

MEETING
STATE OF CALIFORNIA
LANDS COMMISSION

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JAMES F. PETERS, CSR, RPR
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APPEARANCES

BOARD MEMBERS

Mr. John Garamendi, Lieutenant Governor, Chairperson

Mr. John Chiang, State Controller, also represented by
Ms. Cindy Aronberg and
Ms. Marcy Jo Mandel

Mr. Michael Genest, Director of Finance, represented by
Mr. Tom Sheehy

STAFF

Mr. Paul Thayer, Executive Officer

Mr. Curtis Fossum, Chief Counsel

Ms. Judy Brown, Public Land Management Specialist

Mr. Steve Curran, Petroleum Drilling Engineer

Mr. Eric Gillies, Staff Environmental Scientist,
Environmental Planning and Management Division

Ms. Mary Hays, Public Land Manager

Mr. Pete Johnson, Operations Manager, Mineral Resources
Management Division

Ms. Kimberly Lunetta, Executive Assistant

Mr. Mark Meier, Assistant Chief Counsel

Mr. Steve Mindt, Staff Environmental Scientist

Mr. Jeff Planck, Senior Engineer, Mineral Resources
Management Division

Mr. Greg Scott, Chief, Mineral Resources Management
Division

Ms. Nancy Smith, Land Management Division

ATTORNEY GENERAL'S OFFICE

Mr. Alan Hager, Deputy Attorney General

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Doug Anthony, Santa Barbara County

Ms. Linda Arcularius, Supervisor, Inyo County

Ms. Theresa Brady

Mr. Bruce Campbell

Mr. Richard Charter, Defenders of Wildlife

Mr. Dave Freeman, Deputy Mayor, Los Angeles

Ms. Carla Frisk, Get Oil Out!

Mr. Gary George, Audubon California

Mr. Gary Gless, Citizens Coalition for a Safe Community

Ms. Marcia Hanscom, Coastal Law Enforcement Network,
Ballona Institute

Ms. Linda Krop, Environmental Defense Center

Mr. Justin Oldfield, California Cattleman's Association

Ms. Debra Man, Metropolitan Water District of Southern
California

Ms. Patricia McPherson, Grass Roots Coalition

Ms. Katie McShirley

Mr. David Nahai, Los Angeles Department of Water and Power

Ms. Gail Newton, California Department of Water Resources

Mr. Tom Noland

Mr. Bob Nunn, Sunset Exploration

Mr. Tobe Plough

Mr. Bob Poole, Western States Petroleum Association

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Jerry Rubin, Alliance for Survival

Mr. Theodore Schade, Great basin Air Pollution Control
District

Mr. Steve Uhring, Malibu Coastal Land Conservancy

Ms. Marcy Winograd, Progressive Democrats of America's Los
Angeles Chapter

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PROCEEDINGS

CHAIRPERSON GARAMENDI: Good morning, all. We're going to start the hearing. So if you can take your places.

Thank you. That was very quick.

I'm Lieutenant Governor John Garamendi, current Chair of the State Lands Commission. And I call this meeting of the State Lands Commission to order.

All the representatives of the Commission are here: State Controller John Chiang, bringing our checks or IOUs, as the case might be. Tom Sheehy, the Chief Deputy Director of the Department of Finance is with us. So we're all present.

For the benefit of those of you in the audience, the State Lands Commission administers properties owned by the people of California as well as the mineral interests. Today we'll hear proposals concerning the leasing and management of these public properties.

The first item of business will be the adoption of the minutes from the Commission's last meeting. I have the sense that everyone here at the table has read those.

I await a motion.

COMMISSIONER CHIANG: So moved.

ACTING COMMISSIONER SHEEHY: Second.

CHAIRPERSON GARAMENDI: We have a motion and a

1 second.

2 All in favor?

3 (Ayes.)

4 CHAIRPERSON GARAMENDI: The minutes are adopted.

5 The next order of business is the Executive
6 Officer's report.

7 Mr. Thayer, may we have that report.

8 EXECUTIVE OFFICER THAYER: Good morning, Mr.
9 Chairman, members of the Commission.

10 I have a number of things I wanted to cover.
11 First, and probably most importantly, is that the parking
12 can be validated for people who drove to the Commission
13 meeting. And they should see our front desk back out
14 there in the hall to get stamped to take care of that.

15 The bathrooms are a little bit remote. For the
16 women, it's all the way down the hall you came down. And
17 for the men, you have to go all the way down the hall and
18 across that second floor lobby to find the men's room.

19 Next I wanted to report on PG&E 406-407. This is
20 the gas line that originally had been the first item on
21 our regular calendar. As Commissioners know, we received
22 quite a lot of input from people in the Sacramento area
23 where this pipeline is to be located that basically asked
24 the Commission to hear this in Sacramento so that it would
25 facilitate opportunities for the public to address the

1 Commission. And after consultation with the
2 Commissioner's offices, we removed that calendar item.
3 And I wanted to make sure to get out that. Right now I
4 want to make sure, if anybody in the audience is here for
5 that, they understand that.

6 We did attempt to contact the folks that we'd
7 heard from about this matter Friday and Monday so that
8 they would not come down here for the trip. I would
9 suggest to the Chair that if there is someone here who
10 wants to speak, we should allow them to speak if they'd
11 gone to the effort of coming.

12 CHAIRPERSON GARAMENDI: During the public
13 hearing.

14 EXECUTIVE OFFICER THAYER: During the public
15 comment period then.

16 It's staff's intention to try and reschedule this
17 for a special meeting in the first part of September.
18 That will avoid the PG&E having any more delay in
19 construction of this project should the Commission approve
20 the lease and approve the EIR.

21 CHAIRPERSON GARAMENDI: And we will do that in
22 Sacramento in the early part of September.

23 EXECUTIVE OFFICER THAYER: That's correct.

24 The next thing I wanted to get into is a little
25 bit of the usual report on violations, go through those

1 quickly. Jeanne Bird Taylor, who had the houseboat in the
2 Delta, she has sold that houseboat. And the remaining
3 matter is that the person who bought that has not yet
4 located that in an appropriate place. We've written them
5 a formal letter earlier this month. And we'll be working
6 with the AG if necessary to seek whatever remedies we need
7 to in order to make sure that that structure's not used as
8 a residence.

9 Second matter is the Courtland docks. That's
10 basically done in that the docks have been improved, the
11 house is no longer in Public Trust property. There was
12 recently some controversy because Ms. House, one of the
13 two owners of that marina, declared bankruptcy, and
14 declared in her bankruptcy papers that her residence was a
15 boat there, which would be illegal. When she was
16 contacted, she indicated she only did that because she
17 didn't want to lose her boat in bankruptcy. We said she
18 needed one story to give to government entities, whether
19 she's on the boat or not as a residence, has to be
20 consistent. And so we're working with her on that.

21 On John Asuncion, we're still working on that as
22 well with the AGs office in terms of drafting the
23 complaint and serving it. There will be a hearing at BCDC
24 on September 24th for the violations there, which are an
25 administrative matter at this point. But we're pursuing

1 that as a trespass as authorized by the Commission.

2 We do have a big success story to say in terms of
3 the Richmond Tahoe Pier. This was the project where the
4 pier's been in place for 40 years without benefit of a
5 lease. And also included a deck, a private deck. The
6 Commission directed that we sue if they didn't want to
7 sign the lease. They had some trouble with what were
8 standard lease provisions. As a result of the
9 Commission's action -- strong action on this, the
10 Richmonds have come into compliance, have signed the lease
11 with all of the normal terms, the same as everybody else,
12 and have removed the railings and staircase which made the
13 roof of their boathouse into a deck. And I think pictures
14 have just been given to the commissioners on the
15 resolution of that. So we're with that and with a good
16 ending.

17 CHAIRPERSON GARAMENDI: Paul, let me interrupt
18 you for a moment. I believe this body is very pleased
19 with the action of the staff on this matter. And we've
20 been attempting over the last two or three years to be
21 very clear that we will not tolerate violations wherever
22 they may be on any river or lake. And hopefully the
23 message is getting out that come into compliance, whomever
24 you are out there, or else you're going to see very
25 serious enforcement action by the State Lands Commission.

1 And thank you for doing that. And a good result here.

2 Thank you.

3 EXECUTIVE OFFICER THAYER: Well, and I should say
4 on behalf of staff, that the Commission taking the firm
5 position on this gives us a much greater ability on an
6 administrative level to get the correct result. And so I
7 think the program's been well served all around by this.

8 The last two items for enforcement involve two of
9 these vessels that are moored long term in places in the
10 Delta and are in poor shape. The first is the Spirit of
11 Sacramento. This is in the Sacramento River just
12 downstream from the City of Sacramento.

13 The AG's office has drafted a complaint due to
14 some problems with identifying the responsible party.
15 That's having to be redrafted but should be refiled on the
16 first part of this month.

17 With respect to the ferryboat San Diego, one of
18 two vessels that were located closer to the bay, the first
19 one had been moved to non-trust waters. The second one we
20 have served the complaint. The attorney representing the
21 defendant has requested additional time to prepare a
22 response. And we're continuing to move forward with the
23 enforcement on that.

24 The Commission will recall at our last meeting we
25 had an item about Carone Petroleum. This is the oil

1 company that wants to slant drill into an existing State
2 lease that had previously been developed from a federal
3 platform. Carone had purchased this lease years ago, and
4 has from staff's perspective not moved at a pace which is
5 equal to that required by the lease in terms of exercising
6 due diligence. The Commission had required that they take
7 certain steps by the meeting in June. They had taken
8 those four steps. We continue to monitor that situation.
9 The Commission asked us to come back with the results.

10 The good thing is that the seismic investigation
11 to the structural stability of the platform has been
12 reviewed by MMS and found successful. The bad thing is
13 that we had sent them a letter in mid-June, them being
14 Carone, asking for additional information to make their
15 application to us for this project complete. And we still
16 haven't heard back. And it's my view that we're going to
17 send another letter tomorrow saying that we want that
18 information by September 1st. If we don't receive it, we
19 will schedule that at the PG&E hearing once again for the
20 Commission finding them in default if they haven't
21 proceeded.

22 This is a little bit like herding jello in terms
23 of they have a number of different approvals they have to
24 get, we can't -- it's difficult for us to know the
25 progress on each of those. But that progress is

1 fundamental to exercising the due diligence. And we will
2 continue to report back to you on that and, if necessary,
3 bring this back for enforcement actions.

4 CHAIRPERSON GARAMENDI: Tom has a question.

5 ACTING COMMISSIONER SHEEHY: Did you say herding
6 jello?

7 EXECUTIVE OFFICER THAYER: Yes.

8 ACTING COMMISSIONER SHEEHY: Don't let them
9 wiggle off the hook.

10 EXECUTIVE OFFICER THAYER: We promise.

11 I also wanted to mention that -- sort of to give
12 credit where credit is due. On the consent calendar, Item
13 7 today is a renewal of the Rec Pier lease in Tahoe. And
14 we had as one of our site inspections identified a fence
15 that was not on our deeded property but was in the Public
16 Trust easement area, which we don't think was put there
17 with proper authority; and indicated we wanted that
18 addressed within two weeks. They've gone out there and
19 removed it. We would probably have -- because it's in the
20 trust area, the State, in order to remove it, would
21 probably had to have paid money to have it done. It's not
22 something that they need our permission to do. But it was
23 interfering with public access, and they were extremely
24 cooperative. So we appreciated that from them.

25 CHAIRPERSON GARAMENDI: Do you have names

1 associated with the cooperative party, so we can thank
2 them for their cooperation?

3 EXECUTIVE OFFICER THAYER: Good point.

4 And that would be Item 7, which is Nathan Topol.

5 CHAIRPERSON GARAMENDI: Well done. We appreciate
6 that. Thank you.

7 EXECUTIVE OFFICER THAYER: And I think that
8 concludes the Executive Officer's Report.

9 CHAIRPERSON GARAMENDI: Well, thank you.

10 Questions?

11 Very good.

12 Then the next issue is the consent calendar.
13 This is the moment for anyone in the audience to bring up
14 any issues that they have about the consent calendar.

15 Paul, would you like to --

16 EXECUTIVE OFFICER THAYER: There is one item to
17 be removed, which is Item 16 - and that will be heard at a
18 future meeting - the California Delta Habitat and
19 Education Foundation.

20 ACTING COMMISSIONER SHEEHY: Mr. Chairman?

21 CHAIRPERSON GARAMENDI: Tom.

22 ACTING COMMISSIONER SHEEHY: Thank you.

23 What about the -- wasn't the railyard on the
24 consent calendar too? Or was that not?

25 CHIEF COUNSEL FOSSUM: It still is on the consent

1 calendar. I received confirmation from Parks that they
2 had reached a resolution with the Thomas folks prior to
3 the meeting beginning.

4 ACTING COMMISSIONER SHEEHY: Okay. And if for
5 any reason that deal were to fall apart, we would still be
6 able to come back and address it?

7 CHIEF COUNSEL FOSSUM: Absolutely. It's all
8 contingent on close of escrow, a number of contingencies
9 taking place.

10 ACTING COMMISSIONER SHEEHY: Thank you.

11 CHAIRPERSON GARAMENDI: Tom, thank you for
12 bringing that up. It had slipped my mind.

13 On the consent calendar then, any public comment
14 on the consent items?

15 There being none, we're ready for a motion.

16 COMMISSIONER CHIANG: So moved.

17 ACTING COMMISSIONER SHEEHY: Second.

18 CHAIRPERSON GARAMENDI: Unanimous vote, yes.

19 Okay. The consent calendar's unanimously
20 adopted.

21 Now on to the regular agenda items.

22 Item 49 is the adoption of the PG&E, which we've
23 put off. So that one is not going to be heard here today.

24 Paul, I think you've already spoken to that.

25 We'll have a special hearing on Item 49 in Sacramento in

1 early September.

2 EXECUTIVE OFFICER THAYER: Correct.

3 CHAIRPERSON GARAMENDI: Okay. Item 50.

4 EXECUTIVE OFFICER THAYER: Item 50 is an
5 application for a renewal of a lease up in Tahoe by the
6 Cedar Flat Improvement Association. The lease involves a
7 pier and 21 buoys.

8 And I believe Mary Hayes will give the
9 presentation for staff.

10 CHAIRPERSON GARAMENDI: And, Paul, excuse me for
11 a second.

12 I didn't realize. We have six or seven people
13 that would like to testify on this matter.

14 What I'd like to do is to hold this matter for a
15 few minutes and move with some of the other items ahead of
16 it.

17 EXECUTIVE OFFICER THAYER: Certainly.

18 CHAIRPERSON GARAMENDI: And then we'll come back
19 and take this one up a little later. I didn't realize we
20 had so many witnesses that wanted to speak to it.

21 My apologies to those that are about to get up
22 and testify on it.

23 But let's move on to Item 51. And we'll come
24 back a little later to Item 50.

25 EXECUTIVE OFFICER THAYER: Certainly. Item 51 is

1 on the agenda at the request of the Lieutenant Governor.

2 This is an informational hearing, no action by
3 the commission, on offshore oil development. Particularly
4 the Lieutenant Governor asked that we gather information
5 with respect to the differences to compare and contrast
6 the environmental effects, the economic effects of
7 developing offshore oil leases either from platforms or by
8 slant drilling from onshore.

9 Staff has developed a comprehensive presentation
10 and has -- and several witnesses have consented to be part
11 of that presentation, both from the environmental
12 community, from industry, and from local government.

13 And I believe Greg Scott will start the
14 presentation for staff.

15 CHAIRPERSON GARAMENDI: Paul, I want to
16 compliment you and your staff before we get started on a
17 very, very comprehensive hearing that we'll now undertake.

18 It appeared to me that the issue of issuing new
19 leases in the California Coastal Zone off shore is going
20 to be before this Commission numerous times in the future,
21 and that it would be appropriate for us to have a full
22 understanding of accessing these oil deposits from the
23 land and from the ocean and what the issues are either
24 from the land or from the ocean.

25 And So let's go ahead and have the presentation.

1 The purpose of all this is to provide a solid
2 foundation for future decisions

3 (Thereupon an overhead presentation was
4 Presented as follows.)

5 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

6 SCOTT: Can you hear me okay?

7 Is that on now?

8 Okay. Great.

9 Good morning, Mr. Chair and Commissioners. My
10 name is Greg Scott. I'm the Division Chief of the
11 Commission's Mineral Resources Management Division.

12 Today I as well as other speakers will be
13 presenting information that addresses offshore oil and gas
14 development in California waters from the standpoint of
15 the comparative advantages and disadvantages of developing
16 these resources from either an onshore facility or from an
17 offshore facility.

18 --o0o--

19 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

20 SCOTT: The topics that will be presented today are listed
21 in this outline. In addition to your presentations by
22 State Lands Commission staff, other speakers who will be
23 participating from outside the agency include Doug Anthony
24 with Santa Barbara County, Linda Krop from the
25 Environmental Defense Center, Steve Uhring with the Malibu

1 Coastal Land Conservancy, Richard Charter with Defenders
2 of Wildlife, and Bob Poole with the Western States
3 Petroleum Association who represents private industry.

4 --o0o--

5 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

6 SCOTT: I will begin with an overview of the geographical
7 extent of the oil and gas fields in offshore California,
8 briefly discussing their development history, where these
9 fields are located, some of the offshore and onshore
10 facilities that these fields are developed from, and some
11 of the onshore infrastructure that serve these fields.

12 --o0o--

13 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

14 SCOTT: This map of the Santa Barbara coast and the
15 following map of southern California identify the full
16 extent of California offshore oil fields. From a
17 historical perspective, many of California's near-shore
18 oil fields have undergone development for over 100 years,
19 since the late 1800s when fields were developed either
20 from a variety of wooden piers that that dotted the Santa
21 Barbara and Ventura coastlines or from wooden derricks
22 that were alongside the Huntington Beach and Long Beach
23 coastline farther south.

24 The ability to reach farther or more distant
25 fields, however, during the early years was not possible,

1 because of the limits of drilling technology and also
2 because access to coastal sites became much more
3 restrictive.

4 Because of those limited technologies, the more
5 distant fields began to be explored by offshore means.
6 And development of those fields was accomplished using
7 platform structures placed directly over the center of the
8 field. And the greatest extent of offshore fields had
9 been developed in this manner.

10 Over the years, however, advances in extended
11 reach drilling technology has developed to the extent that
12 now many of these resources are capable of being reached
13 from either offshore or onshore sites.

14 But with each approach there are advantages and
15 disadvantages, and those will be the focus of today's
16 discussion.

17 The fields on this map show where the State and
18 federal fields are located. The majorities are
19 concentrated in the areas offshore Santa Barbara and
20 Ventura counties, in this area right in here. And most of
21 these fields are in federal waters, many of them 15 miles
22 from shore.

23 The fields in State waters on the other hand,
24 those that are between the coast and the three-mile
25 State's jurisdiction, had been developed either from

1 onshore or offshore sites.

2 --o0o--

3 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

4 SCOTT: And this is the map of southern California, which
5 shows the primary concentration of fields in the Long
6 Beach and in the Huntington Beach areas.

7 I should point out here that although development
8 has been entirely in the areas shown on these two maps,
9 there are regions along the northern California coast and
10 the central California coast that do have identified
11 geologic structures, which may also contain oil and gas
12 deposits. Although information regarding the size of
13 those fields and the possible volumes of any accumulations
14 is limited at this time.

15 --o0o--

16 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

17 SCOTT: These are the offshore structures located in State
18 and federal waters. There are a total of 27 platforms and
19 5 man-made islands. Nine of the structures are in State
20 waters and 23 are in federal waters.

21 --o0o--

22 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

23 SCOTT: And this next map shows where they're located.

24 The most northern platform is Platform Irene
25 located off the coast near Vandenberg Air Force Base.

1 That develops the Point Pedernales field.

2 The balance of the structures are located farther
3 down the coast through Santa Barbara and Ventura
4 coastlines.

5 And finally reach southern California, where the
6 most southern platforms are located in the offshore in
7 Huntington Beach field area.

8 Oil and gas production from all of these offshore
9 structures is transported by a subsea pipeline to onshore
10 facilities for processing, and then through a network of
11 onshore oil and gas transmission lines or marine terminals
12 that ultimately terminate at the various refineries
13 throughout the State.

14 --o0o--

15 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

16 SCOTT: This is my last slide. This shows the fields that
17 have been developed -- currently developed or previously
18 developed from onshore sites. These onshore sites include
19 Long Beach, where a large part of the Wilmington field is
20 developed from the Long Beach Harbor Port area. Farther
21 south is the Huntington Beach field, which has been
22 developed many years ago from onshore sites along the
23 Huntington Beach coast.

24 Up in Ventura County, the Montalvo field is
25 presently developed near the City of Oxnard from an

1 onshore site. And the operator there has recently
2 completed some wells that have increased the production of
3 that field significantly.

4 The field in Rincon area has been developed from
5 onshore sites as well as an offshore man-made island.

6 And then up here in the Molino area, it's a field
7 that had been developed for gas production that was
8 unsuccessful. And the field has now been abandoned.

9 But those were the onshore sites that development
10 had occurred from.

11 In addition to those there are a number of other
12 State fields that could be developed from onshore sites.
13 The most obvious one is the field up here off the
14 Vandenberg Air Force base. That's Tranquillon Ridge
15 field. That had been proposed as a site for development.
16 But that has not completed its processing requirements at
17 this time.

18 In addition, down in Carpinteria, the Paredon
19 field project has been proposed for offshore development
20 from an onshore site that the City of Carpinteria is
21 presently considering.

22 And there are other fields that could be reached
23 from onshore, one being the Cojo field off of Government
24 Point, located here. Another one, which is the Manatee
25 field -- I'm sorry, that's the -- yes, the Manatee field

1 located here near Gaviota.

2 And then down the coast in the Santa Monica area,
3 an offshore field exists that can possibly be developed
4 from an onshore site. Occidental Petroleum had back in
5 the eighties tried to drill a field onshore from the
6 Pacific Palisades Bluffs. And that was denied by the
7 voters back in 1988.

8 (Applause.)

9 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

10 SCOTT: But, nonetheless, there still exists an offshore
11 field in that area.

12 That concludes my overview of the extent of the
13 development of offshore California fields. And a more
14 detailed discussion addressing the advantages and
15 disadvantages of these development methods will be
16 provided later in the presentation.

17 I would now like to introduce Mr. Mark Meier,
18 Assistant Chief Counsel with the Commission, who will
19 address the legal statutes and the framework that
20 authorizes leasing and development of offshore oil and gas
21 resources in State waters.

22 Thank you.

23 --o0o--

24 ASSISTANT CHIEF COUNSEL MEIER: Good morning, Mr.
25 Chairman and Commissioners.

1 Prior to 1969 California's legal framework
2 provided that the State-owned oil and gas reserves be
3 fully and efficiently developed so as not to leave any
4 resources behind. Over the last few decades, however,
5 those laws have been tempered by the addition of
6 environmental and land-use laws involving significant
7 constraints.

8 Between 1938 and 1974 a number of code provisions
9 were adopted and remain in effect to promote development
10 to the State's resources.

11 Through sections 6828, 6829, 6830 of the Public
12 Resources Code, the Legislature made it clear that the
13 Commission was to carry out its leasing practices and
14 policies so as to maximize recovery of the State-owned oil
15 and gas.

16 Drilling and operations were to be conducted to
17 ensure that as little oil and gas as possible was left
18 behind when production from a field was complete.

19 In the last four decades a series of constraints
20 have been established limiting development of offshore oil
21 and gas resources.

22 The California Environmental Quality Act, CEQA,
23 requires that the significant impacts from any project
24 must be limited to the extent feasible.

25 The California Coastal Act creates a land-use

1 planning and permit structure to which any new project
2 must adhere.

3 And, finally, the California Coastal Sanctuaries
4 Act was created under PRC Section 6240 et seq. The act
5 currently includes the following provisions of the Public
6 Resources Code.

7 --o0o--

8 ASSISTANT CHIEF COUNSEL MEIER: Section 6241
9 provides the legislative finding that production of
10 offshore oil and gas in certain areas of the State waters
11 possesses an unacceptably high risk of damage and
12 disruption to the State's marine environment.

13 Section 6242 establishes the California Coastal
14 Sanctuary, covering all State waters subject to tidal
15 influence, except waters east of the Carquinez Bridge and
16 except for those lands covered by an oil and gas lease in
17 effect as of January 1, 1995. However, if a lease reverts
18 to the State after 1995, those lands become part of the
19 sanctuary.

20 Section 6243 is essentially the key provision, in
21 that it prohibits new oil and gas leases within the
22 sanctuary unless the Legislature amends the Sanctuary Act
23 following certain actions and findings by the President
24 and the Governor.

25 6244 allows the Commission to issue a new oil and

1 gas lease within the sanctuary if it finds that the oil
2 and gas deposits are being drained by wells upon adjacent
3 federal lands and that the lease is in the best interests
4 of the State.

5 And, finally, 6872.5 allows adjustments to
6 boundaries of existing leases to encompass all of a field
7 in order to prevent more efficient resource recovery
8 provided no new platforms are required.

9 Thank you.

10 --o0o--

11 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

12 SCOTT: Thank you, Mark.

13 Speaking next is Steve Curran. Steve is a
14 petroleum drilling engineer with the Commission's Mineral
15 Resources Division. And Steve will give a brief
16 discussion on the current capability of extended reach
17 drilling.

18 PETROLEUM DRILLING ENGINEER CURRAN: Good
19 morning, Mr. Chairman and Commissioners.

20 Are we ready?

21 --o0o--

22 PETROLEUM DRILLING ENGINEER CURRAN: The
23 technology of slant drilling from onshore to reach
24 offshore reservoirs was started more than 70 years ago and
25 practiced in the State-owned Huntington Beach field.

1 The next revolutionary progress was made in 1975
2 when directional wells were drilled from the Long Beach
3 unit from four man-made islands. Since that time, to
4 minimize construction of expensive offshore platforms, all
5 offshore development in California has been via
6 directional and extended reach wells. The technology has
7 advanced so that many offshore resources can now be
8 developed with extended reach wells ranging up to six or
9 more miles.

10 --o0o--

11 PETROLEUM DRILLING ENGINEER CURRAN: Here's an
12 animation of what the drilling looks like.

13 Although this is from a land-based location, the
14 technology and application is the same whether from land
15 or from a platform.

16 And you'll notice we're drilling through solid
17 rock. But there is a cutaway, so you can see the drill
18 string.

19 (Thereupon animation occurred.)

20 PETROLEUM DRILLING ENGINEER CURRAN: Next slide.

21 --o0o--

22 PETROLEUM DRILLING ENGINEER CURRAN: Because of
23 the significant technical advances that have been made in
24 the area of extended reach drilling, coupled with the
25 prospect of large volume oil in southern California oil

1 fields, today's oil prices allow operators now to drill
2 these higher cost extended reach wells in more distant
3 fields and economically develop the resources.

4 This slide is a graphical representation of the
5 well path for an ExxonMobil well in the Santa Barbara
6 Channel drilled from federal Platform Heritage, with
7 deviation or extended reach of more than 29,000 feet or
8 five and a half miles. And ExxonMobil has plans for other
9 wells to follow.

10 --o0o--

11 PETROLEUM DRILLING ENGINEER CURRAN: ExxonMobil's
12 Sakhalin No. 1 well from Russia's east coast shows how an
13 offshore field at a great distance from shore can be
14 developed without setting a platform. ExxonMobil's
15 Sakhalin No. 1 on the Russia east coast was drilled from
16 shore at a distance of nearly seven miles.

17 CHAIRPERSON GARAMENDI: I'm going to let you guys
18 just continue on. You're doing fine giving us the
19 information. And if there's questions from the panel
20 here, we'll ask them. But just carry on.

21 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
22 SCOTT: The next speaker is Pete Johnson. Pete's the
23 Operations Manager with the Mineral Resources Division.

24 And Pete will discuss the comparative operational
25 considerations and limitations that are associated with

1 offshore platforms as well as onshore development sites.

2 Pete.

3 OPERATIONS MANAGER JOHNSON: Good morning, Mr.
4 Chairman and members of the Commission. I've been asked
5 to give a brief overview and comparison of the operational
6 and safety considerations in drilling the State's offshore
7 resources, both from onshore and from offshore.

8 The location of drilling -- of a drilling and
9 production project, offshore or onshore, has significant
10 impacts on project requirements, site requirements,
11 project risks, and project economics.

12 If the wells to be drilled and produced are
13 extended reach wells, then additional operational impacts
14 are incurred.

15 Overriding all these impacts is the necessity to
16 operate and drill the wells safely and without pollution.
17 This section surveys these operational considerations.

18 --o0o--

19 OPERATIONS MANAGER JOHNSON: Platform operations
20 are characterized by limited space, increased cost, and
21 increased operational risk. Compared to onshore
22 operations, there's limited space for the drilling rig and
23 equipment and for production and processing facilities.

24 Drilling and operating costs are increased
25 substantially, mainly due to increased costs for marine

1 CHAIRPERSON GARAMENDI: Not too close.

2 OPERATIONS MANAGER JOHNSON: I'll buy that, Mr.
3 Chairman. I'm sorry. I hope I didn't bust anybody's
4 ears.

5 CHAIRPERSON GARAMENDI: No, you're Doing fine.

6 OPERATIONS MANAGER JOHNSON: Urban sites require
7 additional measures to provide visual cover and sound
8 attenuation. There also may be restrictions in operating
9 hours.

10 If the natural gas produced by a project contains
11 hydrogen sulfide, an urban onshore operation may also
12 result in increased public risk compared to an offshore
13 operation.

14 --o0o--

15 OPERATIONS MANAGER JOHNSON: Extended reach wells
16 impose additional requirements and constraints to both
17 onshore and offshore platform-based drilling and
18 production operations.

19 Platform capacity is an essential consideration
20 of any platform-based project that employs extended reach
21 drilling to reach the target reservoir.

22 The drilling equipment will be larger and heavier
23 than that used for conventional wells. For older
24 platforms, the loads imposed may be more than what the
25 platform was designed to support. And the space to locate

1 the drilling equipment may not be available.

2 A construction project may need to precede the
3 drilling project in order to provide the structural
4 capacity and the space.

5 Extended reach wells are also more expensive to
6 drill, equip, produce, and maintain than conventional
7 wells. This may shorten their economic life, hence
8 decreasing ultimate recovery from the reservoir.

9 --o0o--

10 OPERATIONS MANAGER JOHNSON: Project location
11 offshore or onshore also has impacts on public and worker
12 safety. Environmental risks will be covered in the next
13 section of this presentation.

14 On the public safety side, onshore drilling and
15 production facility risk are chiefly from fire and
16 explosion and release of toxic gases. Response to such
17 emergencies is both quicker and more extensive than for an
18 offshore facility.

19 At an offshore facility there's little public
20 risk, simply because members of the public are rarely in
21 the vicinity of a platform. Work safety, on the other
22 hand, is a larger issue offshore than onshore.

23 Onshore, the same risks of fire, explosion, and
24 toxic gases are present for the workers. The crew has the
25 advantage, however, of response training and protective

1 equipment.

2 Additional worker safety issues arise offshore.
3 Transportation by and transfer to and from boats and
4 helicopters is riskier. Emergency response is delayed and
5 limited compared to onshore. The number of personnel
6 available to respond to an emergency is limited. And
7 there's limited space to retreat from an emergency.

8 Lastly, storms and earthquakes present a larger
9 risk to workers at offshore versus onshore facilities.

10 Protection of the public, the workers, and the
11 environment is an integral part of any development
12 project, offshore, onshore, or extended reach and is a
13 central part of the State Lands Commission.

14 Mineral Resources Division conducts programs and
15 safety inspections, safety audits, drilling evaluation,
16 structural analysis, and offshore pipeline inspection to
17 fulfill this mission.

18 --o0o--

19 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

20 SCOTT: Thank you, Pete.

21 Next up is Eric Gillies. Eric is a staff
22 environmental scientist with the Commission's
23 Environmental Planning and Management Division. And Eric
24 will address the environmental factors as they pertain to
25 offshore and onshore development methods.

1 STAFF ENVIRONMENTAL SCIENTIST GILLIES: Good
2 morning, Mr. Chairman and members of the Commission. I'll
3 be presenting the potential differences in environmental
4 impacts between offshore versus onshore oil development.

