HEARING
STATE LANDS COMMISSION

NOVEMBER 21, 1974

PARTIAL TRANSCRIPT
MEMBERS PRESENT

Mr. Verne Orr, Acting Chairman
Lieutenant Governor John J. Harmer
Mr. Paul Beck, alternate for Houston I. Flournoy, Chairman

MEMBERS ABSENT

Mr. Houston I. Flournoy

STAFF MEMBERS PRESENT

Mr. Edward N. Gladish
Mr. Donald J. Everitts

APPEARANCES

Ms. Cindy Sage, Environmental Specialist, representing Office of Environmental Quality, County of Santa Barbara
Mr. A. Barry Cappello, City Attorney, City of Santa Barbara
Ms. Prem L. Hunji, Field Representative, representing Senator Omer L. Rains, California State Legislature
Mr. William Gesner, representing Get Oil Out, Inc.
Mr. R. W. Mansfield, Legislative Advocate and Business Representative, State Building and Construction Trades Council of California
Mr. Robert L. Kubik, Attorney, Mobil Oil Corporation
VOICE: Mr. Chairman, these items, items C, E, and F, deal with the resumption of drilling on five offshore leases in Santa Barbara, Ventura, and Orange County. I want to go into a little history of these leases and the character of these leases. Before I do that, Mr. Don Everitts, staff, will orient the Commission and the audience as to the location of these leases on the map on both sides of the room.

MR. EVERITTS: The four items involved are platform Hilda and Hazel in the Summerland area in about a hundred feet of water and about a mile and a half off shore. They involve two platforms, Hope and Heidi, in the Carpinteria area, approximately three miles off shore, about 140 feet of water. Incidentally, platform A is a Union Oil Company since about 1969. It involves a very small operation, PRC427, the Rincon oil field operation off the pier. To help orient you this is the Rincon Island, you may be aware of, quite close to that. On the other side it involves PRC3095, Island Esther which is a rock-filled, man-made island, about a mile and a half off shore and in about thirty foot of water, if I remember correctly. And it's quite close to the Thumb's Islands; A, B, C, and D.

VOICE: Thank you, Mr. Chairman, members of the Commission, the leases here, the five leases involved here
were sold over a period of time from 1930 up until the more recent one of 1968. One was sold in 1957; two were sold in 1964. The state sold oil and gas development rights on these leases for an aggregate total of twenty million dollars.

We are talking in essence of this request for drilling on four platforms and one fill island as Mr. Everitts mentioned. Currently these facilities contain some 221 wells. The proposal before you is to drill up to an additional 60 wells to complete development of these leases which are essentially now in the excess of two-thirds developed.

These leases that we're discussing now have produced in the excess of about 77 million barrels of crude oil. The current production from these leases is about 9,000 barrels per day. The anticipated increase if this program goes forward is for an additional approximate 4,000 per day. The aggregate revenue for these leases for higher education and other programs of this state has exceeded forty-seven million dollars. We anticipate an increased revenue if this item is approved of about ten thousand dollars a day additional money. There have been no spills of any consequence in the operation of these leases or any other state leases in that regard. In 1969, as you're all aware, I'm sure, there was a blowout on federal lease in the Santa Barbara Channel. As a result of that this Commission imposed an immediate ban on new drilling on state leases.
Inherent in that moratorium were two conditions, one dealing with completion of a review of offshore drilling regulations and procedures under the jurisdiction of this Commission, and secondly, the establishment by the industry of the existence and capability of adequate containment and clean up equipment. This matter has been under continuous review since that time. This Commission has discussed this matter of a moratorium several times since 1969. The staff has been actively involved in the review of this moratorium since that time.

More recently in April of 1973, you directed the staff to conduct an in depth review of current drilling and producing oil and gas operations on state leases. The Division was to consider the advisability of lifting the drilling ban and to make recommendation to the Commission. Public hearings were held in Los Angeles and Santa Barbara last fall. Testimony was invited and received from the public and from all government agencies concerned with protection from oil spills, the industry itself, and from other interested groups and organizations. The Division then issued a report on its review which incorporated the comments and advice received from public hearings. The report proposed new procedures for drilling and production operations from existing facilities on land and submerged lands currently under state lease.
The report further concluded that the conditions set by the Commission in 1969 had been adequately met and recommended that the ban on drilling in state offshore leases be lifted on a lease by lease basis. The Commission accepted that report in its recommendation of December of last year. The new procedure for drilling and production operations were adopted. Authorization was granted to resume drilling operations on a lease by lease basis, but only when predicated upon staff review for compliance with the new procedures and with final approval by the State Land Commission. The Commission also indicated that there would be full compliance with whatever requirements were applicable to California Environmental Quality Act.

Initial applications were received from the Standard Oil and Mobil Oil Corporation covering the leases under discussion now -- Santa Barbara Channel and offshore Orange County. Staff reviewed each of the applications. The staff even included a review and environmental assessment. Such studies concluded that the projects would not have a significant affect on the environment and therefore, in accordance with the state guidelines for implementation of the Environmental Quality Act, a negative declaration was prepared and circulated to concerned agencies and to the public. Over three hundred notices were sent out describing
this negative assessment. The Attorney General, the State Land Commission, were very close in coordination and synchronization in the legal aspects of this program. And recently the Attorney General concluded in a report to us that while there is some doubt as to whether CEQA is applicable, the Attorney General feels it probably is. That these applications before you are in compliance with law. The representative of the Attorney General's Office is here, shouldn't need to elaborate on that.

