22 In closing, I would like to reiterate an essential
23 point; namely, the Coal Oil Point EIR/EIS only guesses
24 at many of the impacts to be caused by offshore oil drilling.
25 The EIR fails to consider the legitimate concerns of local

commercial fisheries. There is insufficient data to state what cumulative long-term effects might result from seemingly minor perturbations of the marine environment.

Therefore, I ask the State of California to proceed cautiously and without naivity in interpreting the EIR, and for the state to recognize that data is often lacking for the conclusions and assertions made.

Based on these reasons, I recommend that the Coal Oil Point EIR not be certified at the present time.

Thank you.

CHAIRMAN MC CARTHY: Thank you.

Professor Raymond Sawyer, UCSB Academic Senate, Department of Physics. Welcome, Professor Sawyer.

MR. SAWYER: Thank you.

My name is Raymond Sawyer. I testified at the January 13th hearing, as you may remember. At this hearing, I am representing the UCSB Academic Senate.

As part of the senate's contribution at the January 28th hearing, my colleague, Professor David Gebhard of the UCSB faculty, testified as to the visual effect of Platform Holly, particularly as they impact UCSB.

In Exhibit D, attached to the announcement of this meeting, there appeared a criticism of some slides shown by Dr. Gebhard protraying Platform Heron against several backgrounds. In particular, it is alleged that

1 Heron is mislocated, and exaggerated in size on these slides.
2 I should ask you to bear with me in a conclusive
3 demonstration that this is not the case. Let me emphasize
4 first though that I am going to talk about more than how
5 things look.
6 First, I would like to correct the record as
7 to it pertains to at least one of these slides, which I
8 hope that I have here, and you can see it. The last time
9 we did a lot of dimming of lights, but I think everybody
10 can see the--
11 CHAIRMAN MC CARTHY: Professor Sawyer, if it
12 is at all relevant, whoever is claiming the slides that
13 we saw at the previous meeting were distorted has not gotten
14 back to either Commissioner Ordway or myself.
15 MR. SAWYER: It is in the call to this meeting.
16 CHAIRMAN MC CARTHY: That the slides are distorted?
17 MR. SAWYER: Yes. I will quote, later on in
18 what I am reading--
19 CHAIRMAN MC CARTHY: That's fine.
20 MR. SAWYER: --I will quote from the document
21 that you have at hand, on page 45, and on page--yes, on
22 page 45.
23 Well, let me show this slide of a simulation
24 of Platform Heron as seen from Goleta Beach Park, as a
25 prime example. Before addressing the details, I should

1 say that although Professor Gebhard is an acknowledged
2 expert and experienced expert witness in aesthetic matters,
3 I am a rank amateur on photographic matters.
4 However, I do know how to determine the size
5 of an image on the focal plane of a camera lens. The answer
6 for the image of a distant object, with a small angular
7 size is the length of the image is equal to the length
8 of the object, divided by the distance to the object times
9 the focal length of the lens.
10 CHAIRMAN MC CARTHY: Would you turn down the
11 lights, whoever is in control?
12 Thank you, very much.
13 Now, one final shot, thank you.
14 MR. SAWYER: I will give you the slide afterwards.
15 Now, I can hardly read what I am--
16 CHAIRMAN MC CARTHY: Does anybody have a pocket
17 flashlight?
18 MR. SAWYER: It is all right, it is all right,
19 just bear with me.
20 Platform Heron would be situation roughly 17,000
21 feet from Goleta Beach Park. The platform that is pictured
22 here is the single platform alternative, which would rise
23 295 feet above the water, according to the EIR.
24 The 35-millimeter background picture was taken
25 using a zoom lens, set at 120 millimeters focal length.

1 The size of our ghost platform on the photograph itself,
2 therefore, is given by 295 divided by 17,000, times 120
3 millimeters, equals almost exactly two millimeters.
4 The line drawing from the EIR was photographed,
5 reduced to a two millimeter height on a transparency, and
6 then affixed to the slide.
7 Now, each of you in this room can confirm for
8 yourselves the general correctness of the scales in the
9 picture which you see before you now, using the following
10 data--and, I am going to give you a lot simpler way of
11 seeing this.
12 The distance from Goleta Beach Park to Heron--
13 that is from where we are standing here to Heron--is three
14 and a quarter miles. This distance from Goleta Beach Park
15 to Campus Point--actually called Goleta Point on the USGS
16 map--is 1.25 miles. Campus Point is the obvious point
17 to the right of the platform in the picture, so it is 3.25
18 miles to the platform, 1.25 miles to the point.
19 The elevation of the bluff at Campus Point, at
20 a maximum it is 45 feet, in fact, it is probably less than
21 40 feet. The USGS bench mark out there is at 38 feet.
22 You can find it on the topo map, so it is 45 feet high--
23 that bluff on the right.
24 The height of Heron is 295 feet, so I hope that
25 everybody has the picture. Heron is almost three times

1 as far away. It is more than six times as high, therefore
2 it extends well above the intervening bluff.
3 The conclusion which you reach, using simply
4 proportionality, is that Heron should appear to be 2.6
5 times as high as the bluff.
6 I have no idea what to make of the following
7 remark, on page 45 of the staff report:
8 "In fact, the distance between the campus
9 lagoon viewpoint, and Platform Holly,
10 is nearly identical to the distance
11 between the proposed location for
12 Platform Heron, and the Goleta Beach
13 Viewpoint that must have been used
14 for the first photo simulation presented
15 by Professor Gebhard; thus, even if
16 Platform Heron could be seen along
17 with Goleta Point in that view, it
18 would not appear as large as the
19 platform image in Professor Gebhard's
20 simulation. Rather, it would appear to be
21 of the same relative scale as the simulation
22 presented in Figure 4.3-7...."
23 A parenthetical remark following that, and then end of quote.
24 It doesn't get any clearer upon rereading, but
25 it is perfectly clear that the argument is based on comparing

1 picture with another one, and neither picture having a
2 common element.
3 Of course, by the miracle of enlargement, you
4 can make a platform appear as large as you want to. The
5 point of this particular view, is that it shows what, to
6 the people that live here, is a very familiar view of the
7 university from Goleta Beach Park, from which you set your
8 scale of what is really going on, and it presents the platform
9 in correct perspective.
10 Nor, do I agree with the statement on the next
11 page, "The visual simulations presented by Professor Gebhard
12 and proported to be of Platform Heron could not, in fact,
13 be of that platform. The location on Goleta Beach, relative
14 to Goleta Point, from which the first photographic simulation
15 must have been taken, is too far to the east for both the
16 proposed platform and Goleta Point to be visible in the
17 same frame." End of quote.
18 I have a little explanation here, which may or
19 may not be to the point. I was going to bring along a
20 map to give to the State Lands to show what a line drawn
21 from Heron through Goleta Point to Goleta Beach did, but
22 you have got it right over there on that picture. [Indicating
23 to an ARCO map on the wall.]
24 Clearly, if you draw from Platform Heron through
25 Goleta Point, you hit--and I still can quite see it--you