5 When analyzing environmental impacts from
6 offshore oil development in California, whether drilling
7 from onshore or from offshore platforms, it is typically
8 on a case-by-case basis and depends on the location along
9 the California coast where the oil development occurs.

10 As a practical standpoint, it is assumed that
11 with any new oil offshore development in California,
12 transportation of the new oil would be via pipeline rather
13 than barging. For example, the Ellwood Marine Terminal in
14 Santa Barbara County is the last offshore barge in
15 operation that still exists off California's coast. All
16 other offshore oil production transports its oil and gas
17 by pipeline.

18 In general, a majority of the impact categories
19 are specific to the location of the oil development, that
20 is, whether or not it's on or offshore.

21 For example, offshore oil development is more
22 likely to impact marine resources, including coastal
23 biological resources and marine mammals, as well as
24 commercial and recreational fishing.

25 An oil spill in the offshore environment

1 generally results in far greater impacts than those that
2 would occur in the onshore environment.

3 In contrast, onshore development would impact
4 onshore resources such as biological and cultural
5 resources, land use, and noise, to mention a few.

6 The next few slides will enumerate the impacts
7 typically associated with offshore and onshore oil
8 development. However, in order to reduce redundancy
9 within the presentation, once I've established the impact
10 categories I'll merely be pointing out the similarities
11 and differences for the remainder of the presentation.

12 --o0o--

13 STAFF ENVIRONMENTAL SCIENTIST GILLIES: Currently
14 much of the offshore drilling in California occurs off
15 Santa Barbara and Ventura counties, where significant
16 infrastructure exists both offshore and onshore.

17 General impacts from offshore platforms and
18 pipelines typically include marine resources and habitats,
19 marine mammals, coastal biological resources, commercial
20 and recreational fishing, offshore water quality,
21 recreation, visual, oil spill risk, air quality,
22 greenhouse gas emissions.

23 --o0o--

24 STAFF ENVIRONMENTAL SCIENTIST GILLIES: Over the
25 last decade several offshore projects have been proposed

1 within state waters by oil and gas companies in Santa
2 Barbara and Ventura counties. Some of these projects can
3 be used as project case studies in comparing the impacts
4 of offshore versus onshore -- or onshore versus offshore,
5 since most of these projects have published environmental
6 impact reports that provide such comparisons and
7 alternatives analyses.

8 These projects include Venoco Paredon, which
9 would be from an existing onshore facility; Venoco full
10 field development, which would be from the existing
11 Platform Holly; PXP Tranquillon Ridge, which would be from
12 existing Platform Irene; and Venoco Montalvo wells, which
13 would be from an existing onshore facility.

14 You have been provided a handout that identifies
15 greater and lesser impacts to environmental resources when
16 the projects are compared between offshore or onshore
17 alternatives.

18 It should be noted that for PXP and Paredon
19 projects, both projects considered constructing new State
20 water platforms and each was dropped from further
21 consideration due to the significant impacts to offshore
22 resources compared to using existing offshore platforms or
23 onshore facilities.

24 In the case of the Paredon project, there is an
25 existing onshore facility that could reach the offshore

1 oil reserves and is the project proposed by Venoco. An
2 alternative would be to drill from an existing federal
3 platform (Platform Hogan). In this case the impacts would
4 shift from onshore resources to offshore resources and
5 would probably be greater than drilling from an existing
6 onshore facility.

7 In the case of the Venoco full field development
8 project where the proposed project would expand drilling
9 from an existing State water platform, there is no
10 comparison because due to the land-use restrictions
11 onshore, there are no feasible onshore sites to drill
12 from. And, as such, onshore alternative was not
13 considered.

14 EXECUTIVE OFFICER THAYER: If I could interrupt.

15 Eric is working from this handout, which I think
16 was separately given to the Commissioners, which again go
17 through to just indicate -- summarizes the EIRs that were
18 prepared for these projects and show with pluses or
19 minuses where the impacts are greater or less.

20 Go ahead, Eric.

21 STAFF ENVIRONMENTAL SCIENTIST GILLIES: Right.

22 The pluses are greater impacts, the minuses are lesser
23 impacts to the resource.

24 This slide summarizes the impacts between off and
25 onshore impacts. As you can see, marine-oriented impacts

1 are more highly associated with offshore development, and
2 more land-based impacts are associated with onshore
3 development.

4 It should be noted that several risks or impacts,
5 risk and public safety, as well as visual and aesthetic
6 impacts, are more likely to vary dependent on the
7 characteristics of the specific project.

8 Air quality impacts and greenhouse gas emissions
9 can also be substantial regardless of the project's
10 location with respect to the shore.

11 --o0o--

12 STAFF ENVIRONMENTAL SCIENTIST GILLIES: In the
13 case of the Tranquillon Ridge project where PXP proposed
14 drilling from a federal platform into State waters, and
15 where there is no existing onshore infrastructure for
16 drilling, construction of new onshore infrastructure,
17 including a drilling site and associated pipelines, would
18 have new impacts to onshore coastal resources.

19 The impact categories that are highlighted on
20 this slide signify those that are more likely to be
21 specific to onshore oil development and include
22 terrestrial biology, such as threatened and endangered
23 species; habitat disturbance; land use; cultural sources;
24 noise; transportation; and risk to public safety.

25 --o0o--

1 STAFF ENVIRONMENTAL SCIENTIST GILLIES: In the
2 case of the Montalvo wells in Ventura County where Venoco
3 proposes to drill from an onshore facility, there is no
4 existing infrastructure for drilling offshore, and
5 existing platforms cannot reach the lease area.

6 Therefore, construction of new offshore
7 infrastructure, including a platform and associated
8 pipelines, would introduce new impacts to offshore marine
9 resources. Those impacts would be similar to those
10 already mentioned for development in the offshore
11 environment.

12 However, since this would introduce new offshore
13 infrastructure, there would be additional impacts of
14 lighting, seafloor disturbance, and underwater noise, with
15 the latter two resulting from construction activities.

16 --o0o--

17 STAFF ENVIRONMENTAL SCIENTIST GILLIES: If
18 existing laws and restrictions were lifted to develop
19 offshore oil from other locations other than in areas of
20 approved or proposed offshore leases, factors would differ
21 depending on the location. There are regional factors
22 such as drilling in remote areas, such as the Mendocino or
23 San Mateo coast versus where significant infrastructure
24 exists, such as the Santa Barbara Channel, as previously
25 discussed.

1 In the north and central coast where the extent
2 of oil reserves is not well known, completely new offshore
3 development with no nearby oil and gas infrastructure
4 would have new significant environmental impacts.

5 The impact categories would be the same as
6 previously mentioned for any offshore oil development
7 project. However, the significance could be greater due
8 to the fact that these types of facilities do not already
9 exist in that region.

10 --o0o--

11 STAFF ENVIRONMENTAL SCIENTIST GILLIES: In
12 addition to offshore impacts from a new platform, there
13 would be associated onshore impacts from construction of
14 platform support facilities and processing infrastructure
15 with new pipelines to the nearest oil and gas pipeline
16 distribution system.

17 Again, these impacts would be similar to those
18 already mentioned with respect to onshore oil development.

19 I would like to note that with respect to visual
20 impacts, it is easier to mitigate those onshore versus
21 offshore. The risk of an oil spill into local waterways
22 would be less than offshore. And the risk to public
23 safety, for example, gas processing, would be less in
24 rural areas but more near populated communities.

25 For solely an onshore drilling site, if it could

1 reach offshore oil reserves in these regions, impacts
2 would be the same as described for the onshore processing
3 infrastructure and pipeline. And there would be no direct
4 impact to mineral ocean resources -- or marine ocean
5 resources, because there would be no offshore platform
6 that would be built. Impacts to onshore resources would
7 be the same as previously discussed.

8 --o0o--

9 STAFF ENVIRONMENTAL SCIENTIST GILLIES: In
10 addition to looking at the direct impacts from the
11 construction of new infrastructure, offshore versus
12 onshore, there are the long-term operational effects,
13 which is the risk of oil spill or leak. In comparing the
14 San Barbara Channel examples as discussed where drilling
15 would be from an existing offshore platform, there is
16 always a greater inherent risk of a more severe oil spill
17 offshore due to the blowout on the platform or a pipeline
18 rupture or leak from the platform to shore pipeline that
19 would impact marine resources compared to onshore
20 infrastructure where spills can be more easily contained.

21 Relatively recent examples of two spills for
22 comparison is the Torch spill and the PRC 421 spill, which
23 provide good examples of spill occurrences offshore versus
24 onshore and the severity between the two.

25 The following slide provides a comparison of

1 impacts from the two spills.

2 --o0o--

3 STAFF ENVIRONMENTAL SCIENTIST GILLIES: In these
4 two examples that occurred in the 1990s, both spills had
5 similar amounts of oil spilled and were from pipeline
6 leaks. As you could see, the severity of the spill
7 offshore for nearly the same amount of oil that was -- for
8 nearly the same amount of oil was far greater than the
9 onshore spill that was easily contained, as you can see,
10 with its 17 miles of coastline offshore versus less than
11 an acre of impact to a golf course green.

12 There were also more impacted resources including
13 marine biology such as sea birds, shoreline habitats,
14 marine water quality, and recreation.

15 --o0o--

16 STAFF ENVIRONMENTAL SCIENTIST GILLIES: As an
17 example of spill severity that has been presented off
18 Santa Barbara coast and the historic blowout in 1969 from
19 the offshore platform in Santa Barbara Channel that one
20 cannot forget, offshore oil development has more
21 environmental disadvantages than drilling from onshore
22 with regards to oil spills.

23 Spills from an onshore facility and associated
24 onshore pipelines can be more easily contained compared to
25 the fluid environment of the ocean currents offshore where

1 containment is much more difficult. Although technology
2 is advanced offshore to lessen the chance of an offshore
3 spill, there is still inherent spill risk from the
4 platform or associated pipelines that cannot be mitigated
5 and would be damaging effects to the marine and coastal
6 environment.

7 Also, as we have been discussing, the nature of
8 the impacts is related to whether the oil development is
9 located on or offshore.

10 Potential impacts that tend to be specific to
11 offshore oil development include risk of oil spill, as
12 well as impacts to marine resources, including marine
13 mammals, sea birds, coastal biological resources,
14 commercial recreational fishing, recreation and water
15 quality.

16 Impacts that tend to be more closely associated
17 with onshore oil development include impacts to onshore
18 biological resources and water quality, land use, cultural
19 resources, land-based recreation and noise.

20 Impacts that can vary in accordance with the
21 specific project include risk and public safety, as well
22 as visual aesthetic impacts.

23 And, lastly, regardless of location, water
24 quality impacts -- or air quality impacts and greenhouse
25 gas emissions would be substantial on either offshore or

1 onshore.

2 --o0o--

3 STAFF ENVIRONMENTAL SCIENTIST GILLIES: That
4 concludes my presentation.

5 CHAIRPERSON GARAMENDI: Thank you.

6 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
7 SCOTT: I'd like now to introduce Mr. Doug Anthony. Mr.
8 Anthony is a Deputy Director of Santa Barbara County's
9 Energy Division. And he will discuss the constraints to
10 onshore access for offshore oil and gas development.

11 --o0o--

12 MR. ANTHONY: Chairman Garamendi and members of
13 the Commission. Thank you for the opportunity.

14 I've been with the Energy Division since early
15 1986, so I've gone through a lot of the history of looking
16 on the onshore and the offshore. When I arrived we were
17 facing a situation with 35 leases off our south coast
18 State tidelands. And though I don't have the exact count
19 of OCS leases off our coast, off the tri-county region of
20 San Luis Obispo through Ventura there were 200 leases.
21 And that's kind of pertinent to my presentation. I want
22 to give that as a preface to it.

23 The leases were so thick, they were on the south
24 side of the Channel Islands. And that will probably
25 explain why we have some of the onshore constraints that

1 we go through.

2 I do want to emphasize support for staff's theme.
3 It's a case-by-case determination. To us - and we'll get
4 into that point - it makes no sense putting an onshore
5 well in a populated area when you're dealing with lethal
6 gas if it happens to be contaminated with hydrogen
7 sulfide.

8 But let's start and look at our constraints. And
9 what I'm going to do is I'm going to do so geographically.

10 --o0o--

11 MR. ANTHONY: On our south coast that goes from
12 the Ventura County line on the east all the way over to
13 Vandenberg Air Force Base, and even beyond that, to Point
14 Arguello, is an area that is covered by a 1996 measure or
15 initiative by the voters that we called Measure A96. And
16 what it does, with the exception of the incorporated
17 cities of Carpinteria and Santa Barbara, is it limits
18 production sites that would drill into offshore reserves
19 to two sites -- two consolidated sites. They were first
20 designated as consolidated processing sites so we would
21 not have an over-industrialization of our otherwise
22 pristine rural coastline. And that's from the number of
23 leases that I just mentioned to you earlier.

24 And so in 1996, when there was a proposal by
25 Mobil, which was Venoco's predecessor here in the Ellwood

1 area, to deal -- to develop offshore resources from an
2 onshore location, the initiative went forward. What it
3 does is it restricts it to those two sites. If somebody
4 wants to go outside of those sites to put in a drill site,
5 it would require a approval of the majority of the voters
6 in the county.

7 I would like to note too -- and part of the theme
8 you might want to think about, and it's pertinent here in
9 our county, is onshore versus offshore. Also think about
10 the possibility of us having both.

11 In the Carpinteria area that was mentioned down
12 where you have the onshore Paredon project where Venoco
13 has proposed to put in a new drill rig to reach offshore,
14 near-shore reserves; and yet those same State tideland
15 leases have slivers on the ocean side, which Carone is now
16 proposing to develop from a Platform Hogan. There you
17 have a situation where potentially we end up with having
18 both the onshore and the offshore sites.

19 We have that potentially when we look at Holly
20 and offshore Ellwood where you have a platform that's
21 continuously producing and would like to extend its lease
22 boundary. If it extends its lease boundary and we go
23 forward with an overview to see if that should be tapped
24 from an onshore site, we need to make sure that we're not
25 introducing then two sites, an existing offshore site and

1 a new onshore site.

2 And at least from the county's viewpoint, we
3 faced that same situation when we considered the
4 Tranquillon Ridge project and approved the offshore site.

5 For that area and Vandenberg Air Force Base,
6 officially as of 8/8/08 - and our recent inquiries tell us
7 that nothing has changed since then - Vandenberg Air Force
8 Base was unwilling to commence the NEPA process at least
9 for Sunset's proposal, which was the competing onshore
10 proposal to reach the Tranquillon Ridge field.

11 ACTING COMMISSIONER SHEEHY: Question, Mr.
12 Chairman.

13 Mr. Anthony, your slide there says as of August
14 8th, 2008, that Vandenberg Air Force Base was unwilling to
15 move forward with this project that Sunset has been
16 talking about. Have you talked -- have you spoken with
17 Vandenberg any time since then, any time sooner? How
18 recently is the last time you spoke with Vandenberg?

19 MR. ANTHONY: Oh, probably about four weeks ago.

20 ACTING COMMISSIONER SHEEHY: And who was it --

21 MR. ANTHONY: And my understanding is that
22 position still stands currently.

23 ACTING COMMISSIONER SHEEHY: And who was it at
24 Vandenberg that you were talking with? Was it a ranking
25 officer or was it some low level --

1 MR. ANTHONY: No. And that's a good question,
2 because clearly the decision-making process at Vandenberg
3 is broad. You've got the Commander on the Base. Of
4 course he's probably lower on the totem pole. You've got
5 Wing Command, then you have Space Command in Colorado, and
6 ultimately you end up at the Department of Defense for
7 decisions like this.

8 So I can't tell you that the information I have
9 right now is anything different. All I can tell you is
10 that the staff person did tell me that nothing has changed
11 since, though they have been undertaking a study to look
12 at sites that might be available for any type of
13 consideration from an onshore. That's not available yet.
14 And maybe Mr. Scott has more information.

15 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
16 SCOTT: I just want to respond to that question,
17 Commissioner Sheehy.

18 We have a correspondence from Vandenberg Air
19 Force Base dated July 22nd from a Chief --

20 ACTING COMMISSIONER SHEEHY: Greg, we can't hear
21 you.

22 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
23 SCOTT: I'm sorry.

24 It's their Chief Asset Division person from
25 Vandenberg Air Force Base. And they have informed us that

1 at this point there has been no change in the Air Force's
2 position as to their allowing the lands available for any
3 type of on-site development at this time.

4 ACTING COMMISSIONER SHEEHY: In the hypothetical
5 situation where the airport -- the airport -- the Air
6 Force Base - excuse me - were to change its mind and
7 decide that it was looking more favorably upon oil
8 development on that land - and I guess this would be the
9 offshore drilling - how long in your judgment, Mr. Scott,
10 would it take from the time the Air Force decided that it
11 would allow drilling from onshore, how long would it take
12 to go through the whole process, through CEQA -- I don't
13 know whether NEPA would be invoked or not, but through
14 CEQA, NEPA if necessary, to go through the -- and to get
15 it all the way through the State Lands Commission point
16 where the State Lands Commission would have the ability to
17 review a lease request? How many years would that take?

18 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
19 SCOTT: Doug Anthony has offered to respond to that
20 question.

21 My sense would be that the environmental process
22 would most likely require over a year, up to two years
23 most likely. Beyond that would be the other approvals
24 that would be needed to bring it before the Commission.
25 The Coastal Commission would have to come into play. So

1 we could be looking at perhaps a three-year period,
2 perhaps even up to four years.

3 ACTING COMMISSIONER SHEEHY: Mr. Anthony, did you
4 have something to add?

5 MR. ANTHONY: I would concur. It would involve a
6 NEPA process. The Air Force would be the NEPA lead. And
7 We'd have to figure out the CEQA lead. As a joint
8 process, there would be no CEQA timeline that would be
9 waived.

10 Typically, the joint process is lots longer than
11 just working at a CEQA level, because so many agencies are
12 involved, so many issues come up.

13 ACTING COMMISSIONER SHEEHY: Have you ever worked
14 on one of these joint approval projects before?

15 MR. ANTHONY: Yes, we have, for --

16 ACTING COMMISSIONER SHEEHY: How much longer to
17 you think it would take? I mean Mr. Scott thought it
18 would be at least three years. How long do you think it
19 might take? Three to five?

20 MR. ANTHONY: I think four years might be a good
21 estimate.

22 ACTING COMMISSIONER SHEEHY: Thank you. That's
23 all I had at this point.

24 Mr. Anthony, thank you for --

25 CHAIRPERSON GARAMENDI: Please continue.

1 MR. ANTHONY: This brings us to our last location
2 at least in Santa Barbara County. And it's an area now
3 that you can see there is no lease activity in the
4 vicinity. And at least under the current law, my
5 understanding is, you would have to have leases in the
6 federal area and then actually a platform placed that
7 would be draining State resources before any consideration
8 of leasing under the California Sanctuary Act would occur.
9 So in this case, we do have constraints, we do have the
10 Guadalupe Dunes there, et cetera. Then there would have
11 to be a case-specific examination.

12 --o0o--

13 MR. ANTHONY: So I hit upon the human safety,
14 populated versus remote areas. We have policies in place
15 that would very much prohibit any type of public safety
16 risk in the urban area when we can find a better location
17 that's more remote.

18 Biology from construction and operations. And
19 I'm going to add to it archaeology and cultural resources.
20 Those were at play when we did consider a hypothetical
21 onshore alternative in comparison with the Plains
22 application. There are extensive biological and
23 archeological resources on the base. Could those be
24 avoided? If we didn't do a project-specific level of
25 analysis as an alternative, that would have to be looked

1 at.

2 And, again, in that case you're talking about
3 existing infrastructure versus the construction of a new
4 infrastructure including miles of pipeline.

5 Visual and noise will always be an issue. The
6 drill rigs in the projects that we've seen, the drill rigs
7 can be in place for as much as four years while they drill
8 those directional reaching drill -- bores. And that's
9 going to be as much as a 180 feet tall. Whether that's
10 onshore or offshore, that's not mitigable from a visual
11 standpoint. The noise again is going to depend on what
12 sensitive receptors are nearby.

13 And conflict with other uses. The one we saw
14 with Mobil Oil in Ellwood, the conflict was with
15 academics. And it was UCSB, the landowner, that turned
16 the project down before it even got started. And of
17 course we've seen the one with Tranquillon Ridge where
18 Vandenberg Air Force Base has found conflict with its
19 basic missions; in this case, too close to some of the
20 space launches.

21 Otherwise permittable zones in the county. It's
22 conditionally permittable in a rural agriculture zone and
23 it's permittable in a coastal-related industrial zone.
24 It's more technical.

25 And that concludes my presentation.

1 ACTING COMMISSIONER SHEEHY: Mr. Chairman, I have
2 another question of Mr. Anthony.

3 Mr. Anthony, you're with Santa Barbara County?

4 MR. ANTHONY: Correct.

5 ACTING COMMISSIONER SHEEHY: And which division
6 of the county are you with again?

7 MR. ANTHONY: I'm with the Planning and
8 Development Department, Energy Division. We were formed
9 specially to deal with offshore oil and gas.

10 ACTING COMMISSIONER SHEEHY: Energy Division in
11 the Planning.

12 So your familiar with the PXP Tranquillon Ridge
13 project? Is that something that you reviewed in your
14 official capacity with the county?

15 MR. ANTHONY: Yes, it is; my division did.

16 ACTING COMMISSIONER SHEEHY: Would you consider
17 yourself well versed on that project?

18 MR. ANTHONY: Fairly well versed.

19 ACTING COMMISSIONER SHEEHY: Thank you, Mr.
20 Anthony.

21 I just wanted to know, in your review of that
22 project, which was an offshore project, do you have an
23 opinion from an environmental standpoint which would be
24 preferable from an environmental standpoint, onshore or
25 offshore exploitation of that resource there off of

1 Tranquillon Ridge?

2 MR. ANTHONY: You're probably going to hate my
3 answer. We looked at it in an environmental impact
4 report. We were looking at a 30-year life, an extended
5 life of the platform originally. And that's what the EIR
6 did. When it came to environmentally superior
7 alternative, you're weighing the risk of extended life and
8 extended risk of oil spill offshore against what we
9 thought were the archeological and biological impacts of
10 construction onshore. And so we didn't have any policy
11 guidance for that EIR to inform the decision.

12 Once we got through to the decision process, by
13 then the life had been shortened so that there was not
14 extension-of-life issues, and that tilted it in favor
15 of - and as you know, the Board of Supervisors did approve
16 on appeal - the Tranquillon -- the Plains' offshore
17 project.

18 ACTING COMMISSIONER SHEEHY: Thank you, Mr.
19 Anthony. I appreciate that.

20 CHAIRPERSON GARAMENDI: Excuse me, Mr. Anthony.
21 Was there an Environmental Impact Report
22 available for any onshore development at Tranquillon or
23 any other place?

24 MR. ANTHONY: What we have -- we have actually
25 approved an onshore production. That was at Molino. We

1 do have an environmental impact report for that. That
2 project had a dry hole and then went away.

3 We did look at as an alternative, as required
4 under CEQA, an onshore alternative for Tranquillon Ridge.
5 And that was the comparison that I just briefly mentioned.

6 CHAIRPERSON GARAMENDI: Was that based on a full
7 EIR?

8 MR. ANTHONY: That was. But we did not look at
9 the alternative to a project-specific level of detail.

10 CHAIRPERSON GARAMENDI: Thank you.

11 EXECUTIVE OFFICER THAYER: And if I could
12 interject, because I think the Lieutenant Governor was
13 wondering whether the full EIR was done on the onshore
14 process. And it was the full EIR was done on the PXP
15 proposal. And then one of the alternatives within that
16 EIR which was focused predominantly on the PXP was an
17 examination of this onshore alternative then.

18 MR. ANTHONY: That's correct. We have had an
19 application from Sunset, and they have not -- we have not
20 found it complete because we do not have landowner consent
21 to move forward.

22 CHAIRPERSON GARAMENDI: Do you have an EIR?

23 MR. ANTHONY: Not for that project specifically.
24 We've only looked at it as an alternative and it was
25 generic.

1 CHAIRPERSON GARAMENDI: Thank you.

2 --o0o--

3 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

4 SCOTT: The next speaker is Mr. Steve Uhring with the
5 Malibu Coastal Land Conservancy. And Steve will be
6 providing some discussion from an environmental advocate
7 perspective.

8 MR. UHRING: Commissioners. Good morning. My
9 name is Steve Uhring, and I represent the Malibu Coastal
10 Land Conservancy. And we are one of 72 groups who are on
11 record opposing the PXP project.

12 During today's hearing you're going to hear a
13 number of speakers come before you and paint a very benign
14 picture of the process used to extract oil from our
15 shores. They're going to tell you that the technology
16 used to drill for oil has been significantly improved, and
17 that extraction process they intend to use will be clean,
18 safe, and environmentally sensitive. According to them,
19 drilling for oil will be the environmental equivalent of
20 going to your garden and picking some roses for your
21 dining room table.

22 I do not agree with them. So I thought I would
23 take a few moments to arm you with some of the facts about
24 oil drilling that you can use to put their comments into
25 the proper perspective.

1 Let's start with the fact that oil drilling is a
2 dirty business from beginning to end. And there's no safe
3 way with onshore or offshore methods to safely drill for
4 oil in our coastal waters. Oil drilling process begins
5 with seismic explorations and rig and pipeline placement,
6 all of which are associated with mortality of ocean life.

7 When our friends in the oil business brag about
8 new oil extraction technologies, they're not going to tell
9 you that they still legally pollute every day by dumping
10 drilling muds, cuttings, produce waters, drainage and
11 work-over fluids into the ocean water. These toxic wastes
12 contain heavy metals, carcinogens, solid sanitary waste,
13 biocides and more.

14 And this disruption of the marine life and the
15 dumping of toxic oil drilling byproducts into the ocean is
16 the good news. It's what we get if the oil extraction
17 program goes exactly as planned.

18 And when that plan goes bad, we have oil spills.
19 And, you know, that even a medium-size spill can be a
20 major economic disaster in coastal areas dependent upon
21 tourism or fishing as a major economic driver.

22 Of the 40 offshore oil rig spills exceeding
23 42,000 gallons since 1964, 13 have occurred within the
24 last ten years. More than a quarter of all major oil
25 spills of the last 44 years have occurred recently.

1 That's a trend going in the wrong direction.

2 From 1998 to 2007, according to the Minerals
3 Management Service, offshore producers released an average
4 of 6,555 barrels of oil a year. That's a 64 percent
5 increase over the previous ten-year period.

6 According to the Coast Guard records, in every
7 year since 2000 today's state-of-the-art oil extraction
8 technologies have spilled 1.3 million gallons of oil into
9 the Gulf of Mexico under a category called incidentals.

10 And every now and then the technology totally
11 breaks down and things go very, very bad. The Coast Guard
12 estimates that during hurricanes Katrina and Rita, roughly
13 9 million gallons of oil were spilled. And that would
14 make it the second largest spill in U.S. history, second
15 only to the Exxon Valdez in Alaska, which dumped 10.8
16 million gallons into the oceans.

17 But we don't need to go all the way to Alaska to
18 understand the impact of oil spills. In 1969 a Unocal's
19 offshore platform spilled 100,000 barrels of oil off the
20 Santa Barbara coast. Within days the spill contaminated
21 800 square miles of water surface stretching to the
22 Mexican border. Billions of birds died, fish stocks were
23 decimated, and beaches were left covered in oil.

24 Now, why would you want to risk this type of
25 environmental damage when oil extracted in this drilling

1 program will have virtually no impact on the quantity or
2 the price of oil for California drivers. There's no
3 guaranty that the oil from this project will not end up as
4 part of the some 659 million barrels of oil we export from
5 the U.S. every year.

6 More importantly, reinstating drilling will send
7 the wrong message to every "Drill, Baby, Drill" advocate
8 who wants to open up drilling in the federal waters across
9 the coast of California.

10 I understand that these are tough economic times.
11 But using short-term gains from oil drilling to cover up
12 the failed policies of some of our elected officials is
13 not the way to go.

14 So I'll finish where I started. Oil drilling is
15 a dirty business and it's not one this Commission should
16 endorse.

17 Thank you very much.

18 (Applause.)

19 CHAIRPERSON GARAMENDI: What I'm trying to do
20 here is to lay down a factual track of information for
21 this Commission and future commissions to analyze the
22 various proposals for oil drilling off the California
23 coast within the three-mile limit and perhaps beyond.

24 I do not wish to go back and revisit all of the
25 issues of the Tranquillon Ridge and the PXP proposal. And

1 so if the witnesses could stay to the issues of the risks
2 associated with onshore and offshore, as well as the
3 benefits from onshore or offshore, I would appreciate it.

4 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

5 SCOTT: The next speaker this morning is Mr. Richard
6 Charter with Defenders of Wildlife. And he will also be
7 providing some discussion from an environmental
8 perspective.

9 MR. CHARTER: My name is Richard Charter, and I
10 am today representing the 200,000 California members and
11 activists of Defenders of Wildlife.

12 I commend the Commission for today's hearing to
13 address coastal drilling impacts from potential oil and
14 gas operations staged from offshore and shoreline sites.
15 And I would respectfully suggest that the Commission also
16 address the closely related State and federal legislative
17 and policy issues obviously posed by any current or future
18 proposal to access heretofore protected California's state
19 tidelands waters, whether it be from federal platforms
20 beyond State waters or from landside operations via
21 directional drilling.

22 Make no mistake, any such decision clearly
23 affects the entire California coast, both with regard to
24 federal waters and State waters. Congress periodically
25 faces energy bill legislation that often stipulates that

1 any coastal state maintaining ongoing protection for its
2 state waters would thereby be granted similar moratorium
3 protection for federal waters located further offshore.

4 I believe the originator of this concept was
5 former congressman, Richard Pombo.

6 While none of these specific bills or amendments
7 have yet been enacted into law in recent years, there's
8 clearly an energy and climate bill before the Congress
9 right now that will hit the floor of the Senate and the
10 House within 60 days. And it's likely to be adversely
11 affected by any ill-advised action taken by the State of
12 California to open its own state waters to new leasing or
13 drilling from any location.

14 Similarly, Interior Secretary Ken Salazar, as you
15 know, is presently just about to conclude a comment period
16 and closely watched Department of Interior evaluation
17 focused on whether or where new federal outer continental
18 shelf oil and gas leasing should be allowed and,
19 conversely, which coastal areas should be protected, as
20 part of the Obama administration's orderly review of the
21 eleventh hour Bush five-year OCS oil and gas leasing
22 program for the years 2010 to 2015.

23 Unless modified or rescinded, this leftover Bush
24 OCS lease program now includes new federal leasing within
25 Santa Monica Bay; off the Palos Verdes Peninsula; along

1 the entire Orange County coastline; near La Jolla, very
2 close to shore; and along the Sonoma and Mendocino County
3 coastlines.

4 The timing of any action taken by the State Lands
5 Commission relative to breaking the longstanding oil and
6 gas sanctuary in California's state waters would
7 inevitably trigger a cascading adverse impact on any of
8 these now pending federal decisions about oil operations
9 all along the California coast.

10 In the specific case of Plains Exploration and
11 Platform Irene, a proposal involving a federal drilling
12 rig located in federal waters --

13 CHAIRPERSON GARAMENDI: Can did you hear what I
14 said a few moments ago before you came up?

15 MR. CHARTER: I did, yes.

16 CHAIRPERSON GARAMENDI: You may want to -- I
17 really do not want to go into the merits of PXP.

18 MR. CHARTER: I'm not going into the merits, sir.

19 CHAIRPERSON GARAMENDI: Very good. Continue.

20 MR. CHARTER: It's a very short mention of it,
21 because of the fact that it is in federal waters and it
22 would require federal legislation, with all due respect,
23 to enforce the end date.

24 No such legislation has been introduced in
25 Congress to date. And the probability of the Senate

1 saying, "We're going to shut down a rig" seems nonexistent
2 to me and to most observers in Washington.

3 We had a similar compromise off the coast of
4 Florida in 2006 called the Gulf of Mexico Energy Security
5 Act. And it opened 8.2 million acres of highly
6 prospective offshore lands off the gulf coast of Florida.
7 In exchange, Governor Jeb Bush of the State of Florida,
8 both senators, and all but one of the Florida House
9 delegation got protection until the year 2022 for the gulf
10 coast of Florida out to 234 miles from Tampa Bay and not
11 less than 150 miles off the rest of the gulf coast of
12 Florida.

