

# Leaving old drilling-rig pieces in the ocean has big support in Legislature

*Assembly Speaker John A. Perez is championing the plan. It would save oil companies hundreds of millions and, proponents say, create marine habitat.*

**Jack Dolan, Los Angeles Times, 7-11-10**

SACRAMENTO -- A plan to let oil companies leave large parts of decommissioned drilling rigs in the ocean off California's coast, saving them hundreds of millions of dollars, is sailing through the Legislature at a time when the Gulf of Mexico spill has made the industry politically toxic.

The "rigs to reef" idea, which proponents say would create marine habitat, has been around for more than a decade. Former Gov. Gray Davis vetoed such a proposal in 2001, citing a lack of proof that abandoned oil rigs help the environment.

The natural science on the issue is still being debated, but the political science has swung in the oil companies' favor: Their unlikely patron is powerful Assembly Speaker John A. Perez, a labor leader from East Los Angeles whose district has no coastline and who has proposed a new tax on oil companies to help close the state's budget deficit.

Perez, a former member of the League of Conservation Voters' board of directors, said opponents of offshore drilling should support his measure because helping the oil companies save money when they decommission wells could encourage them to shut down operations sooner.

"Just because there's some upside in it for the oil companies doesn't mean it's bad," Perez said.

Under existing law, the operators of more than two dozen rigs operating off the California coast will have to remove them when the oil runs out and they close the wells, a process likely to begin in the next few years.

Perez's bill would require the companies to remove everything at the surface and 85 feet below. But they could leave the pilings, which stretch to the ocean floor — from several hundred to more than 1,000 feet.

The speaker's staff cites studies estimating that decommissioning all the rigs off California's coast could take five to 20 years, and that oil companies would save about \$650 million by leaving the pilings in place.

The companies would keep half of that money. The other half would be split among an environmental trust fund to be created under the legislation, the county whose shoreline is closest to the rig and the state's general fund. The general fund would receive 10% of that half, amounting to tens of millions of dollars.

With Perez's legislative clout behind it, the plan passed the Assembly 73-0 and a key state Senate committee 9-0, even as images of oil washing up on the Gulf coast were being broadcast nationwide. The measure is expected to pass the full Senate. The governor has no stated position on it.

"Why would you give oil companies such a windfall at time like this?" said Sierra Club lobbyist Michael Endicott, who likened the Perez bill to offering offshore drillers a discounted dumping fee. "Anything that sends the signal that these things are in any way benign is a big problem."

The Sierra Club opposes the plan, as does the Environmental Defense Center, based in Santa Barbara. Most of the rigs off California's shore are in the Santa Barbara Channel.

"The oil companies have been pushing this legislation for years because there are such big cost savings," said Kristi Birney Rieman, an analyst for the Santa Barbara group. A six-page letter the organization sent to legislators last month said there was no conclusive evidence that the pilings would increase the number of fish in local waters.

Four other environmental groups, including the Nature Conservancy and the Monterey Bay Aquarium, said they would support the idea if the public received 85% to 95% of the oil companies' savings.

"A 'half-off sale' is a bad deal for the people of California and for our oceans," said a June 29 letter that the four groups sent to the state Senate Natural Resources and Water Committee.

But Tupper Hull, spokesman for the Western States Petroleum Assn., an oil industry group that is one of the bill's original sponsors, said removing the pilings would endanger small fish that use the structures for protection. Association members have contributed \$13,800 to Perez's campaign account in recent months, state records show.

A spokesman for Chevron, which is a member of the trade group and provided \$5,900 of the campaign cash to Perez, offered measured support.

"This bill will provide mutual benefits for both the environment and the industry," said K.C. Bishop, a consultant for the company.

The public face of the rigs-to-reefs plan is longtime labor lobbyist Barry Broad. He also represents the Sport Fishing Conservancy, whose members hope the pilings will help boost game fish numbers.

Broad, who also represents the Teamsters, said he and Perez "have a relationship that goes back many years," predating the speaker's entry into politics. When Perez was an executive for the United Food and Commercial Workers, he hired Broad to lobby for the union.

The two were friends in 2001, when the previous rigs-to-reefs proposal made it to the governor's desk.

"I remember at the time we both thought it was a pretty good idea," Broad said.

Nine years later, Perez was sworn in as Assembly speaker.

"Sometimes the stars align," Broad said.