1 hit Goleta Beach Park a little bit to the east of the intersection
2 with UCSB; therefore, from some points in Goleta Beach
3 Park, the platform will actually be a little bit behind
4 the point, from most points it will stand a little ways
5 out into the ocean.
6 No, I can't guarantee that the gap between the
7 well and the bluff couldn't be twice what is shown there,
8 but until you say exactly what the viewpoint on Goleta
9 Beach is, there is no way in which your people could do
10 that analysis.
11 In fact, the picture was taken from just east
12 of the restaurant--from just west of the restaurant on
13 Goleta Beach Park, and I believe it is fairly accurate
14 from that point.
15 If the point of the comment was that Heron might
16 hide behind the bluff, then of course, looking at the picture
17 there, that is a ridiculous assumption. It is so much
18 higher than the bluff, itself.
19 The slide it important in a way--it is important
20 beyond the question of how this one view appears. It is
21 important in the way in which it underscores the proximity
22 of Heron to the campus, a proximity which carries other
23 threats than that of a spoiled view.
24 Leaving aside the very serious threats to marine
25 research, there are several threats to the welfare of

1 all of the residents, users, and employees, in the immediate
2 area. These include the possibilities of more oil in the
3 water, chronically, even if there are no catastrophes,
4 the certainty of local air quality deterioration, and the
5 ever presence, if unlikely, possibilities of disastrous
6 accidents.
7 It is for good reason that the faculty and students
8 at UCSB perceive a real threat to the future well being
9 of the campus.
10 CHAIRMAN MC CARTHY: Professor?
11 MR. SAWYER: Yes.
12 CHAIRMAN MC CARTHY: I think we can turn the
13 lights back on, all right?
14 MR. SAWYER: Surely, that would be a great help
15 to me.
16 CHAIRMAN MC CARTHY: Thank you.
17 Please proceed.
18 MR. SAWYER: It is in this context of a spoiled
19 environment and environmental risks that Platform Heron
20 could become a particularly unpleasant campus symbol.
21 In my testimony before this Commission at the
22 January 13 hearing, I discussed the potential impacts of
23 Heron on the recruiting of the best faculty, and students--
24 this time speaking as the most expert of witnesses. At
25 the January 28 hearing, Professors Gunn and Srednicki testified

1 as recent recruitees, to some of the same points.

2 I was disappointed that the final Comments to

3 Response document does not take cognizance of this testimony,

4 if only to say that these impacts may be serious, but they

5 are unmitigable.

6 The problem is that the worst impacts of exploiting

7 the Heron oil field are unmitigable, at least within the

8 constraints of the present development plan and technology.

9 I therefore ask the State Lands Commission to

10 delete Heron from the project, if the remainder of project

11 is to be granted. The exploitation of the Heron reserves

12 can wait until such time that economic conditions and available

13 technology together allow the profitable extraction of

14 the resource without inflicting damage on the community.

15 Surely the company can be treated fairly by allowing

16 it to continue leasing Tracts 308 and 309 for a decade

17 or two more, at the present nominal rates, in the expectation

18 of future opportunities for development.

19 Thank you.

20 CHAIRMAN MC CARTHY: Thank you.

21 Professor Galen Stucky, Professor of Chemistry

22 at UCSB. Did I pronounce the first name correctly, professor?

23 MR. STUCKY: It is Galen.

24 CHAIRMAN MC CARTHY: Galen. Thank you.

25 MR. STUCKY: I only have a brief comment.

1 CHAIRMAN MC CARTHY: All right.

2 MR. STUCKY: I am one of the recent recruited

3 faculty. I am in the Department of Chemistry at the university.

4 I came from DuPont to the west coast about a year ago.

5 And, certainly, one of the major factors which

6 has made UCSB very attractive has been its surroundings,

7 and its environment. And in terms of the people that can

8 be recruited to this university for their capabilities,

9 and backgrounds, and also for example the Theoretical Institute

10 in the Physics Department, I think something like this

11 would be very detrimental, and would harm the technological

12 basis of this community.

13 CHAIRMAN MC CARTHY: Thank you very much.

14 Carolyn Leavens, representing herself.

15 Ms. Leavens.

16 MS. LEAVENS: Good morning, I bring you greetings

17 from California Women for Agriculture.

18 I believe that you and I participated in a cow

19 milking contest a couple of years ago?

20 CHAIRMAN MC CARTHY: Oh!

21 COMMISSIONER DAVIS: Can we hear a little bit

22 more about that!

23 CHAIRMAN MC CARTHY: My performance was so absymal

24 that day that I blocked it out of my mind.

25 MS. LEAVENS: So was mine, that's okay.

1 COMMISSIONER DAVIS: Maybe we could have a brief
2 summary?
3 MS. LEAVENS: Nice to see you again.
4 Thank you for the opportunity to address the
5 issues of the ARCO's offshore project request at Coal Oil
6 Point.
7 My name is Carolyn Leavens, and I am part of
8 a four-generation farm family in Ventura County. I speak
9 as a farmer and as a consumer. As a farmer, concerned
10 both for the needs of our industry in the economy of the
11 state, I recognize our tremendous dependence on the petroleum
12 industry. Our needs are not just for the fuel to run our
13 farm machinery, but also fuel to pump our water, as well
14 as all of the petroleum base products that we use to grow
15 and protect our crops.
16 We add to that, transportation fuel to market
17 places here and around the world, and you can see oil to
18 be as important to us as water, and to you, as consumers
19 dependent on us for food.
20 What difference does this make to the issue at
21 hand? We believe it to be of the greatest urgency that
22 we not allow ourselves to be further dependent on offshore
23 producers for fuel. We saw the results of fuel dependency
24 in the '70s and we are rapidly becoming far more vulnerable
25 to those overseas sources, than we ought to be.