13 That is currently under attack, was rescinded in
14 the Senate Energy and Natural Resources Committee earlier
15 this year.

16 And so even when Congress steps in to fix one of
17 these things, their deal only lasts three years.

18 Now, we saw the California State Senate recently
19 try to circumvent this Commission. And as soon as that
20 happened, Representative Doc Hastings of Washington State
21 expansively declared in the national media that since
22 California was now accepting new state waters drilling
23 activities, other coastal states should view that as an
24 indication that they too could now open their own coasts
25 to drilling. And this immediately encouraged the

1 well-heeled oil lobby in Florida to try the same thing
2 there.

3 Your actions have implications beyond the
4 California coast.

5 Just last month, the 20-inch seafloor pipeline
6 from a state-of-the-art offshore drilling rig off the
7 coast of Louisiana sprung an ongoing 1400 barrel leak that
8 ultimately covered 80 square miles of the Gulf of Mexico
9 with an oil slick.

10 This particular spill bears an eerie similarity
11 to the 1997 Torch pipeline oil spill from a similar
12 20-inch pipeline running ashore from Platform Irene, the
13 current federal rig that is the focus of the Plains
14 Exploration proposal.

15 I would further remind the Commission, as did
16 your staff I believe very successfully, that extended
17 reach directional drilling is likely to generate toxic
18 substances of a greater volume than would onshore drilling
19 into the ocean.

20 In conclusion, I would point out that terrestrial
21 drilling in Santa Barbara and Ventura counties has been
22 associated with at least 400 oil and gas leaks and spills,
23 many into creeks that drain directly into the ocean.
24 According to the Ventura County Environmental Health
25 Division, 540,000 gallons of crude oil have been spilled

1 in Ventura County since 2004, resulting in \$1 million in
2 fines to operators.

3 There is no such thing as environmentally benign,
4 spill-free petroleum development either on or offshore.
5 And I only ask that you please consider carefully the
6 broad and far-reaching policy signals and dangerous
7 legislative impacts of any decision your Commission might
8 make to undermine 40 years of protection for California's
9 state tidelands, and the context of these significant
10 adverse implications for the rest of the California coast
11 as well as for other coastal states who have always viewed
12 California as a model and as a leader for protecting its
13 coast and its coastal dependent economy.

14 Thank you for your consideration.

15 CHAIRPERSON GARAMENDI: Questions?

16 ACTING COMMISSIONER SHEEHY: Thank you, Mr.
17 Chairman.

18 Thank you, Mr. Charter, for your presentation and
19 for your letter. Very much appreciated.

20 I think at the beginning of your presentation,
21 you talked about oil spills. Can you refresh our memory?
22 What's the worst oil spill on record for the United
23 States?

24 MR. CHARTER: For the United States? The worst
25 on record beyond the United States actually was a U.S. rig

1 operating in Mexican waters in the Bay of Campeche in
2 1979. And that's called Ikstock, ultimately --

3 ACTING COMMISSIONER SHEEHY: What about the worst
4 oil spill in the United States?

5 MR. CHARTER: From any source? That would be --

6 ACTING COMMISSIONER SHEEHY: Is that the Exxon
7 Valdez?

8 MR. CHARTER: -- Exxon Valdez, yes.

9 ACTING COMMISSIONER SHEEHY: And how much oil was
10 spilled from the Exxon Valdez?

11 MR. CHARTER: Well, there were various estimates.
12 There is today oil as fresh as the day it was spilled in
13 some of the rocky cobbled beaches in Prince William Sound.
14 We're looking at indications that the cleanup may have
15 successfully collected 20 percent of the total volume. So
16 nobody ever agreed on the total volume.

17 ACTING COMMISSIONER SHEEHY: But it was millions
18 of barrels?

19 MR. CHARTER: Millions of barrels.

20 ACTING COMMISSIONER SHEEHY: So nobody has ever
21 agreed on the volume, but it was -- the Exxon Valdez was
22 widely recognized as our worst incident. That was a giant
23 tanker ship, right?

24 MR. CHARTER: That was a tank ship and an
25 accident that could never happen. I happen to have been

1 in Cordova, Alaska, before those ships started operating,
2 when the oil industry came through and told the fishermen
3 that that particular type of accident could never happen.

4 ACTING COMMISSIONER SHEEHY: All right. Now,
5 your organization is the Defense of Wildlife, right?

6 MR. CHARTER: Defenders of Wildlife, that is
7 correct.

8 ACTING COMMISSIONER SHEEHY: Now, you don't -- as
9 I understand your testimony today, you don't really
10 support either onshore or offshore oil drilling off the
11 coast of California, is that right?

12 MR. CHARTER: It was our understanding that this
13 is an informational hearing.

14 ACTING COMMISSIONER SHEEHY: Right.

15 MR. CHARTER: And that it is not going to make a
16 decision for Sunset or T Ridge or any of that kind of
17 thing.

18 ACTING COMMISSIONER SHEEHY: Right.

19 CHAIRPERSON GARAMENDI: That's correct.

20 MR. CHARTER: And it is my understanding that,
21 although humanity doesn't have a very good set of tools
22 for capturing oil once it starts moving in the ocean
23 because of the tremendous forces involved in ocean
24 currents and winds - on a good day you might get 15 or 20
25 percent of it back - that that does not mean that onshore

1 drilling has no impacts. And those impacts are evident
2 today in the counties right here in California that have
3 that activity, and that those creeks and rivers drain to
4 the ocean.

5 ACTING COMMISSIONER SHEEHY: Well, it seems to
6 me, Mr. Charter, that one of the downsides of not
7 recovering resources off our coasts that are reachable is
8 that we are inviting more and more and more giant tankers
9 to come rolling into California and the west coast to
10 supply our oil needs. And given that we know that the
11 worst oil incident in this country was from a giant
12 tanker, it seems to me that we're increasing our risk of a
13 giant oil incident if we don't at least take advantage of
14 the oil that's right off our own coast.

15 MR. CHARTER: Well, to some degree that's
16 correct. But the difference between a tanker spill and an
17 oil rig blowout or an ongoing spill from an oil rig or a
18 subsea pipeline, a tanker spill is a one-time point
19 source, happens all at once, and then you start chasing
20 it. The ones I've been to, you chase the spill. You
21 never quite get ahead of it.

22 A blowout, in the case of the Santa Barbara
23 blowout in '69, which many people remember the silence of
24 that ocean after that happened, that goes on and on and
25 on. And so you had in that case repeated spill

1 coming -- it is really inaccurate to call an oil rig
2 blowout a spill. It's a series of spills. It's an
3 ongoing set of oil waves coming ashore, totally at the
4 mercy of nature. Forces we can't control. Ikstock
5 eventually covered 10 percent of the Gulf of Mexico with
6 slick or sheen.

7 Had the Eugene Island block spill three weeks ago
8 off the coast of Louisiana - it was about 30 miles
9 offshore - had that happened at Torch pipeline, we would
10 be having a much different conversation here today. We
11 would have, as we did in the '97 Torch spill - several
12 miles of Vandenberg, about 800 birds died that they could
13 count and find, - we would be having 80 square miles of
14 oil off the coast of California.

15 So this is a geometrically expanding perimeter of
16 a blowout that's fed by an ongoing release unless
17 everything works perfectly. We hear a lot about new
18 technology being safer. That was dreamed up in a focus
19 group --

20 ACTING COMMISSIONER SHEEHY: Well, let's hope
21 that the new technology for these tanker ships we keep
22 hearing about works perfectly too. Because if it doesn't
23 work perfectly, not only do we run the risk of a
24 catastrophic oil spill from the thousands of tankers that
25 have to come in here, but you've also got all the

1 greenhouse gas emissions that they produce in transporting
2 the oil over here.

3 So as much as we hope that we don't have any
4 incidents from any oil rigs in State or federal waters, we
5 certainly hope that we don't have any ship incidents
6 either, because in either case we're going to hurt the
7 environment, and we want to avoid that.

8 MR. CHARTER: I agree.

9 ACTING COMMISSIONER SHEEHY: Thank you, Mr.
10 Charter. I appreciate that.

11 CHAIRPERSON GARAMENDI: Controller Chiang.

12 COMMISSIONER CHIANG: For my enlightening, can
13 you go into the reserves off Santa Monica Bay, La Jolla,
14 and Mendocino more extensively?

15 MR. CHARTER: Well, we saw in the early 1980s a
16 gentleman named James Watt who became Secretary of the
17 interior, who undid protections that had been put in place
18 by his predecessor, Cecil Andrus. And he actually
19 proposed the federal OCS lease sales that focused on Santa
20 Monica Bay, wrapped around the Palos Verdes Peninsula,
21 inclusive of the entire Orange coast, and then wound up
22 right off of La Jolla. And these were interrupted
23 midpoint. There was an EIR -- EIS, Environment Impact
24 Statement, prepared. Those maps are in those documents,
25 predated digital documents, but there are hard copies

1 available. And that was interrupted by the first
2 congressional outer continental shelf oil and gas
3 moratorium in calendar '81, began in fiscal '82. And that
4 stayed in place for 27 years and lapsed on October 1st of
5 2008.

6 Under Santa Monica Bay at that time - now these
7 were not current technologies for seismic exploration -
8 some of the numbers that industry was throwing around
9 under Santa Monica Bay, near shore, were on the order of
10 200 million barrels of oil equivalent. So there is
11 probably oil there.

12 Our society faces some decisions here. There was
13 a report put out this past week, you probably all saw it,
14 by every California state agency about carbon and
15 continued dependency on carbon fuels and what it's doing
16 to the ocean, in addition to the atmosphere, the Arctic.
17 And, you know, we're going to have to move San Francisco
18 Airport or surrounded with creative wetlands. These are
19 balancing acts. Is Santa Monica Bay the right place?
20 It's open now, unless it's closed by decisions that will
21 be made in the next few months by the Obama
22 administration. We are in a post-moratorium world. So
23 places that we have gotten in the habit over a quarter of
24 a century to think are protected, unfortunately are not.

25 COMMISSIONER CHIANG: Can you give me further

1 delineation as to where off of La Jolla it is and how far
2 out.

3 MR. CHARTER: I don't about State waters off of
4 La Jolla. That was never delineated. But certainly about
5 three miles off of La Jolla there seemed to be significant
6 oil industry interests in the 1980s. I don't know how
7 we're going to explain that to the residents of La Jolla.

8 CHAIRPERSON GARAMENDI: Further questions, John?

9 COMMISSIONER CHIANG: No.

10 CHAIRPERSON GARAMENDI: I want to go to the issue
11 of onshore versus offshore.

12 MR. CHARTER: Correct.

13 CHAIRPERSON GARAMENDI: Your testimony indicated
14 that the onshore and offshore have environmental risks.

15 MR. CHARTER: Correct.

16 CHAIRPERSON GARAMENDI: Spills occur in both
17 places from similar circumstances, blowouts, and leaks - I
18 suspect mostly pipeline leaks if they're leaking into
19 streams and the like. And that's certainly what's
20 happened in I think northern Santa Barbara County and
21 southern San Luis Obispo County.

22 The extent of the risk -- or the extent of the
23 damage, could you comment upon the extent of the damage in
24 one versus the other?

25 MR. CHARTER: If a shoreline source spill does

1 not --

2 CHAIRPERSON GARAMENDI: An onshore --

3 MR. CHARTER: -- onshore shoreline-originated
4 spill from a, you know, drilling pad - and I've toured
5 them on the north slope of Alaska - generally you can put
6 a berm around it, you can bring in heavy equipment. And
7 if you're lucky, you have a bunch of contaminated soil to
8 dispose of if you keep it out of the creek.

9 Which is a completely different breed of animal
10 than an offshore spill, where you enter into currents and
11 winds and calculations and satellite tracking and
12 equipment that we have not invented yet, frankly, which is
13 surprising. I think we could go a long way toward better
14 spill response in the ocean.

15 But as we heard from Doug Anthony and others,
16 onshore you have a footprint, and that footprint, you
17 know, in most California counties has been subjected by a
18 series of resolutions that were actually passed either by
19 voters, city councils, or boards of supervisors in the
20 mid-eighties that preclude various types of oil facilities
21 on the shoreline. And that was pretty well explained by
22 Mr. Anthony.

23 There is, you know, not a good way to compare
24 them. They are different kinds of impacts. If I had
25 to -- if I get a call in the middle of the night and I've

1 got a spill -- a six-mile lens of oil about to get pulled
2 into Tomales Bay, as the phone call I got in '84 from a
3 spill, would I rather it be on dirt? Yes, absolutely,
4 because I wouldn't be awake day and night for four days in
5 helicopters.

6 CHAIRPERSON GARAMENDI: The balance of your
7 testimony picked up the issue of precedent and the opening
8 of the California coast to additional drilling. It does
9 take us back to the PXP thing. So that aside for a
10 moment, we are in a position where the federal government
11 is going to make a decision shortly about California.

12 MR. CHARTER: Yes.

13 CHAIRPERSON GARAMENDI: I notice that staff just
14 put up a map of resources beyond the initial discussion
15 that we had. And I guess this is in response to your
16 issue, John, that raised the question of --

17 EXECUTIVE OFFICER THAYER: This really does show,
18 if I can interrupt, the -- this is an MMS slide, and you
19 can see it's dated 2009. And I think this was the
20 illustration that comes from I believe their draft
21 five-year program which shows the areas of interest. The
22 blob's kind of off -- you can see the top one's off of
23 Point Arena in northern California. There is some off of
24 northern Santa Barbara County. And then you can see the
25 blob off of the La Jolla area that the Controller was

1 referring to. And you can see that there are estimates
2 that MMS has given as to how much oil could be recoverable
3 there.

4 The five-year program -- the draft five-year
5 program as it now exists talks about either doing
6 development within those blobs themselves or, as another
7 option, drilling anywhere in the geographic area around
8 those blobs.

9 MR. CHARTER: Yeah, those are federal OCS
10 planning areas previously protected until October 1, 2008,
11 by the OCS congressional moratorium.

12 CHAIRPERSON GARAMENDI: And presidential
13 moratorium.

14 MR. CHARTER: And a companion presidential
15 moratorium, both of which our best estimate is the oil
16 industry last year spent through the American Petroleum
17 Institute somewhere in the order of a hundred million
18 dollars to invent "Drill, Baby, Drill" to get rid of that
19 moratorium. This was a fabrication.

20 CHAIRPERSON GARAMENDI: I have no more questions.

21 ACTING COMMISSIONER SHEEHY: I had one follow-up
22 question, Mr. Chairman. Thanks.

23 Mr. Charter, now you're familiar with Get Oil
24 Out!, that organization?

25 MR. CHARTER: I am.

1 ACTING COMMISSIONER SHEEHY: And also with the
2 Environmental Defense Center in Santa Barbara?

3 MR. CHARTER: I am.

4 ACTING COMMISSIONER SHEEHY: Now, do you share
5 their goal to reduce platform operations offshore in Santa
6 Barbara County?

7 MR. CHARTER: I am not going to get into a public
8 debate with organizations for which I have a great deal of
9 respect personally. I think that my purpose in being here
10 today was to convey to this Commission, because you have
11 ultimate authority over State waters, that there was a
12 reason for the State Tidelands Oil and Gas Sanctuary. It
13 was done with great difficulty, even at a time when people
14 had a clear memory of the impacts of the Santa Barbara
15 blowout and other incidents. And that because of the map
16 you just saw of the federal waters on the rest of the
17 California coast, it would be very unfortunate timing, any
18 decision, on or offshore, Sunset, T Ridge - I'm not going
19 to pick a favorite here - because you have larger
20 decisions that go much beyond State waters, some of which
21 we see as amendments periodically that say any state that
22 has protection for its state waters and maintains it gets
23 a federal moratorium back. In other words, whatever
24 happens at T Ridge could be the tail that wags the dog,
25 the dog being the rest of those places you just saw on the

1 California coast. Now, that's partly a function of
2 timing. You have a presidential proclamation involving
3 marine spatial planning that's going on right now. You
4 have Secretary Salazar reviewing a very aggressive Bush
5 five-year leasing program, and you have decisions pending
6 literally this fall.

7 ACTING COMMISSIONER SHEEHY: You've spent a lot
8 of time in Washington, haven't you, Mr. Charter?

9 MR. CHARTER: I spent five months there last
10 year, and I've been there since the inauguration this
11 year. That's why -- the only reason I missed your January
12 hearing.

13 ACTING COMMISSIONER SHEEHY: No, you did a great
14 job of responding to my question. And I guess leaving the
15 specific projects out of it, because I'm not -- I share
16 Mr. Garamendi's goal of not rehashing Tranquillon Ridge.

17 MR. CHARTER: Understood.

18 ACTING COMMISSIONER SHEEHY: But back to my
19 question. Do you share GOO's and EDC's goal of reducing
20 or removing offshore, you know, oil operations and
21 infrastructure off the coast of Santa Barbara?

22 MR. CHARTER: I would suggest that I would be
23 more willing to answer that question if I saw a reliable,
24 enforceable, approvable end date that was enacted by
25 Congress, who in my understanding of 35 years working with

1 the federal agencies and the Congress is the only way that
2 a federal platform in federal waters could be having an
3 end date. And if I weren't just dealing with a compromise
4 in Florida that's now being blown up after only three
5 years after Congress enacted it in a bipartisan fashion, I
6 might be a little more open to a congressional end date.
7 But I don't see that.

8 ACTING COMMISSIONER SHEEHY: Okay. Well, listen,
9 I appreciate your response. I tried twice. I'll spare
10 everybody the third attempt. So if you want to, you know,
11 just leave it at that, that's fine.

12 Thank you, Mr. Chairman. That's all I have for
13 Mr. Charter.

14 CHAIRPERSON GARAMENDI: Mr. Charter, thank you
15 very much.

16 MR. CHARTER: Thank you.

17 CHAIRPERSON GARAMENDI: We have one more witness
18 on the prepared program. And we've got about two dozen on
19 the unprepared portion of the program. So this is what
20 I'm going to do.

21 We have another important matter to take up for
22 information. So I'd like to take the remaining witness on
23 the prepared program, take up the Owens Lake issue, and
24 then come back and take the rest of the testimony from the
25 public.

1 EXECUTIVE OFFICER THAYER: And I might say, there
2 are two outside witnesses remaining, one from industry,
3 Bob Poole, and Linda Krop. So we might want to --

4 CHAIRPERSON GARAMENDI: Thank you very much. I
5 was mistaken. I think Linda Krop is the next person.

6 EXECUTIVE OFFICER THAYER: Correct.

7 CHAIRPERSON GARAMENDI: Thank you.

8 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
9 SCOTT: Yes, Linda Krop is the next speaker. She's Chief
10 Counsel with the Environmental Defense Center. And she
11 will be providing another perspective from an
12 environmental advocate standpoint.

13 So, Linda.

14 MS. KROP: Thank you and good morning. My name
15 is Linda Krop. I'm Chief Counsel with the Environmental
16 Defense Center.

17 And I want to start my presentation with two
18 caveats or parameters. First of all, I was invited to
19 come speak to the issue of comparison of impacts from
20 onshore drilling versus offshore drilling and based on our
21 experience working on projects that involve both. And in
22 that respect I have three main points I will be making
23 this morning.

24 The first is that both offshore and onshore
25 drilling projects result in impacts. It really depends on

1 the situation.

2 Number two, that the impacts differ significantly
3 depending on whether new facilities are required or
4 existing facilities are going to be used.

5 And, three, if we're talking about new leasing in
6 State waters, there's only one location in the State that
7 currently -- that would be allowed under the California
8 Coastal Sanctuary Act. And I'm a little concerned that
9 our discussion today is overly broad and giving the
10 impression that there's a lot more potential for drilling
11 than the law currently requires.

12 My second caveat to begin my testimony or
13 presentation is that I did not receive the presentation
14 materials till the end of the day yesterday. And so I've
15 had an opportunity to conduct a cursory review. I've
16 already seen a lot of misstatements in there that I'll try
17 to touch on during my presentation. But it's really
18 important that the information be correct, because
19 everything's on the website now, and everything can be
20 cited five years from now, ten years from now. So I'll
21 try to point out some corrections that I'd like to see,
22 and maybe staff will have a response to that.

23 So that being said, by way of introduction, the
24 Environmental Defense Center is a public interest
25 environmental law firm that was established in 1977 to

1 assist community organizations in enforcing environmental
2 protection laws. We use education advocacy and legal
3 action to protect and enhance the environment.

4 Our three program areas focus on coast and
5 oceans, open space and wildlife, and human and
6 environmental health.

7 Obviously, a large part of our coast and ocean
8 work has focused on offshore oil and gas issues. And
9 since 1977, we have worked with other groups to stop new
10 oil leasing and development. We have helped develop
11 policies that minimize impacts from existing development.
12 And we have written a couple of initiatives in Santa
13 Barbara County restricting offshore development including
14 Measure A in 1996.

15 We have worked hard to protect the coast from
16 offshore oil development. Since the early 1980s we have
17 supported the ongoing congressional moratorium on new
18 leasing. In 1999, we crafted the legal strategy that
19 successfully blocked the extension of 36 existing federal
20 leases offshore California. And 29 of those leases have
21 now been extinguished and the other 7 should be gone by
22 the end of the year.

23 In 1994, we worked with our State Senator, Jack
24 O'Connell, in writing the first permanent ban on oil
25 leasing in State waters, the California Coastal Sanctuary

1 Act. And we're also quite proud of the fact that many
2 State leases have been extinguished since 1994.

3 In Santa Barbara County we have stopped specific
4 development proposals by ARCO, Mobil, and Nuevo.

5 Nevertheless, we still live with the remnants of
6 past decisions including 19 platforms off of our coast; 18
7 in federal waters and one in State waters. Some of these
8 platforms have operated since the 1960s, and none of them
9 have any end dates. As such, we face the risk and impacts
10 of offshore oil development every day.

11 We represent a variety of groups on these issues,
12 all the way from Sierra Club to Get Oil Out!

13 Our goals in addressing offshore oil development
14 are twofold: One, to stop new leasing and development
15 and, two, to phase out what's there now.

16 --o0o--

17 MS. KROP: Based on our experience with both
18 offshore and onshore proposals, I'd like to offer
19 our -- whoops. And the information I'm presenting all
20 comes from governmental documents, whether they be EIRs or
21 staff reports or analyses. This is not our work product.
22 I'm citing official documents.

23 So obviously everyone is familiar with the
24 impacts from offshore oil drilling, from oil spills all
25 way down to, you know, views and air and water quality.

1 Okay. So look at that list.

2 --o0o--

3 MS. KROP: Now, look at this list. For onshore
4 drilling projects it's the same. And, again, it depends
5 on exactly where the project is, whether you're extending
6 life of existing facilities or adding new facilities.
7 But, in general, the impacts are all the same. You're
8 just moving your drilling rig from one location to
9 another.

10 In this respect I do feel that the staff report
11 is misleading, because when it compares offshore to
12 onshore, it makes it look like we're talking about all new
13 offshore and all new onshore facilities and weights the
14 comparison that way; when in fact, when you're talking
15 about new leasing in California, you're talking about
16 using only existing offshore facilities and always using
17 new onshore facilities. So your comparison should be
18 based on that. The reason you're only using existing
19 offshore facilities is because under state law you have to
20 have drainage from an existing federal platform.

21 On the other side, if you're going to be drilling
22 from onshore, we don't have any onshore to offshore
23 drilling facilities. So you're always going to be talking
24 about new construction and operations. So that
25 significantly changes the impact comparison.

1 --o0o--

2 MS. KROP: Now I'm going to get into the three
3 onshore to offshore drilling projects that we've worked
4 on, the first being the Mobil Clearview project, which is
5 the one that would have involved slant drilling from
6 onshore near UCSB into the south Ellwood field. It would
7 have involved actually moving the one existing State
8 platform, Platform Holly - that's why they called it
9 Clearview - even though in fact they're basically moving
10 the platform on the coast, so you'd have an obstructed
11 view there.

12 But nevertheless --

13 ACTING COMMISSIONER SHEEHY: I'm sorry. May I
14 ask a question?

15 MS. KROP: Sure.

16 CHAIRPERSON GARAMENDI: Sure.

17 ACTING COMMISSIONER SHEEHY: So then that means
18 that it wasn't a totally clear view?

19 Correct.

20 (Laughter.)

21 ACTING COMMISSIONER SHEEHY: All right. I just
22 wanted to make sure I understood that.

23 MS. KROP: People called it Drill View and Smear
24 View and all that.

25 But this proposal would have been located right

1 next to UCSB, the Ellwood Mesa Preserve, the University of
2 California's Coal Oil Point Natural Reserve, UCSB campus
3 housing and day-care center, and really heavily used
4 recreational areas.

5 UCSB conducted an analysis, because the lease
6 would have actually been from UCSB, and found that this
7 project even with removing Platform Holly would have
8 resulted in significant impacts from oil spills to
9 biological resources, public safety. They were going to
10 be producing gas with hydrogen sulfide right next to
11 houses and a day care center and recreation trails, as
12 well as to recreation views, air and water quality, noise
13 and toxics.

14 So there were so much operation, including by
15 UCSB, this project was actually withdrawn before even
16 going through environmental review.

17 --o0o--

18 MS. KROP: The second project is the Venoco
19 Paredon project down in Carpinteria. And here there's a
20 proposal to drill from onshore as opposed to federal
21 platform. This project has gone through the city of
22 Carpinteria's environmental review process. And I would
23 like to ask for a clarification. In the chart that was
24 prepared that's available at the front table, it indicates
25 that for Paredon onshore drilling that there is an

1 existing facility available. That is not true. There is
2 an existing processing facility. There's no existing
3 drilling and production facility. New facilities would
4 have to be constructed and operated to accommodate this
5 project.

6 --o0o--

7 MS. KROP: The final EIR, which has been proposed
8 but not certified because Venoco is now trying to
9 circumvent the city's review process by putting this to
10 the ballot, indicated that there were several Class 1 or
11 unavoidable impacts associated with the onshore to
12 offshore proposal, including hazardous materials releases,
13 oil spills affecting both the marine and terrestrial
14 environment, and water quality and recreation as well as
15 significant land-use and visual resource impacts.

16 So, again, there's been massive opposition. The
17 city process has been circumvented for now. Hopefully
18 we'll get back before the city. But, again, this project
19 will be proposed next to very sensitive areas, a seal
20 sanctuary, as well as recreational trails, the Carpinteria
21 Bluffs and Carpinteria City Hall.

22 --o0o--

23 MS. KROP: The third project is the Tranquillon
24 Ridge project. This is a proposal that would involve
25 slant drilling from an existing federal platform which

1 currently produces oil from a federal unit, but also from
2 the Tranquillon Ridge field which overlaps into federal
3 waters. And drainage is occurring into the state side as
4 well.

5 There was an onshore alternative analyzed in the
6 EIR, which was in much greater detail than normal you see
7 an alternative in an EIR because the county did have an
8 application from a particular proponent. And so the
9 onshore alternative was analyzed in extensive detail,
10 almost to a project-specific level of review.

11 Unlike the Clearview project, the onshore
12 alternative and the one that's being proposed by Sunset
13 Exxon does not involve removing the offshore platform.
14 And that's very important, as you'll see in a minute.

15 I'd also like to point out on slide 63 another
16 correction we request. On that slide it says that an
17 onshore site is available. It is not, as you've heard
18 from both your own staff as well as County of Santa
19 Barbara staff.

20 ACTING COMMISSIONER SHEEHY: I'm sorry, Mr.
21 Chairman. I apologize. I didn't catch that point that
22 Linda just made.

23 Could you please repeat that, what you just said?

24 MS. KROP: On slide 63, when it lists different
25 fields and says whether or not there's onshore or offshore

1 sites available, it says on slide 63 that for Tranquillon
2 Ridge there is an onshore site available.

3 ACTING COMMISSIONER SHEEHY: There Is or is not?

4 MS. KROP: The slide says there is.

5 ACTING COMMISSIONER SHEEHY: I see.

6 MS. KROP: And, in fact, Vandenberg has said it
7 is not.

8 ACTING COMMISSIONER SHEEHY: Well, it's
9 potentially available. But there just is no approval. We
10 don't have -- I mean it's available in the sense -- I
11 apologize. I'll just let you provide your testimony. I'm
12 sorry.

13 MS. KROP: Well, the landowner has not provided
14 access.

15 ACTING COMMISSIONER SHEEHY: Okay. I got it.

16 Thank you, Mr. Chairman.

17 MS. KROP: So, let's see. Do I have an arrow on
18 here? Can I point?

19 Okay. So this is Tranquillon Ridge field.
20 There's the offshore platform that's already draining into
21 the -- you see the field goes into State and federal
22 waters. Mobil was down here. Here's Platform Holly that
23 would have gone away. And here's the onshore area. And
24 then Paredon is down here. And Paredon is different than
25 the others because the State leases already exist. And

1 that's very significant. It doesn't require any new
2 leasing.

3 --o0o--

4 MS. KROP: So with the Tranquillon Ridge project
5 we do have a certified final Environmental Impact Report.
6 And the final EIR, which again, as Mr. Anthony mentioned,
7 was based on the 30-year Tranquillon Ridge proposal that
8 was originally presented, found that the onshore
9 alternative reduces but does not eliminate the risk of
10 marine oil spills; and, in fact, increases more impacts
11 than it reduces. It increases impacts to biology, air
12 quality, water quality, energy, fire protection, geology,
13 risk of upset, agriculture, cultural resources, noise,
14 public facilities, and transportation. And, again, this
15 is because we're talking about new facilities.

16 --o0o--

17 MS. KROP: After the EIR, the applicant reduced
18 the life of the project to make sure that there would be
19 no extension of the existing operations. So the county
20 prepared a staff report to analyze that it did not have to
21 do further environmental review because impacts were
22 reduced, and made the finding under the California
23 Environmental Quality Act that the reduced life
24 Tranquillon Ridge project actually results in fewer
25 impacts than the onshore alternative.

1 And, again, we request that the chart that was
2 handed out today be corrected to compare the reduced life
3 project, which is the one that's on the table, to a new
4 onshore project.

5 --o0o--

6 MS. KROP: And what's significant about that is
7 that not only would the reduced life offshore project have
8 fewer impacts than a new onshore project, but we would
9 double the impacts. Because the platform's not going to
10 go away, so you'll have continued drilling from a federal
11 platform and new drilling from a State onshore facility.
12 And so, again, the chart needs to reflect what we're
13 really talking about that would occur.

14 --o0o--

15 MS. KROP: So I would like to close by addressing
16 my third point that I stated in my production. I'm very
17 concerned in reading through these materials that it looks
18 like everything's on the table, that we could have
19 drilling down south, we could have drilling in central
20 California, we could have drilling up north.

21 We approach this, being lawyers, by looking at
22 the law. The California Coastal Sanctuary Act says no new
23 leasing can occur in State waters unless the deposits are
24 being drained from a federal facility.

25 There's only one location in the State where

1 that's occurred, and that's at Tranquillon Ridge. So
2 everything else should be off the table, unless this
3 Commission is thinking about going to the Legislature and
4 weakening the Sanctuary Act to open up new areas for
5 development. And I don't think that's where any of you
6 want to go.

7 Paredon is its own story because leases already
8 exist. So we're not talking about Paredon.

9 But in terms of new leasing, in terms of all
10 those other places on the map, we shouldn't even be
11 talking about them; and we ask that you not talk about
12 them, that you don't want to send that signal that any
13 more drilling off of California is okay, and that these
14 other sites can be drilled from onshore, because right now
15 they can't. And so we don't want to open that door.

16 So, again, we would like your presentation
17 materials to reflect that slides 58 through 62 make it
18 appear that there are all these areas that can be drilled
19 from either offshore or onshore. That's not true. We ask
20 that you really focus this information to what the law
21 allows, which is no new drilling, no new leasing unless
22 there's drainage from a federal facility.