The purpose of each effort is to complete the development of oil and gas reserves underlying the respective leases from the existing structures. The program will require no additional facility on the platforms, no additional pipeline and no additional onshore facilities. Mr. Don Everitts will briefly outline the environmental assessment.

Mr. EVERITTS: Well, according to your CEQA guideline it states that a negative declaration shall be prepared for a project which would potentially have a significant effect on the environment which the lead agencies, in this case, the State Land Commission, find on the basis of the initial study will not have a significant effect on the environment. In the preparation or in its assessment we did compare it in a sort of a mini EIR. As a matter of fact, this file here represents
the preliminary assessment on this operation.

In our opinion the productive limit of the field being considered are known and the drilling program proposed will lead to no additional drilling. When this drilling is done there will be no more drilling. The productive characteristic of the wells which are to be drilled are expected to be of such a nature that they will not be capable of sustaining the flow that must be produced by artificial method, thus making it virtually impossible to have a major oil spill in the nature that occurred in 1969.

Further the platform and islands are designed to preclude significant oil spills into the sea in the event there would be some sort of production mishap where a few gallons were spilled on the platform. The drilling, as Ed said, will be done through existing structures. Production will be through existing pipeline, and it will be produced into existing producing facilities. The appearance of the drilling mass will be so similar to that of the well maintenance unit used now that the casual observer will not be aware of any visual change in the operation. Because of the distance of the operation from the shore line, the noise effect will be insignificant. There will be negligible effect on the ocean bottom. Each project requires at most 60 extra temporary employees during the period of actual
drilling. The new drilling will cause an insignificant
in boat/barge traffic which some people are concerned with,
and water quality will be protected by applicable law.

The lessees will be required to comply with our
new drilling and production procedures. We have received
from them the critical operation and curtailment plans
that they were ordered to deliver. They have developed
oil spill contingency plans which these volumes more
represent, the contingency spill plan that will be used.
They have prepared an Environmental Data Statement which
was the basis for our assessment, and we have reviewed
their operational and production procedures, and they
are in compliance. They will be required to follow the
procedures which are quite stringent and it's going to
cost them money, and it's in the long run going to cost the
state money because they're going to have to abandon a well
sooner because of the added cost of producing them. -- but
we'll get some energy. They will be required to maintain
adequate well containment and clean up equipment inventory
and they will not be permitted to conduct certain critical
operations under many circumstances. Now, might just quote
a few of the items.

Under Standard Oil -- under the Standard Oil Company,
which these all are, plan, we state here that the
critical operations in progress, and we define critical
operations. The continuation and succession of the critical operation will require approval of State Lands. And it really says that when the significant wave height is greater than five feet, they will not be able to perform these critical operations. If the wind exceeds 40 knots, of course, these are synonymous with a five foot sea. When the bulk of the containment equipment maintained by Clean Sea's is not available, they will not be allowed to operate under the critical operations. When there are not enough boats in the area to deploy the equipment, when there is an insufficient supply of drilling tools and materials to control the well, when emergency containment equipment is not approved, when fog is so dense that visibility of the structure is limited, when manpower required is not available. This type of thing we feel completely -- completely obviates -- there's no possibility of a serious oil spill. On that basis we did determine and recommend that we feel that the environmental effects would be negligible.

VOICE: Thank's, Don.

Mr. Chairman, Commissioners, successful development of these leases has been underway for many many years. The state's track record is good. Over fourteen hundred wells have been drilled without serious incident. The new procedures have evolved over many many years experience and
hearing. The clean up and containment equipment is the best available. The application filled by Standard Oil Company and Mobil Oil Corporation for the resumption of drilling operations are completely in compliance with your policy's applicable regulations. It is the staff's recommendation that they be approved and the Executive Officer be authorized to issue the necessary permits to complete development of these leases.

Mr. Chairman, that concludes our presentation. I have about ten letters, communications, that sort of thing, and there are a number of people here today to testify on this item. If I might, I might just summarize in the package you have before you some of the correspondence. I won't discuss in detail statements from those people who are here to present them.

Had a communication from Mr. Alfred F. Reynolds, County of Santa Barbara Environmental Coordinator, and it's my understanding that he, that group will be represented by Cindy Sage and is here today and is prepared to give a statement. I have received correspondence from Mr. Francis Sarguis, Get Out Oil, Inc., and the essence of his statement is in opposition. The essence of his statement is that this item should not be decided by a lame duck Commission and that I should keep this fact in mind in making such a recommendation. I have a letter from
Mrs. Lois S. Sidenberg, President of the Carpinteria Valley Association. She has five points in opposition dealing with such things as loading and unloading operations from the Standard pier. I believe you have the letter in front of you, increased use of pipelines. Talks about abandoned wells on the beach, platform fires, containment and recoverable capability, and concludes by indicating that the negative declaration should not be accepted.