1 Further delays in this project might well be
2 worthy of consideration if the majority of our citizens
3 were willing to give up our present standard of living,
4 and assume the personal costs of using less petroleum based
5 products; however, it would mean returning to some other
6 means of transportation than the automobile, houses built
7 without plastic pipes, electrical insulation, flooring,
8 kitchen appliances, energy to produce nearly everything
9 else used, a myriad of industrial uses, plastic bags in
10 their endless variety, the majority of our clothing, medical
11 equipment and appliances, the list is endless.
12 We are not willing to give those things up. Some
13 people want it both ways, and that is not realistic.
14 In short, we live in a technological world today.
15 To enjoy the lifestyle that it affords us we have to make
16 some tradeoffs. When opponents of offshore drilling are
17 ready to give up the perks that petroleum gives them, then
18 let's hear more about future delays.
19 I believe the Class 1 visual impacts attributable
20 to offshore--or excuse me. There is another paragraph
21 I want there.
22 We have had a family beach cottage on the Rincon
23 for nearly 60 years, and we find the twinkling lights,
24 and occasional flares from the drilling platforms, an interesting
25 addition to our seascape. That's true. My fisherman husband

1 is especially delighted with the enhanced fishing production
2 that is a by-product of those platforms' presence. We
3 have always had some oil seepage along that coast, and
4 I think we find less tar on the beach now, now that the
5 drilling is taking some of the pressure off of those seeps.
6 I believe that the Class 1 visual impact attributed
7 to offshore platforms are overstated in the EIR. In my
8 opinion, there is an overriding need to develop this important
9 natural resource, and to forego its development would be
10 a grave mistake, one for which we will pay a premium price
11 in the future.
12 I realize that there is disagreement with my
13 view on this issue; however, it is not the job of the EIR
14 to resolve these differences, but to:
15 "Provide decision makers with information
16 which enables them to make the decision
17 which intelligently takes account of
18 environmental consequences."
19 Your staff has found the EIR to be in compliance
20 with the mandates of CEQA, and they have recommended that
21 you act to certify the document.
22 I request that you accept this recommendation,
23 and allow the permitting process to proceed.
24 Mr. Chairman, please consider seriously both
25 the risks and the benefits of this proposed project.

1 Thank you very much.

2 CHAIRMAN MC CARTHY: Thank you.

3 Richard L. Ranger, Regulatory and Permitting

4 Director, ARCO Oil and Gas Company.

5 Mr. Ranger, welcome back.

6 MR. RANGER: Thank you, sir.

7 By the way, don't fear this big binder. I am

8 not reading the whole thing. Most of it is your calendar

9 item.

10 I would like to hand out a couple of copies of

11 my statement, on behalf of ARCO Oil and Gas Company, for

12 the record.

13 Members of the State Lands Commission. ARCO's

14 remarks today will be brief. The issue before you today

15 is whether to certify the Environmental Impact Report,

16 which has been prepared under the direction of your Commission

17 and the member agencies of the Joint Review Panel, for

18 the Coal Oil Point project.

19 We agree with the statements in the calendar

20 item Commission staff have prepared, that certification

21 is in effect a judgment that the Environmental Impact Report

22 contains enough information to enable your Commission,

23 and the other agencies who will use this document, to

24 make sound and reasonable decisions on ARCO's Coal Oil Point

25 application--and I might say plural, because the agencies

1 certainly are plural.

2 We agree with the conclusions in the calendar
3 item that the Environmental Impact Report meets this test
4 and urge that it be certified.

5 The Environmental Impact Report represents a
6 three-year effort of detailed review by the staff of the
7 State Lands Commission, Santa Barbara County, the Governor's
8 Office of Offshore Development, and other agencies, state,
9 federal, and local.

10 As a task force member and trustee agency, the
11 University of California at Santa Barbara contributed its
12 effort and expertise to the analysis contained in this
13 document.

14 I listened with interest to the Chancellor's
15 remarks about the adequacy of their involvement. I can't
16 speak to the opinion that he holds, but I do know--and
17 I believe that he will admit--ARCO has met directly at
18 a variety of levels with staff, faculty, and administration
19 of the University of California at Santa Barbara throughout
20 this three-year process.

21 Numerous consultants in many areas of science,
22 risk analysis, engineering, and other fields, were retained
23 by the Joint Review Panel to address special issues raised
24 by ARCO's application.

25 ARCO has cooperated fully with the consultant

1 and the Joint Review Panel throughout this process, in
2 fact, on several occasions during the past three years,
3 ARCO has modified its project description and application
4 at the urging of members agencies of the Joint Review Panel,
5 while the environmental review of the project was underway.
6 Our dialogue with staffs of the agencies and
7 the university has taken place at a variety of levels.
8 We have shared with them the intent that this Environmental
9 Impact Report be an adequate and complete review of our
10 project application, and the environment in which we have
11 found this resource, so that your Commission and other
12 agencies from whom we must seek permits, may make intelligent
13 and prudent decisions concerning our application.
14 The calendar item that your staff has prepared
15 shows that every issue raised at the hearings you have
16 held here in Santa Barbara is addressed in the Environmental
17 Impact Report. At other hearings before your Commission,
18 and other agencies, decision makers such as yourselves,
19 will determine how to resolve these issues.
20 The task for this hearing is to determine whether
21 adequate information exists, for such future decisions
22 to be made. ARCO believes that you can answer, "Yes,"
23 to that question with confidence, and urges that you certify
24 that this Environmental Impact Report has been completed
25 in accordance with state law and guidelines and your Commission's

1 own regulations.

2 If the Commission would permit, I would like

3 to introduce Thalia Gelbs, our air quality engineer, who

4 will speak briefly to the issue of air quality--

5 CHAIRMAN MC CARTHY: Certainly.

6 MR. RANGER: --in connection with our project.

7 CHAIRMAN MC CARTHY: Any questions by members

8 of the Commission?

9 [No response.]

10 Thank you.

11 Ms. Gelbs.

12 MS. GELBS: Good morning Commissioners.

13 I am Thalia Gelbs with ARCO Oil and Gas Company.

14 I would like to address the EIR's air quality findings

15 and the air permitting process conducted under the authority

16 given the Santa Barbara Air Pollution Control District.

17 The EIR contains a thorough and extremely conservative

18 analyses of the project's potential air quality impacts.

19 Class 1 impacts described in the EIR were based upon predicted

20 exceedances of air quality standards.

21 A Class 1 impact is defined as a significant

22 impact, not mitigable, to insignificant levels; however,

23 to receive a permit from the Santa Barbara Air Pollution

24 Control District, air impacts must be mitigated. If there

25 is a project there can not be Class 1 air impacts, in fact,

1 as the staff report states on page 12:
2 "Under the regulations for the Santa
3 Barbara County Air Pollution Control
4 District, the permitting agency for air
5 quality, a net air quality benefit
6 to the area must be shown, or the
7 project will not be approved."
8 The EIR, as it exists, is a very useful planning
9 tool. We have implemented many of the suggested mitigation
10 strategies while preparing the Coal Oil Point application
11 for an air quality permit, which is an Authority to Construct
12 permit, or ATC.
13 We are confident that we can meet the criteria
14 established in the Santa Barbara Air Pollution Control
15 District's rules and regulations for issuance of an air
16 permit.
17 The first criterion is to minimize emissions
18 through implementation of best available control technologies.
19 ARCO also recognizes Santa Barbara County's Interim Control
20 Strategies document, and has implemented those strategies
21 as applicable, thus the actual project emission values
22 will be significantly less than the emission values stated
23 in the EIR.
24 The EIR described a project with annual emissions
25 of 906 tons per year of total hydrocarbons. The ATC value