23 And I'm available for questions.

24 CHAIRPERSON GARAMENDI: Tom, question?

25 ACTING COMMISSIONER SHEEHY: Thank you, Mr.

1 Chairman. Thanks, Linda.

2 My one follow-up question -- I think you touched
3 on something that Mr. Anthony did earlier. When they were
4 doing the CEQA work and the environmental reviews for the
5 Plains project, and they looked at the onshore
6 alternative, you said something about they went much
7 further -- you're an expert in that area. I'm not. I
8 wanted to understand that better. You said that they had
9 to do sort of an analysis of the alternatives and you said
10 that they went much further. Could you elaborate or
11 explain the significance of that or what you meant?

12 MS. KROP: Sure. Under CEQA the alternatives do
13 not have to be evaluated in great level of detail. In
14 this case, the county went above and beyond the
15 requirements of CEQA for two reasons: First of all, there
16 was an applicant that was asking for more detailed review
17 for an onshore alternative; and second of all, because the
18 county was aware that, you know, this site could be
19 accessed, you know, physically - not legally but
20 physically - from either onshore or offshore, they wanted
21 to make sure that the decision makers had complete
22 information to make that evaluation.

23 And so, you know, putting aside the fact that
24 there was no landowner consent to use Vandenberg,
25 nevertheless the EIR looked at it more objectively of, you

1 know, this is what would happen, this is what an onshore
2 project would look like, we actually know pretty much what
3 it would look like, and this is what the offshore project
4 looks like. And so you had really extensive level of
5 detail and comparison.

6 ACTING COMMISSIONER SHEEHY: Okay. Thank you,
7 Linda. I appreciate that.

8 Thank you, Mr. Chairman.

9 CHAIRPERSON GARAMENDI: A question, if I might.

10 One of the slides that you put up indicated that
11 the county's decision was -- the original view was
12 modified by the termination of the platforms -- the
13 termination of production at the platforms. We heard from
14 Mr. Charter that there is no federal -- that only a
15 federal law would provide assurance that production would
16 be terminated.

17 Do you agree with his view?

18 MS. KROP: No. We and the county looked at it as
19 the fact that we had enforceable contracts already
20 executed that included an end date, and the parties to
21 those agreements can go to court and seek enforcement. We
22 offered to the State Lands Commission, and we still offer
23 to the State Lands Commission, that you can put whatever
24 you want in your lease and enforce that. The lessees --
25 the operators have already agreed that they are going to

1 give up those leases. That's enforceable. The question
2 that came up in the hearing in January was, could the
3 federal government intervene at that point? They would
4 actually have to take affirmative action to undue the end
5 dates.

6 So, no, we don't need federal legislation. We
7 already have enforceable contracts. And so the question
8 is, you know, 9 years down the road and 13 years down the
9 road is the federal government going to affirmatively do
10 something to undermine those agreements?

11 CHAIRPERSON GARAMENDI: Thank you very much.

12 ACTING COMMISSIONER SHEEHY: Mr. Chairman, I'd
13 like to add onto that.

14 I think if you were to ask Mr. Hager, he would
15 tell you that the lease that PXP currently has with the
16 federal government has a provision in it that says that
17 they can walk away from it at any time. And that does not
18 require federal legislation.

19 I don't know. I think if you asked him, that's
20 what he'd say.

21 CHAIRPERSON GARAMENDI: I think I violated my own
22 edict here.

23 EXECUTIVE OFFICER THAYER: And I think I could
24 provide some clarifications consistent with your edict,
25 which is that I think when the -- and you can ask Doug --

1 I think when he was talking about an end date and the
2 county was focusing on it, they weren't looking at the
3 federal end dates. They were looking at the end date for
4 the new proposed Tranquillon Ridge lease. And so that
5 that was something that -- or I think that was the point
6 you were trying to make about the slides, that the
7 environmental analysis changed when you looked at having a
8 limited term Tranquillon Ridge lease.

9 Do I have that right?

10 And it was much more limited to county level.
11 They kind of stayed away from the federal end date points.
12 But that, as you pointed out, they eventually said, "No,
13 we're going to change our environmental analysis for
14 Tranquillon Ridge," because there was a State lease end
15 date is what was being proposed in that context.

16 MS. KROP: Correct.

17 EXECUTIVE OFFICER THAYER: Without commenting one
18 way or the other about the other.

19 MS. KROP: Yeah. But that is what we're talking
20 about comparing offshore versus onshore. We're talking
21 about Tranquillon Ridge.

22 EXECUTIVE OFFICER THAYER: Right, exactly. So
23 it's not necessary to get into the -- edict.

24 MS. KROP: Correct.

25 I do have --

1 CHAIRPERSON GARAMENDI: Okay, good. Thank you.

2 MS. KROP: I do have excerpts from the documents
3 to submit to your staff for the record. And also there is
4 already proposed legislation to modify the California
5 Coastal Sanctuary Act. And, again, we implore that you
6 not support such an effort.

7 Thank you.

8 ACTING COMMISSIONER SHEEHY: I'm sorry. I'm
9 unaware of any legislation to do that. Who's proposing to
10 modify it?

11 EXECUTIVE OFFICER THAYER: We've seen language -
12 I think that's the one you're talking about - that
13 purportedly comes from Sunset. Is that the one you're
14 looking at?

15 MS. KROP: Probably, yes.

16 ACTING COMMISSIONER SHEEHY: But it's not been
17 introduced yet, has -- I'm sorry. I apologize, Mr.
18 Chairman.

19 It's not been introduced, has it?

20 EXECUTIVE OFFICER THAYER: That's correct.

21 ACTING COMMISSIONER SHEEHY: Okay. I just wanted
22 to make sure.

23 MS. KROP: I just want to make sure that people
24 are aware that there is a proposal out there.

25 CHAIRPERSON GARAMENDI: Well, it's rather clear

1 to everyone that the Legislature can change the laws. If
2 you get what I mean.

3 (Laughter.)

4 CHAIRPERSON GARAMENDI: And the Governor too.
5 Let's move on with our next witness.

6 MS. KROP: Thank you very much.

7 CHAIRPERSON GARAMENDI: Thank you.

8 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
9 SCOTT: The next speaker is Mr. Bob Poole. He is the
10 Senior Coordinator for Coastal Issues with the Western
11 States Petroleum Association. And he is representing
12 private industry.

13 Before I ask Mr. Poole to come to the podium,
14 though, I just want to make clear that following Mr.
15 Poole's presentation we do have two remaining State Lands
16 staff presentations as well. I just -- I didn't know if
17 you were aware of that.

18 CHAIRPERSON GARAMENDI: Well, we're running out
19 of time here. So we've gone into great detail on this.

20 But let's hear from Mr. Poole.

21 And, Mr. Poole, if you could be succinct. I was
22 reading through your document. And if you unload the
23 whole load on us, we'll have an oil spill here.

24 (Laughter.)

25 MR. POOLE: Well, we don't want to do that.

1 Good morning, Chairman Garamendi, members of the
2 Commission. Based on your request, sir, I'll speak first
3 off to the issue at hand. Then we can go from there at
4 your pleasure.

5 --o0o--

6 MR. POOLE: As we've seen thus far, there are a
7 host of factors and issues to be considered in the
8 comparative analysis of advantages and disadvantages of
9 onshore and offshore access to our energy resources. And
10 industry wishes to join in reinforcing that any analysis
11 must be case by case, project specific.

12 Not only should the factors already mentioned be
13 considered case by case, but also prior to any project
14 proposal coming forward a host of other issues are
15 considered by companies, including whether there's an
16 appropriate land-based location and existing supporting
17 facilities, infrastructure, in addition to geologic
18 considerations such the fracture, orientation, depth of
19 the reservoir targeted for production, et cetera, et
20 cetera.

21 --o0o--

22 MR. POOLE: But the industry, above and beyond
23 the need for the case-by-case project-specific
24 consideration, access to our existing domestic resources
25 contains a broader set of issues that I'd like to briefly

1 go over if I could.

2 As you can see from the slide there, access to
3 our domestic energy resources involves a number of things.
4 Additional offshore production can provide significant new
5 jobs and more revenue for State and local governments.

6 Our industry has demonstrated that it can produce
7 our needed energy supplies safely and responsibly.
8 Domestic production will benefit California consumers.
9 Our existing technology provides access to new leases with
10 minimal impacts. And the infrastructure is in place to
11 support additional offshore production.

12 --o0o--

13 MR. POOLE: Basically it becomes an economic
14 question also. More jobs, more economic stimulus. As you
15 can see from the list there, a considerable economic
16 impact could result from accessing our domestic energy.

17 --o0o--

18 MR. POOLE: Sir?

19 CHAIRPERSON GARAMENDI: Both State and federal
20 waters?

21 MR. POOLE: Yes.

22 Now, as you can see, this is a slide from the
23 Minerals Management Service they did just a few years ago,
24 trying to document the amount of resources that are
25 available off our coast. And you can see there from that

1 slide that in the lower 48 states they're projecting
2 somewhere between -- looks like about 11.7 billion barrels
3 of oil that's accessible, let alone the amount of cubic
4 feet of natural gas. So we do have domestic energy
5 resources available to us.

6 --o0o--

7 MR. POOLE: Here's an excerpt also from the MMS
8 speaking to the technological capabilities of our industry
9 to produce those resources in a safe and sound manner.

10 --o0o--

11 MR. POOLE: Since 1970, over a billion barrels of
12 oil have been produced in California -- off the coast of
13 California, according to the MMS. During that time only
14 850 barrels have been accidentally released into the
15 marine environment in the OCS.

16 But currently about 55,000 barrels of crude oil
17 seeps naturally off the coast of Santa Barbara. And there
18 is UCSB scientific data that draws a direct correlation
19 between the reduction of reservoir pressure, particularly
20 from Platform Holly, to reducing the seepage, the natural
21 seepage off the coast that results on the beaches.

22 --o0o--

23 MR. POOLE: Here's a slide that illustrates the
24 reduction in the technological footprint now that's
25 available to us. As you can see, in 1970 we had a much

1 larger drill pad and a much smaller resource access. And
2 you can see where that has evolved.

3 I'm trying to go fast.

4 --o0o--

5 MR. POOLE: Here's a couple of pretty pictures
6 showing a drilling platform off the coast -- or onshore
7 accessing offshore resources.

8 --o0o--

9 MR. POOLE: Here's one from a platform accessing
10 those resources offshore.

11 --o0o--

12 MR. POOLE: Not only does our technology reduce
13 the footprint but it improves safety. Over to the right
14 what you see is a well completion schematic with many
15 redundant systems, both with blowout preventer and numbers
16 of casings to prevent as best as possible the possibility
17 of an accident.

18 Also measurement-while-drilling technology,
19 global positioning systems, remotely-operated underwater
20 vehicles, 3- and 4-D seismic technology.

21 All of those things are being applied to help
22 safety produce the resources that we need.

23 --o0o--

24 MR. POOLE: You've seen the variations of this
25 slide. And I won't dwell on it. But there is

1 considerable infrastructure already in place to continue
2 the extraction of the resources we need.

3 --o0o--

4 MR. POOLE: California's in a difficult spot. We
5 only produce 40 percent of the oil that we use here every
6 day. We refine between 1.8 million and 2 million barrels
7 a day. So 7 to 800,000 barrels a day is all we produce.
8 The rest of that's coming in over the ocean.

9 --o0o--

10 MR. POOLE: California's an energy island. As
11 you can see, if we needed to get crude somewhere, it has
12 to come in -- if we're not getting it from California, it
13 has to come in over the ocean.

14 --o0o--

15 MR. POOLE: This is the most telling slide I
16 think to look at. If you'll add those bottom three
17 columns up there which basically constitute fossil fuels,
18 the Energy Information Administration of the federal
19 government says that the best projections by 2030, we are
20 still going to need 75 -- roughly 75 percent of our energy
21 demands are going to be met by fossil fuels. It's an
22 important consideration when we're looking at making
23 decisions that affect that picture.

24 --o0o--

25 MR. POOLE: In closing, the future will require

1 multiple sources in strategies. Despite the drop in
2 demand, our U.S. needs to improve our energy security by
3 better utilizing our domestic supplies. We can do this
4 safely in an environmentally sensitive way. So we must do
5 four things: Add domestic supplies through greater
6 access; conserve energy; use energy more efficiently; and
7 develop alternatives and renewable fuels and technologies,
8 which the petroleum industry is doing.

9 I'm available for any questions. Thank you.

10 CHAIRPERSON GARAMENDI: Tom.

11 ACTING COMMISSIONER SHEEHY: You know, thank you,
12 Mr. Poole.

13 I think to be balanced in this approach -- you
14 know, you started off in the beginning talking about, I
15 don't know, the number of jobs - 14,000 or something -
16 jobs that could be created by further exploiting our
17 energy resources off the coast of California. I just
18 think it's important - and you may want to comment on
19 this - to offset that with the fact that if we were to
20 have another catastrophic event, like we did in 1969, what
21 sort of jobs we'd be losing as a result of the degradation
22 to our coastline and the tourist impacts.

23 Do you have any comments on that?

24 MR. POOLE: Well, one of the things, since 1970
25 there has been a complete development of an infrastructure

1 for oil spill prevention and response. Primarily off the
2 coast of Santa Barbara, there's an entity called Clean
3 Seas, which is a nonprofit co-op fully funded by the oil
4 industry, that has 24-hour-a-day, 7-days-a-week response
5 capability. Several boats - boomer -- or booming,
6 skimmers - all the various devices. They constantly
7 drill. They have contingency plans. And that's just one
8 aspect of what's going on all up and down the coast.

9 With the California Department of Fish and Game
10 Office of Spill Prevention and Response, we're currently
11 going through a statewide review on best achievable
12 protection, which includes best technology and best
13 practices to see what's out there that maybe can be
14 brought to bear on that. There will be a report to the
15 Legislature coming up by the end of the year on that
16 subject.

17 So I think that's an -- an important part of that
18 discussion is to understand that we have infrastructure in
19 place today that we didn't have in 1969 that can go great
20 distances to minimize any potentially unfortunate
21 incidents such as that.

22 With everything we do we've got risk.

23 ACTING COMMISSIONER SHEEHY: So the Clean Seas
24 program is an industry-funded program?

25 MR. POOLE: That is correct, that is correct.

1 All of the --

2 ACTING COMMISSIONER SHEEHY: I'm sorry. Now,
3 does that Clean Seas program, does that coordinate with
4 the State's oil spill prevention or is there an interface
5 or --

6 MR. POOLE: Oh, yes. There are contingency
7 plans, all kinds of state requirements that they're
8 actually doing.

9 ACTING COMMISSIONER SHEEHY: I have one more
10 question, Mr. Chairman.

11 For those of us who weren't -- for those of us
12 who aren't old enough to remember the specifics of the
13 1969 incident off the coast of Santa Barbara, which was of
14 course a tremendous tragedy for our coastline, what is
15 different today in the rigs that are operating that would
16 prevent such a thing from happening? I take it -- you
17 mentioned something about a blowout preventer, redundant
18 casings. Presumably -- you know, we haven't had that
19 happen in 40 years, but have we really learned from our
20 mistakes? And what has actually changed to prevent a
21 future tragedy like that happening?

22 MR. POOLE: Well, I'm going to respond to your
23 question. I'm not a petroleum engineer, but I do
24 understand a couple of key components that were factors in
25 the 1969 oil spill that are not factors today.

1 When you saw the slide of the well completion,
2 there is casing that previously was not required to go
3 down to a certain level.

4 Now there are many, many, many, many more
5 redundant levels of casing that very potentially would
6 have avoided that problem.

7 The blowout on Platform A in 1969 was -- the
8 pressure backed up and came out of a fracture further on
9 down. Those types of issues now with all of the high
10 technology, et cetera, in terms of being able to really
11 look in the reservoirs with the
12 measurement-while-drillings, all of those types of
13 technological capabilities that we have now speak back to
14 that issue I think in terms of reducing -- trying to
15 minimize and trying to eliminate the risk of a 1969 oil
16 spill occurring.

17 ACTING COMMISSIONER SHEEHY: Okay. Thank you.

18 CHAIRPERSON GARAMENDI: Thank you very much.

19 Is it the policy of your organization to seek the
20 removal of the federal moratorium?

21 MR. POOLE: In general, we are concerned about
22 access. And so any issue that would try to provide better
23 access for our domestic resources we would advocate.

24 CHAIRPERSON GARAMENDI: I've stated the question
25 wrong. There is no federal moratorium at the moment.

1 MR. POOLE: Right. That's correct as of July.

2 CHAIRPERSON GARAMENDI: So let me put it the
3 other way around.

4 Is it the policy of your organization to oppose
5 the reimposition of the federal moratorium?

6 MR. POOLE: Well, again - and, you know, not
7 trying to avoid your question - that's an access issue,
8 and we definitely are in favor of increasing access. So
9 by logic, I think the answer to your question is yes.

10 CHAIRPERSON GARAMENDI: Thank you very much.

11 MR. POOLE: You're welcome.

12 CHAIRPERSON GARAMENDI: Yeah, you and Mr. Charter
13 can get in the back room and work this out and let us know
14 what the answer is.

15 MR. POOLE: Okay. I'll do that, sir.

16 Is that it?

17 CHAIRPERSON GARAMENDI: That's it. Thank you
18 very much.

19 MR. POOLE: Thank you.

20 CHAIRPERSON GARAMENDI: Let's hear from the
21 remaining State witnesses, and we'll move this thing
22 along.

23 Lunch is not going to be served right away.

24 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

25 SCOTT: The next speaker assures me that he won't take

1 more than three to five minutes. So we'll have this
2 wrapped up fairly soon.

3 He is Jeff Planck. He's the Senior Mineral
4 Resources Engineer with the Commission's Mineral Resources
5 Division. And he'll be presenting some information having
6 to do with the potential resource areas that exist in
7 offshore State lands.

8 SENIOR ENGINEER PLANCK: Good afternoon, Chairman
9 and Commissioners.

10 I've been asked to give a brief overview of the
11 State's offshore oil and gas resources, the physical
12 accessibility and the estimated recoveries.

13 --o0o--

14 SENIOR ENGINEER PLANCK: There's at least eight
15 proven and undeveloped oil and gas fields in the basins of
16 southern California. The total reserve potential of all
17 the undeveloped fields and the prospects in State waters
18 range from around 500 million barrels to 1.2 billion
19 barrels.

20 --o0o--

21 SENIOR ENGINEER PLANCK: This map shows the State
22 waters, which are located from the shoreline out to that
23 black line, which represents about three nautical miles.

24 The highest volume of oil and gas production in
25 the State is down in Los Angeles and Orange counties.

1 However, the exploration development activity in current
2 drilling projects that I have on my desk are located in
3 the offshore fields here of Ventura and Santa Barbara
4 County.

5 --o0o--

6 SENIOR ENGINEER PLANCK: At least six of the
7 eight undeveloped fields can be reached from onshore drill
8 sites physically to produce a reserve within the State
9 waters. They've been covered extensively today, so I
10 won't go into them on this slide. But if you tally up the
11 amount of oil that's out there, that comes up to about 500
12 million to 1.2 billion barrels.

13 --o0o--

14 SENIOR ENGINEER PLANCK: The San Maria Basin
15 there are three potential development sites all reachable
16 from Vandenberg Air Force Base, if in fact you could get a
17 drill site: T Ridge; Rocky Point, which in fact is also
18 being drained at the moment by federal operations; and
19 another site called the -- we call the Sudden field.

20 CHAIRPERSON GARAMENDI: Excuse me.

21 We've heard a lot of testimony here about these
22 fields. But this is the first I've heard about the Rocky
23 site and drainage. Could you go into that a little more.

24 SENIOR ENGINEER PLANCK: Rocky Point is just
25 south of the Tranquillon Ridge area. It's mostly located

1 in federal water. There has been at least one well or
2 more -- at least one well drilled into the federal side of
3 that Rocky Point field. It was not very successful, and
4 I'm not sure that they're going to continue drilling.

5 CHAIRPERSON GARAMENDI: Is there drainage?

6 SENIOR ENGINEER PLANCK: Yeah, the field does
7 come into State waters and, yes, there is drainage if
8 they're producing -- they're currently producing, yes.

9 CHAIRPERSON GARAMENDI: So we have another oil
10 field in State waters that is being drained from the
11 federal waters -- from the federal platform?

12 SENIOR ENGINEER PLANCK: That is another field,
13 yes.

14 CHAIRPERSON GARAMENDI: Thank you.

15 SENIOR ENGINEER PLANCK: I'll clarify that. We
16 have not made a study to determine whether there is
17 drainage or not. But it is part of the same field. Does
18 that clarify it a little bit better?

19 ACTING COMMISSIONER SHEEHY: I'm sorry, Mr.
20 Chairman. Now I'm thoroughly confused.

21 (Laughter.)

22 ACTING COMMISSIONER SHEEHY: Do you want to start
23 over. You said I think three times for the record that
24 there were drainage going on. And then there was a little
25 side bar. Then you came back and said, "We haven't

1 studied whether there's drainage." So I'm with the
2 Chairman on this. I'd like to know what the deal is.

3 SENIOR ENGINEER PLANCK: Okay. The geologic
4 structure extends from the federal side over into the
5 State side. There has been a well drilled. It is
6 producing. We have not investigated or studied
7 geologically whether or not that well is physically
8 draining State resources.

9 ACTING COMMISSIONER SHEEHY: Okay. Thank you.

10 CHAIRPERSON GARAMENDI: That's an interesting
11 piece of information and it relates to things that are
12 currently in play.

13 But please continue.

14 SENIOR ENGINEER PLANCK: A little further south
15 off of Government Point is a field which has been known as
16 Cojo. Back in the 1990s UnoCal applied to drill four
17 wells from Government Point from an onshore federal oil
18 and gas site into the structure.

19 The Commission staff determined that that would
20 only damage the reservoir and denied the project. Unocal
21 and the lease are gone. So as stated earlier, it would
22 require a new lease. And, no, there is no drainage there
23 that we know of.

24 The results, no federal platforms that could
25 reach that.

1 --o0o--

2 SENIOR ENGINEER PLANCK: In Santa Barbara County,
3 the Manatee field could be reached from Exxon platforms
4 Harmony and Hondo or possibly from an onshore site at the
5 Gaviota processing facility.

6 There's another area called Gato Canyon; although
7 there are no current onshore or offshore sites that we're
8 aware of that could reach that.

9 South Ellwood is the field currently producing
10 from the last State platform in the San Barbara Channel on
11 two current State leases. The eastern lease is the
12 subject of an application to extend the lease boundary to
13 encompass the entire field and expedite recovery of a
14 large area of reserves being drained. We do have a study
15 of this being drained by the wells on Holly.

16 The applicant estimated that this would increase
17 production by 10,000 barrels a day.

18 --o0o--

19 SENIOR ENGINEER PLANCK: South of there we have
20 two applications in the Carpinteria area which you've
21 heard a lot about today: Paredon, to be drilled from
22 onshore from the processing site that was there that used
23 to process the oil coming from the Chevron platforms; and
24 offshore of the remaining reserves from those old Chevron
25 fields to be drilled from the federal Platform Hogan,

1 which is also draining State resources at this point.

2 --o0o--

3 CHAIRPERSON GARAMENDI: And these are existing
4 leases?

5 SENIOR ENGINEER PLANCK: I'm sorry?

6 CHAIRPERSON GARAMENDI: Are these existing
7 leases?

8 SENIOR ENGINEER PLANCK: Yes.

9 CHAIRPERSON GARAMENDI: The question is, from
10 which direction will the drilling occur?

11 SENIOR ENGINEER PLANCK: Onshore it's drilled
12 from onshore to the south.

13 CHAIRPERSON GARAMENDI: Got it. Thank you.

14 --o0o--

15 SENIOR ENGINEER PLANCK: Finally, I have a chart
16 which Ms. Krop referenced earlier.

17 This chart summarizes the fields, whether or not
18 there's drainage -- or whether or not we believe there's
19 drainage occurring; the amount of potential oil and gas
20 that's out there; and whether or not they're accessible
21 from onshore or offshore platform.

22 We didn't make any distinction as to whether
23 there was an onshore site currently available, like on
24 Vandenberg Air Force Base, just that it was physically
25 possible to do that.

1 CHAIRPERSON GARAMENDI: Is that it?

2 SENIOR ENGINEER PLANCK: Yeah.

3 ACTING COMMISSIONER SHEEHY: Follow-up question
4 for Mr. Planck.

5 So, Mr. Planck, this Rocky Point field, where
6 would it be accessible from?

7 SENIOR ENGINEER PLANCK: It's accessible, as we
8 have on there, from Platform Harvest, I believe it is, or
9 from Vandenberg Air Force Base.

10 ACTING COMMISSIONER SHEEHY: Is Harvest one of
11 the federal platforms that was proposed to be shut down as
12 part of the PXP proposal?

13 SENIOR ENGINEER PLANCK: Yes, sir.

14 ACTING COMMISSIONER SHEEHY: So if that had gone
15 forward, then that drilling wouldn't be possible, would
16 it?

17 SENIOR ENGINEER PLANCK: Not from that platform.

18 ACTING COMMISSIONER SHEEHY: All right. Thank
19 you.

20 CHAIRPERSON GARAMENDI: Was the platform to be
21 removed?

22 SENIOR ENGINEER PLANCK: It was proposed in the
23 Tranquillon Ridge.

24 CHAIRPERSON GARAMENDI: Removal of the platform
25 or the shutdown of the platform?

1 SENIOR ENGINEER PLANCK: Oh, I'm sorry. You're
2 right.

3 It was one of the four platforms that were going
4 to be shut down --

5 CHAIRPERSON GARAMENDI: But not necessarily
6 removed?

7 Yes?

8 SENIOR ENGINEER PLANCK: That's Ms. Krop's.

9 CHAIRPERSON GARAMENDI: Very good. Not
10 necessarily removed.

11 Thank you. Appreciate your testimony.

12 EXECUTIVE OFFICER THAYER: I think Greg Scott has
13 one small bit and then I have a 60-second wrap-up.

14 CHAIRPERSON GARAMENDI: Okay. Sixty seconds.

15 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF
16 SCOTT: One final slide.

17 Before I go through this, we did contact our
18 office to answer the question you had asked earlier,
19 Commissioner Sheehy, regarding the Exxon Valdez spill.
20 That was 10 million gallons, which was about 250,000
21 barrels. I just wanted to clarify that for you.

22 ACTING COMMISSIONER SHEEHY: I'm going to sleep
23 easier tonight, Mr. Scott, knowing the answer to that
24 question.

25 (Laughter.)

1 ACTING COMMISSIONER SHEEHY: God bless you.

2 MINERAL RESOURCES MANAGEMENT DIVISION CHIEF

3 SCOTT: My last slide please.

4 Thank you.

5 As you've heard today, there are many factors
6 that apply when consider the choices for siting drilling
7 and production facilities for offshore oil and gas
8 development.

9 The comparative information that has been
10 presented covers a broad spectrum of factors that come
11 into play. State Lands Commission staff evaluates all
12 projects of this type, understanding that there are many
13 factors that must be considered when determining the most
14 appropriate method.

15 There is a no-one-size-fits-all answer for these.
16 Each project or proposal is evaluated on a case-by-case
17 basis. It takes into account all the elements of
18 discussion that you've heard today. And we attempt to
19 weigh all the components such that the cumulative effect
20 is always tipped in the most favorable direction.

21 In adhering to the Commission's mission to
22 provide stewardship to our lands and resources, these
23 projects receive the most thorough scrutiny and assessment
24 that we can provide. And in working cooperatively with
25 other State agencies, federal agencies, and local

1 jurisdictions, we can be assured these projects conform to
2 all applicable laws, codes, and regulations.

3 That completes the presentation's informational
4 material. And Paul Thayer I believe will have some
5 concluding comments regarding policy.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Thank you very much.

8 EXECUTIVE OFFICER THAYER: And I'll be brief.

9 I wanted to point out that, in response to Linda
10 Krop's comments, that the presentation did include a
11 description of the legal constraints which now exist and
12 which would prevent development of some of the oil fields
13 that were discussed. Staff included mention of these oil
14 fields because that's the way it is. And some people look
15 at those oil fields and drool and other people want to
16 spit. And --

17 (Laughter.)

18 EXECUTIVE OFFICER THAYER: -- we're not including
19 those as an invitation for development, but just merely
20 those are the facts. And those facts lead to policy
21 choices and cause the State to face these issues.

22 I think that the -- I think it's clear from the
23 presentation that - I think staff probably would agree -
24 that the first thing one thinks of when you compare
25 offshore and onshore drilling opportunities is the

1 difference in spill threat. And although there's no
2 doubt, as some of the witnesses indicated, that there can
3 be a maritime or marine spill threat from an onshore
4 facility, because the oil, if there were a spill, could
5 drain into the offshore, that in general spills are more
6 dangerous from offshore development.

7 But that I think what should be clear from
8 staff's presentation is it would be foolish to stop the
9 analysis with that one environmental consideration. That
10 as Linda and Doug and I know the Coastal Commission staff
11 - I've talked to them about all of this - believe that
12 there are onshore impacts that aren't the same, it's
13 apples and oranges, but are extremely significant. And we
14 heard about them today, the possibility of threat to
15 public safety from hydrogen sulfide, the cultural impacts,
16 the terrestrial habitat impacts, and the potential
17 conflicts with land use.

18 So I would agree with Linda. And it's really the
19 same conclusion the Commission reached when we had a
20 hearing -- a similar hearing, and similarly controversial,
21 10 or 12 years ago about rigs to reefs. After hearing of
22 a half day of testimony the conclusion was the Commission
23 shouldn't really have a policy on what it's going to do on
24 this, but instead should look at the environmental impacts
25 and benefits from each project and decide, you know, what

1 it's going to do.

2 But having said that, we still get back to the
3 larger issue, which is whether or not the State wants to
4 have new offshore oil development. And obviously this
5 Commission has been very clear in the seven or eight
6 resolutions that it's adopted that it's not in favor of
7 doing that. And the factors that led to that conclusion
8 and those resolutions remain; they include the threats to
9 the environment, the threats to the coastal economy, the
10 threats to tourism.

11 Furthermore, it's inconsistent with the last two
12 or three years of the direction of California with respect
13 to energy in general, when we've got AB 32, which is
14 trying to reduce new fossil fuel use. And we also have
15 the new standards which the Governor's promulgated and the
16 Legislature's promulgated with respect to renewable
17 portfolio standards.

18 And so the development of new fossil fuel sources
19 is something that this Commission has resisted with
20 respect to new offshore oil leases. And that approach is
21 consistent with what the State's direction has been on
22 energy over the last few years and I suspect will be in
23 the future.

24 ACTING COMMISSIONER SHEEHY: And, Mr. Chairman, I
25 think the record would be deficient if we didn't point out

1 that -- you mentioned one man's drool, another man's spit.
2 The underlying factor is in fact the saliva.

3 (Laughter.)

4 EXECUTIVE OFFICER THAYER: That's correct. It's
5 another liquid.

6 CHAIRPERSON GARAMENDI: That's very helpful, Tom.
7 Thank you.

8 (Laughter.)

9 CHAIRPERSON GARAMENDI: That will conclude our
10 presentation on this particular matter. We've laid down a
11 very useful track of information for this Commission and
12 for the public to gain a better understanding of these
13 fuel resources off the coast of California and the
14 benefits and the problems and risks associated with
15 accessing those.

16 I appreciate all of the testimony that's been
17 given. It is not yet complete. However, I've promised
18 the Department of Water -- excuse me -- the L.A.
19 Department of Water and Power the opportunity to make a
20 presentation about an issue where there will be no
21 drainage into the ocean. In fact, any water -- or
22 anything draining into the Owens Lake isn't going anywhere
23 except up in dust and evaporation.

24 Oh let's move to that. I'm going to take a
25 ten-minute break. Otherwise we're going to have a

1 workers' compensation issue here from our court reporter.

2 So we're going to take a ten-minute break.

3 (Thereupon a recess was taken.)

4 CHAIRPERSON GARAMENDI: We're going to go back to
5 work here. We've just completed a good educational
6 program on the oil resources off the coast of California
7 and different ways of accessing that. So now we're going
8 to go to the far side of world...

9 I'll let us start over again here. I want to
10 thank the people who testified at the previous hearing. I
11 wanted to lay down a track of information for the future.
12 There's some very useful information that came from that
13 hearing, and it's not over. We do have about a half a
14 dozen -- actually about a dozen people that want to come
15 back and to testify. However, I promised a L.A. Water and
16 Power that we'd get to them just as quick as we can. And
17 quick turns out to be right now.