I have a letter from H. Edward Lyon, President, Allied Construction and Engineering Company, seeking your approval for these projects. I have a letter from Mr. William P. Gawzner, President, Miramar on the Beach. And he asked that his letter be made part of the record and it's a general letter in opposition. I have a telegram from Mr. Gary K. Hart, Assemblyman-elect, 35th District. It is brief. Indicates that the negative declaration would be a mistake. That there is a seismic hazard in his opinion, and that there is a new mandate to the Commission that should not be ignored. I have a letter from Mr. Kenneth G. Hahn, Executive Secretary, Ventura County, Building and Construction Trades Council, AF of L-CIO, urging approval of these items.

I have a letter from A. Barry Capello, City Attorney, City of Santa Barbara, and Mr. Capello is here to present that letter so I will not go into that.
Mr. Capello also delivered to us a letter from Mr. Paul D. Nafstead, Environmental Hearing Officer and Staff Assistant to the Environmental Quality Board, and you have that letter. I have a statement which will be presented as I understand it, by Miss Prem Hunji on behalf of Senator Omer L. Reina, and I won't read it. We have a statement to be presented by Mr. William Gesser representing Get Out Oil, Inc.

Mr. Chairman, that's the essence of the correspondence that I have received. I have indicated there are perhaps half a dozen or so people in the audience that would like to be heard.

VOICE: All right. I think maybe the Commissioners will hold their questions until we've heard from those who wish to testify. Will you take them in the order which they asked or do you have them in alphabetical order?

VOICE: Well, I don't believe the order is very significant. I kind of got them all about the same time. The first one I have in front of me is Cindy Sage, who is representing Mr. Alfred F. Reynolds, the County of Santa Barbara, Environmental Quality Coordinator.

VOICE: May I ask, Mr. Chairman, that the proponents try not to be repetitive. If somebody else has made a statement in which they concur, that they submit their approval of that statement in consideration of other people
who would like to be heard.

VOICE: Fine. Thank you. Miss Sage, will you 
step to the roster, please.

MISS SAGE: Mr. Chairman, Commissioners, my name 
is Cindy Sage. I'm representing the Office of Environmental 
Quality, County of Santa Barbara. Mr. Reynolds regrets 
that he couldn't be here today to present this statement 
himself, but he's conducting an environmental hearing in 
Santa Barbara and couldn't get away. I am going to read 
a letter from Mr. Reynolds to Mr. Gladish in response to 
the ND's, that we received at the County and then I'm 
going to read an attachment which was prepared by the Office 
of Environmental Quality.

"Dear Mr. Gladish:

"Thank you for your notice of the public hearing 
November 21st on the above projects in reference to 
proposed ND for state oil and gas leases 1824.1, 
3150.1 and 4000.1. I will be unable to attend the 
hearing because of the press of business here. 
However, I recommend that the proposed ND be replaced 
by full EIR's for the reason specified below. 

"It is my understanding that a ND is 
supposed to include an explicit statement as to 
the reasons for the finding of 'no significant impact'. 
I find no such statement in these proposed ND's and
suggest that at a minimum they be revised to include one.

"It is also my impression that there are at least two factors which indicate that an EIR would be more appropriate as an environmental review finding. These are:

1. There is considerable public controversy in Santa Barbara County regarding the resumption of offshore drilling in the Santa Barbara Channel. An EIR would insure that full public consideration of all environmental risks would be undertaken.

2. The existing platforms were constructed prior to the CEQA requirements for environmental review, including the assessment of risks to the platform foundations through seismic shaking. An EIR would again guarantee that such risks are fully evaluated.

"The attached OFQ comments show that the proposed drilling operations would be conducted in a region of historically high seismic activity. Please note that the enclosed letter from the County Petroleum Administrator, which is included in your attachment, Mr. Gladish, minimizes the seismic risks. However, in my view there are 'unknown' geologic and seismic..."
factors relating to potential impacts of additional
drilling from these platforms which should be identified
and evaluated.

"An additional body of evidence under CEQA Sections
15080, 81, and 82 points to a mandatory finding of
significant impact, which specifically requires that
an EIR be prepared:

"Section 15080: If any of the effects of a
project may have a substantial adverse impact on
the environment, regardless of whether the
overall effect of the project is adverse or
beneficial, then an environmental impact report
must be prepared where discretionary governmental
action is involved.

"Section 15081(c)(9): Some examples of
consequences which may have a significant effect
on the environment in connection with most projects
where they occur, include that:

"(9) could expose people or structures to
major geologic hazards.

"Section 15082(a): Under this section, a finding
of 'significant impact' is mandatory where
'impacts have a potential to degrade the quality
of the environment.'

"In light of these findings, I strongly recommend
that your office reconsider its position and specify
that an EIR is the appropriate document relative to
Leases PRC 1824.1, PRC 3150.1, and PRC 4000.1.

"Thank you for your consideration.