1 is 420 tons per year. The EIR analyzed impacts from 581
2 tons per year of nitrogen oxides, while the ATC value is
3 188 tons per year of nitrogen oxides. Application of appropriate
4 control strategies will achieve minimization of emissions.
5 The second criterion for an air permit is that
6 the National Ambient Air Quality Standards will not be
7 exceeded. An air quality impact analyses will be performed
8 during the ATC review process, using EPA approved modeling
9 methodology. The entire area, which could potentially
10 be impacted to an EPA's significance level, will be analyzed.
11 Maximum, monitored, baseline pollutant values will be added
12 to the maximum predicted project-caused concentrations.
13 That composite pollutant value must not exceed the established
14 air quality standard for the particular pollutant. With
15 the mitigated emission levels in the ATC, this second criterion
16 can be met.
17 The third criterion is the requirement to provide
18 enough offsets for the project emissions to guarantee an
19 net air quality benefit. The southern portion of Santa
20 Barbara County is presently designated a "non-attainment
21 area" for ozone. ARCO will be required to offset both
22 nitrogen oxides, or NO_x, and reactive hydrocarbons, referred
23 to as RHC, because these are ozone precursors.
24 Under the Santa Barbara Air Pollution Control
25 District's New Source Review rule, we must offset our NO_x

1 and RHC emissions by a ratio of at least 1.2:1. In other
2 words, we must remove 120 tons per year of existing emissions
3 for every 100 tons per year our project emissions add.
4 The EIR identified potential sources of emission
5 offsets for the Coal Oil Point project, including shut
6 down of the Ellwood Marine Terminal, removal of gas processing
7 from Ellwood, and the seep containment device. ARCO has
8 identified several other potential sources in the Coal
9 Oil Point ATC application. The offset amounts identified
10 exceed the project emissions as required.
11 It is extremely important to note that while
12 the EIR recognized the offsetting requirements, offsets
13 were not used in the ozone analysis modeling. This is
14 standard practice and represents a highly conservative
15 approach to predicting the Coal Oil project's impacts;
16 however, the EIR sought to look at the project related
17 and cumulative impacts in the year 1993. Emissions associated
18 with all planned, or potentially foreseeable projects,
19 were recognized, but offsets or emission reductions were
20 not applied to these projects either. Thus, the ozone
21 modeling results represent a worst case, which cannot occur
22 under existing law.
23 Again, offsets do not represent an equivalency
24 but a genuine improvement of the existing air quality.
25 Permitting of Coal Oil Point must, by law, result in a

1 reduction of emissions and a positive effect on air quality.
2 Thank you.
3 CHAIRMAN MC CARTHY: Thank you.
4 Any questions of Ms. Gelbs from the Commission?
5 [No response.]
6 Thank you very much.
7 W. W. Hewston, CEO of the Measurement and Control
8 Engineering Company.
9 MR. HEWSTON: That's Hewston, Mr. Chairman, thank
10 you.
11 CHAIRMAN MC CARTHY: Thank you.
12 MR. HEWSTON: Thank you for the opportunity to
13 speak with you today.
14 My name is Bill Hewston, and I am a 50-year resident
15 of this coastal area, specifically Ventura. I will keep
16 my remarks very brief.
17 As a member of the tri-county business community,
18 I believe that it has been adequately stated that ARCO
19 Coal Oil Point project will have a significant, positive,
20 economic impact to the local tri-country's area, not only
21 this area, but the State of California, probably the university
22 system, and certainly of major importance to our national
23 security.
24 After reviewing the EIR, and the thousands of
25 comments received, your staff has recommended that this

1 document be certified. I believe this certification to
2 be in the best interest for all concerned. I realize that
3 with any project of this nature, and its resulting EIR,
4 that there is bound to be disagreement regarding both its
5 contents and interpretation; however, I believe the document
6 represents a good faith effort by all concerned, to objectively
7 present the facts.
8 Therefore, by certifying this EIR, you will provide
9 ample opportunity to debate the merits of the project during
10 subsequent permit hearings, not only before this Commission,
11 but the City and County of Santa Barbara, and the Coastal
12 Commission.
13 Realizing that an EIR will never be perfect,
14 I urge you not to delay further the certification, accept
15 staff's recommendations, certify the EIR, and allow the
16 project to move forward. It is time that the few allow
17 our state's resources to provide for the many, both energy
18 wise, and monetarily.
19 Thank you.
20 CHAIRMAN MC CARTHY: Thank you very much.
21 Ruth Saadi, vice President, League of Women
22 Voters.
23 Did I do the pronunciation justice, Ms. Saadi?
24 MS. SAADI: Oh, that's fine.
25 Okay, the League again thanks you for holding

1 a hearing in Santa Barbara. Thank you also for a staff
2 report before the hearing.
3 We have reviewed the staff report, particularly
4 the calendar item, and Exhibit D, and we have also restudied
5 pertinent sections of the FEIR and certain sections of
6 CEQA.
7 We had a neatly prepared report, or statement,
8 for you, but some funny things happened to it on the way
9 to the podium.
10 First, though, we would like to comment about
11 the environmentally preferable alternative. Staff's responses
12 to public comments do not provide the documenting data
13 missing from the draft EIR. To reiterate League comments
14 submitted January 28, the EIR does not adequately address
15 the environmental implications of the so-called environmentally
16 preferable alternative.
17 Today the League is especially concerned about
18 the calendar item's treatment of offshore processing. First
19 the calendar fails to identify offshore processing as one
20 of the critical environmental issues emerging from public
21 comment. Certainly, it was pinpointed as a major concern
22 by the county, and by several other groups, of course including
23 the League, at the January 28th hearing, and also in writing,
24 et cetera.
25 Offshore processing is just not in this county's

1 interest. More to the point, the calendar's single-minded
2 focus on the environmentally preferable alternative is
3 in effect to rewrite the CEQA Section 15126(D)-2. The
4 League submits that CEQA's mandate in that section, that
5 quote:
6 "The EIR shall also identify an
7 environmentally superior alternative
8 among the other alternatives."
9 Unquote, pieced together from tidbits of--is not fulfilled
10 by substituting--sorry--is not fulfilled by substituting
11 an alternative pieced together from tidbits of the project's
12 several components, and not adequately addressed in the
13 EIR.
14 This State Lands Commission's interpretation
15 of CEQA--or reinterpretation--would establish in code a
16 state policy that endorses, even enshrines, offshore processing
17 as a feasible and viable option, and sanctifies it by
18 certifying it as environmentally preferable.
19 It plainly is not environmentally preferable,
20 and should not be put in place as a policy, especially
21 in such a convoluted manner.
22 Now, to our second point, which is on cumulative
23 impacts, about which, of course, you have heard a great
24 deal.
25 The League takes issue with staff's spatial conclusion