18 So let's move on to the Owens Valley and the
19 Owens Lake issue and what to do about the environmental
20 issues at the Owens Lake.

21 Well, look who's here.

22 Where's your hat?

23 LOS ANGELES DEPUTY MAYOR FREEMAN: My hat's off
24 to you, sir, and to you --

25 CHAIRPERSON GARAMENDI: Well, hit that microphone

1 button right there.

2 You're close, you're close.

3 There you go.

4 LOS ANGELES DEPUTY MAYOR FREEMAN: I say my hat
5 is off to you, sir.

6 Good morning.

7 CHAIRPERSON GARAMENDI: I am honored by your
8 presence, sir.

9 LOS ANGELES DEPUTY MAYOR FREEMAN: I'm here
10 before you --

11 CHAIRPERSON GARAMENDI: You may want to introduce
12 yourself.

13 LOS ANGELES DEPUTY MAYOR FREEMAN: My name is
14 Dave Freeman. I'm here on behalf of the Mayor of Los
15 Angeles, Antonio R. Villaraigosa.

16 I come before you with some regret, to be quite
17 frank with you, because we're a form of government and
18 you're a form of government, and the Great Basin, others
19 are forms of government, and I would have hoped that any
20 minor differences could be ironed out without having to
21 appear in this manner.

22 But I'm here because we have at least the
23 impression, hopefully the false impression, that your
24 staff is reluctant to give us permission to go out on the
25 Owens dry lake and complete the job that we have agreed to

1 undertake with the Great Basin Air Quality District to
2 control the dust, and that we can't do so with any of the
3 approved methods that we've worked out together other than
4 just putting more water on the lake.

5 And as everyone in this room knows, there is an
6 acute shortage of water in this State. We're rationing
7 water in the City of Los Angeles. We now are devoting a
8 huge amount of water on that lake as part of the effort
9 that we've undertaken.

10 The City of Los Angeles has invested \$500 million
11 over the last decade being a good guy in controlling what
12 was the worst dust pollution problem in the United States
13 a decade ago. We've agreed with Great Basin. And I'm
14 here today in part because I feel personally involved. I
15 negotiated the contract with Great Basin a decade ago that
16 ended an 80-year-old feud. And we agreed to control the
17 dust. And we agreed on specific methods that included
18 moat and row, gravel as well as water. We've now got
19 about 90 percent of the job completed. And we're up to
20 sort of the last roundup. And all this time, the State
21 Lands, which claims ownership to the lake bed, has given
22 us licenses without further ado and we've invested all
23 this.

24 Now, all of a sudden, it seems to us, a method
25 that was agreed upon with the air quality agency back in

1 2006 that we have perfected called moat and row is being
2 seriously questioned.

3 Now, sir, we have a timetable with the air
4 quality district that we have obeyed and complied with
5 over all these years. And we've got the last area that
6 needs to be controlled, that we've got 90 some odd
7 thousand acre-feet of water a year going on that lake
8 already, while the people of Los Angeles are being asked
9 to conserve like they never have before, and we have got a
10 method to do the rest of the job.

11 And let me say to you, that's not the end of it.
12 We also have plans to put solar panels in the lake to
13 control -- break up the wind and control the dust. If
14 that works out, the Owens dry lake can be the largest
15 solar park in America.

16 And we just urge that you direct your staff to
17 recognize that the Public Trust includes water, and
18 that -- it's kind of -- you know, if I could -- I feel at
19 home here and I feel like I can just speak directly. It's
20 almost like you're in a poker game and one party has sat
21 around and checked for ten years and now they're going to
22 come in and raise at the last minute.

23 It's somewhat frustrating to have the agency who
24 owns the land -- we've been controlling the dust. We have
25 never argued that State Lands owns this land and it's

1 their responsibility. That would not be a very good
2 argument, in my opinion. But --

3 CHAIRPERSON GARAMENDI: That's correct.

4 LOS ANGELES DEPUTY MAYOR FREEMAN: But it is
5 tempting when the State Lands says we can't do it the way
6 that we have agreed to do it with Great Basin.

7 I will give your staff this much credit. They
8 have succeeded in doing something that no one in this
9 State has been able to do for 80 years. They have united
10 the people of Inyo County with the City of Los Angeles.
11 Now, sir, if you get the Hatfields and the McCoy's to
12 actually agree on something, I think it's -- and that is
13 that we just have no water to waste. The cattlemen up
14 there and everyone else is on the same water rationing
15 kick. And all we ask is that you let us do what the air
16 quality basin and the rest of the folks up there have
17 agreed to and we'll live happily ever after.

18 CHAIRPERSON GARAMENDI: Well, we're all for
19 happiness. Thank you very much, David.

20 ACTING COMMISSIONER SHEEHY: I'd like to respond.

21 You know, Mr. Freeman, I don't think it's
22 appropriate to come in here and dress down our staff the
23 way you just did, and I don't accept it and I don't
24 appreciate it.

25 I think that the State Lands Commission staff has

1 a tough job. They get involved in a lot of controversial
2 issues. We just spent a lot of time talking about oil,
3 which is certainly a very controversial issue. I publicly
4 have disagreed with them in the past. But one thing that
5 I will say for the record today, I'll say it tomorrow,
6 I'll say it any time, is I think that they're dedicated
7 professionals, they work hard, and they call it the way
8 they see it.

9 Now, you're entitled to your opinion, but you're
10 not entitled to your own facts. And the fact is that some
11 of the information that they've been requesting from L.A.
12 Department of Water and Power has not been forthcoming.
13 So for you to come in and rain all over our staff is not
14 received well by me. I think it's a disservice to our
15 staff. And I would appreciate it if you changed your
16 tone.

17 LOS ANGELES DEPUTY MAYOR FREEMAN: Well, let me
18 just say to you, sir - I'm a pretty straight-shooting
19 person - I have probably a higher regard for Paul Thayer
20 than even you have. I've worked with him when I was
21 president of the Port Commission. I know him. I think
22 that he believes with all of his heart and his mind that
23 he is correct in what he's doing. He's a public servant.
24 I just happen to disagree with the whole notion that here
25 in 2009 that the staff is basically raising questions

1 about a method of dust control that we have worked very
2 diligently with Great Basin in perfecting. And I must say
3 that, you know -- you know, my tone, I can't help that.
4 But I'm just -- I'm just giving my opinion. And I have
5 never intended to be disrespectful to Paul or his people.
6 We just disagree on this. And, you know, this is America.
7 I think we still have a right to come before you and
8 disagree.

9 CHAIRPERSON GARAMENDI: We now have a good
10 disagreement underway.

11 And let us move on.

12 David, thank you very much.

13 LOS ANGELES DEPUTY MAYOR FREEMAN: Thank you.

14 CHAIRPERSON GARAMENDI: Let's move on and get the
15 rest of this on the table.

16 Thank you.

17 Paul.

18 EXECUTIVE OFFICER THAYER: Thanks.

19 We do have a staff presentation in several parts.
20 And Judy Brown will lead off from the Land Management
21 Division.

22 Oh, I should take two steps back and say this
23 hearing is taking place at the request of the Lieutenant
24 Governor, who wanted to do an informational oversight
25 hearing on this before the matter finally came for a

1 decision in order to ventilate some of these issues such
2 as Mr. Freeman was raising.

3 My understanding is that - and L.A. can correct
4 this, I'm sure - that L.A. and DWP intends to adopt the
5 final supplemental Environmental Impact Report in
6 September. We can't make a decision at the State Lands
7 Commission until that document is done. We're a
8 responsible agency, and we have to have that completed.
9 And, therefore, we didn't have an opportunity to take
10 action today. But, again, the Chair wanted to ventilate
11 these issues now. And so staff put together a very
12 comprehensive staff report which highlights all of the
13 issues, including the ones that Mr. Freeman was talking
14 about. And staff has --

15 CHAIRPERSON GARAMENDI: Kind of started in the
16 middle of the puzzle, didn't we?

17 EXECUTIVE OFFICER THAYER: It didn't matter. I
18 mean Mr. Freeman's always --

19 CHAIRPERSON GARAMENDI: Well, it turns out it's
20 mattered a great deal. And my apologies to you, having
21 not laid things out.

22 I think where I'd like to go with this -- I see
23 that we have another presenter from L.A. Why don't we do
24 that. And then let's hear the staff on the counterpoint
25 if there is a counterpoint, at least the points that the

1 staff wants to bring forward.

2 Go ahead, David.

3 MR. NAHAI: Thank you, Chair Garamendi, members
4 of the Commission, Mr. Thayer. My name is David Nahai,
5 and I'm privileged to serve as the CEO of the Los Angeles
6 Department of Water and Power.

7 Let me thank you for agendizing this matter so
8 that we can air the various issues that may divide us.
9 And we readily understand that we're not at the end of the
10 process yet.

11 By the way, I would like to say that, and my
12 staff informs me, that we've responded to all questions,
13 except that there was a July 22nd letter from State staff,
14 which is part of the environmental process, that we'll be
15 responding to in due time.

16 Let me start by saying this. We have here after
17 the staff presentation a number of people who have come to
18 visit with you from Metropolitan Water District. Very
19 pleased to have here Supervisor Linda Arcularius from the
20 Inyo County Board of Supervisors, George Milovich from the
21 Inyo/Mono Agricultural Commission. There are
22 representatives from ranchers, from the Agricultural
23 Commission, the Cattlemen's Association, from the
24 environmental community. Ted Schade from Great Basin is
25 here. And they're all here to urge your honorable

1 Commission to ask your staff to work with Los Angeles in a
2 constructive way in order to make moat and row a reality.

3 Deputy Mayor Freeman talked about the water
4 situation. And we all know about it. We have a statewide
5 emergency. The Metropolitan Water District has cut back
6 shipments to its member agencies by 10 percent.

7 But I have to tell you that Los Angeles has not
8 sat passively while this drought has occurred. We have a
9 water conservation ordinance. We have shortage year
10 rates. There have been thousands of citations that have
11 been issued under the water conservation ordinance. As a
12 result, the water use in L.A. for the month of June was
13 the lowest in 32 years. So the people of L.A. are
14 responding to the drought that we're in.

15 On top of that, Mayor Villaraigosa has
16 promulgated a water supply plan for the City of Los
17 Angeles, which takes in conservation; new building
18 standards; recycling, not only for irrigation but also for
19 drinking purposes; rainfall capture; and other strategies.

20 I have to say that L.A. has done a good job over
21 the last quarter of a century in conserving water. Our
22 population has grown by about a million people, and yet
23 our water consumption has grown negligibly, if at all.

24 So this need with respect to the Owens Lake to go
25 to waterless strategies is something that has been thought

1 about for quite some time, and it was actually put into
2 the 2006 settlement agreement with Great Basin. That
3 settlement agreement contemplates moat and row as a
4 waterless measure in order to control the dust on the
5 lake.

6 And under these circumstances, given the
7 statewide water shortage that we face, to go ahead and put
8 additional water on the lake appears to us to be
9 irresponsible; and as our legal staff advises me, quite
10 possibly violative of the State Constitution which
11 prescribes the unreasonable use of water.

12 Let me put moat and row in perspective for a
13 second and what exactly it is that we're talking about.
14 And if I may, let me direct your attention to this poster
15 here.

16 Here you will see in the dark blue the areas that
17 are covered -- that are subject of shallow flooding right
18 now. The light blue areas show our current commitment,
19 which is Phase 7. The green is managed vegetation. And
20 these brown bits that you see is where moat and row would
21 occur.

22 And what I want to point out is this: If you
23 take a look at all of the areas apart from the brown
24 pieces, they amount to about 40 square miles - 40 square
25 miles of mitigation on a lake that's about a hundred

1 square miles altogether

2 Moat and row is 3 1/2 square miles. It's barely
3 10 percent. This is a limited project. It's a
4 comparatively small project. But it is important for us
5 in order to move ahead in a way that we can move to
6 waterless technologies.

7 Right now we've got 68,000 acre-feet of water on
8 the lake. By the time the blue parts are completed, Phase
9 7, we'll have 95,000 acre-feet - 95,000 acre-feet. That's
10 enough for 200,000 households. Take four people per
11 household, that's 800,000 people.

12 So, we have to ask yourselves, at a time of an
13 acute water shortage, is it responsible to go ahead and
14 put more water on the lake when we've got other
15 technologies that would enable us to do what the whole
16 objective is, which is to control the dust on the lake.

17 Now, back in 2007, in May of 2007, I believe, we
18 asked your honorable commission for a lease in order to do
19 a demonstration project, a demonstration moat and row
20 project. That lease was granted. It did have a grid
21 design. So much has been said about serpentine and grid.
22 It had a grid design. And air sciences concluded that
23 that project showed a 99 percent controlled efficiency.
24 So we're much encouraged that this can actually move
25 forward to control the dust. But we understand that the

1 moat and row projects here are at L.A.'s risk and they're
2 on L.A.'s dime.

3 Now, let me just say a couple of things about our
4 interactions with staff. They've at all times been
5 cordial, they've at all times been respectful. And I
6 personally hope and believe that I've built a good and
7 positive relationship with Paul Thayer.

8 But I also have to say this: When one looks at
9 the timeline of this matter and when one reads the staff
10 report, it's difficult not to come away with the
11 impression, Paul, that the bar keeps getting raised, that
12 the target keeps moving on us.

13 The EIR came out in 2008. It was thought
14 inadequate. There was an addendum. That was thought
15 insufficient. There was an administrative draft
16 supplemental EIR. That didn't satisfy the staff. Then
17 there was the draft supplemental EIR. That too is found
18 lacking.

19 When I read the staff report for this meeting, it
20 appeared to me as if nothing had been accomplished, as if
21 we hadn't moved the ball one step forward. Now, I'm
22 personally committed to continue to work on this. But in
23 a kind of Kafkaesque twist at the very end of this, we
24 understand that the analysis that we thought that the
25 staff wanted, the statements, the review that we thought

1 that the staff wanted as far as the water supply issues
2 are concerned, now the staff wants to delete altogether.

3 ACTING COMMISSIONER SHEEHY: I'm sorry.

4 CHAIRPERSON GARAMENDI: Go ahead.

5 ACTING COMMISSIONER SHEEHY: I'm sorry, David. I
6 missed that. What was that last comment? Now the staff
7 wants to what?

8 MR. NAHAI: That we understood that the staff
9 wanted us in the supplemental EIR to include a review of
10 the water supply situation that we -- which is critical to
11 this debate. How can you blithely ignore that given the
12 situation that we're in? We thought that that review was
13 requested. We provided it. Now I understand that staff
14 wishes us to delete it, that they don't think it should be
15 a part of this entire analysis at all.

16 If I'm wrong about that, I'd be very, very happy
17 to be corrected.

18 And then of course we have this, I don't know,
19 kind of Talmudic discussion about a difference between a
20 supplemental EIR and a subsequent EIR, a distinction
21 without a difference as I understand it. And all of this
22 time, the drought is continuing and the air quality at the
23 Owens Valley continues to be impaired.

24 And then of course, once we get beyond the CEQA
25 issues, as I hopefully think we shall, we'll have the

1 Public Trust issue to deal with. And let me say something
2 about that.

3 We respect -- deeply respect the Commission's
4 discretion with respect to Public Trust matters. But the
5 Public Trust Doctrine is not a rigid, inflexible,
6 blinkered, doctrine. The Commission has the right - and,
7 indeed, these are in your own policy guidelines - to take
8 in many factors. And we would suggest that water supply
9 issues and air quality issues are part of the factors that
10 have to be taken into account in that balancing.

11 The other difficulty that we have frankly is is
12 that some of the positions expressed by staff on the
13 Public Trust Doctrine -- and I recall a part of a letter
14 that said that moat and row may be incompatible with
15 Public Trust issues.

16 We find that statement difficult to reconcile,
17 with the fact that a major corporation is on the lake
18 right now digging trenches as part of their mining
19 operations on property larger than we're going to be doing
20 moat and row on, and that isn't violative of the Public
21 Trust Doctrine, and yet what we're attempting to do would
22 be.

23 The distinction that's been offered up that I've
24 heard is that, well, they're paying for the lease. Okay.
25 Please let us know what the rental rate would be. And

1 we'd be happy to comply with that.

2 I'll conclude my statements there with a humble
3 and respectful request, that you ask your staff to help
4 us, to work with us, so that we can make moat and row a
5 reality, as I said. This is a limited matter, but we're
6 under severe time constraints. There are air quality
7 issues. There are water supply issues. And we'd be very
8 happy to respond to any questions you may have.

9 Thank you for listening.

10 CHAIRPERSON GARAMENDI: Tom.

11 ACTING COMMISSIONER SHEEHY: You know, CEQA's a
12 real bear, isn't it?

13 MR. NAHAI: You're asking my opinion?

14 (Laughter.)

15 ACTING COMMISSIONER SHEEHY: Yes.

16 MR. NAHAI: No, I'm a great fan of that statute.
17 I think it's done a tremendous service to the State of
18 California.

19 ACTING COMMISSIONER SHEEHY: You know, I think it
20 has too. I think that our State's far better off with
21 CEQA than without it. In fact, if we just had NEPA, it's
22 a lower standard than CEQA. And so I find it a bit ironic
23 then to come up here again and give our staff a hard time
24 for following the law and for, you know, trying to comply
25 with CEQA and the requirements there.

1 And, you know, if you don't like CEQA, then I can
2 understand it. But if you're a supporter of it, then it's
3 more difficult for me to sort of sit here and listen to a
4 third party come in and say, "Well, you know, if you would
5 just get your staff to work with us, if they would just
6 stop being so stubborn, if they would just stop following
7 the law, maybe we could get our project done sooner."

8 MR. NAHAI: May I respond to that?

9 ACTING COMMISSIONER SHEEHY: Certainly.

10 MR. NAHAI: Let me say this. As I said, I'm of
11 course a fan of CEQA. I come from the environmental
12 community, as does Deputy Mayor Freeman. Mayor
13 Villaraigosa came into office saying that we're going to
14 meet our environmental obligations honorably, and he has
15 made it a top priority to move Los Angeles ahead in terms
16 of environmental responsibility.

17 So I think, with due respect, that the point got
18 missed. I'm not saying that anybody should violate CEQA.
19 Not at all. As I say, I think CEQA has done this State a
20 tremendous service. But the question is, that as you go
21 through the CEQA process, both parties need to approach
22 their obligations and their responsibilities in a way with
23 good faith and with a cooperative attitude. We're both
24 governmental agencies.

25 I'm not dressing down the staff. I think in all

1 of my statements to you I've expressed great respect for
2 Mr. Thayer and his staff. We do have a disagreement. But
3 at the core of all of that is, is what are we going to do
4 at the end of this with respect to abating the dust on the
5 lake? Is the staff going to take the position that it's
6 either water or it violates the Public Trust Doctrine? Is
7 the staff going to take the position that it's either
8 water or CEQA has been breached?

9 And what we're asking is that you provide
10 direction to the staff that those hard and fast positions
11 don't need to be taken. CEQA doesn't require that
12 position to be taken, sir. It doesn't.

13 In this case, CEQA directs us to control the
14 problem, to mitigate the problem, which is dust. Now, if
15 we can do that with moat and row, if we can do that with
16 other methodologies and we don't have to use water to do
17 that, again, I would humbly submit that that's not a bad
18 inquiry to make and that's not a bad result to reach.

19 CHAIRPERSON GARAMENDI: Thank you very much,
20 David.

21 MR. NAHAI: Thank you. I appreciate it.

22 CHAIRPERSON GARAMENDI: I think it's now time to
23 hear from our staff.

24 EXECUTIVE OFFICER THAYER: I'd like to -- I'd
25 like to turn on the microphone.

1 I'd like to respond to some of those comments
2 directly, and now since they've been raised. And then
3 staff will give the longer, more complete presentation.

4 This is not just a dust problem there. This is a
5 water problem. There wasn't a dust problem until L.A.
6 took all the water. Owens Lake was a large lake that had
7 steamer service on it. There wasn't a dust issue. It was
8 only after the water was taken that we're put in the
9 position -- L.A.'s in the position of having to deal with
10 the dust impacts.

11 This staff and the Commission has routinely, as
12 the L.A. representatives indicated, approved just about
13 all of the proposals that L.A. has brought to deal with
14 that dust situation. We're very sympathetic with it. But
15 I think staff's concern is that this is more than just a
16 dust mitigation lake, that this lake has other values for
17 the public, and that our work has been to assure not only
18 that the dust is addressed but these other values are as
19 well.

20 The L.A. representatives indicated that they're
21 concerned because we've been raising the bar and changing
22 the standard. From the staff's perspective, we've been
23 chasing a continuing evolving design for moat and row. At
24 the initiation of the first EIR on it the description said
25 one thing. By the time the EIR was approved, it was an

1 entirely different project. The moat and row was much
2 thicker, more dense; it was a checkerboard instead of
3 sinuous. It now had the fences on top.

4 Because of the change in that project, we were
5 crippled in terms of providing the input to make sure the
6 EIR was going to be adequate. So when you read the Notice
7 of Preparation when the first EIR was done, and the
8 scoping document with not being -- with only a minor
9 reference to fencing might be needed, we didn't raise the
10 view issue because it didn't seem like there was any view
11 issue. So for us to raise those issues later in the
12 process only occurred because the project changed.

13 The same thing has happened with respect to this
14 succeeding EIR. The scope of that EIR was to look at
15 these changes that have been made and evaluate those
16 alone. Instead, the draft EIR, for which recently the
17 public comment period has been closed, changed
18 dramatically the conclusions of the previous EIR. Again,
19 L.A. is free to do that. But there's a process in which
20 we as a staff can say, "Okay, if you're going to make
21 those changes, if that's what you're contemplating, here's
22 what we need in the way of analysis so that we can
23 understand what you're doing, and conclude whether or not
24 there are environmental impacts in what you're proposing
25 to do." Instead, these wholesale changes were made in the

1 final document in a way that exceeds what CEQA allows.

2 Mr. Nahai indicated that there's this distinction
3 without a difference between the two documents we're
4 talking about, a subsequent and a supplemental EIR. There
5 is a very clear distinction between the two. And it's not
6 appreciating that distinction that has created some of the
7 conflict between the two staffs.

8 A supplemental EIR, which is what they were
9 preparing, is a supplement. It's to basically hang off of
10 the existing EIR and make minor revisions as are necessary
11 and as were required by the change in the project design.

12 A subsequent EIR, which was actually what the
13 earlier one is, is more of a complete EIR and basically
14 says, yes, if we're going to change our objectives for the
15 project and if we're going to change our conclusions, then
16 we'll do that additional document.

17 Staff had in its comment last month tried to
18 suggest a way out of this mess by saying, "Okay, why don't
19 we just go back to the simpler EIR." And then that way we
20 don't deal with a procedural matter which is obviously of
21 concern. It's a procedural matter, but it also leads to
22 problems -- substantive problems with the analysis.

23 But we also want to go past the CEQA concerns,
24 the technical concerns, into what we're really talking
25 about here, and which L.A. had gotten into, whether more

1 water should be required, whether moat and row was an
2 appropriate use of a Public Trust asset. And ultimately
3 we said in my last meeting with Mr. Nahai that ultimately
4 that was a call for the Commission, and that staff
5 disagreed and had concerns about some of the impacts that
6 were going to occur from moat and row, that we were going
7 to analyze that. But ultimately it was up to the
8 Commission, we'd bring it to the Commission and they could
9 decide.

10 So we don't have a staff recommendation right
11 now. We have a staff report which discusses all these
12 issues. We can't have a recommendation, just as the
13 Commission can't act, until the EIR is done. It's not
14 clear what that final form of that is going to be.

15 And so with that response to some of the issues
16 that were just raised, I'd like to ask Judy Brown from LMD
17 to start from the beginning and explain where we've been
18 and the issues that we have.

19 CHAIRPERSON GARAMENDI: Ms. Brown, please make
20 your presentation.

21 PUBLIC LAND MANAGEMENT SPECIALIST BROWN:

22 Certainly. I'll say good afternoon now, - my
23 presentation was more for this morning - Mr. Chairman and
24 members of the Commission. My name is Judy Brown, and I'm
25 a member of the Land Management Division staff.

1 (Thereupon an overhead presentation was
2 Presented as follows.)

3 PUBLIC LAND MANAGEMENT SPECIALIST BROWN: To
4 start off with, I want to say that Gail Newton and Steve
5 Mindt of the Commission's Division of Environmental
6 Planning and Management would be presenting information to
7 the Commission on the staff's environmental concerns with
8 moat and row dust control project and SEIR.

9 Calendar Item 52 is intended to provide you with
10 the information on the application that has been submitted
11 to the Commission by the City of Los Angeles, Department
12 of Water and Power, to construct 3.5 square miles of dust
13 control measures referred to as moat and row on the dry
14 lake bed of Owens Lake in Inyo County.

15 Since posting of this informational staff report,
16 the city has contacted staff to discuss clarification of
17 information provided to the Commission on page 19 of the
18 staff report in the "Conclusions" section.

19 --o0o--

20 PUBLIC LAND MANAGEMENT SPECIALIST BROWN: This is
21 regarding the costs incurred to construct dust control
22 measures. The city indicates that the 500 million figure
23 for dust control costs does not include the cost of
24 constructing Phase 7 dust control measures, which will add
25 another 119 million to that figure.

1 And the city further indicated that the
2 construction estimate for moat and row is not 105 million,
3 as staff has reported. But we've learned that the
4 estimate is more near 24 million.

5 So I wanted to get those clarifications out of
6 the way.

7 As background, the Commission staff have been
8 working cooperatively and professionally with city staff
9 since 1999 when the city submitted its initial application
10 to implement dust control measures at Owens Lake. The
11 lease approved by the Commission has a 20-year term that
12 began on May 1, 1999, and authorizes the installation,
13 construction, operation, and monitoring of dust control
14 measures on Owens Lake.

15 Since Lease PRC 8079 was first issued, the
16 Commission has approved six amendments to the lease for
17 additional dust control measures, as the Great Basin
18 Unified Air Pollution Control District has designated
19 other areas on the lake bed as emissive and that require
20 implementation of dust control measures by the city in
21 order to be in compliance with air quality standards.

22 The city is now leasing from the Commission 40.3
23 square miles of sovereign land at Owens Lake for dust
24 control measures.

25 Moat and row was first introduced as a dust

1 control demonstration project in 2007. However, moat and
2 row has not been approved by the district as a best
3 available control measure for dust control. The district
4 has required the city to collect information about the
5 effectiveness of the design before further use of moat and
6 row could be considered as such.

7 However, Commission staff learned that the
8 district and the city reached agreement in 2006 that 3.5
9 square miles of moat and row could be constructed within
10 the Phase 7 project as a dust control measure and be
11 retained if it meets performance standards.

12 On May 10th, 2007, the Commission did approve a
13 three-year lease to the city for the construction of a
14 demonstration moat and row project at two locations on
15 Owens Lake, totaling .5 square miles.

16 The demonstration project was constructed, and
17 the Commission's lease required the city to submit a final
18 report on the effectiveness of moat and row by October 1,
19 2008.

20 In March 2008 Commission staff received a copy of
21 a technical memorandum prepared by the city's consultant,
22 Air Sciences, Inc. And the report concluded that the
23 demonstration project had achieved 99 percent control
24 efficiency during the monitoring period, which included
25 one high wind event during February 13 and 14 of 2008.

1 It is Commission staff's understanding that the
2 next steps would be that the city would need to collect
3 more monitoring data on moat and row to substantiate that
4 this dust control measure could qualify as a best
5 available control measure. This process would include a
6 public hearing by the district.

7 In February of 2007, the district issued a Notice
8 of Preparation for the 2008 Owens Valley PM10 planning
9 area demonstration of attainment, State Implementation
10 Plan or what we call SIP S-I-P, which included an
11 environmental impact analysis of the Phase 7 dust control
12 project consisting of 9.2 square miles of shallow
13 flooding, .5 square miles of channel area improvements,
14 and 3.5 square miles of moat and row, and 1.9 square miles
15 of study area.

16 When the district's Notice of Preparation was
17 distributed to the public, moat and row was described as a
18 serpentine design with sloping sides and elements widely
19 spaced, from 250 feet to a thousand feet. Sand fences
20 were described as a potential enhancement to the moat and
21 row design, as was managed vegetation and shallow flooding
22 components.

23 Throughout the environmental review process,
24 Commission staff has consistently commented on the impact
25 of biology, visual quality, and the Public Trust. Staff

1 concerns remain that moat and row has no Public Trust
2 benefits.

3 The Commission considers numerous factors in
4 determining whether a proposed use of land under its
5 jurisdiction is appropriate, including but not limited to
6 consistency with the Public Trust under which the
7 Commission holds the State sovereign lands, protection of
8 natural resources and other environmental values, and
9 preservation or enhancement of the public's access to
10 State lands.

11 As has been discussed repeatedly in prior letters
12 and meetings, the Commission has not made a determination
13 whether the proposed moat and row dust control measure is
14 or is not consistent with the Public Trust values
15 associated with Owens Lake.

16 However, Commission staff continues to have
17 doubts that the project is consistent with the Public
18 Trust. And until the final SEIR is complete, that
19 determination cannot be made.

20 In early February 2008 the district certified the
21 FEIR for the SIP and the phase 7 dust control project. In
22 late February 2008 commission staff received the city's 90
23 percent design plans for the moat and row project.

24 At that time it was clear to staff that the
25 project description and environmental analysis from moat

1 and row project EIR certified by Great Basin was not the
2 same scope of project included in the city's then present
3 design plans.

4 Commission staff wrote to the city in April 2008
5 requesting more information about the modifications to the
6 project description and met with city staff on site at
7 Owens Lake to see the existing moat and row demonstration
8 project areas.

9 On August 6, 2008, the city sent a letter to
10 Commission staff responding to staff's earlier concerns,
11 and proposed a draft addendum to the SEIR in an attempt to
12 satisfy Commission staff's concerns.

13 Two days later city, State Lands Commission,
14 district, and Fish and Game staff all met to discuss the
15 status of the moat and row project. Commission staff
16 expressed support for controlling dust at Owens lake, but
17 also expressed concern that moat and row has no Public
18 Trust benefits, and that the adverse visual and biological
19 impacts were not adequately addressed in the district's
20 final subsequent EIR.

21 On August 18th, 2008, Commission staff sent a
22 letter to the city rejecting the city's proposed addendum
23 and offered to recommend a lease amendment for the 9.2
24 square miles of shallow flooding only at the Commission's
25 August 22nd, 2008, meeting.

1 Very soon thereafter the city submitted a letter
2 to Commission staff withdrawing its lease amendment
3 application for the moat and row portion of the Phase 7
4 dust control project and agreed to proceed with the
5 shallow flood part of the application.

6 On August 22nd the Commission approved the lease
7 amendment to construct 9.2 square miles of shallow
8 flooding only.

9 In October 2008 Commission staff met with the
10 city and its environmental consultant to discuss the scope
11 of a Notice of Preparation for the supplemental EIR for
12 the city's most current design of moat and row dust
13 control project.

14 Since October 2008 Commission staff has worked
15 cooperatively and responsibly with staff of LADWP, Great
16 Basin, and Fish and Game in reviewing and commenting on
17 LADWP's environment document drafts.

18 The last interagency teleconference scheduled by
19 LADWP on the Admin SEIR was held in March 2009.

20 Once Commission staff submitted its March 2009
21 comment letter to the city on the Admin draft SEIR, there
22 was no further communication from LADWP on the moat and
23 row SEIR until staff learned that the SEIR would be
24 released for public review.

25 Prior to submitting formal comments on LADWP's

1 draft SEIR on moat and row, Commission staff held a
2 telephone conference with LADWP staff to discuss
3 Commission staff's concerns. More detail will be provided
4 about these concerns by my colleagues that will come
5 behind me in testimony.

6 The city's present moat and row project includes
7 up to an 89-foot wide corridor that contains an earthen
8 berm approximately five-feet high, 1 1/2 to 1 sloping
9 sides, and a base of up to 19 feet wide, an access road on
10 both sides of the row, flanked on the other side by
11 ditches or the moats. Those are approximately 4 to 5 1/2
12 feet deep and up to 20 feet wide.

