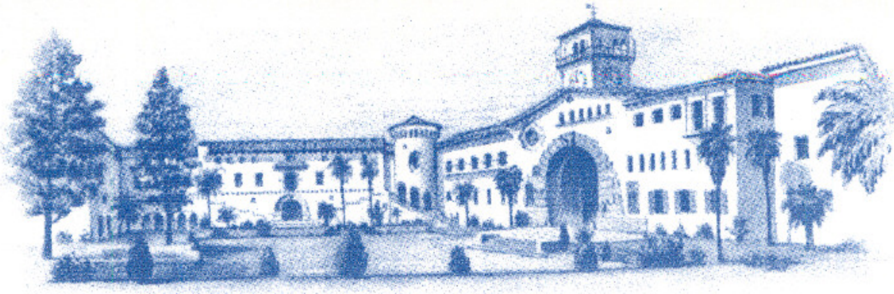
NAOMI SCHWARTZ
First District, Vice Chair

SUSAN J. ROSE
Second District

JONI GRAY
Fourth District

TOM URBANSKE
Fifth District

COURT HOUSE



GAIL MARSHALL, Chair
Third District Office

TELEPHONE (805) 568-2192
FAX (805) 568-2883
E-mail:
gmarsh@co.santa-barbara.ca.us

BOARD OF SUPERVISORS
105 East Anapamu Street
Santa Barbara, California 93101
Telephone (805) 568-2190

COUNTY OF SANTA BARBARA

0034

April 16, 2002

Ms. Jeanine Derby, Forest Supervisor
Los Padres National Forest
6755 Hollister Avenue, Suite 150
Goleta, CA 93117

RE: Draft Environmental Impact Statement for Oil and Gas Leasing

Dear Ms. Derby:

On behalf of the Board of Supervisors, County of Santa Barbara, I thank you for the opportunity to comment on the seven oil and gas leasing options under consideration for Los Padres National Forest in the Draft Environmental Impact Statement (DEIS). The Board of Supervisors extends its appreciation to you and your staff for conducting several public workshops on the DEIS, and for extending the period of review considerably beyond the time required by law so interested citizens have ample time to review and comment on the entire DEIS. We agree that any decision about opening new areas in Santa Barbara County to oil and gas leasing merits ample public review and input.

We recognize that the Los Padres National Forest staff is obligated by the 1987 Federal Onshore Oil and Gas Leasing Reform Act to identify leasing options and examine these options in the DEIS. We also recognize that this is your staff's first occasion to prepare such a plan and that your staff's expertise primarily lies in the management of our local forest resources, and not in details of oil and gas development.

In this context, we would like to submit the following comments for your consideration, many of which are based on Santa Barbara County's extensive experience with both onshore and offshore oil and gas development. The remaining portion of this letter presents four overall concerns with the leasing options and the DEIS, while the attachment provides more detailed comments for your consideration.

First, we simply do not understand the benefit of opening up new, pristine areas of Santa Barbara County, such as the Figueroa Mountain Area, to oil and gas development while California is still experiencing depressed market conditions for in-state oil and gas producers. We understand your process is driven by federal legislation adopted in 1987, which your staff describes as a response to the oil crisis of the 1970s. However, today's market is considerably different. Low and

C

unstable oil prices due to an oversupply of oil have characterized the California heavy crude oil market since 1986. These competitive market conditions have led many onshore wells to be abandoned prematurely or shut-in for prolonged periods – some for more than 15 years. Low oil prices have also diminished the pace and amount of offshore oil and gas development considerably, compared to pre-1986 projections. Many offshore leases have terminated without any development whatsoever and 36 of the 79 remaining leases have remained undeveloped even though they were issued several years ago, between 1968 and 1984.

Actions to revive California's domestic upstream oil market have not been successful. For example, the federal government lifted the export ban on Alaska's North Slope crude oil, in part, to reduce supplies of Alaska oil delivered to California. However, this action has done little to revive California's domestic production due to continued low and unstable prices. More competitive foreign sources have filled the void, as shown in the attachment.

We are, therefore, concerned that the DEIS renders a notably inaccurate picture of the California crude oil market, and in so doing, gravely misinforms the decision-making process. Actual market conditions do not support a finding that the benefits of opening new areas such as the Figueroa Mountain area to new oil and gas leasing outweigh the resulting adverse environmental effects.

Second, we are concerned about the organization of the DEIS, which appears to seriously undermine the flexibility of the decision-making process. Essentially, the DEIS presents a "all-or-nothing option with regard to leasing High Oil and Gas Potential Areas (HOGPAs). Alternative 1 addresses no leasing of any such areas while all other alternatives address leasing of all such areas. No alternatives are presented to eliminate one or more HOGPAs, such as the Figueroa Mountain and La Brea areas, due to extenuating environmental circumstances without eliminating all new leasing.

Third, we are concerned that the DEIS does not recognize the current technological capabilities of extended-reach drilling or the environmental benefits thereof. Such technology, as noted frequently by agencies such as the Minerals Management Service, has the ability to considerably reduce the number of drill-sites required to recover reserves, which reduces adverse environmental impacts. Indeed, such technology is known to reach and produce oil from fields located as far as 5 miles from the drill-site, which is substantially farther than the ½ mile assumed by the DEIS.