1 that the $4.54 million EIR/EIS provides a state of the
2 art cumulative impact analysis. Data presented in Section 7
3 are admittedly impressive, but they represent some 20 to
4 21 tightly compartmentalized analyses, by almost as many
5 disciplines.
6 Didn't the consultants preparing these discreet
7 analyses ever sit down together to compare notes? To discuss
8 findings? To arrive at consensus on cumulative--cumulative
9 impact?
10 Also, the cum impact tables on second and third
11 reads prove to be as incomplete, non-understandable, as
12 they were the first time around.
13 Several issue areas are not even addressed in
14 these tables, for example, air quality. The League noted
15 this morning, the comments made on cumulative impacts,
16 especially those by Mr. Davis, and we can only concur.
17 We have been a broken record for three years on this subject.
18 We have another comment, and that's on commingling,
19 very briefly. The League is concerned that commingling
20 is not included in the calendar's list of critical, environmental
21 issues. Why not? Certainly, it was included in many comments.
22 All right, in closing then, the League submits
23 that the EIR is not certifiable at this time, for the three
24 noted that we have already given, and also for these reasons
25 and others spelled out in the statement made by the Chairman

1 of the Santa Barbara County Board of Supervisors. The
2 League concurs in that statement, and thank you again for
3 this opportunity.
4 CHAIRMAN MC CARTHY: Thank you very much.
5 Mr. Robert Sollen, Offshore Oil Policy Coordinator
6 for the Sierra Club, Las Padres Chapter.
7 Mr. Sollen.
8 MR. SOLLEN: Mr. Chairman, members of the Commission,
9 we object to certification of the impact report at this
10 time, for all of the reasons that you have heard from the
11 county, the university, and other people who have testified
12 this morning.
13 The rational for including the consultant's
14 environmentally preferable alternative in the report, becomes
15 more bizarre with each hearing.
16 The latest staff report said that just because
17 it is listed as the environmentally preferable alternative
18 doesn't mean that anyone prefers it. It got its designation
19 all by itself, under state law, and you have just heard
20 Ruth Saadi comment on that.
21 The staff report says that Santa Barbara County
22 has gone so far as to misstake the preferable alternative
23 for a recommended alternative. The "preferred" alternative
24 is not recommended, the staff advises us, and just because
25 an alternative is listed as environmentally preferable

1 in the report issued by the state and the county, doesn't
2 mean that the state or the county prefer it. That is what
3 the report says.
4 Nor, is the environmentally preferable alternative
5 to be confused with the environmentally superior alternative,
6 which is the no-project alternative. In the event that
7 no project looks like the superior alternative, state law
8 requires that another superior alternative be selected
9 from among the alternatives, the other alternatives.
10 Now, is there any reason for confusion!
11 The staff report also insists that this is not
12 a new alternative. It says that the elements of the alternative,
13 "were combined to form a complete project alternative,"
14 end quote.
15 The staff or the consultant, or somebody, simply
16 picked up pieces from a number of other alternatives and
17 created a new alternative and called it "preferable." But,
18 these elements in a wholly new context, and entirely new
19 arrangement, were never analyzed as a project.
20 If I understand the motion you adopted this morning,
21 the environmental preferable alternative will remain in
22 the report, but will not be considered by the Commission
23 in its decision making.
24 I am not sure of the legal ramifications of that,
25 but it drove the Commission to an executive session this

1 morning, but I think the policy ramifications as Naomi
2 Schwartz testified are enormously important.
3 A certified EIR is a certified EIR, and however
4 it is used in this project, it can be picked up in subsequent
5 projects, particularly in state offshore leasing and development,
6 and referred to as the,"environmentally preferred project,"
7 and when that includes offshore processing, the implications
8 are serious, but enough on that.
9 Atlantic Richfield has indicated that it would
10 be willing to phase in its project, beginning with Platform Heron,
11 but that is the platform that is causing all of the opposition.
12 It has been suggested that ARCO start with the other two
13 platforms, but the company says there is too much uncertainty
14 about the fields where these two platforms would operate.
15 It is certain about the commercial viability only of the
16 Platform Heron field. Might I suggest that if ARCO doesn't
17 know what it thinks it should know about two of the three
18 fields it intends to exploit, its application for this
19 project is premature.
20 Now back to drilling muds, one of my favorite
21 subjects. Staff still assures us that the drilling mud
22 discharges are no problem because,"Ocean discharge of drilling
23 muds would be prohibited at the platforms."
24 It assured us earlier that this issue was settled
25 in the draft EIR. There is no such assurance in the draft EIR.

1 That report talks about dumping drilling muds.

2 Then, we were told, "Well, the final impact report

3 settled the issue." And, this is not true. That report,

4 the final report, says instead that the disposition of

5 drilling muds is yet to be decided.

6 Now, we are told, in the current staff report,

7 that, "ARCO has amended its project description to provide

8 for the hauling of muds and cuttings away from the Heron

9 site."

10 That still leaves two platforms from which the

11 method of drilling, drilling mud disposition, is yet unsettled.

12 These are just a few of the many environmental

13 issues not adequately dealt with in the impact report,

14 and you have heard testimony on many of the others.

15 In view of the county's testimony this morning,

16 it would seem irresponsible to certify the report, particularly

17 when one of the three members of the Joint Review Panel

18 says the report is seriously deficient.

19 Thank you very much.

20 CHAIRMAN MC CARTHY: Thank you.

21 We will call upon one final witness now, before

22 we take a break for lunch, and to make sure that you all

23 know the schedule, we will reconvene at 2:00 o'clock, and

24 we will stay as long as we need, and there are a lot of

25 witnesses yet to be heard, and we want to indicate to all

of them that they certainly will be heard.

I want to ask Mr. Tracy Costello to come forward.

Mr. Costello.

MR. COSTELLO: Good afternoon, ladies and gentlemen.

I am pretty young, 27 years old. I have lived in Santa Barbara since '66. Let's see, I've seen a variety of things go on, the oil spill? Yeah. Nothing--well, a lot people don't remember the oil spill, but I am not here to argue about whether we should have oil or not.

I think that what is at issue here, the federal government has leased property--leased--you know, and the state government also has an area to do so, and if we allow ourselves to--the no-project alternative, that might--I don't know. I guess that I won't say anything more about that. It makes me shake to think of people saying this.

What we are dealing with is funds for the state. A lot of people have come in here from the university. They are all on a payroll right now, and--well, I would like to make this quick.

Okay, undoubtedly production from state tidelands will be a necessary source of revenue to the state. It is economically necessary to accurately measure the production.

Something they have talked quite a bit about measuring it, different products, different consistencies, it has got to measure for accurate compensation. Let's see.