13 Rows, or mounded soil, serve as wind breaks to
14 capture the sand. The current design of the moat and row
15 elements are arrayed in a grid pattern oriented to be
16 perpendicular with the primary and secondary wind
17 directions. Minimum spacing of the elements would be
18 approximately 100 feet center to center.

19 Five-foot-high sand fences would be installed on
20 the top of the rows and in some places would be installed
21 on the open playa.

22 The city has also proposed a placement of a
23 variety of enhancements within the moat and row areas to
24 gain greater dust control efficiencies. The enhancements
25 include the use of additional moats, rows, fencing,

1 managed vegetation, and shallow flooding.

2 Implementation of enhancements as currently
3 proposed by the city would be completed at the sole
4 discretion of the city. In other words, replacing one for
5 another or adding on to the moat and row project.

6 On March 24th, 2009, the city submitted a new
7 application to the Commission to amend Lease No. PRC 8079
8 for the moat and row dust control project. Under the
9 Permit Streamlining Act and by Commission staff letter to
10 the city dated April 23rd, 2009, the moat and row
11 application is incomplete.

12 On August 10th, 2009, staff received the city's
13 response to Commission staff's April incomplete letter.
14 And staff is reviewing this information and will respond
15 on or before September 9th, 2009.

16 Commission staff's April incomplete letter
17 requested more information regarding a project
18 description, the public benefit, and the resolution of
19 mitigation for potential wildlife entrapment.

20 And this concludes my testimony.

21 CHAIRPERSON GARAMENDI: Thank you.

22 Questions?

23 I believe there's an additional witness.

24 EXECUTIVE OFFICER THAYER: Yes. Gail Newton from
25 our DEPM, our environmental staff, will give the next

1 portion of the presentation.

2 To lighten the mood for a moment with respect to
3 Gail, I have to note that DWR has done us -- even though
4 they're a water agency, and that Gail will be leaving us
5 after this meeting to take a great position with
6 Department of Water Resources. She's been in charge of
7 our environmental unit for several years now. And she's a
8 huge loss to us, to in effect to have to start over again
9 with her gone. But during her two years here she's done a
10 great job of managing our environmental work. And the
11 best part of it I guess is that we're able -- we'll have
12 her over at DWR and we'll be able to continue to work with
13 her in that capacity.

14 CHAIRPERSON GARAMENDI: She can go to an easy
15 task called the Delta.

16 EXECUTIVE OFFICER THAYER: Right.

17 (Laughter.)

18 MS. NEWTON: And the San Joaquin.

19 Thank you, Paul. That was very nice.

20 Good afternoon, Commissioners, Mr. Chairman, and
21 everybody else. And goodbye, staff.

22 (Laughter.)

23 MS. NEWTON: I was going to keep that secret.

24 (Thereupon an overhead presentation was
25 Presented as follows.)

1 MS. NEWTON: I'm Gail Newton. And now I have to
2 change my talk to the former Chief of the Division of
3 Environmental Planning and Management. I'm going to
4 provide a few introductory comments. And then my staff --
5 ex-staff, Mr. Mindt, will speak more to the content of the
6 supplemental EIR for moat and row.

7 I want to note that while we have continued to
8 work with LADWP in a very constructive manner, that still
9 at issue are both the process and the content of the
10 current document before us. And I'll be speaking briefly
11 to the process.

12 First, this was a supplemental EIR. And is a
13 supplemental EIR the correct document? And why does it
14 matter? Why do we care? And I think Paul addressed this
15 to a large extent already.

16 --o0o--

17 MS. NEWTON: CEQA is a public disclosure process.
18 And this additional document was requested, as Judy
19 discussed, because of the redesign in the project. It
20 went from a serpentine with very few fences, to a grid
21 design dominated by fences. We were concerned about
22 wildlife impacts and visual impacts as well as Public
23 Trust. So we asked that those be addressed in a
24 supplemental document.

25 Under CEQA, a supplemental EIR has minor changes

1 or revisions. A subsequent EIR would have significant new
2 information, be triggered by substantial changes with
3 respect to the circumstances of the project, or have major
4 revisions.

5 And the parent document that we're talking about,
6 the prior document, is, as Judy spoke about, the 2008 EIR
7 that was associated with the SIP.

8 How's that for all the acronyms.

9 So, what we have before us is a supplemental.
10 And in that supplemental, without being noticed in the
11 Notice of Preparation, which means the public was never
12 alerted to this issue, LADWP included a water supply
13 analysis, and as part of that analysis made the ultimate
14 conclusion that there's no water available for dust
15 control measures.

16 And in the initial study it had stated the water
17 supply was adequate to implement those measures in the
18 2008 FSEIR. So this doc -- not noticing the public and
19 the agencies excluded a full disclosure and a
20 participation in the analysis.

21 So staff's conclusions are that the document
22 before us went beyond the scope of the supplemental EIR.
23 It went into basically a subsequent. That it altered the
24 prior conclusions, saying that water wasn't available for
25 dust control measures. And, therefore, it may affect -

1 and this is an important point - it may affect already
2 approved shallow flood projects and managed vege projects
3 for dust control. It also may affect the ability for the
4 city to add what they're calling enhancements to moat and
5 row should it fail or fail in part, things such as managed
6 vege and shallow flood, leaving largely more fences and
7 moat and rows and gravel as enhancements.

8 So the conclusions of this supplemental document
9 have far reaching complications and implications for the
10 lake for the remaining 20-year lease.

11 So we did come up with a solution, which was to
12 make it a supplemental document to get rid of the water
13 analysis and the related conclusions, and just address
14 what we had originally asked, was how the redesign changed
15 the impact analysis to wildlife, visual, and also why
16 don't we look at Public Trust.

17 An alternative would be that they could prepare a
18 subsequent EIR and then go through with the full
19 participation in the water supply analysis.

20 Next slide.

21 --o0o--

22 MS. NEWTON: So what's at issue here is
23 significant new information. California is in the third
24 year of a serious drought. No one denies that. And the
25 conclusion that they made is that there's no water

1 available for dust control measures. If a subsequent EIR
2 were prepared, one thing that we would ask is that they
3 correct inconsistencies in the current document. Some
4 general things is if they -- they have previously said
5 that if shallow flood was used everywhere, there'd be
6 20,000 acre-feet of water more used per year. That would
7 take the total demand up to 83,000, approximately,
8 acre-feet per year if moat and row was not approved, a
9 little less if it was approved; and that there was
10 adequate supplies and entitlements for those measures.

11 Now, the current document bumped that up to
12 95,000 acre-feet per year. So there's some
13 inconsistencies there.

14 Let's go on to the next slide.

15 --o0o--

16 MS. NEWTON: Okay. So, in the current document,
17 it says that all the water demands for the dust control
18 measures would have to be met through purchasing water
19 from Municipal Water District, Met. But there's really no
20 substantiation about this. And there are other examples
21 of water sources that could potentially be used. And this
22 is where, if we were to go into a subsequent document,
23 we'd get into disclosure and participation in this
24 analysis. We know that there are a potential for
25 efficient use of water in existing shallow flood areas,

1 that there is some excessive water being put on some of
2 those areas, and that perhaps with better controls they
3 could end that excess application of water in the existing
4 dust control measures.

5 Also, there are current projects going on looking
6 at the use of brine or groundwater to implement
7 water-based --

8 CHAIRPERSON GARAMENDI: At the lake? Is that
9 taking place at the lake --

10 MS. NEWTON: I'm sorry. Yes.

11 CHAIRPERSON GARAMENDI: -- the use of brine and
12 groundwater?

13 MS. NEWTON: It's being looked at. There are
14 current permits out to do the groundwater analysis. And
15 they actually have information pamphlets. They may even
16 have some with them today about how they're looking at
17 that.

18 So these are known methods that could be
19 employed.

20 So in summary, we have not asked that more water
21 be used for dust control measures. What we have asked is
22 that the CEQA document be the appropriate document for
23 what's before us. And one way they could do this is they
24 could eliminate the water supply analysis and the related
25 conclusions or they could prepare a subsequent.

1 And with that, I'd like to turn it over to my
2 staff, who will speak to the contents.

3 CHAIRPERSON GARAMENDI: Yeah, excuse me for a
4 moment.

5 Assemblyman Pedro Nava is here. And I don't know
6 if you wanted to speak to the earlier issues. We note
7 your presence and we note your participation in the
8 earlier issues and the work that you did, which I happen
9 to agree with on the Senate -- or, excuse me -- on the
10 Assembly side of it.

11 Now, I'm not going to give Tom an opportunity to
12 comment.

13 But we appreciate your being here.

14 ACTING COMMISSIONER SHEEHY: I'd just like to say
15 I'm delighted to see Assemblyman Nava also.

16 Welcome, Assemblyman. It's great to see you.

17 ASSEMBLYMAN NAVA: Thank you.

18 CHAIRPERSON GARAMENDI: Very generous of you,
19 Tom.

20 Okay. Thank you very much.

21 Let's go ahead. I don't know who our next
22 witness is here.

23 MS. NEWTON: Let me introduce Mr. Steve Mindt.
24 He's the staff environmental scientist with the Division
25 of Environmental Planning and Management.

1 CHAIRPERSON GARAMENDI: Let me see if I can kind
2 of sort out some things here.

3 There is a disagreement about the nature of the
4 work being done for the supplemental EIR. From the
5 testimony we've received thus far, it appears to be a
6 significant disagreement as to the appropriateness of that
7 document in addressing the issues.

8 We are about a month away from one or two things
9 happening as I look at this. And, that is, in October,
10 where we have our normal meeting, this issue was to come
11 before us with the document for approval. Correct?

12 EXECUTIVE OFFICER THAYER: (Nods head.)

13 CHAIRPERSON GARAMENDI: And unless these staff
14 issues are addressed, we will have a staff recommendation
15 of nonapproval.

16 EXECUTIVE OFFICER THAYER: The EIR won't come to
17 us for certification. And that will be approved by L.A.
18 And then unless we want to sue, which normally we don't
19 do, we're obligated to use that document. And then --

20 CHAIRPERSON GARAMENDI: I'm sorry, Paul. Go
21 through that again.

22 EXECUTIVE OFFICER THAYER: The EIR is being
23 prepared for LADWP. So they will be the agency that will
24 approve that document, not the State Lands Commission.

25 And then unless we choose to sue, which we

1 normally don't do over this sort of thing, we're obligated
2 to use that document in our considerations. Our hands
3 won't be tied because of course as the Public Trust
4 implementing agency, we can consider the Public Trust in
5 what we do as well as the CEQA document. But that's kind
6 of the chain of events.

7 So what -- in that context, just to take up with
8 the chronology you were talking about, what would be
9 before us would be just approval of the amendment to their
10 existing lease that would allow for moat and row, with
11 consideration of the document, whatever it is.

12 CHAIRPERSON GARAMENDI: So who's going to sue?
13 Somebody will.

14 EXECUTIVE OFFICER THAYER: Perhaps or perhaps
15 not. I'm not sure. But it could happen. It absolutely
16 could. There are other interest groups out there that are
17 concerned. Fish and Game has concerns about the document
18 the way it is now.

19 CHAIRPERSON GARAMENDI: Yeah, I'm hesitant to get
20 into a great deal of more detail about the inadequacies
21 from the point of view of the staff. So my question to
22 you, Paul, is: Has the staff made it clear in -- made it
23 clear what the staff's positions are with regard to the
24 inadequacies? We've heard considerable discussion here
25 already.

1 EXECUTIVE OFFICER THAYER: I believe -- although
2 I think there's an ongoing process here -- when I last
3 spoke to Mr. Nahai, L.A. had just received the staff
4 comments. And we agreed it would be a good idea have a
5 staff meeting regard to our concerns once the L.A. staff
6 had sufficient time to analyze that. And we haven't had
7 that meeting yet.

8 I don't necessarily want to say that everything
9 will be worked out in such a meeting. But the normal
10 process hasn't been completed yet for us --

11 CHAIRPERSON GARAMENDI: It appears to me to be a
12 fundamental disagreement here --

13 EXECUTIVE OFFICER THAYER: Yes.

14 CHAIRPERSON GARAMENDI: -- as to the
15 appropriateness of moat and row for two reasons: One is
16 the visual, a substantial modification in the view --

17 EXECUTIVE OFFICER THAYER: Right.

18 CHAIRPERSON GARAMENDI: And secondly is the
19 biological --

20 EXECUTIVE OFFICER THAYER: Yes.

21 CHAIRPERSON GARAMENDI: -- which I assume means
22 some creatures are going to be harmed in one way or
23 another.

24 EXECUTIVE OFFICER THAYER: Correct, right.
25 That's it.

1 And then the fundamental question -- all the
2 other dust enhance -- or dust control measures that have
3 been undertaken contribute to the Public Trust. They've
4 restored water to areas where it's been gone for a long
5 time. Audubon is now designated as one of their top sites
6 in the State for birds, that kind of thing.

7 Whereas the moat and row we think doesn't
8 contribute a thing to Public Trust uses, and in fact
9 subtracts. It makes it harder to go out there for the
10 public, makes it harder for the wildlife. It may do a
11 good job in the dust. It's an experimental, you know,
12 method which hasn't been approved by the district yet as a
13 certified method. It may though, and the district's
14 willing to allow it to go forward.

15 But that's the fundamental problem, is, you know,
16 should -- from the city's side, they want to save money
17 and they want to save water. And from the staff's side,
18 they think the -- we think the lake should be used for
19 more than just dust control. And moat and row would
20 really just be dust control for the three and a half
21 miles.

22 So that's the fundamental difference.

23 CHAIRPERSON GARAMENDI: Rather fundamental.

24 So if the EIR is approved by the city -- or by
25 DWP, the issue then comes to this group, to us for a lease

1 to construct a moat and row?

2 EXECUTIVE OFFICER THAYER: That's correct.

3 CHAIRPERSON GARAMENDI: So the city can complete
4 its document any way it chooses to?

5 EXECUTIVE OFFICER THAYER: Yes.

6 CHAIRPERSON GARAMENDI: The Commission staff can
7 object and go on from there.

8 And I suppose the city would then know that the
9 staff would have a significant objection to an open-ended
10 lease.

11 EXECUTIVE OFFICER THAYER: And then of course
12 ultimately, as I said earlier, that's the Commission's
13 call.

14 CHAIRPERSON GARAMENDI: Indeed it is the
15 Commission's call.

16 So we would be looking at a situation where we
17 have a staff objection based upon some concerns about
18 creatures not doing well in a moat and row situation and
19 the visual impact. And then we get to weigh off the loss
20 of water or the use of water.

21 ACTING COMMISSIONER SHEEHY: Mr. Chair --

22 CHAIRPERSON GARAMENDI: Let me just finish my
23 line of thought, because it's not likely to continue. And
24 I'm not even sure where the thought is going.

25 There was a -- there's a process that has been

1 used from time to time called an adaptive management
2 program, in which different theories are tested. It looks
3 to me as though some of that has actually been going on
4 here, that is, the use of vegetation, the use of water,
5 the use of gravel. I guess those are the three that come
6 immediately to mind.

7 EXECUTIVE OFFICER THAYER: And those have all
8 worked. They've all been certified by the district as
9 meeting dust control, and are things that from a staff
10 perspective -- we have some hesitancy about too much
11 gravel, because it sort of has the same problems as moat
12 and row. It eliminates all values except for the gravel.

13 But they've all worked.

14 CHAIRPERSON GARAMENDI: And has moat and row been
15 tested?

16 EXECUTIVE OFFICER THAYER: There has been a pilot
17 program of several hundred acres. And this was the one
18 that was alluded to I think by the city in which their
19 consultant said that it worked to control dust.

20 CHAIRPERSON GARAMENDI: So we're now down to
21 visual and creatures?

22 EXECUTIVE OFFICER THAYER: Yes. Although
23 ultimately because this -- the Great Basin will require
24 all kinds of monitoring of moat and row because it's not a
25 certified control measure. And if it's not successful,

1 then the district can require either enhancements, changes
2 but keeping moat and row, or in essence they have two
3 strikes and you're out. You get one shot to see if moat
4 and row works. Then you're given -- if it doesn't, you're
5 given one opportunity to fix it. If it doesn't, they have
6 to come in with something entirely different.

7 CHAIRPERSON GARAMENDI: Well, Tom, why don't you
8 ask a question.

9 I think I'd like to hear from the city at this
10 point. We're getting way ahead of what we're going to do.
11 But maybe -- well, I certainly need to know how the city
12 views your responses.

13 But, Tom.

14 ACTING COMMISSIONER SHEEHY: I don't remember
15 what I was going to ask.

16 (Laughter.)

17 ACTING COMMISSIONER SHEEHY: But I did want to
18 make one -- I had a question and then I had one comment.
19 I do remember the comment.

20 One of the things that I saw in the staff report
21 concerned me. And I think that -- I think it is
22 demonstrative of the conflict that in some cases has
23 existed between the city staff and the State staff.

24 On page 3 of the staff report it says, "In early
25 April 2007, the city submitted an application for a moat

1 and row demonstration project."

2 Then just less than a month later on -- one month
3 later on May 1st, 2007, the city awarded a contract for
4 the construction of the moat and row demonstration
5 project. Even though the city's application remained
6 incomplete and no lease had been authorized or no action
7 had been taken by this body, the city continued to insist
8 that the Commission should approve the project
9 immediately.

10 Now, maybe I'm reading too much into this. But
11 to me this seems like a case where one entity was trying
12 to use its clout and its political power to run over State
13 staff that was doing its job and following CEQA.

14 And I'm dumfounded why they would have gone and
15 advertised and gone out to bid and awarded a contract to
16 do work for which they had no authority from the State to
17 do.

18 Okay. So that's in the past. That's water under
19 the bridge. But I would hope going forward that we see a
20 change in attitude by the city and that they not take this
21 sort of arrogant approach of "It doesn't matter what the
22 State staff says. We're just going to go ahead and use
23 our clout to get our way." Because I think this example,
24 at least in my mind, points to that. And I would hope
25 that we've moved beyond that and that there be cooperation

1 on all sides and that we respect the process that's in law
2 and not try to bully staff into making a premature
3 decision.

4 CHAIRPERSON GARAMENDI: I would not like to be in
5 a position of being the judge who's going to hear this
6 case, which eventually I think there will be a judge
7 hearing the case here. I'm pretty sure this is headed for
8 a lawsuit.

9 I'd like to hear -- if you'll excuse me, sir, I'd
10 like to hear from the city now about its view of the
11 comments that Paul made and the dialogue between Paul and
12 myself with regard to the moat and row proposals. And
13 then I want to get a couple of witnesses out of the way,
14 because I don't think I want to be the lawyer -- or
15 pretend to be a lawyer hearing the adequacy or the
16 inadequacy of the CEQA program.

17 ACTING COMMISSIONER ARONBERG: I just want to do
18 one thing, which is not to leave unaddressed, Paul. Can
19 you address the analogy to the U.S. Borax operation that's
20 going on there and what the differences are or are not.

21 EXECUTIVE OFFICER THAYER: Sure. I may have to
22 call on staff on this.

23 But there are two different kinds of operations.
24 Borax built something called panels into which they pump
25 brine and then let it evaporate. And then they bulldoze

1 out the borax. The lease is actually expiring -- has
2 expired and we have to issue a new lease. And we'll be
3 looking at these same issues when that's renewed. But
4 that lease was issued -- I don't know how many years
5 ago -- at least 15, 20 years ago.

6 I believe Fish and Game had some input in that,
7 but didn't register the same concerns that they've
8 registered now.

9 It's not nearly as complex an array when you look
10 at -- I think there's a big map over there which we should
11 sometimes show. It shows a moat and row and how complex
12 that is. If you look at a map of the borax situation,
13 there are these individual panels which don't become a
14 maze.

15 But having said all of that, those are issues
16 that we're going to have to look at again when we work on
17 the lease renewal on that.

18 ACTING COMMISSIONER ARONBERG: But Borax won't
19 automatically get a lease of the sort that it has now --

20 EXECUTIVE OFFICER THAYER: No, no. We'll be
21 looking at that again.

22 ACTING COMMISSIONER ARONBERG: -- with all the
23 new information that you have?

24 EXECUTIVE OFFICER THAYER: Absolutely.

25 ACTING COMMISSIONER ARONBERG: Thanks.

1 CHAIRPERSON GARAMENDI: David.

2 MR. NAHAI: Thank you, Chair Garamendi.

3 Let me just note in response to Mr. Sheehy's
4 comments, that no work was commenced until the lease was
5 actually awarded. So if the city -- and I wasn't there at
6 the time, I don't think -- but if the city wanted to
7 really take a risk of awarding a contract and risk the
8 fact that the lease may not later be awarded, I think we'd
9 agree that's within the city's prerogative to do. No work
10 was commenced until there was a lease.

11 And I think Mr. Thayer and the staff would -- I'm
12 sure would agree that in our dealings with your staff, we
13 have been nothing less than respectful at all times. And
14 we're here --

15 ACTING COMMISSIONER SHEEHY: I apologize. I'm
16 going to respond right now. You know, once you award a
17 contract, then you pivot and you use that as leverage to
18 hurry up and make a decision. "We've awarded the
19 contract. The work's waiting to be done. People need to
20 be paid." I'm not going to -- you know, I mean I -- with
21 all due respect, sir, I respect your point of view, but I
22 just don't accept that last statement you made.

23 MR. NAHAI: I understand. And there's no need to
24 get into an argument.

25 CHAIRPERSON GARAMENDI: David, I want to -- I

1 really am going to move this along. We've got several
2 other things to do here today.

3 This is becoming more clear as to what is going
4 on here. I'd like you to respond to the questions that I
5 raised with Paul with regard to where we are -- there's
6 this whole legal thing that's clearly going to come down,
7 as I look at it, as to the adequacy or the inadequacies of
8 the EIR. Somebody's going to sue, and who knows where
9 that will go. And we'll let a judge, who is much more
10 patient than I am, hear all of these very lengthy
11 arguments about the adequacy of the EIR.

12 The questions are going to come to this
13 Commission as to whether -- because you may very well
14 certify the EIR and it's going to come here for a lease.
15 What are we to do? Paul and I have had a dialogue here
16 about how this is going to come together. So where are
17 we? What's going to happen here? You'll come to us for a
18 lease and what?

19 MR. NAHAI: Yeah, as far as the process is
20 concerned, that is my understanding.

21 CHAIRPERSON GARAMENDI: No, the process and then
22 the implications.

23 I guess where I'm headed here is, moat and row is
24 one option to control dust, and apparently it has not been
25 certified yet as satisfactory.

1 There are three others that are apparently
2 certified. One's water, and that has a problem. Limited
3 amount of it available.

4 The other is gravel and the third is vegetation.

5 So just talk to me about why moat and row, why
6 not the other? I understand the water issue. We're going
7 to hear from others in a moment about water. But go
8 ahead.

9 MR. NAHAI: And I would like to give the other
10 people who are here to speak with the Commission -- to
11 make sure that they have the opportunity to do that.

12 CHAIRPERSON GARAMENDI: Sure. I would like to
13 have them also.

14 MR. NAHAI: Moat and row was part of the
15 settlement agreement that was entered into in 2006 with
16 Great Basin in recognition of the fact that we have to
17 move towards waterless technologies.

18 And as I say, it was just a few months later that
19 this Commission awarded a lease for the demonstration
20 project.

21 The kinds of objections that we're hearing that
22 have come forward were not expressed at that time. And
23 that was a great moat and row. We've heard a great deal
24 about that we've changed from serpentine to a grid. But
25 it's my staff's position that there was continuous

1 dialogue about that, and that it wasn't just dropped on
2 State Lands Commission suddenly. I mean these are the
3 kinds of things that, you know, we don't want to get into
4 a "he said, she said" kind of an argument here.

5 And I'm perfectly happy to get together with
6 Paul, as we've discussed, with our staffs, to try to work
7 things forward. I think the concern that we have is the
8 staff not take a hard and fast position that it's either
9 shallow flooding or it's nothing, that we try to work
10 together to move towards waterless technologies. And as I
11 say, moat and row is a very limited amount of work on that
12 lake. It's not even 10 percent of the total amount of
13 work that's going to be done.

14 But with respect to the supplemental versus
15 subsequent and the other points that were made, I'm happy
16 to have our staff address that. But I believe that --

17 CHAIRPERSON GARAMENDI: We're not going to
18 address the legal issues around the EIR. This
19 Commissioner is not --

20 LOS ANGELES DEPUTY MAYOR FREEMAN: If I could
21 just have one minute.

22 Substantively and we negotiated a contract with
23 Great Basin ten years ago. And the idea was to minimize
24 the amount of water that we had to put. They gave us ten
25 years to develop moat and row and managed vegetation. We

1 showed our good faith by going ahead and putting water on
2 the lake for shallow flooding immediately. But the whole
3 idea, the whole -- and you'll hear from them -- the whole
4 tenor of the program was to give us time. And over time
5 the idea was to return the water to its vital use for
6 human and other consumption.

7 So the moat and row is a vital part of a program
8 that was entered into ten years ago, and State Lands was
9 well aware of the program. I must say --

10 CHAIRPERSON GARAMENDI: David, excuse me.

11 LOS ANGELES DEPUTY MAYOR FREEMAN: Yes.

12 CHAIRPERSON GARAMENDI: We're not going to get
13 anywhere here. I want to hear from the other witnesses.
14 And then I'm going to shut this piece down, because this
15 is not going to go anywhere. I want -- and I'll give some
16 instructions to the staff going forward. Okay?

17 So let me hear from the other witnesses.

18 We have the Cattlemen's Association and we have
19 supervisors from Inyo County. And so I'd like to hear
20 from them.

21 MR. NAHAI: If we may, Chair Garamendi. I think
22 we have the following order: First, Debra Man from the
23 Metropolitan Water District, Supervisor Linda Arcularius
24 from the Inyo County Board of Supervisors, George Milovich
25 from the Inyo Agricultural Commission, Tom Noland from the

1 ranchers. There's a representative of the California
2 Agricultural Commission, a representative of the
3 California Cattlemen's Commission, an environmental
4 representative, and a representative from Great Basin.

5 And I think they all understand -- unlike your
6 former presenters, I think they all understand that we're
7 under time constraints.

8 CHAIRPERSON GARAMENDI: We are under serious time
9 constraints. And we're going to take very quick
10 testimony. We're going to come back and I'm going to hear
11 all of this again in October. I can just -- I know what's
12 coming down. We're going to get it all again.

13 So state very quickly the positions and the
14 concerns from each of the people. And so let's go, one
15 after another.

16 My apologies. We've gone on with some very
17 heavy-duty stuff today.

18 MS. MAN: I agree.

19 Commissioners, thank you for the opportunity to
20 address this item. I'm Debra Man. I'm the Chief
21 Operating Officer and Assistant General Manager for the
22 Metropolitan Water District of Southern California.

23 It is incumbent upon all of us to resolve
24 conflicts in order to address some of the most serious
25 issues facing the State.

1 I think that -- I'm here today to emphasize the
2 importance of water conservation and maximizing the
3 beneficial uses of our valuable local resources in this
4 city, as the State of California faces the most serious
5 water crisis that it has in its history. We've suffered
6 from continued droughts, which have been justified and
7 substantiated by many agencies such as NOAA, the Bureau of
8 Commerce, and the Department of Agriculture.

9 But what's also aggravating this crisis is the
10 fact that there has been the largest ordered cutback of
11 the State Water Project system that delivers water to
12 two-thirds of the State. It is very serious. And it has
13 cut the supplies to central and southern California by a
14 third.

15 The Governor has called for an emergency
16 declaration on water supplies, and he has called for the
17 conservation on every individual and business. There are
18 now legislative proposals in Sacramento that would require
19 by law that each person, and by business, by industry, by
20 city, and by agriculture, that there's a demonstrated
21 reduction in the use of water in order to address this
22 water crisis.

23 As a result I would urge you to consider the
24 benefits of the city's efforts as well as the State Lands
25 Commission's efforts to go ahead and make sure that there

1 is fulfillment of the dust control measures in Owens
2 Valley, but at the same time to consider the best and most
3 sufficient way in which it can be done in conserving
4 valuable water.

5 We are talking about 8,000 acre-feet. This is
6 very significant. It is equivalent to the demands of
7 16,000 households and over 40,000 individuals.

8 So what we can do collaboratively in the next few
9 months is very critical, not just to the city of Los
10 Angeles, but for this region of southern California and
11 for the State.

12 And so I appreciate that.

13 CHAIRPERSON GARAMENDI: Thank you.

14 Next.

15 David, you have your order, and I'll follow that
16 order. And I'd appreciate it to be as short and to the
17 point as possible.

18 MR. NAHAI: Yes. Next Supervisor Linda
19 Arcularius from the Inyo County Board of Supervisors.

20 CHAIRPERSON GARAMENDI: Thank you.

21 INYO COUNTY SUPERVISOR ARCULARIUS: Good
22 afternoon. And thank you for your patience and also your
23 diligence in this matter.

24 My name is Linda Arcularius. I'm a supervisor in
25 Inyo County. I've been tasked by my fellow board members

1 to come here today and support the City of Los Angeles's
2 request for an amendment to their lease agreement in order
3 to implement the moat and row project.

4 In my real life I'm a rancher in the valley. My
5 husband's great great grandfather homesteaded our ranch in
6 1871. And it currently is home to the sixth generation of
7 our family. So these matters have great implication to
8 the people of the Owens Valley.

9 In my delegation here today, the Board of
10 Supervisors would like to offer its full support for this
11 project. This measure would result in the conservation of
12 8,000 acre-feet of water in the data that we were just
13 given. In the data that we know, there's only 18,000
14 people in Inyo County. This would provide water for every
15 one of them.

16 I have served on the Great Basin Unified Air
17 Pollution Control District since 1995. And I was actively
18 involved in the adoption of the first SIP as this project
19 began for dust mitigation. A lot of good, good work has
20 happened there and their's much to be proud of.

21 As we move forward in the next 12 years from that
22 original SIP much has changed. During that same time
23 period California's experienced drought, and currently
24 we're in the third year of a declared drought by the State
25 of California. And that really mandates, when you add the

1 recent court decisions, that we look at use of water in a
2 whole new venue.

3 The need for a balanced approach was recognized
4 in the adoption of the original SIP with adoption of both
5 water use and non-water use measures. And that was
6 considered balanced and appropriate at the time. And I
7 really think now that that has moved up into a critical
8 venue.

9 As I listened to your previous testimony on the
10 very difficult issues that you deal with, I couldn't help
11 but realize the complication that you have to deal with on
12 a daily basis in the public service that you offer to the
13 people of California. And we've talked about that Public
14 Trust a lot in the past hour or so.

15 And I can't help but observe that as we kind of
16 measure the value of a moat and row project against where
17 we are in the State of California today - and we've heard
18 about the visual concerns and some of the biological
19 concerns - I can't help but also visualize the thousands
20 and thousands of acres of previously productive farmland
21 that is now laying fallow and not contributing to either
22 the economy or the environment of the State of California.

23 So it is a balanced approach on a limited
24 precious resource. And the Inyo County Board of
25 Supervisors is totally supportive of pursuing any way that

1 dust mitigation can occur in our valley and offer the
2 health benefits to our citizens that that does, but also
3 that it be done in a way that balances the use of such a
4 precious resource.

5 So thank you for your time.

6 CHAIRPERSON GARAMENDI: Thank you very much.
7 Appreciate your testimony.

8 MR. NAHAI: Thank you, Supervisor Arcularius.

9 Next I'd like to call on Mr. George Milovich,
10 who's the Inyo County Agricultural Commissioner --
11 Inyo/Mono County Agricultural Commissioner.

12 MR. MILOVICH: Thank you for allowing us to speak
13 here tonight.

14 Just a quick -- I've reduced everything I was
15 going to say down to a couple of sentences basically.

16 And agriculture in this State is approaching \$40
17 billion. We in the agriculture business, as far as being
18 one of 58 ag commissioners in the State, look at a big
19 picture, and that's the State of California and the amount
20 of water and where it's used. Water is in agriculture.
21 People in the cities need the water. So we need to be
22 very, very prudent in our use.

23 And so when we see this -- the bread winner of
24 this State in these economic times being challenged in
25 different ways, it's a concern to the whole State.

1 On a more regional level, I wish, I wish that
2 someone from State Lands would have come to us in the
3 Owens Valley and talked to us about some of the other
4 ramifications that happen when more and more pressure is
5 taken from the water from the Owens River and taken down.