We can only surmise, given the broad generality of the DEIS, that this discrepancy alone may substantially overstate the number of drill-sites – and, therefore, the number of acres – that would be required and disturbed, respectively, with any new leasing and development. It also may preclude the identification of less environmentally sensitive locations from which reserves might be tapped. Current and future directional-reach drilling conceivably can reduce the number of drill-sites, pipelines, and service roads require to develop suspected reserves, and may allow some of these reserves to be developed from existing, already disturbed sites, or locations outside of the national forest.

Fourth, we are concerned about the phased structure of decision-making with regard to oil and gas development in Los Padres National Forest because it promotes overly general and vague

0034

environmental analysis during the first phase of decision-making. Such is the case with the current DEIS, which essentially offers a very brief and overly general analysis of environmental impacts while deferring more detailed analyses of environmental impacts to the time when specific drilling projects are proposed. By this time, however, oil producers would have already invested substantial amounts of money into their respective leases, with the clear expectation of developing oil and gas should they discover such reserves in commercial quantities. To borrow the words of a 1984 Supreme Court decision, which are quite relevant here: *"... a lease sale is a crucial step. Large sums of money change hands, and the sale may therefore generate momentum that makes eventual exploration, development, and production inevitable."* (Quoted from the majority opinion in *Secretary of the Interior vs. California,* 104 S. St. 656.) *"Approval for exploration and development is obviously the expected and intended result of leasing; if it were not, the Secretary would not bother to lease and the lessees would not bother to bid."* (Quoted from the minority opinion in *Secretary of the Interior vs. California,* 104 S. St. 656.)

Although the foregoing excerpts applied to oil and gas leasing and development on the Outer Continental Shelf (OCS), their wisdom applies to Los Padres National Forest equally as well. Our experience with OCS leasing tells us that the current, pending decision about leasing options will have a very strong influence over the ultimate extent of oil and gas development. Essentially, the decision to open new lands in the Los Padres National Forest to oil and gas leasing appears to be tantamount to approval of development.

In this light, we find the DEIS in its current form to be seriously inadequate to sufficiently inform and support your pending decision whether to not to open new lands to oil and gas leasing. We respectfully request that you direct your staff to revise the DEIS and re-issue it for additional public comment. In so doing, we ask that the revised DEIS adhere to the following four guidelines.

1. PROVIDE MORE FLEXIBILITY TO THE DECISION-MAKING PROCESS. As currently structured, the DEIS does not appear to allow sufficient flexibility in decision-making to exempt certain areas from leasing because the extent of adverse effects on the environment outweighs the benefit of adding a very limited amount of oil and gas to the market (i.e., cost-benefit comparison). For example, the significant impacts of adding industrial-related traffic to Happy Canyon Road appears to us to be more than sufficient justification to eliminate any further consideration of leasing the Figueroa Mountain Area. Unfortunately, the DEIS appears to be organized in an "all-or nothing" manner that precludes such flexibility in the decision-making process, and clearly does not go into sufficient detail or analysis of impacts in order to consider eliminating certain areas of high oil and gas potential due to the significance of particular impacts.

2. PROVIDE MORE ACCURATE INFORMATION TO THE DECISION-MAKING PROCESS. As exemplified in our foregoing comments and in our attachment, the current DEIS carries some serious flaws that misinform the decision-making process considerably. For example, it misunderstands California's oil market, it misrepresents demand and supply of crude oil to California's oil refineries, and it is 20 or more years outdated in its representation of extended-reach drilling capability. These circumstances, unfortunately, preclude sound and sufficiently informed decision-making.

0034

3. PROVIDE MORE DETAILED INFORMATION AND ANALYSIS TO THE DECISION-MAKING PROCESS. As noted previously, the DEIS is overly general and vague, deferring more detailed analyses to subsequent decisions in a phased decision-making process where leasing occurs prior to a well-informed understanding about the environmental effects of oil and gas development. While a project-specific level of analysis is not realistic, the DEIS could and should provide more analysis to inform the current decision. Please see our attached comments.

4. LET THE UPDATE OF THE FOREST PLAN DRIVE YOUR DECISION ABOUT OIL AND GAS LEASING RATHER THAN THE REVERSE. We support your efforts to update the Forest Plan, but urge you to re-schedule your planning activities, timing the decision about opening new areas to oil and gas leasing to follow, rather than precede, the update of the Forest Plan. It stands to reason that, under the current schedule, your decision to open new areas to oil and gas development will adversely influence the update of the Forest Plan. Essentially, sound planning calls for the updated Forest Plan to be binding on the decision about oil and gas leasing rather than the reverse situation. There currently is no substantive reason not to delay the oil and gas leasing decision, given current market trends.

In conclusion, we believe an improved DEIS will show little benefit, it any given current market trends, to opening up areas such as the Figueroa Mountain area to oil and gas leases, given their environmental and recreational attributes, not to mention unacceptable level of impacts to County roads. Thank you for the opportunity to participate in the decision-making process at hand. We hope you will continue to seek our input as the decision-making process proceeds.

Please feel free to contact our staff should you have any questions or desire more information. Primary staff contacts include Ms. Susana Montana (805/568-2068) and Mr. Doug Anthony (805/568-2046).

Respectfully yours,

Gail Marshall, Chair
Board of Supervisors

Attachment: Specific Comments on the DEIS

CC: U.S. Representative Lois Capps
State Senator Jack O'Connell
State Assemblyperson Hannah Beth Jackson
State Assemblyperson Abel Maldonaldo
California Secretary of Resources Mary Nichols
California Coastal Commission
Mr. Al Hess, Project Manager, U.S. Forest Service, Los Padres National Forest