1 The objective is to measure it according to its individual
2 constituents, as you know, and I am sure you well know
3 about the different constituents of oil products.
4 I would like to remind you that the Santa Barbara
5 County Board of Supervisors--at the insistence of Bob or
6 Bill Wallace--denied permits for an air quality monitoring
7 station in the area near the Exxon project, basically because
8 it was too tall. Well, in order to get up in the air to
9 measure the pollutants, which supposedly they are concerned
10 about--the oil companies proposed the monitoring station--
11 that was simply flat denied. Why? This is just an example
12 of their ambiguity.
13 Let's see. Respected University of California?
14 They are fully on the receiving end of state revenue. They
15 are coming down here on state time, to figure out a way
16 to circumvent funds from going into the state. I don't
17 know. Revenues for the state seem to be their nemesis.
18 Well, what they are saying is they don't want
19 this project to move forward, no matter what the state
20 of it. This is simple obstructionism. It wouldn't matter
21 how much something is scaled down, it is still going to
22 exist. Why do something half way?
23 The object is to get something going, so money
24 can flow, people are employed.
25 Maybe I might bring to mind Kern County. There

1 are a number of people over there. The oil production
2 really matters to the people there. That is how they earn
3 their living. Forty percent unemployment, and any of them
4 could come down here and they wouldn't be speaking to you
5 in the tone that I am speaking to you in.
6 Let's see. Anyway, they are all in a state,
7 parallel, and we are talking about the University of California.
8 The University of California has caused a lot of problems
9 for this area. Among them, that whole area, Goleta, California,
10 the water moratorium, no new housing, because why? Because
11 young people that are in a few years, and then they are
12 gone, and there is no housing, and these people, Bill Wallace,
13 and them, everywhere you go, they talk about affordable
14 housing.
15 The State Legislature passed a resolution enabling
16 counties to provide 50 percent affordable housing. For
17 some reason they don't want that. They say they don't
18 serve big land developers. They say they don't serve big landlords.
19 They are doing nothing but serving them.
20 They are cutting us down to existing things that
21 were built long ago, and there is no new nothing. And,
22 these people, they will be screaming about how prices are,
23 yet for some reason they are able to be down here, and say,
24 "Let's not get going."
25 I am sorry to have taken so much time. I just

1 think that this bit about metering, taxes, we are no where.
2 Obstructionism gets you no where.
3 CHAIRMAN MC CARTHY: Thank you very much.
4 Let me make one announcement, before we break
5 up.
6 UNIDENTIFIED SPEAKER: Would you be willing to
7 take one more speaker? Because I have an appointment at
8 3:00 p.m. I would like to see the rest of the proceedings,
9 but I won't be able to come back and I would like to--
10 CHAIRMAN MC CARTHY: Well, I was just about to
11 announce that the rest of the proceedings will be seen
12 on Channels 18, 21, and 22, starting at 7:00 a.m. Thursday
13 morning, March 12, until the end of the proceedings, for
14 any of you who may want to watch them.
15 UNIDENTIFIED SPEAKER: Could I make my comments
16 now?
17 CHAIRMAN MC CARTHY: Well, there are about 18
18 more people who would like to testify--
19 UNIDENTIFIED SPEAKER: I realize that.
20 CHAIRMAN MC CARTHY: --and not stick around,
21 too.
22 UNIDENTIFIED SPEAKER: Okay.
23 CHAIRMAN MC CARTHY: Thank you.
24 All right, we will be back at 2:00 p.m.
25 Recess: 12:00 p.m. - 2:00 p.m.

COMMISSIONER DAVIS: The quorum of the commission being present, we'll begin taking testimony this afternoon. I would like to observe until Leo gets back that if possible, Commissioners Ordway and myself would like to begin deliberations on the matter before us today no later than 4:00 o'clock.

We have 28 witnesses that want to testify and we will hear each and every one, but I would urge you not to be repetitive and only bring to this board information or insights not previously manifested in earlier testimony.

So with that, we'll begin with Helen Conway.

MS. CONWAY: Good afternon. I hope this will be an insight, and it's the feelings of a person living in Isla Vista.

My name is Mrs. E. S. Conway. My address, 925 Camino Lindo. My husband and I moved from Los Angeles area because we felt the Santa Barbara area was reasonably pollution-free. We worked practically all our lives and our home represents our savings. We are three blocks from the water and one block from Camino Corto. If ARCO succeeds in industrializing the Santa Barbara channel and erecting Heron two miles offshore, we might as well have invested $170,000 in a home in the center of the City of Industry or alongside the Chicago stockyards.

I know what we can expect. For about two years

we lived in El Segundo near the Standard Oil plant. On summer nights I often closed the bedroom window to shut out the putrid odors.

I contacted the air pollution agency and was told they were not geared for night inspection.

For a time we lived in Manhattan Beach, a few miles away. After an accidental spill, Standard cleaned our car, along with many others, because washing didn't remove the spots.

When they had a fire, it was necessary to clean and paint several homes as well as clean cars.

I understand the government recognizes the many problems and inconveniences to which we local people will be subjected, and saw fit to give grants of $7 million to Santa Barbara and Ventura Counties. Of course, these grants represent taxpayer dollars.

I read with interest that Ventura County plans to spend these taxpayer dollars repairing and widening a road used extensively by oil company trucks.

Santa Barbara will probably have to spend the money trying to maintain safe air quality.

I cannot help but wonder whether five or ten years hence, we and our children will have serious health problems from poison chemicals spewed into the air only two miles offshore.

1 The oil companies have been waving our flag and
2 talking about national security. As far back as I can
3 remember, these patriots have done nothing to further
4 studies aimed at producing a cleaner, less expensive fuel.
5 In spite of their lack of concern, I read in
6 the paper as recently as last week that scientists predict
7 that within five or ten years we will have an alternative
8 energy source.
9 Mr. Hodel apparently feels that just a small
10 minority will be adversely affected. I was raised with
11 the belief that minorities had equal rights to life,
12 liberty and the pursuit of happiness. A great war was
13 fought to prove that the rights of minorities are not
14 expendable.
15 The message has not gotten through to Mr. Hodel,
16 nor to the huge, already fabulously wealthy oil conglomerates.
17 Our health is in danger, and the pursuit of happiness is
18 no longer open to us if they prevail.
19 Thank you for your time.
20 CHAIRMAN MC CARTHY: Thank you very much,
21 Mrs. Conway.
22 Mr. Robert Klausner, Chairperson of the Citizens
23 Planning Association Oil Committee. Mr. Klausner, welcome.
24 MR. KLAUSNER: Thank you, Commissioner McCarthy.
25 I have submitted some testimony for you and

1 I'd like to highlight only four or five points.

2 Earlier in the testimony, Richard Ranger was

3 good enough to describe what the purpose of the EIR is:

4 essentially, a document to enable you to make sound

5 decisions.

6 I would ask you whether you feel you have a document

7 that will enable you to make sound decisions in view of

8 the fact that one of the key elements of the document is

9 supposed to be an environmentally preferred alternative

10 which you, as well as we, can piggyback off of to determine

11 how best to resolve the issues here at hand.

12 I found this response on the part of staff

13 offensive. My notes here say "garbage." And I use the

14 term advisedly. This is an excuse for a response.

