

PXP Oil Company Executives Have Spent Millions On Some Of The Top Lobbying Talent

Sept 1 2009 there was an article in the *Mendocino Beacon* printed 082709

MLPAI could help block oil drilling

http://www.mendocinobeacon.com/ci_13225476?source=most_viewed

Please note: Richard Charter is quoted here: "The rumors and diversions asserting that the oil companies are somehow lurking behind marine protection, which is another silly conspiracy theory that has been tried by these same outside interests, are so counter-intuitive and imaginary as to lack any real credibility."

from Jim Martin, West Coast Regional Director Recreational Fisheries Alliance:

Mr. Charter is correct, the oil lobby is not "lurking behind" anything - they are right out in front making the key decisions.

Catherine Reheis-Boyd, Chief Operating Officer and Chief of Staff for the Western States Petroleum Association was appointed to chair the Blue Ribbon Task Force of the Marine Life Protection Act by California Resources Secretary Mike Chrisman on August 11th, 2009.

Mr. Charter is incorrect to state that "designating even very limited areas in state waters as marine protected areas under the state Marine Life Protection Act would clearly serve us as a strong deterrent to any consideration of offshore oil drilling farther out in federal waters."

In Richard Charter's own area, the North Central Coast, the Tranquillon Ridge Project is an interesting study in compromise solutions and lies.

The Tranquillon Ridge project garnered 25 supporting groups in 2008 (most of them bailing by the time of the first State Lands Commission vote in January 2009).

Defenders of Wildlife, although they never signed on, also NEVER SPOKE AGAINST the deal until they signed on as one of (35 and then) 63 Environmental groups, opposing the plan. Arnold made it easy for the groups to save face by circumventing Legislative Policy and trying to use the Budget Bill, it was, common sense really.

The Tranquillon Ridge plan was given the heave-ho not once but twice by the State Lands Commission in January 2009 and June 2009, but by only a 2-1 vote.

AB 23 was opposed by 63 state environmental groups, including the California League of Conservation Voters, which lobbied legislators from the bill's inception.

Even officials with the Environmental Defense Center in Santa Barbara – the group which brokered the unusual deal with Houston-based Plains Exploration and Production Co. (PXP) – say they can no longer support the plan. David Landecker, the center's executive director, defended the arrangement with PXP, but said the EDC could not support the governor's attempts to legislatively override the authority of the State Lands Commission using the Budget to affect policy change.

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But the original T Ridge agreement, combined with the budget crisis, prompted a 21-18 approval of the proposal (AB23) in the state Senate. It won support from Democrats, including Senate Majority Leader Darrell Steinberg and San Diego Senator Denise Ducheny.

Although the California Assembly defeated the bill, AB 23, that would allow oil drilling off the coast of Santa Barbara with a 43-30 vote, drilling advocates assert “the proposal will be back.”

<http://www.sacbee.com/288/story/2075513.html>

And currently: August 13, 2009

Tranquillon Re-tapped By Ben Preston

Less than a year after the California State Lands Commission denied a proposal by Plains Exploration Company (PXP) to extend an offshore oil lease located at Tranquillon Ridge a rich oil deposit located beneath the ocean’s floor near Point Conception, a new proposal by Sunrise/ExxonMobil to slant drill from Vandenberg Air Force Base was discussed in an informational session at the State Lands Commission hearing in Long Beach on Tuesday afternoon.

April 10 2008 Environmental Groups Announce Landmark Agreement to Limit Oil Development and Protect Lands in Santa Barbara County.

SANTA BARBARA, Calif., The Environmental Defense Center (EDC), Get Oil Out! (GOO!), and Citizens Planning Association of Santa Barbara (CPA) announced today that they have signed an historic and unprecedented agreement....

January 26 2009 **EDC Coalition Asks State Lands Commission to Help End Offshore Drilling** - EDC cites broad environmental support in backing of Tranquillon Ridge project.

By Betsy Weber

The Environmental Defense Center on Monday called on the State Lands Commission to join a coalition of more than 25 local, state and national environmental organizations in supporting an agreement to effectively end all oil production off of northern Santa Barbara County in exchange for allowing slant drilling into state waters from one existing platform until 2022.

ENVIRONMENTAL GROUPS URGE CALIFORNIA STATE LANDS COMMISSION TO SUPPORT DEAL TO END OFFSHORE OIL DRILLING

For Immediate Release January 27, 2009

Dear Chairman Garamendi and Commissioners:

We, the undersigned environmental groups, hereby express our support for the proposed Tranquillon Ridge project, modified through an agreement forged with some environmental groups. **This agreement guarantees a definite end to certain offshore oil and gas production that would not otherwise be required.**

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The end date for the Tranquillon Ridge project will be enforceable by multiple agencies and private parties. For example, the agreement with the environmental parties can be enforced through a court action if necessary. In addition, the County of Santa Barbara has already added the end date in its Final Development Plan for the project, and can enforce this condition.

The agreement also requires PXP to include the end date in its applications for the Santa Barbara County APCD Permits to Operate, California Coastal Commission coastal development permits and the State Lands Commission leases. As such, each of these entities would be able to enforce the end date.

