

# Governor gains leverage in coast oil drilling fight

**Timm Herdt, Ventura County Star, 11-11-09**

SACRAMENTO — Supporters and opponents of what would be the first new offshore drilling in state waters in 40 years are looking toward the selection of a new lieutenant governor as the next act in a long-running regulatory drama that has thus far kept the Tranquillon Ridge project at bay.

The State Lands Commission rejected the project in January on a 2-1 vote, with then-Lt. Gov. John Garamendi casting one of the decisive no votes.

Garamendi last week was elected to Congress in a special election in Northern California's 10th District. It created an opportunity for Gov. Arnold Schwarzenegger to appoint a new lieutenant governor who could potentially swing the Lands Commission vote the other way if the Plains Exploration & Production Co. were to resubmit its application.

The company has not announced plans to resubmit the application, but when asked by a financial analyst for an update during a conference call last week, CEO James Flores was "waiting for the lieutenant governor situation to clear up. Once that does, maybe we'll get another shot at it before Gov. Schwarzenegger gets out of office."

Commission Executive Officer Paul Thayer said Tuesday the company "can absolutely reapply" and the review process would go relatively quickly since it's likely the staff would regard as current an environmental impact report certified by the Santa Barbara County Board of Supervisors last year.

"We'd take a fresh look at it," he said.

Schwarzenegger spokesman Aaron McLear said the governor will likely announce his appointment "in the next several days." The appointee, once confirmed, would hold the office until a new lieutenant governor is elected next fall and takes office in January 2011.

Schwarzenegger has been an advocate of the project off the Santa Barbara County coast. As part of his budget proposals last year, the governor asked for legislation to create a special panel to reconsider the Tranquillon Ridge project, circumventing Lands Commission review.

McLear said he is not certain whether Schwarzenegger will consider a potential appointee's position on the issue. "I have not talked to him about whether that will play into his decision-making," he said.

Assemblyman Pedro Nava, D-Santa Barbara, who was instrumental in persuading the Assembly to vote down the drilling proposal in June, said he expects Schwarzenegger will make support for Tranquillon Ridge "a litmus test" in making the appointment.

Such an appointment would be subject to approval by both houses of the Legislature.

"If the governor does what I think he's going to do, then I am going to fight the confirmation tooth-and-nails in the Assembly," Nava said. "I expect he is going to try to stack the State Lands Commission with a pro-PXP vote, and that has to be resisted."

The proposal has been particularly controversial in Santa Barbara County because it has split the environmental community and won the support of several groups that have long opposed any new offshore drilling. The appeal for these environmental supporters is an agreement with PXP that the company would abandon its oil platforms and tear down onshore processing facilities after about 12 years.

Linda Krop, chief counsel to the Santa Barbara-based Environmental Defense Center, said the group “definitely would support the project coming back before the Lands Commission, because the project will be beneficial to the state.”

She said proponents have obtained new information that addresses one of the commission’s chief concerns, which is that the federal government could resell any leases if PXP abandoned the platforms as promised.

Krop said opponents misinterpreted the Minerals Management Service’s obligation in cases in which a lessee relinquishes a lease. It is not obligated to sell to a new lessee, she said, but only to recover from PXP the lost production value of any economically viable quantities of oil that remain in the ground.

“I feel like we can put that issue to rest,” she said.

Controller John Chiang, the other no vote on the commission, said he has not yet seen new information on the project but that he would be “glad to cast fresh eyes” on new evidence.

Chiang said he would not be surprised if PXP resubmits its application.

“They take this matter seriously, and I think they are going to explore every avenue to have this rehearing,” he said. “The question is, how many times are people going to keep bringing things up?”

In addition to the lieutenant governor and controller, which are elected positions, the third commission member is the state finance director, an appointee of the governor.