



County of Santa Cruz

BOARD OF SUPERVISORS

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JEFF ALMQUIST
FIFTH DISTRICT

AGENDA: 6/18/02

June 13, 2002

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: OPPOSITION TO EXTENSION OF OFFSHORE OIL LEASES

Dear Members of the Board:

As Board members are aware, our County has strongly opposed the drilling for oil off the California coast. Through cooperation with other coastal jurisdictions, our federal and State elected officials, and aggressive public advocacy we have been successful in preventing any future offshore oil drilling in the Monterey Bay area and, in fact, much of the coastline in central and northern California has been placed in marine sanctuary status.

However, not all areas along the California coast have been **so** fortunate. Moreover, those areas that have already had to live with the problems of offshore oil drilling still have outstanding oil leases that would allow even more drilling. These existing leases are now up for renewal and the President is proposing to extend them. The State and others are challenging this extension, based on the lack of Coastal Commission review, and the matter is currently before the courts. Attached are a series **of** newspaper articles on this issue.

One of the ironies of the situation is that, while the President is proposing to buy back similar oil leases off the coast **of** Florida, the Secretary of the Interior in declining to take a like action with the California leases attributes the Administration's unwillingness to **do so** to the fact that California supports offshore **oil** drilling.

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June 18, 2002
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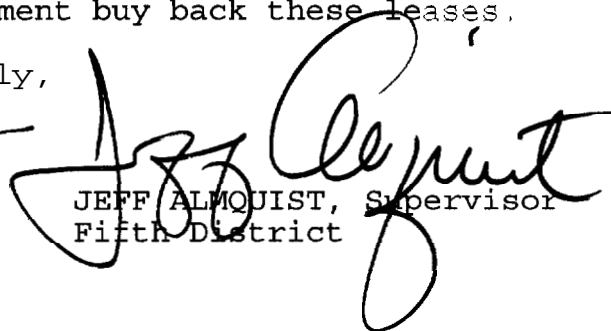
We think it is important that, once again, this County let the Administration in Washington know that we continue to strongly oppose offshore oil drilling off the California coastline.

Therefore, we recommend that the Board of Supervisors direct the Chair to send a letter to President Bush and to Secretary of the Interior Norton strongly opposing the extension of the existing offshore **oil** leases along the California coast and requesting that California receive the same treatment as the State of Florida and that the federal government buy back these leases.

Sincerely,



MARDI WORMHOUDT, Supervisor
Third District



JEFF ALMQUIST, Supervisor
Fifth District

MW/JA:lg
Attachments

cc: Senator Feinstein
Senator Boxer
Congress Member Farr
Congress Member Honda
Governor Davis
Senator McPherson
Assembly Member Keeley
Assembly Member Salinas
Save Our Shores

1181H3

FEDS DEFEND OIL LEASES

Bay City News Report - June 11, 2002

(06-11)04:44 PST -- A federal lawyer has argued to a U.S. appeals court in San Francisco that the California Coastal Commission should not be allowed to review the U.S. Interior Department's plan to extend 36 undeveloped oil leases off the Central California coast.

David Shilton, a U.S. Justice Department attorney representing Interior Secretary Gale Norton, said Monday that a lease extension "doesn't affect the environment" and therefore should not trigger state review.

The federal government is appealing a ruling in which U.S. District Judge Claudia Wilken of Oakland last year blocked continuation of the oil leases until the Interior Department reports to the California Coastal Commission on environmental effects.

A three-judge panel of the appeals court took the case under submission after hearing an hour of arguments.

The case, stemming from a lawsuit filed by state officials in 1999, is one of several efforts by California to block extension of the leases granted to several oil companies between 1968 and 1984.

In a separate action, Gov. Gray Davis wrote to Norton last month to request that the federal government buy back the California leases in the same way that it plans to repurchase leases off the Florida coast.

But Norton rejected that request last week, saying that "Florida opposes coastal drilling and California does not."

The leases for possible crude oil and natural gas development cover 324 square miles of ocean floor on the Outer Continental Shelf off the Santa Barbara, San Luis Obispo and Ventura county coasts. Some estimates say there may be more than 1 billion gallons of heavy crude oil in the tracts.

If development is eventually allowed, it would result in the first new oil platforms off the California coast since 1994. There is currently a moratorium on new leases, but it does not apply to previously granted leases.

State officials and environmental groups say they fear possible oil spills such as the one that devastated the Santa Barbara coastline in 1969, potential damage to nearby marine sanctuaries, harm to the threatened sea otter population, and increased air and water pollution.

Deputy California Attorney General Jamee Patterson told the court, "We believe there are a number of coastal effects that will occur -- effects on marine mammals, the potential impact of oil spills and the degradation of the visual aspect of the coastline."

