

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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TO: Board of Supervisors

FROM: Dianne Meester, Assistant Director
Planning and Development Department

STAFF CONTACT: Doug Anthony, Interim Deputy Director
Energy Division, 568-2046

SUBJECT: U.S. Department of the Interior's 5-Year Oil & Gas Leasing Program (2007-2012)

Recommendation(s): That the Board of Supervisors authorize the Chair to execute the attached letter to the Department of the Interior as it commences the preparation of the 2007-2012 oil and gas leasing program for the Outer Continental Shelf (OCS).

Alignment with Board Strategic Plan: This recommendation primarily aligns with Goal No. 1 – An Efficient Government Able to Anticipate and Respond Effectively to the Needs of the Community

Executive Summary and Discussion: Every five years, the U.S. Department of the Interior (DOI) prepares a 5-year oil and gas leasing program for all submerged lands on the OCS, pursuant to the Outer Continental Shelf Lands Act. This program essentially indicates a 5-year schedule of lease sales that the Secretary of the Interior determines is necessary to best meet the nation's future energy needs. The program also identifies the expected intensity and location of the scheduled lease sales.

DOI recently announced plans to prepare the next 5-year leasing program that addresses leasing between mid-2007 to mid-2012. DOI is seeking public comment as a routine first step. Comments must be submitted by October 11 of this year.

DOI's solicitation notes that Presidential withdrawals and Congressional moratoria have placed many OCS areas off limits to new oil and gas leasing, and that these areas will not be fully analyzed for possible leasing in the forthcoming 5-year leasing program.¹ All OCS areas offshore the states of California, Oregon, and Washington are subject to those withdrawals and moratorium.

¹ Former President George H.W. Bush first imposed the Presidential withdrawal in 1990 in response to a study by the National Research Council, concluding that environmental information for OCS decisions offshore Florida and California was inadequate. Former President Clinton extended that withdrawal through mid-2012. According to the DOI notice, the current Bush Administration has repeatedly expressed its support for the moratoria, based upon deference to the wishes of the states to determine what activities take place off their coasts.

DOI provides additional opportunities for public comment at key milestones during preparation of the leasing program, which is routinely accompanied by an Environmental Impact Statement.

Historically, 10 lease sales have occurred offshore California between 1966 and 1984, resulting in 369 leases. Approximately 200 of these leases were situated offshore the tri-county region of Ventura, Santa Barbara, and San Luis Obispo. Today, 79 leases remain, 75 of which are offshore the tri-county region. Of these remaining leasing, 43 are producing or situated inside producing units, and 36 have not yet been produced.

Governor Schwarzenegger has consistently opposed new leasing on the Outer Continental Shelf offshore California. His staff is recommending that he send a letter that supports the current moratoria on new leasing.

Staff recommends that the Board of Supervisors also execute a letter that supports the current moratoria for the following major reasons:

- The fate of the existing 36 undeveloped should first be resolved prior to undertaking a new leasing.
- Critical issues that still characterize oil and gas development offshore Santa Barbara County also need to be resolved prior to consideration of any new leasing. These issues include transportation of oil to refineries, decommissioning of fixed platforms and potential use of floating and semi-submersible offshore production facilities in the future, appropriate cleanup of produced and waster waters prior to discharge into the ocean, and more appropriate modeling of potential oil-spill risks, and timely adequate environmental review of potential development..
- A formal follow-up review by the National Academy of Sciences should occur to determine if its 1989 recommendation that more information was necessary to adequately inform leasing decisions has been adequately addressed by DOI.
- A definitive commitment from California's refiners demonstrates that they will consume the projected crude oil derived from any new leasing, and that any new offshore production will not simply displace California's onshore producers or any other domestic crude oil production (as opposed to displacing foreign oil).

Mandates and Service Levels: The U.S. Department of the Interior is mandated by law to prepare a 5-year leasing program and to provide the public ample opportunity to comment during its preparation. The County is not under any legal obligation to comment. County service levels could be affected eventually should the proposed five-year leasing program result in leasing offshore the County.