"Yours very truly,

"Albert F. Reynolds

"Environmental Quality Coordinator"

And the attachment reads:

"Construction of platform Hope, Heidi, Hilda, and
Hazel (1), and subsequent oil drilling, were implemented
before the California Environmental Quality Act of 1970.
This Act now requires that an Environmental Impact
Report for certain projects needing State or local
permits. If these projects can have a significant
effect on the environment, then an Environmental Impact
Report must be prepared.

"Seismic activity in the Santa Barbara Channel
region can be a potential source of significant environ-
mental impact on oil drilling operations, and thus
indirectly on the coastal environment depending on
initial platform design, and the geology of the area
to be drilled."

In the next section we have included a summary
of seismic activity historically in the Santa Barbara
Channel region.
"First the Santa Barbara Channel region is located within the seismically active circum-Pacific seismic belt. Earthquakes of magnitude 6 and larger (2) can be expected to occur in the future in the vicinity of the channel, and it would be consistent with past records if several such events occurred in the next century (U.S. Geological Survey, 1971).

"Union Oil Company Platform 'C' and Sun Oil Company Platform 'Henry', designed for installation in the channel in 1971, were constructed to withstand a 7.1 magnitude earthquake with no damage, and a 7.5 magnitude earthquake without catastrophic damage. (U.S. G.S., 1971).

"Since 1800 the following large earthquakes have occurred in Southern California in which their intensities have been estimated for the Santa Barbara area."

And here a list of seven major earthquakes and their estimated intensity were given which I won't read.

"The fault activity in the Santa Barbara region could cause high intensity earthquakes in the Santa Barbara Channel and are summarized below for the Santa Barbara County Seismic Safety Element (1974)."

Again there's a series here of perhaps 20 faults either historically potentially active or active, and"
their estimated magnitudes ranging up to 8.4 for the San Andreas fault system.

"The Santa Barbara region is in a high severity zone where major damage from probable maximum intensity 9 or 10 earthquakes can be expected. Earthquake intensities of 8 or 9 could break or crack underground pipes or cause ground collapse.

"From 1970 through '71, one hundred and seven earthquakes occurred in the Santa Barbara Channel, making this one of the most seismically active in the state. These earthquakes were centered about 15 miles southwest of the proposed new wells and were not greater than 3.6 richter magnitude.

"Proposed maximum ground accelerations for various magnitudes of earthquakes are shown in figure 3. From the estimated magnitudes for local earthquakes, as prepared in the Seismic Safety Element, it is reasonable to expect that at least 0.25 of gravity-ground acceleration would occur in the Santa Barbara Channel.

"The U.S. G.S. (1973) predicted that a major platform oil spill could occur as a result of:

"first seismic shaking and subsequent breaking of pipes or valves, and second, ground movement by either submarine slumping or faulting with resultant shearing off of pipes.
or well cases."

Our second area of investigation here was what we're entitling geologic and seismic unknowns. Certain geological and seismic data are lacking in respect to potential impact of additional drilling from the above four platforms. These include:

"First what magnitude earthquake and ground acceleration were the four platforms originally designed for. Second, what magnitude earthquake and ground acceleration can subsurface drilling pipe and well casings withstand. Third, will local earthquake intensities be greater under platform sites due to relatively soft and unconsolidated sediment or the presence of unconsolidated water saturated sand that could become quite under the influence of seismic shaking."

"Another unknown, the above platforms are superimposed over the U.S. Geological Survey geologic map of the channel (4). And the large scale of the map and the omission of certain geologic hazard data leads to the following questions.

"1 - Is submarine slumping or creep present in platform areas and could this lead to an oil spill by shearing off of new wells;"

"2 - Are there active faults under or adjacent to
"E. Would ground displacement on any faults, active faults, crossed by the new wells be sufficiently large to shear off well casings and pipes? What is the veracity and permeability along both active and unactive fault plane that would be crossed by the drilling? Would there be a possibility of oil and/or gas having pressure to escape along these planes.

And finally, our last section is one for recommendations.

"The California Environmental Quality Act of 1970, specifically stipulates that a project can have a significant effect on the environment if it is subject to a major geologic hazard. The initial seismic design of platforms, Hilda, Hazel, Hope, and Heidi, and the subsurface geologic condition that the new wells will encounter may be such that no significant environmental impact would occur in the event of major seismic activity. However, since these data are not readily available for public and governmental review, it is recommended that an environmental impact report be prepared in order to allow an objective evaluation."

Mr. Reynolds requests that first this be read into the record, and secondly, that there be a 60-day
continuance on this matter for further study. Thank you very much.

VOICE: May I ask our next person from the audience who wishes to testify. Mr. Gladish, what name do you have next?

MR. GLADISH

VOICE: Mr. Chairman, I'm going through here. Next one I have is Mr. A. Barry Capello, City Attorney; with the City of Santa Barbara.

MR. CAPELLO: Mr. Chairman, gentlemen, I'm A. Barry Capello, the City Attorney for the City of Santa Barbara. I'm here representing the City Council. You have on file with you two letters, one from my office, which is on my stationery which I shall read, and another directed to Mr. Gladish from the Community Development Department, the Environmental Quality Advisory Board Staff Assistant, Mr. Nefstead. Regarding the latter letter I shall take Lieutenant Governor Harmer's suggestion and indicate that Miss Sage's previous testimony before the record is covered there and we just cite it and ask that it be part of the record. Regarding my letter, I'd like to read it.