15 It in no way covers the intent of CEQA. It is meant to

16 cover somebody's tracks, to prove that what is being done

17 here is legal. It is an interpretation which we would

18 find totally unsatisfactory, and is not the kind of thing

19 we are used to in Santa Barbara. We have been through

20 quite a few of these things before, and never have we had

21 one that came up like this.

22 If CEQA meant to put in an environmentally

23 preferrable alternative for the purpose of saying we have

24 covered our tracks, don't pay any attention to it, I'm

25 sure those legislators would have so stated. The reason

1 for having that environmentally preferrable alternative
2 is to give you something that you can dig your teeth into
3 if you're not going to have the environmentally superior
4 alternative.
5 And certainly, based on what we have here, this
6 is not satisfactory. You've heard this not once, you've
7 heard it many times, and I would ask you to seriously
8 consider whether saying that you'll pay no attention to
9 it really covers the intent of the law.
10 The second thing I'd like to comment on is the
11 fact that although you came in here a couple of months
12 ago and we had high expectations that things were going
13 to happen, Mr. Davis gave some direction to staff, we find
14 it absolutely unfathomable how, after two months, we could
15 have accomplished so little. And I am beginning to think
16 that Commissioner Ordway's comments at that time, saying
17 there is no sense putting this off, we might just as well
18 get on with it, are now valid.
19 There is no sense in putting it off because we
20 haven't accomplished very much in two months. As far as
21 I know, there has been one meeting held by staff with the
22 county and the university, which are the two agencies which
23 are most directly impacted and most directly influencing
24 the decision-making when they have an opportunity.
25 There was one staff meeting where people came

1 up, technicians, and said in effect, you'll have to prove
2 to us that we should do something different tomorrow than
3 we've done yesterday because we're afraid that whatever we might
4 do, won't weather the test of being able to make sure
5 that the state gets their fair share of the take.
6 Well, every day since your last meeting, we have
7 been checking with the county, we check with the university
8 to see what action and interaction is happening, to get
9 something different from that EIR than what we had a couple
10 of months ago when you said, you know, we've seen it and
11 let's get on with it.
12 We haven't seen any real movement on this EIR,
13 on its adequacy, on any change at all of substance. A lot
14 of the answers to the questions that were posed that came
15 out finally were superficial answers, didn't really resolve
16 the issues, and you'll hear more testimony on specifics --
17 and we wonder what one has to do to get a document, after
18 spending over $4 million -- I feel sorry for ARCO. I think
19 they have been abused. We have been abused. To end up
20 after all this time with a document like this is absolutely
21 unacceptable.
22 Now, earlier in the day, I saw a press release
23 that was issued by Commissioner Davis, indicating that
24 based on the information he has received so far, he was
25 against the project; and also in that press release,

1 there was an indication that he had approved this EIR.
2 Now, my question is: Has anything happened here
3 that you now have information that might change your mind?
4 Because if it hasn't, what does it take to get people to
5 respond to what we're talking about? We're serious about
6 this. We take our responsibility of the process very
7 seriously and we'd hate to think that in any manner, shape
8 or form you have prejudged what you're going to do, because
9 we don't think that this is the way to handle the process.
10 The process is the most important thing that
11 we have to deal with here, so I kind of hope that somehow
12 or other, after all this testimony you've received today,
13 Commissioner, that you might reconsider whether or not
14 you really believe this document is adequate.
15 The last thing I'd like to comment on is -- I
16 missed this and I'm not sure that I got it straight.
17 We have requested that within the next 60 days,
18 you make your move on this. We want this thing out of
19 the way. We want it out of the way while school is in
20 session, while the university professors are here, and
21 we really want you folks here.
22 If you are going to make a decision that is going
23 to impact our lives to the degree that this is going to
24 impact our lives, we want to be able to look you in the
25 eye and you look us in the eye and say, "We're doing

1 this because..." And we're not going to get that if you're
2 doing that up in Sacramento, because all these people can't
3 and won't go up to Sacramento, and one of the nice things
4 that has happened, although we have not achieved our
5 expectations is by virtue of the fact you put yourself
6 out to come down here, at least you've seen and heard
7 where we're coming from. You've heard responsible kind
8 of input here.
9 And we want to have an opportunity, when we get
10 a staff report, to be able to review that staff report
11 and tell you what we really think.
12 Now, I heard the comment that because Commissioner
13 Ordway will find it impossible to be down here within
14 that time frame, and because the Commissioner has sat in
15 on all of these hearings, that really the best way to get
16 the best decision is to have it when the three of you
17 can meet.
18 As far as I'm concerned, up till now, you haven't
19 heard anything. You've heard comments about an EIR. Once
20 that EIR is certified, then you are going to hear what
21 we think the project should be.
22 We have taken no position yet. It's hard to
23 take a position when you don't have an EIR that gives you
24 enough information, despite the fact that it's yea high,
25 $4 million in the hole.

1 And what we're suggesting is that three of you
2 come down here at any time within the next two months so
3 that we can tell you what we think and you can tell us
4 what you think is the best way to balance the act here
5 between the interests of ARCO and the interests of our
6 community.
7 Thank you.
8 CHAIRMAN MC CARTHY: Commissioner Davis.
9 COMMISSIONER DAVIS: Yes. I want to respond
10 at least in part to that portion of your remarks that were
11 addressed to me.
12 I have indicated what my inclination to do on
13 the EI -- what action I am likely to take on the EIR. That
14 is based on the information available to me to date.
15 Obviously I am going to withhold final action until every-
16 body has had their say and the commissioners have discussed
17 their relative positions.
18 So I think it's clear to understand -- I think
19 it's important to understand that this process is complete
20 after everybody has testified and the hearing has concluded,
21 and then the commissioners make their arguments yea or
22 nay.
23 I would also like to concur with your concern
24 about not having another hearing here. You know, I think
25 it's important -- I hope there is some way that my fellow

1 Commissioners can find that possible, if only on a fact-
2 finding basis, so at the very least, we are aware of the
3 concerns of the community. This is the community most
4 affected by any decision to approve the project that might
5 be forthcoming, and I would hope that there would be some
6 mechanism constructed that could satisfy your concerns.
7 I personally think it is important, and hope
8 there is some way that this Commission could conclude that
9 that would be accomplished within the next 60 days.
10 CHAIRMAN MC CARTHY: Mr. C. B. Anderson of the
11 Isla Vista Association. The president. Mr. Anderson.
12 MR. ANDERSON: Thank you, sir.
13 My name is C. B. Anderson. I've been a member
14 of the chemistry faculty at UCSB for 25 years and have
15 lived in Isla Vista for those 25 years.
16 Today I am speaking as a resident and as President
17 of the Isla Vista Association, which is mostly homeowners.
18 I want to add some further comments on sulfur
19 dioxide emissions, mostly -- this turns out to be quite
20 a learning process; one learns about oil and all the
21 complications.
22 Anyway, the EIR states that the compressors could
23 be down 12 times a year and mechanically fail two times
24 a year. Repair time is estimated as an hour. The EIR
25 states that all three compressors would be out at the

same time only once a year for an hour.

