

# State coast spared in new drilling plan

**Mike Taugher and Denis Theriault, Bay Area News Group, 4-1-10**

President Barack Obama on Wednesday opened up to oil and gas drilling vast new areas near the nation's coastlines, but the five-year plan contemplates no new platforms off California.

What could be the nation's largest expansion of offshore oil and gas leasing in at least several decades was criticized both by environmental groups, who want less oil drilling, and industry groups, who said it prevents drilling in oil-rich areas.

"For California, it is clearly a politically driven temporary reprieve," said Richard Charter, a marine policy adviser to the environmental group Defenders of Wildlife. "They will be back."

Charter and others fear that a change in political will in California -- and the lure of revenue from offshore oil -- could bring oil wells to the coast, where fierce opposition has stopped them since a historic spill off Santa Barbara in 1969.

The new federal plan would increase oil and gas production in the Gulf of Mexico, off Florida, and open to exploration areas along the mid- and South Atlantic coasts and in the Arctic Ocean.

It also puts Bristol Bay, Alaska, a major nursery for sockeye salmon, off limits for at least five years, and does not open up any leasing areas off the West Coast.

"We are disappointed that it does not access what we believe are huge energy resources off the coast of California," said Cathy Reheis-Boyd, president of the Western States Petroleum Association. "If you bring these resources to California customers, you'll have a huge reduction in California's dependence on foreign oil."

The federal government estimates 10.5 billion barrels of oil wait off California's coast -- enough, in theory, to supply the state for 16 years.

But offshore oil reserves are part of a global market, and they will do almost nothing to lower gasoline prices and can only modestly slow the increasing reliance on foreign oil, one energy expert said.

The real question, said Severin Borenstein, co-director of the Energy Institute at UC Berkeley, is whether the potential benefits for the economy and government coffers outweigh the environmental risks.

If the industry's claims that it can develop offshore oil in an environmentally safe manner are true, he said, "there's a good reason to let them do it."

Reheis-Boyd said the industry has extracted more than 1 billion barrels of oil off the California coast since the Santa Barbara spill, and spilled 870 barrels.

"That's an indication that we can produce safely off the coast of California," she said.

Gov. Arnold Schwarzenegger has opposed new leases in federal waters, but this year proposed allowing two new drilling leases in state waters off Santa Barbara -- California's first in more than 40 years -- to help fund the state's park system.

The governor is hoping the deal would bring \$1.8 billion to the state over the next 14 years. A Texas company, PXP, would tap the site, known as Tranquillon Ridge, from a platform already in federally controlled waters.

A 1994 state law generally banned new oil leases in state waters, but Tranquillon Ridge is an exception because it is already being partially drained of oil and gas by a nearby federal well.

For the first time last year, a majority of Californians said they support new drilling, according to the Public Policy Institute of California. Still, the Legislature or the State Lands Commission would need to approve a deal like the Tranquillon Ridge arrangement, and both rejected a similar proposal last year.

Political observers say the odds for approval are long, although months of battling over the state's \$20 billion deficit could change that.

"I don't think the votes are there for that expansion," said Assemblyman Alberto Torrico, D-Newark, who has proposed a 12.5 percent severance tax on oil and gas production, including petroleum developed from offshore platforms. "We've already voted on it once and it failed pretty decisively."

In response to plans during the Reagan administration, Congress instituted a moratorium off the California coast in 1981. It expanded in later years to include other states but expired in 2008.

Also in 2008, President George W. Bush rescinded an executive order signed by his father in 1992 that also prohibited new oil and gas drilling.

Those actions removed long-standing barriers to oil and gas drilling off California's coast.

Marine sanctuaries that cover the coast from Bodega Bay to San Luis Obispo make it unlikely those areas will be drilled, but most of the state's offshore oil reserves are south of there.

Last year, the Obama administration revisited a lease plan released in the final days of the Bush administration that included the areas opened up for exploratory and commercial drilling. It included three possible oil and gas leases off the California coast -- two in Southern California and one off Mendocino.

According to a Bush-era report, seven exploratory wells were drilled in the Mendocino area after a 1963 sale, but no commercial discoveries were made.

Asked when the last offshore oil and gas expansion of this magnitude occurred, Charter, a longtime environmental advocate against offshore oil development, responded, "All at once? Never."