Fiscal and Facilities Impacts: Preparation of this memorandum and a draft comment letter is funded by Planning and Development's currently approved budget, page D-304, under "Use of Funds Summary," line-item "Long-Range Planning." The costs is offset by a Coastal Impact Assistance Program grant to the County to address federal and state legislation, rulemaking, and other agency activities such as leasing.

Special Instructions: none.

Concurrence: N/A

October 4, 2005

Ms. Renee Orr
5-Year Program Manager
Minerals Management Service (MS-4010)
381 Elden Street
Herndon, Virginia 20170

RE: Comments on Preparation of the 5-Year Program for 2007-2012

Dear Ms. Orr:

The Board of Supervisors, Santa Barbara County, California, opposes any consideration of new leasing off our coast in the forthcoming 2007-2012 leasing program. Among other things, we base this position on the following factors.

1. **36 Existing Leases Remain Undeveloped.** Of the 79 remaining leases, 36 remain undeveloped. Your agency estimates the recoverable reserves from these 36 leases to range between 512 and 614 million barrels of oil (approximately ½ of cumulative OCS oil production offshore California to date), and 185 and 208.5 billion cubic feet of natural gas. These 36 undeveloped tracts have been idle for a long time; having been leased between 1966 and 1984. We do not have a good understanding of when these leases will be developed and how long production would last. But it is certain that the potential development of these leases would last for several years into the future. The County has long contested that offshore developed should be phased appropriately to reduce adverse impacts.
2. **State Tideland Development Proposals Are Pending.** In addition to the 36 undeveloped leases in federal waters, the County has received two proposals to develop oil and gas from State Tidelands. One of these proposals involves use of an adjacent offshore platform in federal waters to produce an estimated 170-200 million barrels of oil, along with 40-50 billion cubic feet of natural gas from the Tranquillon Ridge field. The other application recently received proposes to develop an unknown quantity of oil and gas from an unleased portion of the South Elwood field.

3. **Critical Issues Remain Unresolved.** The County continues to appreciate its good working relationship with the MMS Pacific OCS Region, as well as with the oil industry. We continue to work with these parties to resolve outstanding issues. Unfortunately, some critical issues have not been satisfactorily resolved. Their satisfactory resolution must precede any consideration of new leases. Among other things, these issues include: restrictions on transporting oil produced offshore California to refineries via marine vessels, instead of overland modes of transportation; decommissioning of fixed platforms and examination of feasible alternatives to use of fixed platforms in the future; timely and adequate review of adverse of future offshore development on the environment, coastal resources, and other coastal uses; adequate cleaning of produced/waste water prior to discharge from platforms into the ocean; a clear recognition that oil spills are considered to be significant impacts to our coastal resources and other coastal users.
4. **1989 NAS Conclusions Not Yet Revisited.** In 1989, the National Academy of Sciences (NAS) issued a report, at the request of former President George H.W. Bush, concluding that environmental information was inadequate to appropriately inform leasing and development decisions offshore Florida and California. This conclusion led to the withdrawal of planning areas offshore California from new leasing. The County requests that the NAS revisit this question prior to any consideration of new leasing offshore California to see if informational gaps have been adequately resolved.
5. **Regional Demand for OCS Oil Needs Verification.** The County requests detailed verification that California refiners would welcome additional OCS production to offset their increasing reliance on higher quality foreign imports. Data indicates that previous OCS oil development offshore California helped to prematurely shut in many of California's onshore producers, rather than curtail the trend towards higher quality foreign imports. Would additional leasing and development further exacerbate this result?

We believe the foregoing basis is more than sufficient to forego any consideration of new leasing offshore Santa Barbara County in the 2007-2012 leasing program.

Respectfully submitted

Susan J. Rose, Chair
Board of Supervisors

Cc: Governor Arnold Schwarzenegger
Senator Dianne Feinstein
Senator Barbara Boxer
Congresswoman Lois Capps
Congressman Elton Gallegly