If upheld, Wilken's ruling would require the Interior Department to conduct a further environmental study and report to the California Coastal Commission on whether continuing the

leases would be consistent with the state's coastal management program.

If the commission decides the leases are inconsistent, the state could then either try to mediate the dispute with the Interior Department or file a new lawsuit aimed at blocking the lease extensions.

Shilton argued that extending the leases does not in itself affect the environment and said the state can weigh in at a different point, by reviewing exploration plans when those are submitted.

Federal court hears state plea to delay new offshore drilling

San Francisco Chronicle - June 11, 2002

Bob Egelko, Chronicle Staff Writer

A federal appeals court sounded receptive Monday to the state's attempt to delay new oil and gas drilling off the Central California coastline.

The issue before the U.S. Court of Appeals in San Francisco was whether the state Coastal Commission has the authority to review a federal government decision to extend 36 undeveloped leases off Santa Barbara, Ventura and San Luis Obispo counties.

The underwater tract covers 324 square miles and is believed to contain as much as 1 billion barrels of crude oil and vast reserves of natural gas. Coastal Commission officials say they want to review the potential effects of drilling on a declining sea otter population as well as water and air quality, scenic vistas and other issues.

Federal law allows coastal states to prevent activity in federal waters that conflicts with a state's coastal protection plan.

Justice Department lawyer David Shilton said state review of lease extensions was premature and unnecessary because the Coastal Commission will be able to conduct the same review when oil companies file new plans for exploration and production.

But a state lawyer said federal officials may allow the companies to conduct exploratory drilling on 32 of the leases without further state review under plans filed in the 1980s before federal law increased state authority.

Members of the three-judge panel sounded sympathetic. Judge Stephen Reinhardt likened extensions to the original leasing decisions and Chief Judge Mary Schroeder observed that environmental conditions have changed since the leases were granted.

The court is reviewing a decision in the state's favor last June by U.S. District Judge Claudia Wilken of Oakland.

The leases, issued between 1968 and 1984, would expire if not extended, returning the land to the federal government. Gov. Gray Davis wants the Bush administration to buy the leases back from the oil companies -- a step the administration took in Florida, governed by Jeb Bush, the president's brother -- but Interior Secretary Gale Norton has refused.

Davis issued a statement after the hearing saying he was prepared to take the case to the Supreme Court, if necessary.

Davis' Republican opponent, William Simon, also opposes new offshore drilling and called last week for a buyout of the 36 oil leases, partially funded by the state.

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Davis, feds in court over coastal drilling. Appellate judges hear Bush administration, oil officials' objections to California's say over offshore license renewal

SAN JOSE MERCURY NEWS - Jun. 11, 2002

By Paul Rogers, staff writer

Gov. Gray Davis clashed with the Bush administration in federal appeals court Monday over the state's power to block new oil drilling in the waters off Southern California.

Bush attorneys and the oil industry want the 9th U.S. Circuit Court of Appeals in San Francisco to overturn a judge's ruling that the California Coastal Commission can review a federal decision to renew **36** leases off San Luis Obispo, Santa Barbara and Ventura counties.

Lawyers for Davis and 10 environmental groups countered that Congress in 1990 allowed states a say in lease renewals, even when the drilling is in federal waters more than three miles offshore.

The ruling last June by U.S. District Judge Claudia Wilken in Oakland affirmed that.

Interior Secretary Gale Norton appealed Wilken's ruling, leading to Monday's case, which could take months to resolve.

"I am prepared to fight today's case all the way to the Supreme Court," Davis said Monday.

Much of the hourlong debate centered on how to interpret the complex language of a federal law, the Coastal Zone Management Act.

"These are decades-old leases," said James Patterson, state deputy attorney general. "The Coastal Commission would like to take a look at them."

The Coastal Commission would likely oppose new drilling, citing the risk of smog, oil spills and harm to the endangered southern sea otter.

But the Bush administration argued that renewing the leases was a minor administrative act with no environmental impact. The state will have a chance to get involved if the oil companies submit drilling plans in the future, said David Shilton of the U.S. Department of Justice.

"I don't think the environmental considerations here are the kind of considerations that could justify" review or state denial, Shilton said. "At a later time those considerations come into play."

The three-judge panel tended to ask more skeptical questions of drilling supporters. Judge Dorothy Nelson noted that some of the leases were granted before the Coastal Commission was established by voters in 1972. Judge Stephen Reinhardt asked pointedly why the United States had any obligation to keep renewing the leases when no drilling was occurring.

He asked, for example, why Department of Interior officials couldn't simply say: "We decide to terminate the leases because we don't believe in them anymore."

A decision on the case is not expected for months, but the symbolism loomed large.

