

Hearing set on how California can help cities fight oil projects

Officials from Hermosa Beach, Culver City and Carpinteria, which are in costly legal battles over drilling, have been called to testify Friday before an Assembly committee.

Louis Sahagun, Los Angeles Times, 4-30-10

In the wake of a huge oil leak in the Gulf of Mexico, Assemblyman Pedro Nava (D-Santa Barbara) is expected to lead a hearing Friday in Hermosa Beach on the state's ability to help cities challenge massive oil-drilling projects near homes, schools and parks.

Among those called to testify before the Assembly Committee on Environmental Safety and Toxic Materials, which Nava chairs, are officials from Hermosa Beach, Culver City and Carpinteria, which are involved in costly legal battles over drilling.

The cases pit public safety and health concerns against old industrial uses and the right to extract fossil fuels on private property. But the risks to local residents remain unclear. In Hermosa Beach and Carpinteria, for example, not a drop of oil has been pumped from the ground.

In an interview, Nava said, "My responsibility is to determine if there are legislative remedies available to help level the playing field for residents who can be overwhelmed and outspent by big oil."

Hermosa Beach is facing a breach-of-contract claim of \$700 million, about 22 times its annual budget, from its 18-year-old deal with Macpherson Oil Co. The city is fighting the lawsuit in court.

The squabble began in 1984 when voters, to allow drilling in a city maintenance yard, passed an initiative that overturned a 1932 ban on oil drilling. In 1992, Hermosa Beach entered into an oil and gas lease authorizing Macpherson to drill up to 30 wells on the site.

But voters in 1995 adopted Proposition E, which reinstated the ban on drilling. Three years later, the City Council refused to grant the company a drilling permit. Macpherson filed the lawsuit.

In an interview, Mayor Michael DiVirgilio said, "Being ordered to pay that massive claim to an oil company would jeopardize Hermosa Beach's future by forcing it to cut vital city services, including police and fire, and declare bankruptcy."

Jim Bright, an attorney representing the oil company, said, "It's not in Macpherson's interest to see Hermosa Beach go into bankruptcy. However, the city has never wanted to settle for any more than what it can easily pay, not what it can afford to pay."

The issue flared after the 2nd District Court of Appeal ruled that the Hermosa Beach City Council had the discretionary power to deny an oil drilling permit if it found that the proposal would endanger the health and safety of the community.

However, the court also ruled that the case should be returned to a jury to decide whether the city's denial of the permit was motivated by safety concerns or a desire to avoid contractual liability.

In Carpinteria, Venoco Inc., an independent oil company with annual revenue of more than half a billion dollars, is funding a ballot initiative that would exempt the firm from the city's industrial development and environmental rules.

If the measure passes in June, city officials will have no say in the company's plans to operate a 10-story oil derrick on its property next to 225 homes.

Culver City is challenging an environmental impact report approved by Los Angeles County that could allow Plains Exploration and Production Co. of Houston to drill as many as 600 new wells in a local oil field over the next 20 years.

Los Angeles County Superior Court Judge James Chalfant recently upheld Culver City's 6-month-old moratorium on new drilling in the northern section of the 85-year-old Inglewood Oil Field, which is within city limits.

Plains Exploration has filed applications to drill at least three new wells in the field, which lies primarily in the unincorporated Baldwin Hills area.

Attorneys for the company have argued that it has a right to drill new wells in the 1,000-acre oil field. Culver City contends that the company does not have an absolute right to drill in an area where the population has mushroomed dramatically.