6 We run nearly a half a million acres of cattle
7 production land in alfalfa in that -- and not all of that
8 is agriculture. But in that 500,000 acres there's a lot
9 of cattle, a lot of alfalfa growing and a lot of habitat
10 and a lot of natural vegetation. And these areas are
11 being also impacted when more and more water goes to a dry
12 lake that never had that water.

13 Dust is not acceptable, but neither is the
14 dry-down or the more pressure put on the Owens Valley and
15 the regions behind it to compromise for this. And that's
16 probably a concern that we need to address.

17 Thank you.

18 CHAIRPERSON GARAMENDI: Thank you very much.

19 MR. NAHAI: Thank you.

20 Next, Mr. Justin Oldfield, who's here from the
21 California Cattlemen's Association.

22 MR. OLDFIELD: Good afternoon, Mr. Chairman,
23 Commissioners. I'm going to be brief out of respect of
24 time. I had a prepared statement. I'm not going to read
25 it.

1 But I can say that California's beef producers
2 and ranchers are no stranger to the water crisis that we
3 have in the State of California right now. And, you know,
4 we come a lot of times to hearings and we talk about, you
5 know, the challenges we have in business. I can say right
6 now, the economic burdens we're facing for many are
7 unbearable. And so when we see an opportunity like this
8 in the Owens Valley where there's an opportunity to really
9 look at water efficiency and the use of that precious
10 resource, we would absolutely support DWP's plan to use a
11 moat and row.

12 I do want to clarify too something I feel that
13 might have been overlooked, is 83,000 acre-feet will still
14 be used to flood -- I'm sorry, not 83 -- but over 70,000
15 acre-feet will still be used to flood in the Owens Valley.
16 And really what we're talking about is a small amount that
17 could potentially be used for agriculture and other
18 productive use. Where our ranchers use five acre-feet to
19 produce food and fiber, we're certainly asking to redivert
20 that 10,000 to something else that could be productive.

21 And, sir, definitely as you know, being a cattle
22 rancher, you know, open space and maintaining cattle
23 ranches, especially in the Owens Valley, provides a lot of
24 habitat and wildlife habitat for threatened endangered
25 species and everything else that goes along with that

1 Public Trust Doctrine. So we certainly don't want that
2 left out of the equation, as that's been an issue that
3 those ranches and those people's livelihoods also provide
4 that as well.

5 So with that, I say thank you.

6 CHAIRPERSON GARAMENDI: Thank you.

7 MR. NAHAI: Thank you.

8 We have two more witnesses. First, Mr. Tom
9 Noland who represents local ranchers in Inyo County. And
10 he'll be followed by Mr. Ted Schade from Great Basin.

11 MR. NOLAND: Thank you, Mr. Commissioners.

12 Our family -- well, my name is Tom Noland. And
13 our family has been running cattle on the Spainhower Ranch
14 Lone Pine since the 1920s.

15 Like a majority of the ranches in the Owens
16 Valley, we depend on land lease in the Los Angeles
17 Department of Water and Power. This land receives a water
18 allotment. In years of normal snowfall in the Sierra
19 Nevada, we receive our full water allotment. In drought
20 years, such as this right now, we don't get our full water
21 allotment.

22 However, there's some years where the snowfall is
23 above normal. And in these years the Owens Valley ranches
24 many times in the past were able to receive additional
25 water, which benefited the ranches and the environment of

1 the Owens Valley.

2 With the great amount of water used now for dust
3 control on Owens Lake, getting extra water for our leases
4 in the above-normal years happens a lot less than it did
5 in the past. What has been a great benefit for the
6 shorebirds of Owens Lake has been a detriment to the rest
7 of the environment in the Owens Valley.

8 However, I am not advocating getting rid of the
9 current Owens Valley Lake habitat, because it's really
10 enhanced what's going on in the Owens Valley and I feel
11 that that's very valuable.

12 In the future we need to find a balance between
13 the Owens Lake's needs, the environment of the rest of the
14 Owens Valley, and the needs of the citizens of Los
15 Angeles.

16 By using waterless dust control methods on future
17 Owens Lake projects, we can save valuable water. Using
18 moat and row on the new project of three and a half square
19 miles could save 8,000 acre-feet of water - and of course
20 you've heard this many times already today - each year for
21 other uses. With the value of water to California's
22 cities and agricultures, this is very important to
23 consider.

24 So by not using this 8,000 acre-feet of water
25 each year on the Owens Lake, we can benefit the ranches in

1 the Owens Valley, we can benefit the environment of the
2 Owens Valley, and also it benefits the citizens of the
3 City of Los Angeles.

4 For these reasons, I ask that you amend the lease
5 on Owens Lake to allow for the use of moat and row for
6 dust control.

7 And I have a letter from the Farm Bureau and a
8 letter from the Cattlemen's Association signed by most of
9 the ranchers in the Valley. It says the same thing.

10 CHAIRPERSON GARAMENDI: Thank you very much.
11 Ted Schade.

12 MR. NAHAI: Ted Schade is the Executive Director
13 of Great Basin.

14 MR. SCHADE: Good afternoon, Commissioners. My
15 name is Theodore Schade. I'm the Air Pollution Control
16 Officer for the Great Basin Air Pollution Control
17 District. We regulate air quality in Inyo, Mono, and
18 Alpine counties.

19 I have been working on the Owens Lake project
20 continuously for the last 19 years, a long time. And
21 I've --

22 CHAIRPERSON GARAMENDI: Why haven't you solved
23 it?

24 (Laughter.)

25 MR. SCHADE: We are this close.

1 I'm the guy who started all this, I guess. You
2 know, I am in the middle of it.

3 For many years the drying bed of Owens Lake,
4 which is owned by the State of California, has been the
5 largest single source of particulate matter air pollution,
6 known as PM10, in the country. For decades the highest
7 levels of PM10 have been measured around the Owens Lake
8 bed. The federal 24-hour standard for PM10 is 150
9 micrograms per cubic meter. Levels as high as 15,000
10 micrograms have been measured off the lake bed -- adjacent
11 to the lake bed. So that's a hundred times the standard.
12 That's why we need something that's 99 percent effective.
13 We've got to reduce those levels 99 times.

14 However, this began to change in 2000 when the
15 City of Los Angeles finally admitted that their water
16 diversions from the Owens Valley to southern California
17 caused the dust problem, and they began constructing
18 control measures that will cut PM10 emissions by over 99
19 percent.

20 Since 2000 the city has completed 30 square miles
21 of dust controls at a cost of over 500 million. These
22 controls currently use over 65,000 acre-feet of water. As
23 you've heard, they're controlling dust primarily with
24 water and vegetation right now.

25 But what you haven't heard is the results have

1 been dramatic. The peak dust levels are now ten times
2 less than they were about ten years ago. So rather than
3 15,000, we're down to about 1500. But that's still ten
4 times higher than the federal standard.

5 However, the city has committed to continue to
6 implement controls until the dust levels are reduced to
7 below the standard.

8 The district's latest order to the city is to
9 complete 13 more square miles of control by April 1st,
10 2010. We're under a tremendous time constraint by the
11 EPA. They've -- we are actually under notice that we
12 haven't met the time -- or the standard in the time that
13 they've given us. That's why this has been so hurried up.

14 By 2010 -- by April 2010 the city will have spent
15 over 600 million and committed 95,000 acre-feet of water
16 per year to the effort. This is enough water to supply
17 the entire cities of Long Beach and Burbank.

18 The district's latest order to the city, which
19 has been approved by the State Air Resources Board,
20 requires the city to construct 9.2 square miles of flooded
21 lake bed, and allows the city at their own risk to
22 construct the 3 1/2 miles of moat and row that we've been
23 talking about. That would cover about 3 percent of the
24 total lake bed area and about 8 percent of the dust
25 control area.

1 As moat and row is an experimental measure, if it
2 doesn't provide the required level of dust control, we
3 feel that there are provisions in place to require that
4 level to ultimately be provided -- level of control.

5 The Commission today has heard some of the
6 background on this issue from both your staff and other
7 interested parties. Your staff objects to the type of EIR
8 prepared by the city, and they feel that there are
9 important aesthetic and biological impacts that may be
10 caused by the city's moat and row project.

11 In addition, they express concerns about whether
12 moat and row is consistent with the Public Trust values of
13 the dried Owens Lake bed.

14 I'm here to remind the Commission that this is,
15 above all, an air pollution control project. The 3 1/2
16 miles of lake bed in question continues to be a serious
17 and severe source of PM10 air pollution. We haven't
18 talked about that. We mapped the dust on the lake this
19 last year. Two of the moat and row areas in particular
20 were particularly severe sources of PM10 air pollution.

21 Commission staff believes that the city prepared
22 a supplement EIR when they should have prepared a
23 subsequent EIR. The air breathers in the Owens Valley
24 don't care what you call the document. We ask both
25 parties to get together and make the existing

1 environmental document adequate for certification now.

2 We are not willing to have this project delayed
3 again for yet more document preparation, public comment,
4 and document revision.

5 Commission staff is also concerned about the
6 aesthetics of the moat and row project. As I previously
7 mentioned, moat and row will occupy only about 3 percent
8 of the lake bed. The air breathers in the Owens Valley
9 are far more concerned about the aesthetics of a valley
10 filled with dust so thick that we cannot see the two-mile
11 high mountains in our backyards.

12 A few dark spots created by the moat and row dust
13 controls on the lake bed are, quite honestly, of little
14 concern to us.

15 Commission staff is also concerned about the
16 biological impacts caused by the loss of 3 1/2 miles --
17 3 1/2 square miles of potential shorebird nesting habitat.
18 Over the last eight years an average of about three snowy
19 plover nests per year were found in these moat and row
20 areas. These are not tremendous -- this is not a
21 tremendously productive habitat. This compares to an
22 annual average of over 400 adult snowy plovers documented
23 across the other 34,000 acres of lake bed during the same
24 period of time.

25 The air breathers in the Owens Valley are more

1 concerned about the biological impacts to people and
2 animals caused by breathing dust levels more than ten
3 times the federal standard than we are of the possible
4 impacts to a handful of nesting shorebirds.

5 Finally, Commission staff is concerned that moat
6 and row may not be consistent with the Public Trust values
7 of Owens Lake.

8 The air breathers in the Owens Valley believe the
9 most important Public Trust value to preserve Owens Lake
10 is our clean air. More residents breath more lake dust
11 far more often than we bird watch, hunt, or sightsee on a
12 lake bed. We're tired of breathing the State's dust and
13 we are getting the City of Los Angeles to do something
14 about it.

15 The residents of the Valley have suffered from
16 the impacts of the city's diversion of water from the
17 State's lake bed for decades. But finally a solution is
18 in sight. The solution involves an enormous commitment by
19 the City of Los Angeles in the form of hundreds of
20 millions of dollars and enough water for 600,000 people.

21 In return, the city has made a reasonable request
22 to try a dust control measure on a limited area to control
23 PM10 while using less water. That seems a reasonable
24 request.

25 The Great Basin Air Pollution Control District

1 and Owens Valley residents urge the State Lands Commission
2 and all other involved State agencies to work together
3 with the district and the city to finish the Owens Lake
4 dust control project as quickly as possible and clean our
5 air.

6 Thank you.

7 CHAIRPERSON GARAMENDI: Thank you very much, Mr.
8 Schade.

9 Does that complete your witnesses?

10 MR. NAHAI: It does.

11 CHAIRPERSON GARAMENDI: I have one more here, and
12 I hesitate -- somebody from the -- Garry George.

13 Do you have something to add here, Mr. George?

14 MR. GEORGE: Yes, I do.

15 CHAIRPERSON GARAMENDI: Please make it as brief
16 as you possibly can.

17 MR. GEORGE: I will. I'm hungry as well.

18 Thank you, Commissioners. And I will make it
19 brief. My name is Gary George. I'm from Audubon
20 California here in Los Angeles. And I just wanted to
21 represent the creatures that you spoke about briefly.

22 This lake has become very important not just for
23 a handful of nesting plovers in that one area, but it's
24 probably one of the most important, if not the most
25 important, stopovers for migrating shorebirds that come

1 from the Arctic and head down to Central and South America
2 twice a year. It's also important for wintering water
3 fowl.

4 CHAIRPERSON GARAMENDI: We understand that.

5 So you -- where are you on the moat and row piece
6 of this?

7 MR. GEORGE: We think that -- we're on the SEIR,
8 saying it's inadequate. We agree with your staff. We
9 also think the biological resources have not been
10 addressed. And we are in a process with the Los Angeles
11 Department of Water and Power and the Great Basin Air
12 Pollution Control District and the Nature Conservancy and
13 the Owens Valley Committee and the Eastern Sierra Land
14 Trust to develop a management plan for the resources of
15 the lake that include not just the moat and row but to
16 take a comprehensive look at the entire lake, including
17 the springs and wetlands around the lake. And so we would
18 like to be able to put some of that information with the
19 LADWP on this development of this project.

20 And we look forward to working with the Los
21 Angeles Department of Water and Power and our partners in
22 the conservation management plan.

23 CHAIRPERSON GARAMENDI: Thank you very much.

24 MR. GEORGE: You're welcome.

25 CHAIRPERSON GARAMENDI: I'm going to conclude

1 this part of the hearing. We're going to be back at this
2 in two months.

3 And a couple of recommendations from me to
4 everybody involved here. I don't want to see this
5 Commission become the arbitrator of the adequacy of the
6 EIR. That's not going to be the role of the Commission.

7 From everything I've heard, this thing's headed
8 for a lawsuit unless there's some sort of accommodation
9 made to what is a very diverse set of opinions as to
10 whether the environmental document is adequate or not.
11 And I would urge all the parties, and this is particularly
12 for Los Angeles, to try to address the concerns. Because
13 somebody -- I mean we've already heard a great layout here
14 for a lawsuit to stop the entire thing dead in its tracks.
15 And I don't think that's in anybody's interests. So I
16 really urge Los Angeles to try to accommodate the issues
17 of the environmental document.

18 Ultimately, that will not be the decision of this
19 Commission as laid out by Mr. Thayer. Our decision will
20 be about whether to issue a lease when that document is
21 completed and available to this Commission for its action.

22 Now, with regard to our lease. The water that
23 would be placed on the lake or would have to be placed on
24 the lake in substitution for the moat and row is water
25 that comes from somewhere. And it's not just the Owens

1 Valley. That water will be to the Metropolitan Water
2 District. It will come from some part of the State,
3 unless there's significantly additional conservation in
4 Los Angeles. That's not an easy thing.

5 I'll tell you where I'm coming from on this. And
6 I'd like to see a resolution of this matter before it
7 comes before us.

8 First, the environmental document, get it squared
9 away as best as possible or else get prepared for a
10 lawsuit from somebody. I think I just heard who it's
11 going to come from.

12 Secondly, I'd like to see this moat and row be an
13 adaptive program. Does it work? If it does, okay.

14 And I'd like to really find out why the
15 vegetation and the gravel are not preferred to the moat
16 and row. If they work, and apparently they do, why can
17 they not work in this additional area? And, secondly --
18 primarily because in my visual view of this matter it's
19 far less obtrusive. So I'd like to have a conversation
20 about that from the participants. Is there something
21 wrong with the gravel? Well, it's a lot less visually
22 negative than moat and row. Is moat and row better than
23 gravel?

24 And, finally, the vegetation, which seems to me
25 to be the optimum. Why can it not work here instead of

1 moat and row?

2 Those are questions I've had -- that I have about
3 this. I'd like to see an answer to that perhaps before
4 the next hearing.

5 Okay. And then, finally, my personal view is we
6 ought not put more water on this lake. Okay.

7 So there you have it.

8 We'll be back at this -- if the EIR is prepared
9 and available, that is, no lawsuit stopping it, we'll take
10 this thing up in October for a resolution by this -- for a
11 lease in some form or not by this Commission.

12 But I don't think -- Paul, can we act without an
13 EIR?

14 EXECUTIVE OFFICER THAYER: No.

15 CHAIRPERSON GARAMENDI: Okay. You know the
16 objections that have come from the staff about the EIR.
17 But it is not up to this Commission or its staff to judge
18 the adequacy of the EIR. That is Los Angeles' task.

19 Is that correct, Paul?

20 EXECUTIVE OFFICER THAYER: Absolutely.

21 CHAIRPERSON GARAMENDI: Okay. There you have it.
22 Okay. We've got about 45 minutes to wrap things
23 up here. So we're going to get that done.

24 Maybe about -- actually about an hour.

25 And then we're going to move on.

1 We have Item 50, which I said we'd come back to.
2 It is an action item, and therefore I do want to come back
3 to it.

4 I've got a whole stack of witnesses. My
5 understanding is there may be two views on this - is that
6 correct? - those that are for it and those that are
7 against it.

8 I'd like one person from each side.

9 But let's start with the staff position first,
10 the issue before us, Item 50.

11 EXECUTIVE OFFICER THAYER: Giving the staff
12 presentation will be Mary Hays from the Land Management
13 Division.

14 CHAIRPERSON GARAMENDI: Very quick, Mary.

15 PUBLIC LAND MANAGER HAYS: I'll try to talk fast.

16 (Thereupon an overhead presentation was
17 Presented as follows.)

18 PUBLIC LAND MANAGER HAYS: Good afternoon, Mr.
19 Chairman and members of the Commission. My name is Mary
20 Hays and I'm a staff member of the Land Management
21 Division. And I'll be presenting the information on
22 Calendar Item No. 50.

23 The action before you involves an application for
24 a new lease to the Cedar Flat Improvement Association, a
25 homeowners association of 131 lot members in the Cedar

1 Flat subdivision located on the North Shore of lake Tahoe.

2 The application for the association -- the
3 application is for the association's continued use of
4 State lands for an existing pier and 21 existing mooring
5 buoys located offshore of the association's two littoral
6 lakefront lots.

7 --o0o--

8 PUBLIC LAND MANAGER HAYS: In the Commission's
9 packet you'll find an exhibit that depicts the
10 association's littoral lots in yellow and the
11 association's pier and buoy field as authorized.

12 Adjacent to the association's two littoral
13 lakefront lots are 12 non-littoral lots improved with
14 residences and owned by members and one lot owned by the
15 association as an access parcel.

16 The remaining 119 member lots are located across
17 Highway 28.

18 The association's two littoral lakefront lots are
19 used as common area for the association's members as a
20 beach.

21 Eleven of the 12 non-littoral lots have
22 individual private piers that cross the lakefront lots.
23 And staff has determined that eight of those piers extend
24 on to State sovereign lands below the low watermark.

25 Each of these piers are either under lease or we

1 have an application in the process for a replacement
2 lease.

3 The following photographs on the screen -- can
4 you go back to the first one with the gate?

5 The following photographs - and you have them in
6 your packet - show the entrance to the association's
7 common access parcel off of Highway 28.

8 The next one shows the pier -- the association's
9 pier and -- continue on.

10 --o0o--

11 PUBLIC LAND MANAGER HAYS: -- the association's
12 lakefront parcels fall on either side of the pier and
13 travel down to the south along the shoreline.

14 --o0o--

15 PUBLIC LAND MANAGER HAYS: Adjacent to the
16 lakefront parcels are the non-littoral lots in the back
17 shore and the individual piers crossing the lakefront lot
18 and on to State lands.

19 As background, the Commission has issued leases
20 to various homeowners associations for water-oriented
21 recreation improvements at Lake Tahoe. The leases are
22 issued to the association and, thereby, all its members.

23 For over 20 years leases to homeowners
24 associations have included special provisions that
25 required the improvements on the lease premises to be

1 owned by the association and made available to all of the
2 association members in a fair and equitable manner, and
3 that the association must maintain a buoy management
4 program that implements the use of the buoys by all the
5 members.

6 These lease provisions ensure that the use of
7 public lands provides the greatest public benefit.

8 I'll now explain the events and central issues
9 that brought this action before the Commission.

10 Since the original association pier was
11 constructed in 1969, the association has been under lease
12 for that portion of the pier on sovereign lands, below the
13 low watermark. During the subsequent years new leases
14 were issued for the pier.

15 In 2000 the Commission approved a ten-year lease
16 with an effective date of September 29th, 1998 for the
17 existing pier, and also included an existing buoy field
18 with 21 buoys authorized in a grid pattern located
19 offshore of the end of the pier. That lease expired in
20 September 28th, 2008.

21 Commissioners, please note that the previously
22 approved buoy field grid pattern shown on your exhibit off
23 the end of the -- off the end of the pier, the 21 buoys
24 were, however, not relocated as previously approved but
25 are located -- currently located along the entire length

1 of the shoreline in front of the non-littoral lot owners
2 as shown in the photographs in your packet and on the
3 overhead.

4 You can go forward. Keep going. Keep going.

5 There we go.

6 --o0o--

7 PUBLIC LAND MANAGER HAYS: In 2007 and prior to
8 the expiration of the association's lease, staff became
9 aware of a 1995 agreement that resolved litigation between
10 11 of the 12 non-littoral lot members and the association.
11 Under that 1995 agreement, the non-littoral lot members
12 with private piers were given permission to use and
13 maintain their piers crossing the association's own
14 lakefront lots, and gave the 11 non-littoral lot owners
15 permanent private use of up to two mooring buoys each out
16 of the association's authorized 21 buoys.

17 As soon as the Commission's staff became aware of
18 the 1995 agreement, staff notified the association that
19 the Commission's staff had no knowledge of this agreement,
20 was not a party of it, nor bound by it, and that the
21 association failed to disclose the existence of this
22 agreement in the application for the 1998 new lease which
23 authorized the 21 mooring buoys.

24 The association was also advised that the
25 agreement assigning permanent use of the buoys to

1 individual members violated the terms of that lease. The
2 1998 lease requires that the 21 mooring buoys be made
3 available to association members on a fair and equitable
4 manner.

5 In March of 2008 staff met with representatives
6 of the association concerning the 1995 agreement and the
7 ownership of the 21 buoys, the failure to provide the
8 equitable use of all the buoys, failure to place the buoys
9 into the previously authorized grid, noncompliance with
10 the terms of the lease, and the acknowledgement by the
11 association that the additional unauthorized buoys were
12 placed by other members and the removal of those buoys by
13 the association.

14 At this time -- excuse me. At that meeting the
15 representatives advised staff that the majority of the
16 association -- board of directors of the association
17 disagreed with staff's position on the ownership and
18 equitable use of the buoys and believed that the 1995
19 agreement governed the use of the buoys on the lease
20 premises. Staff again advised that the association must
21 implement the lease terms in order to resolve the breach
22 of the lease and remove the unauthorized buoys.

23 On June 4, 2008, staff wrote the association to
24 reiterate the staff's opinion of the 1995 agreement and
25 compliance with the terms of the lease as well as the need

1 to submit an application prior to the application -- prior
2 to the expiration of the existing lease. Again, staff
3 requested submission of the buoy management plan and the
4 removal of the unauthorized buoys.

5 By February of 2009 there had been no response
6 from the association, and staff again wrote the
7 association, which resulted in an application being
8 submitted on March 9th of 2009.

9 The 2009 application requested authorization for
10 the pier, the 21 existing buoys, and 61 new buoys arrayed
11 in a new grid pattern offshore of the association's
12 parcels.

13 The application failed again to provide the
14 requested buoy management plan or a plan to remove the
15 unauthorized buoys.

16 On April 9th of 2009 staff requested that the 61
17 proposed buoys be withdrawn from the application until
18 evidence could be provided that the buoys could be
19 permitted by the Tahoe Regional Planning Agency under the
20 new Code of Shore Zone Ordinances. And again staff
21 requested a buoy management plan as well as the actual
22 location of the 21 mooring buoys.

23 Beginning in 2000 staff has had numerous
24 meetings, discussions, and site visits with the
25 association's consultant, board members, and members of

1 the association who are concerned about the consequences
2 of the association's refusal to comply with the buoy
3 allocation provision of the lease.

4 The association continues in its refusal to
5 comply with the association's previously issued lease and
6 the State's authority over use of its lands, and now risks
7 the loss of the portion of the association's pier below
8 the low watermark and the existing 21 mooring buoys.

9 In fact, on May 14th, 2009, the association board
10 adopted the Community Field Rules and Regulations, which
11 became effective June 15th of 2009. The rules and
12 regulations, ratified by a majority of the board members,
13 includes that the buoys will be allocated as governed by
14 the 1995 agreement.

15 For the past two years it's been staff's intent
16 to ensure that the association's pier and buoys are
17 available to the entire membership and to avoid the
18 recommendation that is before you today. But it is clear
19 that the majority of the board members have no intention
20 of making the buoys available to its members on a fair and
21 equitable basis, and continues to refuse to submit a buoy
22 management program that implements the fair and equal
23 allocation of the 21 mooring buoys by the full membership,
24 and has failed to relocate the 21 buoys in a grid as
25 previously authorized, failed to provide for the removal

1 of the unauthorized buoys placed offshore of the
2 association's littoral parcels.

3 Therefore, it is staffs recommendation that the
4 Commission authorize denial of the application for a
5 general lease recreational use submitted on March 9th,
6 2009, find that the Cedar Flat Improvement Association is
7 in trespass on State-owned sovereign lands located in Lake
8 Tahoe adjacent to Parcels No. 092-180-08 and 092-190-10 in
9 Placer County, and authorize Commission staff and the
10 Office of the Attorney General to take all the necessary
11 legal steps, including litigation, to eject the Cedar Flat
12 Improvement Association, to seek removal of all of the
13 improvements from State sovereign lands adjacent to those
14 two parcels in Placer County, to seek restoration of the
15 State sovereign lands at this location to its condition
16 prior to the placement of the improvements to the
17 Commission's satisfaction, and to seek other remedies for
18 the breach of lease, PRC 4173.1, and recover the
19 Commission's damages and costs.

20 Staff's available to answer any questions.

21 CHAIRPERSON GARAMENDI: Just a couple of
22 questions.

23 Is this about buoys and also about the piers, or
24 just buoys?

25 PUBLIC LAND MANAGER HAYS: The issue is -- the

1 central issue is the buoys.

2 EXECUTIVE OFFICER THAYER: The pier's connected
3 though, because the people who use the buoys transfer to
4 the boat -- they use the pier as access to get to the
5 buoys.

6 CHAIRPERSON GARAMENDI: But we're not discussing
7 the lease or permit for the pier?

8 EXECUTIVE OFFICER THAYER: Yes, it's one lease
9 for both. And it's staff's view that since that one lease
10 covers both the buoys and the pier and the pier is
11 ancillary to the buoys --

12 CHAIRPERSON GARAMENDI: We've had these issues
13 come before us before. My recollection is that this is
14 the first time this particular issue has come before the
15 Commission. In previous times where we believe there's
16 trespass, we give the alleged trespassers an opportunity
17 to correct the issue before we bring the hammer down on
18 them. We have this case right at the outset during your
19 comments, Mr. Thayer, about a group that -- or an owner
20 that thought they were right. Turns out they finally saw
21 it our way.

22 Here's where I want to go with this one. We've
23 got a meeting coming up in two months. If this issue is
24 not resolved to the satisfaction of the staff with regard
25 to the trespassing buoys, I propose we bring the hammer

1 down.

2 Now, Curtis, tell me why we shouldn't do that.

3 CHIEF COUNSEL FOSSUM: Well, Mr. Chairman, let me
4 just summarize I think where the staff is right now.
5 We've been trying for a number of years to get them to
6 comply with the lease that was in existence until it
7 expired, giving equitable opportunities for all members of
8 the association to have access to the buoys. They have
9 been relying on a private settlement of a lawsuit that
10 they entered into between certain property owners and the
11 association to -- as a means to justify their practices.

12 We have three legal opinions, I think at least
13 two of which you probably have in your packet there, from
14 counsel to the homeowners association that advised them of
15 the unenforceability of that when it comes to the State
16 lease.

17 Because we have been trying to get them to comply
18 and the board of directors apparently have refused to
19 adopt a new program that would give the property owners of
20 the association equal access, the staff brought this to
21 your attention now. It's been over a year and a half that
22 we've been trying to do this. And basically they entered
23 into this in 1995 and did not tell us at the time in 2000
24 when the Commission last acted on this of the existence of
25 this settlement. We found out about it just recently

1 and --

2 CHAIRPERSON GARAMENDI: Excuse me. But the lease
3 that we have, the most recent lease, did call for an
4 equitable allocation of the buoys?

5 CHIEF COUNSEL FOSSUM: That's correct.

6 CHAIRPERSON GARAMENDI: Okay. So that's been the
7 pattern for some time now?

8 EXECUTIVE OFFICER THAYER: For this and for other
9 leases -- similar leases for the associations we generally
10 do that provision.

11 Let me take a different tack.

12 The Chair made reference to the earlier Richmond
13 item. When the Commission brings down the hammer, the
14 hammer comes down in slow motion by the time we work with
15 the AG and file the papers. The Commission in fact
16 directed that that hammer come down on Richmond. And it
17 was after that that we reached a resolution. And so I
18 guess our recommendation would be to go ahead and final as
19 the staff directed, but in full knowledge that we will not
20 be in court before October, the next Commission meeting,
21 and if they resolve it, then we won't -- the hammer won't
22 hit the table.

23 ACTING COMMISSIONER SHEEHY: Thank you, Mr.
24 Chairman, thank you, Mr. Thayer.

25 That was exactly where I was headed. I would be

1 prepared today, Mr. Chairman, to support the staff
2 recommendation, with the understanding that would give the
3 involved parties -- and we could specify as part of the
4 motion at least 60 days or 90 days to clean up their act
5 before any legal action is filed. But I think with the
6 history of this, the only way that we're going to bring
7 this to a head is if we take action that would actually
8 bring it to a head. That's my own feeling.

9 But, Mr. Chairman, I'll be happy to defer to you
10 on this matter. But I'm prepared to support the staff
11 recommendation.

12 CHAIRPERSON GARAMENDI: Well, we've taken --

13 CHIEF COUNSEL FOSSUM: Excuse me, if I could.

14 You may want to listen to the private parties
15 before you actually make a decision on this, but --

16 CHAIRPERSON GARAMENDI: Well, I was heading
17 towards putting off the decision for two months as to
18 whether we bring the hammer down or not.

19 We've been very consistent at least during my
20 tenure on this Commission that we don't like trespass.
21 You better have your leases up-to-date. And if you don't,
22 you may have no lease at all and you may be -- you may
23 lose your pier or your buoy or other things that we --
24 we've been very, very clear about adherence to the
25 necessity for a proper legal authority to occupy State

1 land.

2 And my recollection is that we usually bring
3 that -- in the past we've brought these issues up once,
4 we've heard it. And, frankly, I don't care right now to
5 hear from somebody saying why they want to ignore the
6 proper authority of the State to require a lease and to
7 carry it out properly.

8 So, here's where I'm coming from - and I would
9 ask my Commissioners to go along with me - is that we take
10 this thing up next hearing, which will be in October --
11 actually we can do it in September.

12 EXECUTIVE OFFICER THAYER: Certainly.

13 CHAIRPERSON GARAMENDI: We're already scheduling
14 a special meeting in September. That's about 30 days
15 away.

16 Okay. Here's my message. The hammer comes down
17 in 30 days, unless there is a settlement by the homeowners
18 association to remove the unauthorized buoys and to carry
19 out the proper -- carry out all of the terms of the lease.
20 Otherwise I'm prepared on September whatever, 15th or
21 thereabouts, to authorize what's suggested here.

22 ACTING COMMISSIONER SHEEHY: I support the
23 Chair's position.

24 CHAIRPERSON GARAMENDI: Very good.

25 We'll move on to the next item.

1 Thank you very much.

2 I said I'd go back to the initial hearing, on
3 onshore-offshore drilling. And I've got a whole stack of
4 people that want to testify. I don't know how many are
5 still with us. But there's -- just thumbing through these
6 things, we have Sunset Exploration represented here.
7 They're the focus of part of the discussion. So I think
8 we ought to hear from them. We've got many environmental
9 groups that wanted to testify if they're still here.