A substantial majority of California voters oppose new offshore drilling, citing harm to tourism and the environment and the limited potential of the 36 leases, which critics say could provide only a two-month national supply of oil. The issue also has arisen in the governor's race, with Davis attempting to use it against Republican rival Bill Simon, who once ran an oil company.

New oil drilling was banned off the entire California coast until 2012 by President George H.W. Bush and President Clinton. The drilling now occurs on only about 30 oil platforms, mostly around the Santa Barbara Channel, which have pumped crude for decades.

No drilling has occurred in the 36 other areas nearby that were at the center of Monday's hearing. Oil companies paid \$1.25 billion in rent on those ocean spaces, which the federal government granted from 1968 to 1984.

In 1999, then-Interior Secretary Bruce Babbitt renewed the 36 leases as they were set to expire, fearing cancellation would bring lawsuits by the oil industry.

Davis sued to overturn that decision. Since then, he has advocated that the 36 leases be eliminated or bought out by the federal government. During the weekend, Simon joined Davis in that view.

Davis has called on Norton to arrange a buyout. Last week, Norton and Bush announced the federal government will spend \$235 million to cancel leases near the Everglades and along the coast of Florida, where Bush's brother, Jeb, is running for re-election.

"Instead of fighting us in court," Davis said, "I invite Secretary Norton to sit down to work out a mutually agreeable solution."

Bush attorneys referred questions to Interior Department spokespeople who did not return calls Monday.

Courtroom battle escalates California offshore oil drilling dispute

The Associated Press - June 10, 2002

By DAVID KRAVETS, staff writer

SAN FRANCISCO - The Bush administration urged a federal appeals court Monday to overturn a court order halting proposed oil and natural gas exploration off California's central coast, as California's governor renewed a request for even greater protection for the region.

A federal judge's decision last year blocked exploration off the coast of San Luis Obispo, Santa Barbara and Ventura counties. The federal government hopes to convince the 9th U.S. Circuit Court of Appeals to reopen the region.

As it pushes to reopen parts of California to drilling, however, the Bush administration recently announced plans to protect Florida's coast by spending \$120 million to buy oil and gas rights in the Everglades and \$115 million to pay oil companies to stop drilling plans in the Gulf of Mexico.

The administration has rejected requests from California Gov. Gray Davis to extend the same protections to the Golden State, prompting Davis to pledge Monday to use the courts to fight efforts to build the first new oil platforms off California's coast since 1994. No drilling to explore for oil deposits has been conducted since 1989.

"We do not want new drilling on the undeveloped federal leases," Davis said Monday. "That's why I'm prepared to fight today's case all the way to the Supreme Court."

The three-judge appeals court did not indicate how or when it would rule. The arguments were brief and the judges asked few questions.

The case took shape last year when U.S. District Judge Claudia Wilken of Oakland said California's coast cannot be drilled or explored until the federal government studies the environmental impacts and the California Coastal Commission approves the plan.

The federal government estimates there is enough oil in the area to run California's refineries for two years and fuel five months worth of the state's natural gas demands. That's about one-fifth the amount of energy within Alaska's Arctic National Wildlife Refuge, which is being considered for drilling.

Davis sued to block the coastal exploration days after President Clinton's Interior Secretary Bruce Babbitt extended some three dozen offshore oil leases for ten years in 1999 as they were set to expire. The lawsuit contended that Babbitt's decision was subject to review by the state under a federal law giving California authority to determine whether offshore drilling in federal waters is consistent with the state's coastal protection plans.

Oil companies have paid \$1.25 billion to the federal government for the 40 leases in dispute. Each covers about a nine square-mile expanse of ocean. The leases, which have yet to be turned into oil-producing platforms, were issued between 1968 and 1984. Four of them expired in 1999 with no moves to renew them.

Justice Department lawyer David Shilton argued Monday that Wilken erred when she ruled that the leases could be extended only upon California's approval.

California argued that a decade-old federal law gave states the right to review offshore drilling proposals and to reject them.

"These are decades-old leases. The coastal commission would like to take a **look** at them," said Jamee Patterson, a California deputy attorney general.

Oil exploration off California's coast has been an explosive issue since 1969, when an oil spill soiled the Santa Barbara and Ventura county coastlines.

The Bush administration's move in Florida follows lawsuits by oil companies that accused the federal government of breach of contract because procedural hurdles have blocked drilling there.

Similar lawsuits recently have been filed over the California leases the federal government granted, but the government hasn't determined how much it would cost to buy back the leases, Interior Secretary Gale Norton wrote Davis in rejecting the governor's plea.

The president's decision to intervene in Florida is expected to help Jeb Bush, the president's brother and fellow Republican, as he campaigns for re-election as Florida's governor. Davis, a Democrat, also is up for re-election in November.

The case is California v. Norton, 01-16637.