This worst case results in flaring of one and a half million cubic feet of gas, producing somewhere around two tons of sulfur dioxide.

And this part we're in agreement --the number, whether you give 10 or 20 percent really doesn't matter -- ARCO has told me that the number of upsets and their duration are overestimated in the EIR, but of course we're talking about the EIR today, and we don't really have time to evaluate ARCO's letters.

Nevertheless, the estimate of two tons of sulfur dioxide in one hour seems valid for the worst-case upset. The plume from the flare will have a concentration of SO_2 in the order of magnitude of 2,000 parts per million. The extent of the dilution of the plume is where we differ with the conclusions of the EIR.

In the EIR, it is stated that the footprint of the event will extent 5,280 feet from Platform Heron, and therefore, Isla Vista has no basis for concern. The si -- number of significant figures in the number 5,280 indicates that the error is in the tens -- that is, it isn't more than a hundred feet one way or the other, which is obviously ridiculous.

To the contrary, I believe the number is actually one mile, and its error limits are at least a factor of

1 two or three, and probably -- probably not more than a
2 factor of ten.
3 So what this calculation does is very crude;
4 it estimates an order of magnitude. The order of magnitude
5 then says that Isla Vista is very much in danger because
6 one mile, plus or minus a factor of three, really includes
7 Goleta.
8 Now, a 20-mile-an-hour wind, which isn't that
9 unusual, would bring the plume from the flare onshore to
10 Isla Vista in six minutes, and I doubt that the dilution
11 will always be at least a factor of a thousand in so short
12 a time.
13 An instance of an emission problem at UCSB
14 a couple of years ago is one cause for my concern. A
15 laboratory in a World War II barracks was using mercaptans
16 and related compounds. It was a windy day with strong
17 gusts. At a distance from the lab, about 200 feet, two
18 persons personally known to me were hit by intense smells.
19 One of these persons actually was ill enough to consult
20 a physician.
21 The amounts of materials involved in this case
22 were less than a gram. Now, bearing in mind that two tons
23 is nearly a million grams, it seems quite possible that
24 the sulfur dioxide might get to Isla Vista without being
25 sufficiently diluted.

1 Another indication that the plume will not always
2 be dissipated in two miles is the fact that we can smell
3 the Ellwood Oil Terminal and it smells just about as bad
4 as it does sometimes on the Sandpiper Golf Course. We're
5 about in the same order of distance from the Ellwood Terminal.
6 If two tons were let loose in one hour, I think
7 we will smell it.
8 Another concern is that sulfur dioxide acts
9 synergistically with other pollutants, and harmful effects
10 are observed at levels much lower than for SO_2 alone.
11 This, I think, is not discussed in the EIR in a significant
12 way.
13 In fact, in 1952, London smog, which killed many
14 people, had only 1.7 parts per million SO_2. Data from the
15 National Air Pollution Control Administration says that
16 increased mortality from bronchitis and lung cancer is
17 observed at .04 parts per million sulfur dioxide when
18 accompanied by 160 micrograms per cubic meter of smoke.
19 At this level of SO_2 -- at the same level of SO_2
20 with ozone or nitrogen dioxide, plants are severely
21 affected on only four hours' exposure -- this is also from
22 the same document.
23 Furthermore, some kinds of particulates have
24 been shown to catalyze formation of sulfuric acid very
25 rapidly, in minutes, not in hours. The guy gives a reference

1 there as 1960. Aerosol particles are known to absorb
2 SO_2 and concentrate it. And small particles are deposited
3 deep in the lungs, carrying all of the things that are
4 absorbed on the particles along with them. And this is
5 more efficient than gases.
6 Such an effect has been recently discussed --
7 discovered in the California central valley fog, although
8 what they were analyzing there was pesticides. But anyway,
9 the effect is the same.
10 And the enormous amount of sulfur dioxide
11 emitted during the worst upset conditions, with the
12 considerable level of oxidants that are present in our
13 basin and with the very considerable amounts of suspended
14 solids present and with the fog moisture may very well
15 produce a killer smog. Like the London smog of 1952, it
16 may kill the old, the infirm, asthmatics, and those who
17 are specially sensitive. It won't kill all of us, of
18 course.
19 I state again that the problem with the Coal
20 Oil Point project is that it is too near a densely popu-
21 lated urban area. If the project is allowed at all, it
22 should have emission controls far beyond those required
23 in oil operations that are far from population centers.
24 Also, I think it is possible for the State Lands
25 Commission to get a separate -- a second opinion, and it

1 has been done in other places, to get second EIR's. And
2 I think in this particular case, it might not be a bad
3 idea.
4 I have also here some comments from a colleague
5 who was not able to be here; they're to the -- slightly --
6 they're somewhat different, so I'll read the parts that
7 are different.
8 This is from Mr. Lagerquist, who is an engineer
9 of some 25 years' experience.
10 The draft EIR presents unsubstantiated results
11 from computer modeling as if they were facts. The pollution
12 modeling methodologies are inadequately described in the
13 EIR and are not accompanied by evidence of validation.
14 Every modeling method can be characterized by assumptions,
15 boundary conditions and limitations that affect its
16 accuracy and its applicability in a given situation.
17 The limitations of the modeling methods and the
18 asumptions behind them are not discussed in the draft
19 EIR. The model's relevancy to the proposed project is
20 not addressed. There is no assessment of the accuracy
21 required for the purposes of this proposal, nor is there
22 an estimate of the accuracy actually achieved.
23 An error analysis and interpretation of the results
24 is required. Knowing the behavior of the model and the
25 adequacy of the input data, what is the probable error

of the recorded figures? State the results as a single value--as a single value, helps to mislead the reader.

At the January 29, 1987 hearing I illustrated this point with computer output from the EIR.

The response avoids the issue. It does not reveal--this is the--in the minutes or the call to this meeting, I guess--it does not reveal whether the probable error of the result is 10 percent, 100 percent, or 1000 percent.

The consultant provides no reason to believe that the error may be closer to 10 percent than it is to a 1000 percent.

If there were only a single instance of such neglect, the EIR/EIS would be salvageable, but this pattern persists throughout the document. Inputs and assumptions are left undefined, yet results are stated with great precision.

This EIR/EIS doesn't give anyone a clear reliable idea of the impact the proposed project is likely to have. It presents a most inadequate foundation on which to base important decisions.

I urge that this EIR/EIS not be certified.

Signed, Roger Lagerquist.

Thank you.

CHAIRMAN MC CARTHY: Thank you.

Mr. Scott Gordon, CALPIRG. Welcome.

BEFORE THE STATE LANDS COMMISSION
OF THE STATE OF CALIFORNIA

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

TRANSCRIPT OF PROCEEDINGS

Tuesday, March 10, 1987

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

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