"The City Council for the City of Santa Barbara has authorized my office to file with the State Lands Commission protests on behalf of the Environmental Hearing Officer, Environmental Quality Advisory Board, and the Council itself, to the negative declarations filed for the resumption of drilling operations on the
two leases that are set forth on that Board -- two, not the third. We are only opposing the drilling operation to be conducted without any IR on Hilda, Hazel, Heidi, and Hope.

"The drilling operations to be conducted by the Standard Oil Company on these four platforms mandate an environmental impact report for the determination of the potential significant adverse environmental effect of a major oil spill during drilling operations to be conducted from those platforms. It matters not that previous wells have been drilled in years past without incident. It is obviously ridiculous to even the most lay observer that since previous operations were conducted without a major spill ipso facto future ones will not produce a spill regardless of the manner in which drilling was previously conducted. Future operations must be conducted with properly trained crews, adequate safety procedures, and safety equipment, and the ability to immediately initiate containment and clean-up measures in case of an accident. The permitting of re-drilling on these platforms with a negative declaration rather than a full environmental impact report is tantamount to saying that the drilling of an oil well in offshore waters can have no significant adverse environmental impact and the permit
need not be interested in the manner in which the project will proceed since in the past the fact that there was no spill presumes no future spill. This, of course, is patently fallacious. We simply cite the fact that on outer-continental shelf lease P-0241 which is platform A and B the Union Oil lease, and its surrounding areas, five development wells and between eight and ten exploratory wells were drilled without an oil spill until January 28, 1969, well A-21 was drilled to a depth of approximately 3,000 feet with a total absence of safety measures and in a reckless manner, causing the well known Union Oil Spill and the resulting significant adverse environmental effect.

"The City of Santa Barbara urges a full environmental impact report for the resumptions of drilling from these four platforms so that we may be able to fully study the exact drilling program proposed, the training and safety measures to be implemented, the containment and clean-up procedure plan to be followed in case of a spill, as well as the whole host of other drilling techniques and activities which are necessary for the safe development of an offshore oil field."

Thank you, gentlemen.

VOICE: Mr. Chairman, next on the list I have Miss Bree Hunji representing Senator Omer L. Rains.
VOICE: I don't believe I got your name. Would you come forward, please.

VOICE: I may not be pronouncing it correctly.

MS. HUNJI: That's correct, P-r-e-a-m.

VOICE: Thank you.

MS. HUNJI: Before I read Senator Rains' statement I cannot overstress how much he wanted to be here in person. However, he is at a committee hearing with the National Resources and Wildlife Committee, and I do want to emphasize that if at all possible he would have liked to be here in person. He asked me to make a statement on his behalf.

"Since Santa Barbara is well represented here today, I will make my remarks brief and to the point. There are several issues here which need to brought home again and again:

"We have recently heard the oil companies express pride in having cleaned up a 15 barrel oil spill in the channel - 15 barrels. Their pride in this minute accomplishment points up the fact that they do not yet have the technology or the safety devices, to contain these oil leaks when they occur, much less the technology to prevent them from occurring. Platform A is still leaking at this very moment and there is no indication there has been any advance in the ability to put a stop to this continued spillage."
"Let me here bring up a point of irritation to the people of Santa Barbara County. The oil companies continue to use the term 'natural seepage' to account for almost anything which occurs in the channel. And yet we know from observation that this 'natural seepage' somehow manages to become more apparent immediately after increased activity on the functioning platforms. So we must proceed on the assumption that this is not natural seepage, but, in fact, continuing spillage from the working platforms. Let me reiterate—if the oil companies have no technology devised to prevent this continuing spillage, how can we assume that they will have the technology to prevent major oil spills? The answer is—we can't. And I need not remind you, because you've been reminded countless times, of the disastrous affect of the oil and tar on its beaches to the Santa Barbara economy.

"A second question brought up by the request for a negative declaration regards the apparent response of the oil companies to deal with the geological hazards of this area. The proposed drilling operations are to be conducted in a region of historically high seismic activity. We do not yet know the extent of this activity, nor do we know the effect of additional drilling and platforms on this activity. All of these..."
points should be dealt with in a thorough Environmental Impact Study.

"Let me mention here an apparent inconsistency in the oil company's stand with regard to this problem. When they wish to resume drilling, they insist that this is a stable area, yet when confronted with a continuing leak, such as the one mentioned earlier, they claim that the bottom is 'so fractured and fragile' that they cannot stop the leak. They cannot have it both ways. Either the area is 'stable' as they claim in one instance, or it is, in fact, 'fractured and fragile' as they claim on other occasions.

"There is another inconsistency at issue here—the State Lands Commission ordering an Environmental Impact Report on a proposed Platform Holly Project but being willing to consider the resumption of other drilling without requiring such a study. If this is based on the assumption that the entire area is the same geologically, then we are proceeding with fallacious premise. If the Platform Holly Project demands an EIR, and it did, then surely these other projects demand this same degree of evaluation.