10 But let's hear from Sunset and then we'll go on
11 and hear from as many of the other people.

12 Paul, do we have other action items that we've
13 got to take?

14 EXECUTIVE OFFICER THAYER: We've got about eight
15 closed session items and that's it.

16 CHAIRPERSON GARAMENDI: Okay. So we have closed
17 session.

18 I'm going to try to rush through this as fast as
19 we possibly can. And I'm to take about...

20 Okay. Sunset has two witnesses, Jared Ficker and
21 Bob Nunn.

22 Are they still here?

23 Much discussed this morning. And please go
24 ahead.

25 MR. NUNN: Mr. Chairman, Commissioners, thank you

1 for your time in taking up this important issue. I'll
2 abbreviate some of the comments I had earlier and help to
3 get everybody out of here.

4 First I wanted to make sure that everyone
5 understands --

6 ACTING COMMISSIONER SHEEHY: Could you identify
7 yourself for the record please.

8 MR. NUNN: Bob Nunn, Sunset Exploration.

9 A little background on Sunset. It's a
10 California-based independent oil and gas company, solely
11 owned, active only in onshore production only in
12 California.

13 And I wanted to make sure -- there seemed to be
14 some confusion from some of the speakers earlier, that no
15 one here to my knowledge is proposing any wholesale
16 development of offshore leasing in California. The
17 current California State Sanctuary Act is extremely narrow
18 in the opportunities it provides. There are clearly --
19 according to the State Lands Commission by Mr. Planck,
20 there's more than one opportunity out there. But the
21 opportunities are extremely limited. So let's be clear
22 that wholesale development is not being proposed by
23 anybody.

24 Also, the commentary earlier on our process with
25 Vandenberg, it is ongoing. It's been painful. I won't

1 deny that. We've had meetings in the Pentagon as recently
2 as last week. We're in the process of reeducating a new
3 administration as to the consistency with our proposed
4 project and the consistency of their federal position on
5 development of energy in an environmentally sensitive
6 manner. We're optimistic that before the end of this year
7 we'll get a NEPA support letter and move forward with the
8 environmental analysis that is needed for us to be
9 educated about the benefits or detriments to our proposal.

10 I'd like to comment briefly on the risk and
11 aesthetics basis, which really to me are the main two
12 points of offshore and onshore development. It's pretty
13 difficult to hide an offshore platform. It's pretty easy
14 for us to hide 30-, 40-acre facilities onshore when you're
15 trying to develop a state lease that's only three miles
16 offshore and you have technology that allows you to drill
17 laterally up to seven miles. It gives you the ability to
18 locate sites onshore that help mitigate some of the
19 inherent impacts that we have with development of oil and
20 gas resources.

21 Distance. Some of issues we have with the
22 potential public that was cited earlier with properly
23 siting these locations, we can mitigate those quite well.

24 Additionally, of course any onshore proposal of
25 developing the State's offshore resources will go through

1 all of the appropriate public process, regulatory
2 approvals, et cetera.

3 And most of the sites that you saw on the map
4 shown by county staff earlier shows that the handful of
5 opportunities out there, most of them are located adjacent
6 to very rural settings in the county. A minority of them
7 are off developed property in Santa Barbara. And I think
8 that's beneficial.

9 And, finally, I'd like to draw one conclusion
10 that may have been missed earlier that -- I don't view a
11 separation of offshore infrastructure between platforms
12 and tankers. This is offshore infrastructure. Spill risk
13 is associated with both. Reasonable development of the
14 State's offshore assets from onshore sites help mitigate
15 the need for tankers to come into the Long Beach harbor.
16 Every million barrels of produced oil here in California
17 means a million barrels, likely two tanker trips, that
18 does not travel the seas to get to us. So not only by
19 developing these sites from onshore do we mitigate the
20 potential environmental risks vis-a-vis an offshore site.
21 But you also limit tanker traffic coming across the ocean.
22 Two hundred million barrels, which is the upside of our
23 Vahevala project, is the equivalent of 400 tanker trips
24 that now don't have to come into Long Beach Harbor. Those
25 benefits environmentally are significant. So they're tied

1 together.

2 That's all I have, unless there's any questions.

3 CHAIRPERSON GARAMENDI: Yeah, I do have a
4 question.

5 The issues were raised -- in fact, Tom raised the
6 issue about timing, the length of time to do an EIR and so
7 forth. Could you comment on that.

8 MR. NUNN: I think staff's belief was fairly
9 consistent with ours. Eighteen months is probably a
10 reasonable timeline for both the NEPA and CEQA analysis,
11 which means that we're a little further behind. Our
12 competition started several years before we did. And last
13 time I checked they haven't had regulatory approval
14 either.

15 So if it takes us two, three, four, five more
16 years to receive regulatory approval for what I view is a
17 far superior environmental project, I don't think that
18 that's time misspent. I think that's appropriate,
19 especially -- we're not -- as the Chairman mentioned
20 earlier, this isn't one project we're discussing. We're
21 discussing a policy matter - is there a more appropriate
22 way to develop offshore resources in California?

23 And I think clearly the onshore alternative is
24 far superior. And if it's a slight delay, three or four
25 or five years for what's going to be a 25- or 30-year

1 project that fully develops the resource, not just half of
2 it, the State gets the full revenue, not just half of it,
3 and no footprint in the marine environment, I'd be happy
4 to wait the three or four years.

5 ACTING COMMISSIONER SHEEHY: I have a comment.

6 All due respect, Mr. Nunn, tell that to the
7 thousands of children getting knocked off the Healthy
8 Families Program, three- to five-year delay's no problem.
9 I completely reject what you just said. I think time is
10 of the essence.

11 CHAIRPERSON GARAMENDI: Mr. Nunn, thank you very
12 much.

13 The issues of revenue are best discussed in the
14 Legislature. And I've certainly had my comments on them.

15 What we're going to try to finish up here is some
16 issues before the State Lands Commission on the
17 onshore-offshore benefits and problems with it.

18 I'm going to go through -- Mr. Nunn, thank you
19 very much. I appreciate that --

20 MR. NUNN: Thanks for your time.

21 CHAIRPERSON GARAMENDI: -- testimony.

22 I'm compelled to not follow up, Tom. So I'll
23 just let it go.

24 We can get into one of our debates again and
25 probably wouldn't get much done.

1 Tom Ford, are you here?

2 Tobe Plough?

3 MR. PLOUGH: Plough.

4 CHAIRPERSON GARAMENDI: And Jerry Rubin?

5 Line up.

6 And we're going to make it really quick. Just
7 state where you're coming from on all this. Keep in mind
8 that we're talking onshore-offshore benefits and problems
9 associated with it.

10 MR. PLOUGH: Okay. Chairman Garamendi, members
11 of the Commission. I really want to give you a very high
12 level look at particularly what we're using here in the
13 State and where it comes from. Obviously going from
14 onshore to offshore in Santa Barbara County is something
15 that is much more preferable than offshore. We've had a
16 number of spills there.

17 I think as far as what is used in the State,
18 there's a misconception. You heard earlier that over 60
19 percent of the oil that we use in this State is imported.
20 Over 80 percent of all the oil that's used in the State is
21 used for transportation fuel. And there's only one
22 country in the world that uses more transportation fuel
23 than California. And third behind us is Japan.

24 So, if we don't produce it here, we're going to
25 be importing it. So when you take off in a plane this

1 afternoon, as I'm going to be going to another meeting,
2 you'll see tankers from Saudi Arabia lined up off the left
3 side of the plane. And 25 percent of our oil is currently
4 coming from there.

5 Much preferable to keep that money here in the
6 State, using it for transportation fuel here, and using
7 the revenue from that for things that we can benefit
8 from - alternative fuel, transportation systems that serve
9 the public.

10 And I think that's the big picture that we need
11 to look at.

12 Thank you very much.

13 CHAIRPERSON GARAMENDI: Thank you very much.

14 Mr. Rubin.

15 MR. RUBIN: Thank you very, very much, Chairman
16 Garamendi and Commissioners. And thank you very much,
17 Chairman, for your professionalism and your patience and
18 your diligence in this important matter of getting the
19 public comment.

20 My name's Jerry Rubin. I'm a Santa Monica
21 resident and Director of the Alliance for Survival.

22 And basically, I'd like to start with -- you
23 think about two words, global warming. We should be
24 developing alternative energy. When you talk about
25 offshore and onshore, the arguments are like fossil fuel

1 and nuclear power. They're both inadequate and there's
2 always a third vote.

3 So I'm not in favor of either. I wish the
4 reports that were given today from staff were more like
5 the Malibu Conservatory and Defenders of Wildlife and the
6 Environmental Defense Center. That's the way government
7 leaders and staff have to start looking at this issue.

8 I mean this is something that Sarah Palin would
9 be supporting, probably offshore and onshore. When I hear
10 names in the past like James Watt come up today, I'm
11 thinking what are we even doing here?

12 The question I'd like to ask probably Bob Poole
13 is - who did help kill the electric car - what is really
14 going on here? Next year is the 40th anniversary of Earth
15 Day, April 22nd next year. And we need to really start
16 thinking about our environment and really have government
17 leadership and integrity.

18 And that's about it.

19 CHAIRPERSON GARAMENDI: Sir, so you're opposed to
20 both onshore and offshore?

21 MR. RUBIN: Absolutely. And I think --

22 CHAIRPERSON GARAMENDI: Very good.

23 MR. RUBIN: Thank you.

24 CHAIRPERSON GARAMENDI: We are running out of
25 time. I'd like to get the rest of the people. And we've

1 got -- in fact, we are almost out of time. I'm going to
2 run through these lists. And if you'll come up and say
3 onshore, offshore, neither. And if you have a specific
4 fact, state it.

5 Patricia McPherson.

6 Marcia Hanscom.

7 MS. MCPHERSON: My name is Patricia McPherson.
8 I'm President of Grass Roots Coalition. I've been
9 involved in the oil and gas issues for the past 20 years
10 put my career on hold to be involved in them, and been
11 instrumental in changing the methane code in the City of
12 L.A., working with experimental measures for protecting
13 against gas.

14 The problem here, and what we haven't talked
15 about today, is the total lack of accountability and all
16 the exclusionary laws that the oil and gas industry have
17 in their favor.

18 And I'd like to bring up some specific things
19 regarding that, that even with our agencies that we have
20 trouble. For instance, Mr. Thayer, you're aware of me.
21 And certainly we have the Playa Vista site in the City of
22 Los Angeles here, which has a well that's called
23 University City Syndicate in a marsh that the State Lands
24 Commission has oversight, which I'm not sure why that is
25 and we're trying to investigate that again. And if you

1 could help, I'd appreciate it.

2 But that well has been leaking for years and
3 years and years. It's a well that the State Lands
4 Commission knows has been a problematic well; knows has
5 blown out multiple times; knows that when Playa Capital
6 reabandoned the well, it leaked right off the bat. A few
7 sacks of cement were thrown on top of it. And it has been
8 left aside and no one has reviewed the well.

9 CHAIRPERSON GARAMENDI: Please.

10 MS. McPHERSON: These are issues that have to do
11 with onshore and offshore, because I have worked --

12 CHAIRPERSON GARAMENDI: I know. But this
13 Commission's out of time.

14 I'm terribly sorry. The time has run by. We've
15 had a very, very lengthy set of hearings today.

16 MS. McPHERSON: Well, we've been sitting here
17 waiting to speak.

18 And the lack of a accountability -- if that thing
19 can be plugged, many people would be in more favor. But
20 we have a total lack of accountability. We have no State
21 or federal agency that monitors the migration of gas. If
22 it is not coming up directly on top of a wellhead,
23 everyone turns a blind eye, including the State Lands
24 Commission, including the Division of Oil and Gas.

25 CHAIRPERSON GARAMENDI: You can do a world of

1 good for all of us by putting your comments in writing,
2 which perhaps you have --

3 MS. McPHERSON: I only knew that this was
4 happening, so I was here to try to do an oral comment
5 and --

6 CHAIRPERSON GARAMENDI: Please put your comments
7 in writing, send them to the Commission. And I assure you
8 that the three members of this Commission will ask the
9 staff to thoroughly investigate the points that you've
10 made.

11 ACTING COMMISSIONER SHEEHY: And I'd like to just
12 say, Ma'am, if you look -- if you go to www.dof.ca.gov,
13 you can find all my contact information. And please make
14 sure you copy me on that correspondence. And if you want
15 to follow up with a phone call or a meeting with you or
16 any of your people you represent, I'm happy to meet with
17 you anytime

18 MS. McPHERSON: Okay. I will do that.

19 CHAIRPERSON GARAMENDI: Thank you very much.

20 Please take advantage of that. And the
21 Commission -- the three members of the Commission would
22 appreciate the information.

23 I don't know how we're going to get this done.

24 You're next. Onshore-offshore. And we'd
25 appreciate written testimony at this point.

1 MS. HANSCOM: Sure.

2 CHAIRPERSON GARAMENDI: We're not going to get
3 through this, so this will be it.

4 MS. HANSCOM: Honorable Commissioners. Marcia
5 Hanscom with the Coastal Law Enforcement Action Network,
6 and I'm also representing the Ballona Institute.

7 And just to follow up on the issue related to
8 unregulated situations. I think that really does relate
9 to this offshore-onshore debate. And, that is, I just
10 learned last night from watching this amazing documentary,
11 Split Estate, that the oil and gas industry is exempt from
12 the Clean Air Act, the Clean Water Act, CERCLA. And
13 therefore when you talk about putting these facilities
14 onshore, you have issues that relate to human health that
15 are not being looked at. And I think that that's coming
16 up in western Colorado, in New Mexico on a repeated basis
17 now. So I think that those issues related to the
18 chemicals that these companies use in drilling must be
19 addressed. And I'd like to see the staff look into those
20 more.

21 And, finally, I think that the reason we're
22 looking at this - I think Mr. Sheehy has brought it up -
23 is the budget. And if we're looking at budget issues, I
24 think there are other ways to solve that. And I would
25 like to -- I would like to put those things in writing,

1 because I think that's at the core of why we're even
2 talking about this.

3 CHAIRPERSON GARAMENDI: Thank you very much.

4 ACTING COMMISSIONER SHEEHY: Send them to the
5 Department of Finance to my attention.

6 I want to just say, I'm not aware of any
7 exemptions in the State law to AB 32 or of the other State
8 law -- the other environmental requirements that this
9 constituent just mentioned.

10 CHIEF COUNSEL FOSSUM: The laws that Ms. Hanscom
11 are referring to are all federal laws.

12 CHAIRPERSON GARAMENDI: A couple of things. My
13 apologies to everyone that's here that did not get a
14 chance to testify. We're going to lose a quorum in a few
15 moments. And therefore I'm going to move that we move on
16 to that portion of our agenda which is legal issues.

17 In other words, the public session is over.

18 MR. CAMPBELL: The public session is not over.
19 We haven't been given the opportunity to speak. It was a
20 pretty well run meeting other than not seeming to
21 appreciate public input.

22 CHAIRPERSON GARAMENDI: This issue is not
23 completed. We will be coming back to this issue, I can
24 assure you, several more times. However, two of the three
25 members -- three of the three members are going to be

1 leaving in a few minutes, and we have a series of legal
2 issues that have to be taken up now.

3 And, therefore, the public session is over. And
4 apologies to everybody. It's been a long hearing on
5 several very important matters. My apologies to all, but
6 we've gone as far as we can.

7 I would request those who are here in the
8 audience that would like to express opposition to both
9 onshore and offshore, raise your hand and we'll just take
10 a look it.

11 So no more oil drilling onshore or offshore.
12 Understood.

13 Those of you that think we ought to do it
14 onshore?

15 A couple of you.

16 Those of you that think we ought to do it off in
17 the ocean?

18 Nobody.

19 For those of you that had not had an opportunity
20 to testify, would you please take advantage of written
21 testimony to the Commission. That would be much
22 appreciated. I can assure you that the three members of
23 the Commission will read those documents. And you can
24 make them any length you want. If they're lengthy, I
25 suggest that you put a summary page on them. We would

1 appreciate that information.

2 My apologies to all, but we have to move on.

3 CHIEF COUNSEL FOSSUM: Mr. Chair, I would --

4 MR. CAMPBELL: I now want to give my input
5 regarding the threats to the marine environment from San
6 Luis Obispo to the Mexican border.

7 CHIEF COUNSEL FOSSUM: Mr. Chairman, if I could.

8 CHAIRPERSON GARAMENDI: Okay. If you would
9 please clear the room. We have a private -- we have a
10 non-public session that we have to hear. And we'll hear
11 that public session. My apologies to everyone.

12 Please put your questions in writing, and we'll
13 review those. This issue will be back before the
14 Commission, I can assure you, many times in the future.

15 (Thereupon the meeting recessed
16 Into closed session.)

17 ACTING COMMISSIONER MANDEL: Okay. We're back in
18 open session again and we're starting the public comment
19 period.

20 Each speaker will have three minutes. And if you
21 could remember to state your name for the record when you
22 start, that would be fabulous.

23 And we have magic lights. So there you go.

24 MS. WINOGRAD: That you very much. My name is
25 Marcy Winograd. I'm founder of Progressive Democrats of

1 America's Los Angeles Chapter. I'm also a congressional
2 candidate in the 36th district.

3 I want to thank the staff of State Lands
4 Commission for staying here to take the public comment.

5 EXECUTIVE OFFICER THAYER: Marcy's with the
6 Controller's office.

7 ACTING COMMISSIONER MANDEL: Oh, yes. Deputy
8 Controller representing the State Controller.

9 MS. WINOGRAD: Oh, and the Controller's office
10 and the staff of the Controller's office. Excuse me.

11 I'm here today because I represent people who are
12 confused about what's going on in California. We noted
13 that on July 24th the State Assembly voted to reject new
14 oil drilling and the Governor signed a budget on July 28th
15 I believe that did not include new oil drilling to raise
16 revenue.

17 I would suggest if the State needs to raise
18 revenue, which it does, that we should look at imposing an
19 oil depletion tax for what, the first time in history
20 here. And we should also look at a split role property
21 tax for businesses in California, as well as reducing the
22 prison industrial complex in the State.

23 Pollution from offshore oil rigs cause serious
24 health and reproductive problems for fish and other marine
25 life. It destroys kelp beds, reefs, coastal wetlands. We

1 know that story. And now we're looking at some sort of
2 fallacious debate between onshore and offshore oil
3 drilling, as if either one were acceptable. We know that
4 onshore oil drilling, as we heard in this report here
5 today and the presentation, that it can create very
6 dangerous conditions. Should there be a fire or an
7 explosion, what are we looking at? Toxicity on our coast.
8 We're looking at the loss of our tourism industry and the
9 endangerment of our population.

10 I would ask that you please, before we go forward
11 with any of this, look at what the real debate should be.
12 And, that is, as Jerry mentioned, between getting bogged
13 down in the same old fossil fuel answer to our energy
14 needs, which is no answer at all, or to build new green
15 taxable infrastructure based on effective energy
16 conservation, alternative energy, and the use of solar,
17 wind, and tides to produce our energy needs.

18 Let us make California the green energy capital
19 of the United States, not sell our coast on the cheap, not
20 be a pawnshop for oil companies that want cheap oil
21 drilling. That's not what the people of California want,
22 that's not what our Assembly voted for. And, frankly,
23 when I mentioned that this was going on to a member of the
24 Assembly, he was shocked.

25 So, please, before we go forward with any of

1 this, let the entire State of California know what's going
2 on.

3 Thank you.

4 ACTING COMMISSIONER MANDEL: Thank you, Ms.
5 Winograd.

6 And just before the next speaker, since I asked
7 all of you to identify yourselves -- and I probably still
8 have the John Chiang sign up here -- I'm Marci Jo Mandel,
9 Deputy Controller, representing State Lands Commissioner
10 and Controller John Chiang.

11 And for your information and for everyone who's
12 still listening out on the Internet, this is being
13 recorded. There's a transcript that's on the Internet.
14 It will be available and is available for -- and Mr.
15 Garamendi is back -- for all of the Commissioners and
16 other people to hear your comments.

17 Thank you.

18 You're back.

19 MS. FRISK: Chairman, Commissioners and their
20 representatives. I'm Carla Frisk. I'm here today
21 representing Get Oil Out! And I have to -- I'm just
22 really frustrated, I have to say, that I drove 250 miles
23 today and waited hours to present testimony to the
24 Commission. And I'm very disappointed that we were not
25 allowed the opportunity to present our testimony. We are

1 in the thick of it. I had planned to start out my
2 testimony by saying, as you probably all know, GOO and the
3 representatives of the environmental groups in Santa
4 Barbara County have been fighting oil development since
5 1969. These are the groups that come to testify before
6 the State Lands Commission when there are projects in
7 Santa Barbara County. Sometimes there are only a few of
8 us. We are the ones that are on the front lines all the
9 time.

10 I think the number of platforms that are in Santa
11 Barbara County, it just shows at every step of the way
12 through the staff's presentation.

13 Given that background, I do want to say that GOO
14 is highly concerned about any policy that the State Lands
15 Commission might propose or any legislation that might
16 ultimately be supported that would state a status of a
17 preference over the production of offshore versus onshore
18 or the other way around. I don't think it's that simple.
19 We've got very complicated situations. And I think the
20 reason that GOO's position is that is we have to look
21 at -- like many of the other speakers said, we have to
22 look at this on a case-by-case basis.

23 GOO strongly believes that every proposed project
24 to develop oil that comes before the State Lands
25 Commission is different, the situations are different. As

1 Ms. Krop said, sometimes we're looking at existing
2 facilities, sometimes new facilities, et cetera. Every
3 one of those projects needs to be evaluated on the merits
4 or lack thereof of those projects and of those specific
5 proposals.

6 The California Coastal Sanctuary Act, which
7 passed in 1994, was carried by Senator Jack O'Connell.
8 And I was privileged to work for him at that time and work
9 on the legislation with Ms. Krop and others.

10 Since that time, we have worked very hard in
11 Santa Barbara County and we have gotten eight State leases
12 in that county that have been changed. They're no
13 longer -- they've been relinquished. And to a great
14 degree it's because of the efforts that we have moved
15 forward and stayed with our opposition and our desires to
16 get rid of these leases.

17 I want to emphasize our concerns that I've
18 mentioned earlier specifically do relate to this
19 legislation. And as noted by Ms. Krop, a new lease can
20 only be issued when drainage is occurring from an adjacent
21 federal platform.

22 The only place that we see that now that's likely
23 to occur is the Tranquillon Ridge project. So in terms of
24 other -- for argument's sake, we could say that if any
25 other situations like Rocky Point or some of the others

1 that were discussed today would come up, there would have
2 to be -- in State waters, it would have to be by
3 definition because there is an existing federal platform.
4 Which basically means if we're looking at onshore versus
5 offshore, we're not really in those cases. We're looking
6 at both. And this is really unacceptable.

7 So approval of any onshore drilling facilities
8 would result in the proliferation of facilities to develop
9 the same oil field. I can't think of a worse alternative
10 than that.

11 The bottom line is there is no way to say in a
12 vacuum or to choose onshore versus offshore. As always,
13 the Devil is in the details.

14 And I want to echo Ms. Krop's own suggested
15 changes. Also, on page 24 of the staff report, I noted
16 that in the section on onshore drilling, the risk of an
17 oil spill is left out. And obviously that's a really
18 critical one, so I would urge the staff to put that back
19 in.

20 Thank you.

21 ACTING COMMISSIONER MANDEL: Thank you.

22 MS. McSHIRLEY: Hello. My name is Katie
23 McShirley. I'm reading a statement on behalf of Santa
24 Barbara City Council Member Das Williams, who could not be
25 here today.

1 "As a local council member and
2 environmentalist, I would like to say that I do
3 not support onshore oil drilling. This technique
4 is environmentally abusive and carries with it a
5 number of serious threats to the environment.

6 "New onshore drilling proposals off of
7 Vandenberg Air Force Base and off of the coast of
8 Carpinteria would mean significant impacts to
9 public safety, water quality, air quality, fire
10 protection, and risk agricultural resources vital
11 to the Central Coast. Onshore drilling is not
12 acceptable. This would mean new oil drilling,
13 new facilities, new operations and new impacts on
14 our environment on top of continued offshore
15 drilling operations that will continue for the
16 foreseeable future.

17 "My goal is to put an end to existing oil
18 development and protect our coasts from new
19 projects that bring new or extended drilling to
20 our coast."

21 Thank you.

22 CHAIRPERSON GARAMENDI: Thank you.

23 Next.

24 MR. GLESS: Good afternoon. Thank you again for
25 letting us have this time to go ahead and make our

1 comments.

2 My name is Gary Gless. I'm the President of the
3 Citizens Coalition for a Safe Community.

4 I have to say I'm against on and offshore. All
5 that you have to do is look at what has happened to our
6 community.

7 I'm actually kind of new to this. I became
8 involved when this whole --

9 CHAIRPERSON GARAMENDI: Excuse me. Where is your
10 community?

11 MR. GLESS: Windsor Hills. We abut the Baldwin
12 Hills oil fields.

13 I became involved in this when the whole "Drill,
14 Baby, Drill" attitude kind of came into play, because it
15 was right in my backyard. I can actually visually see it
16 out my bedroom window.

17 We had two toxic gas releases in the Baldwin
18 Hills oil field. And PXP happens to be the operator of
19 the field. They're planning to drill 600 more wells into
20 our fault line there. They're using water flooding
21 techniques. They are going to use upwards of 8,800,000
22 gallons of fresh and brine water injected into our
23 groundwater there. It will be going through our water
24 table. It will also be affecting the Santa Monica Bay
25 area.

1 All we have to do is remember back to the Baldwin
2 Hills Dam collapse. This was due to water flooding, which
3 killed 53 people.

4 Also, right at present time they have four 4-inch
5 water mains turbo-run meters just injecting water into the
6 ground. We have presently an uplift of over 4 1/2 inches
7 into our hillside, which is causing our hills to crack and
8 foundations. And we have millions in property damage.

9 We had an EIR study -- supposed EIR study. There
10 was no study done on the field. No native American
11 studies had ever been addressed. No input from the Water
12 Board was done. No input from DTSC. And we have at this
13 time an 80 to 90 times higher cancer rate, because there's
14 no -- we had no baseline studies done whatsoever.

15 I mean this is what we're talking about what the
16 oil fields -- or oil producers are doing to our
17 communities. Why should we allow them to go ahead and do
18 anything else?

19 Why does it always seem like all we're doing is
20 giving them the green light for drilling, you know. Our
21 long-term health and environmental impacts should be
22 addressed first off, and then we look, you know, at
23 anything else.

24 I heard on my way here this morning they have the
25 new Volt car. It gets 240 miles per gallon. I mean

1 shouldn't this be the technology we're looking at, rather
2 than trying to get the oil? I mean that's going to --
3 it's not going to -- and the other thing that we really
4 need is the accountability and the end of exclusionary
5 laws to protect the industry.

6 And that's pretty much the end of it. I can't
7 say more than we really have to look at what we're doing
8 to the environment in giving them the green light to go
9 ahead and just extort and ruin our communities.

10 CHAIRPERSON GARAMENDI: Thank you for your
11 testimony.

12 Paul, a question.

13 Does the State Lands Commission have any
14 authority in the Baldwin Hills issue?

15 EXECUTIVE OFFICER THAYER: No, we don't. A staff
16 member does sit on that conservancy board though by law.
17 We're a member of that. And mostly it's to deal with the
18 oil issues to provide advice that would help eventually
19 move that out.

20 CHAIRPERSON GARAMENDI: Okay.

21 MR. GLESS: Because part of it is going to be
22 into the federal waters where the oil drilling's going
23 into. And --

24 CHAIRPERSON GARAMENDI: I don't think -- I don't
25 know about the Baldwin Hills area. But my understanding

1 is the Baldwin Hills area is not the specific subject
2 matter of this hearing, and that we're looking at
3 accessing oil in the three-mile limit offshore from the
4 shore versus from the ocean. That's what this was about.

5 However, good to know about the Baldwin Hills
6 issues. It's not unknown to me.

7 MR. GLESS: You're going to hear a lot more about
8 it, guaranteed.

9 Thank you.

10 CHAIRPERSON GARAMENDI: Thank you.

11 MR. CAMPBELL: Good day, Mr. Garamendi, staff,
12 and Commissioners -- or I guess staff.

13 I strongly oppose additional -- oh, my name's
14 Bruce Campbell. And thanks for finally giving us a little
15 public input.

16 I strongly oppose additional oil and gas drilling
17 rigs and platforms off the California coast as well as
18 slant drilling from the shore which necessitates new
19 infrastructure on our shoreline or nestled in coastal
20 canyons.

21 Our marine ecosystems are collapsing and it is
22 clear that significant burning of fossil fuels is
23 resulting in notable climate change, soon to reach
24 catastrophic proportions threatening many species on earth
25 including humans.

1 Now I want to give a little rundown of the
2 current toxic threats to the marine environment, beginning
3 with my old sad issue of the Diablo Canyon nuke. Anyway,
4 up there in SLO area there's the heavy metal radioactive
5 and thermo pollution heading down toward where there seems
6 to be interests in drilling around -- in northern Santa
7 Barbara County there's a huge Casmalia toxic dump, which
8 seems to be migrating, and ag runoff, and the Vandenberg
9 toxics and then oil drilling toxics in Santa Barbara and
10 around Point Conception into -- around Santa Barbara and
11 into Ventura County, and ag runoff in Carpinteria and the
12 Oxnard plain area, and military toxics in the point Mugu
13 and Port Hueneme area.

14 And then head around to Santa Monica Bay, which
15 is known for poor water quality even though it's partly
16 improved due to the better sewage treatment at Hyperion,
17 but still a long way to go. We don't need to deteriorate
18 that with so many people swimming and so many tourist
19 dollars flock to. And then there's a DDT off the -- on
20 the ocean floor off of Palos Verdes. And then you head
21 around the bend there and you head toward the massive
22 pollution at L.A. and Long Beach Harbor and industrial
23 runoff in that area. Also various kinds of runoff port
24 and ship pollution in that area.

25 And then you head toward the military toxics down

1 at Seal Beach and then the oil drilling-related
2 contaminants off of Long Beach and Huntington Beach,
3 cutting on both sides of Seal Beach there.

4 And then we spent so much funds acquiring
5 restoring some areas of Huntington Beach in the Bolsa
6 Chica area. And they call that Surf City. Maybe it
7 should be called Oily City if they want to drill even more
8 there.

9 And then further south, it's also inappropriate
10 to drill in lovely southern Orange County and northern San
11 Diego -- and San Diego County. And then I'm actually even
12 more of a proponent for a very pristine coast at Mendo,
13 Sonoma, and San Mateo counties.

14 And also --

15 CHAIRPERSON GARAMENDI: Thank you very much, sir.
16 Appreciate your testimony.

17 MR. CAMPBELL: Thanks so much.

18 CHAIRPERSON GARAMENDI: Are there other witnesses
19 that would like to present during this public session?

20 You're not required to.

21 (Laughter.)

22 MS. BRADY: I did submit a card, but I was not in
23 the room when I think you called the names. My name's
24 Theresa Brady.

25 I came because I heard that you were thinking of

1 drilling off the coast. And I totally agree with the
2 lawyer from Santa Barbara, that it makes sense that to
3 start new rigs onshore is going to do a lot of harm to the
4 environment, and that there shouldn't be any new ones.

5 And if -- and also we should -- my main idea when
6 I was coming here is that we need to start thinking ahead.
7 We are already passed peak oil. It's not like there's a
8 lot of it around for us to be investing in the
9 infrastructure of fossil fuels anymore. We need to start
10 thinking about other kinds of energy.

11 I understand that there's a country in Europe
12 that does tidal energy. And maybe you have jurisdiction
13 to look into that. And it isn't as harmful. And -- I
14 mean I don't know if there are environmental impacts on
15 it, but I'm sure it's not as polluting.

16 So that's about it. Thanks.

17 CHAIRPERSON GARAMENDI: Thank you very much.

18 The only group that's interested in new drilling
19 off the coast is the Governor, not this Commission, at
20 least two of the three members of the Commission.

21 Very good. I think we've completed the public
22 testimony.

23 And at this point this meeting is adjourned.

24 Thank you very much.

25 (Thereupon the California State Lands

Commission meeting adjourned at 3:22 p.m.)

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CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing California State Lands Commission meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California;

That the said proceedings was taken before me, in shorthand writing, and was thereafter transcribed, under my direction, by computer-assisted transcription.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of August, 2009.

JAMES F. PETERS, CSR, RPR
Certified Shorthand Reporter
License No. 10063