"Yet another point which the request for a negative declaration does not even bother to mention is the time duration of drilling and production activities that are
planned. This omission demonstrates contempt for the people of my district by its failure to provide even its most elementary information. The oil companies patronize us with advertisements yet refuse to give us facts.

"Which brings me to my final, and most essential, point: Every referendum, every election, and every poll in the Santa Barbara area has indicated overwhelming opposition to offshore oil activity. In my opinion, the views of the people of Santa Barbara County, while perhaps more intense, accurately reflect the views of the people of the State of California on this issue. Would it not be more responsive to the public, therefore, for the State Lands Commission to postpone consideration of this proposal until the new body is appointed? Since the new Commission will be charged with the responsibility of making decisions which will continue to affect the people of this state for years to come, it could only seem logical to give them the opportunity to make this present decision. I urge you to do so."

Thank you.

Mr. Gesner representing Get Out Oil, Inc.

MR. GESNER: Mr. Chairman, gentlemen, that's a cr
Oil Out, Incorporated.

"My name is William Gesner. I am appearing on behalf of GET OIL OUT INC. of Santa Barbara, and also as a member of the Oil Committee, Los Padres Chapter of the Sierra Club. We are adamantly opposed to all four Negative Declaration Environmental Impact Reports that are being considered here today.

"We would question, first, the State Lands Commission decision to require the preparation of a draft environmental impact statement for ARCO's proposed drilling program for Platform Holly, and then come out with negative declarations for further drilling on state leases from four platforms, Santa Barbara County, one filled offshore island off Orange County, and existing pier facilities in Ventura County.

"It seems the objective of all four proposals is the tapping of deeper pay underlying present production zones. It is said that completion of the development of the leases will not require or lead to additional development on adjacent state leases. This statement is absurd, unless the adjacent state lease holders are unitized with lease holders from which further development of underlying reserves is proposed.

"The Negative Declarations say, 'that all projects will be conducted in accordance with procedures for"
drilling and production operations, and rules and 
regulations of the State Lands Commission and the State 
Division of Oil and Gas. These procedures and 
regulations are inadequate and do not measure up to 
safety standards recommended by recognized experts 
in the field of blow-out prevention. Two serious 
blowouts in California this year might have been 
prevented if stronger and safer regulations had been 
in effect. The blowouts were on land. 

"The oil industry and its regulatory agencies 
still concede that offshore accidents may happen. 
They usually attribute the cause to human error. But 
whose human error? An Oil Chemical and Atomic Workers 
Union study of accidents in the hydrocarbon processing 
industry found that almost half of all accidents were 
caused by faulty equipment. Over a third of the 
remaining half were caused by faulty methods of 
operations dictated by management. Thus, almost two-
thirds of the accidents were caused not by human error 
but by circumstances controlled by management. 
Management error so to speak. 

"I would suggest that the ratio is even higher 
in offshore oil operations. I worked a year on 
Platform Hope for Standard Oil; also a year on 
Platform Holly (both platforms on state leases). And
I believe that I have a good idea of what goes on on those platforms.

"The last sentence on each negative declaration says, 'It has been determined that the proposed project will not have a significant effect on the environment.' What about a blowout? Wouldn’t a blowout create a significant effect on the environment? And who was asked to make this determination? The results of a survey among Santa Barbara Channel oil field workers showed all in agreement that more blowouts in the Channel would not surprise them in the least. So, before making a final determination as to whether the proposed projects would have a significant effect on the environment, try asking the people who work offshore for their opinion!

"On November 11th, just ten days ago, Standard Oil of California's Platform Hilda was involved in a small oil spill. It was reported that all but 5% of the oil was cleaned up. Now, we are always hearing how effective Clean Seas Inc. recovery methods are -- why didn’t Standard call Clean Seas in to clean up the remaining 5%?

"The media would not have known about this oil spill had a concerned citizen not reported it. They -- oil spill happened on a clear day and Standard was
caught in the act. I cannot help but wonder how many other spills have happened under the cover of darkness or during the periods of dense fog, and gone unreported and undisclosed.

"This State Lands Commission has lifted the moratorium in direct opposition to the desires of the majority of Santa Barbara residents, as well as those living up and down California's coastline. I believe that this Commission should now defer action on the negative declaration before it until such time as the new State Lands Commission meets after January 1st. At that time they can then consider these negative declarations in their entirety."

Thank you.

VOICE: Any questions? Thank you, sir.

VOICE: Mr. Chairman, I have a card here for Mr. Dick Mansfield with the State Building and Construction Trade Council of California, AF of L-CIO.

MR. MANSFIELD: Thank you, Mr. Gladish.

Mr. Chairman, members of the Commission, my name is Dick Mansfield. I represent the State Building and Construction Trade Council of California. I'm their legislative advocate and business representative. I wish to address my comments today on the items that you have before you, the resumption of drilling operations offshore reas.
Summerland-Carpinteria, and I believe another one down in Orange County. I'm speaking on behalf of the 400,000 building tradesmen in the State of California. First, I'd like to make this statement that under Proposition 20, the assumption was made that the tidelands belonged to all of the people in the State of California. And certainly tidal leases and the oil that is recovered from these leases and the royalties derived from those leases belong to all the people in the state. I moved to Santa Barbara when I was a child in 1929, and I lived in Santa Barbara - I lived in Goleta. I was employed by Signal Oil and Gas Company for approximately eight years in drilling operations in the Ellwood Oil Fields. I'm very familiar with the requirements of the State of California on tideland leases. What we call water string, water shut off test, blowout preventors and all of the other safety precautions that I was familiar with when I was employed in that industry. And I'm sure today, judging from the information that the Commission has in front of us on the new safety measures that have been compiled by your staff, that the drilling requirement on these leases that are up for approval will be far more stringent than what they were when the leases were initially issued.

Santa Barbara had major earthquakes. I believe, when I was employed by Signal in 1951, and the
was the well known Tehachapi earthquake. And as I recall on Highway 101, there was a fault line that ran from there out into the ocean that bisected several tideland leases off of Isla Vista, Coal Oil Point area, in which the land at the north of that fault rose six inches. There was not any effect upon existing producing wells in that area, nor was there any effect on current drilling operations going on in that area. And I happened to be working on a drilling rig at that time in Isla Vista. There is a natural oil seep off of the Coal Oil Point which is about 10 or 12 miles north of the leases we’re talking about where you have a natural seep of 3½ or 4 barrels of oil a day. And as a young man we used to go down to Goleta Beach, and we’d always get our feet covered with tar.

There’s a natural oil seep, and was years ago, off of Summerland. And Summerland, as you know, at one time had 300 or 400 wells back in 1904, all offshore wells. There is a natural tar seep off of Carpinteria where the tar actually comes right off of a bank, right along the beach and rolls right out onto the sand. And, of course, we readily admit that there has been spills in the state.

The reference was made today on the Union Oil Company blowout in the Channel, and the only reason that that blowout occurred was the fact that the state regulations were not being adhered to on that federal lease. And that
was a federal lease. And since that time the federal
government has come up with new requirements. They did not
set their water string of pipe deep enough, their casing
deep enough to take into consideration that fault zone, and
that's where the blowout occurred.

In Time magazine this morning, I read that if the
oil producing nations continue with the price of oil, and
now I understand that México's going to go along and they're
joining the Arab nations -- Equador is going along and
they're joining the Arab nations. We're going to have --
that is, the nations in this world that import oil -- we're
going to have a forty-seven billion dollar a year balance
of deficit payments. And gentlemen, I don't have to point
out to you the crucial period that we are in. With
unemployment rising at a rapid rate and obviously the lack
of a ready supply of energy, and also, a lack of the
development of new sources of energy, and the development
of existing sources of energy, it's going to have a chaotic
impact upon our economy if we don't do something about it.
And I think that the negative impact draft or statement or
whatever you -- declaration; whatever you call it, is
correct. I don't think there will be any adverse affect
upon impact upon the environment. And I think that we're
going to have to lift our sights a little bit and we're
going to have to deal with this energy problem or we're
going to have a far more serious situation. We're going to have to live with a completely collapsed economy.

I strongly urge you to approve this application.

Thank you very much.

VOICE: Any questions?

VOICE: Thank you, sir.

VOICE: Mr. Chairman, that exhausts the list of people that I am aware of that wish to speak today. There may, however, be others.

VOICE: Are there any members of the audience who haven't been called on? Will you introduce yourself.

MR. KUBIK: Yes, my name is Bob Kubik, Mobil Oil Corporation.

VOICE: How do you spell your last name?

MR. KUBIK: Kubik, K-u-b-i-k.

VOICE: Thank you.

MR. KUBIK: I've been sitting back here listening to these statements in opposition, and asking that the negative declarations not be accepted. And in each one of these no one has addressed themselves specifically to PRC 427.1 which is Mobil's request to form a re-drilling project of four injection wells. I think that taking this into consideration, I feel that it may have been improper to bunch all four of these requests together. And I've asked that the Commission consider Mobil's application as
a separate request, in that it deals with a whole different, considerably a different topic. We're talking about re-drilling four wells that are already in existence. They are water injection wells. They have become plugged. We are just merely going through to drill them again so that we can increase our injection of water.

We are now presently producing 385 barrels a day from our facility which has 29 producing wells and four injection wells, that we want to re-drill. These wells were originally drilled in 1931, 1944 and 1959. The pier in which they exist was built back in 1930 and the shore facilities connected to it were built in 1931. These water injection wells were -- these producing wells were made water injection wells in 1972, and we have been injecting water into them until -- we still are presently, but they have become severely plugged and we're not able to inject as much as water as we feel is necessary in order to fully develop the field.

There's approximately a million and a half barrels in reserve which we are unable to get out without increasing our water injection. And we hope by re-drilling these wells that we'll be able to produce approximately a thousand barrels a day. Our plan for re-drilling these wells was approved by the South Central Region Coastal Commission on December 11, 1973. We have, of course, all
of our contingent plans, critical operation in terms of containment plans on file. And any re-drilling will comply with rules and regulations of the State Lands Commission and the Division of Oil and Gas in regard to safety measures.

It was mentioned too, that these requests, Standards included, were an attempt to make new discoveries. This is not the case. As we state this is just water injection wells. We know the extent of the reservoir has been determined and there's going to be no new development because of this.

And another point that may have interest, is that the pier on which these wells are situated will be given to the public after we are through with the facility. And my last point that I'd like to bring up is that I feel that the Commission should make a decision, that there's no need for a 60-day delay. You have the responsibility, and if we were to in every instance have a Commission, a Governor, or representatives to delay all our decisions because there seems to be another mandate in the offing, nothing would ever be accomplished. And in this regard we would request that you do make a decision and not delay. Thank you.

VOICE: Any questions of Mr. Kubik?

VOICE: We do have some but we will reserve them.
for some other time.

VOICE: Now, are there any other members of the audience who would like to testify on this?

VOICE: Mr. Chairman, if there is no one else to be heard, I'd like to make a motion if it's in order.

VOICE: All right. Let us, however, go down and divide them. We had no opposition on 6A or B. We were speaking on C, D, E and F. Unless there is an objection we will consider 6A & B passed. And I think we might take the suggestion that these are different types -- Senator Harmer and take 6C next, which is the one Mobil Oil and we can take all three Standard Oil. So let's consider now 6C, the Mobil Oil period.

VOICE: I move the adoption of the staff recommendations on item 6C, Mr. Chairman.

VOICE: Before I second it, Mr. Gladish, I have a couple of questions. Did I understand you to say that the field that these wells, these platforms serve, is what, 66% completed now?

VOICE: In that neighborhood.

VOICE: What is the estimated reserves and number of barrels that the new wells would produce.

VOICE: I don't have an off-the-cuff --

Mr. Everitts may have--in the sense of a ballpark guess,
that I believe I indicated that the completion of these
wells in total would increase production approximately
4,000 barrels per day.

VOICE: Is there any --

VOICE: They're currently producing about 9,000
barrels a day.

VOICE: Is there any estimate on how long that
drilling or how long the pumping would last before the
field is empty?

VOICE: No, this is a very very difficult
estimate to make. Apparently it's related to economic conditions
and when the price of oil is at $4.00 it's at a different
point than if it's $12.00.

VOICE: I'd like to say one thing. As a matter
of fact, drilling these wells may hasten the final
abandonment of the field.

VOICE: That was the point I was trying --

VOICE: You may get the oil out faster and get
it over with.

VOICE: In grasping for some sort of an estimate
we indicated earlier, I believe, that these leases had
produced something like 77 million barrels of crude oil.

If we extract it on that basis, which is not a very sound
basis in this sense, we would be talking in the neighborhood
of perhaps another 30 or 40 thousand, 30 or 40 million
barrels in the aggregate completion of these leases.

VOICE: It has been moved and seconded that
the Mobil Oil 6B be approved. And that is carried
unanimously, I also approve.

Now, items D, E and F, we can take as a group,
the Standard Oil Company. Before we have a motion on them,
are there any questions of any witness, or any other
information?

VOICE: Perhaps, Mr. Chairman, one comment would
be in order. There was considerable comment in regards to
the seismic area, some related to perhaps prior development,
some perhaps related to the possible future development,
some maybe not related at all. But I would like to have
Mr. Everitt's comments, a few comments in regard to the
results of our analysis of the seismic stability of the
structures' strata there and some related comments in that
regard.

VOICE: I have a comment on two items. Number
one, I don't really understand what the seismic capabilities
or possibilities have to do with the proposed projects,
because the platform, the pipelines are already there and
this project is not going to affect the relationship
between it and the environment in any way. But more
importantly, obviously, the companies are concerned about
the seismic effect and obviously, they've reviewed it, and
the platforms are designed to withstand the earthquake and seismic effects. But the most important point of that is that the effect of wave forces are considerably in excess of the effects of seismic forces and really designed for wave and wind forces, not for earthquakes -- because really not all that serious. We do have a structural engineer from Standard Oil Company who has been responsible for the design of all four of those platforms, and if you want any specifics I'm certain that he can give you some actual specifics and designing criteria.

VOICE: Is it the wish of the Commission to have any more witnesses?

VOICE: Do you have any need, Mr. Harmer?

VOICE: Thank you.

VOICE: All right, then, items D, E and F, we'll take as one unit.

VOICE: I'll move the adoption.

VOICE: It's been moved to be adopted. Second?

VOICE: Second.

VOICE: It's so ordered without objection.
I, CATHLEEN S. SLOCUM, a Notary Public in and for
the County of Sacramento, State of California, duly appointed
and commissioned to administer oaths, do hereby certify:

That I am a disinterested person herein; that the
foregoing State Lands Commission Hearing was transcribed
from a tape recording by me, Cathleen S. Slocum, a shorthand
reporter of the State of California.

That all names of Speakers were designated by a
representative of the State Lands Commission.

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

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my seal of office this 7th day of December,
1974.

[Signature]

Cathleen S. Slocum
Notary Public in and for the County
of Sacramento, State of California

[Seal]