Of the 25 groups supporting this wet dream, a few of these surprised me!

- Kaitilin Gaffney, Pacific Ecosystem Protection Project Director The Ocean Conservancy
- Zeke Grader, Executive Director Pacific Coast Federation of Fisherman's Associations
- Steve Shimek, Executive Director The Otter Project
- Linda Krop, Chief Counsel Environmental Defense Center "This is a once in a lifetime opportunity to put an end to oil drilling off the coast of California"
- Abraham Powell, President Get Oil Out!
- Scott Bull, Chair Surfrider Foundation, Santa Barbara Chapter
- Paul Jenkin Surfrider Foundation, Ventura Campaign Coordinator

The agreement came about following a proposal by PXP to expand its existing production from Platform Irene (located in federal waters), currently being sent to the Lompoc Oil and Gas Plant (LOGP) via both off and on shore pipelines. PXP's proposed expansion involves slant drilling from Platform Irene into the Tranquillon Ridge Field located in state tidelands between PXP's existing federal lease and the shore. PXP is already "draining" the Tranquillon Ridge Field with its existing wells, but permission to drill further into that field will allow PXP to more efficiently extract the oil.

The groups initially opposed PXP's proposed project because it would have significantly expanded the life of existing facilities, resulting in additional risks and impacts. A similar proposal to develop the Tranquillon Ridge Field, by Nuevo Energy Company, was opposed by environmental groups (same reasons) and denied (2002) by the County of Santa Barbara.

In an attempt to obtain support from the environmental groups, PXP offered to shut down its entire operation (both existing and new development) in 2022, the date when the existing Pt. Pedernales Project is slated, but not required, to end. PXP has also agreed that the 2022 end date will apply to its existing Lompoc Onshore Oil Fields and has committed to terminate its Gaviota Coast operations, i.e., the Pt. Arguello Project, comprised of Platforms Hidalgo, Harvest and Hermosa, and the Gaviota processing site, by 2017.

Finally, the environmental groups and PXP partnered with **The Trust for Public Land** to convey

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about 3,900 acres of PXP land to TPL for public protection. The bulk of the donated land, 3,700 acres, is located near Lompoc, adjacent to the Burton Mesa Ecological Reserve.

Included in this donation are lands currently used for onshore oil production and the 800-acre Purisima Hills site that was recently proposed for residential development. As part of the deal, PXP will withdraw its application for this project. Up to 200 more acres of land is located along the Gaviota coast.

"Preserving thousands of acres in the Lompoc uplands for permanent protection is the icing on the cake," said Steve Dunn, President of CPA, a group that not only opposed the original Tranquillon Ridge proposal, but also the Purisima Hills development project.

"Through this agreement, we will guarantee an end to oil development from four separate projects, significantly reduce greenhouse gases and preserve important lands for future generations," he concluded.

Department of Finance officials said the governor's plan included these elements:

- A budget trailer bill that would allow the Director of Finance to "reconsider" an offshore deal that conformed with legislative language defining six specific circumstances which apply only to the PXP deal; the most important is that oil and gas are draining into state waters at the site, and Tranquillon is the only project that meets that criteria.
- A process by which the Department of Finance would hold a public hearing in Santa Barbara, the Coastal Commission would also have hearings, and federal Minerals Management Service would review the deal in a manner that officials said would be "fully transparent." The State Lands Commission would not get another opportunity to vote on it, although finance department officials would consult with staff about its environmental concerns.
- A provision to sunset in January 2011 the legislation giving special authority to the Director of Finance to review offshore projects that meet special conditions.
- Sheehy said. "This project has tremendous environmental benefits for California, and we can't turn a blind eye to the financial benefits."

But Susan Jordan, a longtime advocate for coastal protection, who broke with her longtime allies at EDC and opposed the PXP deal back in January, was not persuaded.

"They're giving special treatment to this project," she said. "The most important issue is, they're not following existing legal process and (they're) taking away existing legal protections" that govern offshore projects.

The State Lands Commission, made up of the lieutenant governor, the state controller and the director of the Department of Finance, has authority over mineral leases in state tidelands areas, which extend three miles offshore. That authority once rested with the finance director, but lawmakers established the commission in 1938 in the wake of a scandal over the finance director's too-cozy relationship with the Standard Oil Co.

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70 years later :

Chief Deputy Finance Director Thomas Sheehy: "It's time to look for win-win opportunities." Replied Controller John Chiang: "I'm concerned we may be **one win short of a win-win**. There is tremendous uncertainty as to the environmental benefits." Sheehy advised the commission that it was created by statute and its authority can be taken away by a vote of the Legislature. "That power can be altered, changed, truncated or terminated at any time."

<http://www.venturacountystar.com/news/2009/jun/01/lands-commission-urges-rejection-of-offshore/>

http://www.noozhawk.com/news_releases/article/0127_state_land_commission

This sweetheart deal for one oil company was negotiated behind closed doors, without any legislative hearings to allow public comment.

Arnold wants more oil money and there's a better way. He could resurrect a plan he introduced last year calling for a 9.9% tax on crude oil extracted in the state. California is the only state in the union that doesn't collect such an extraction tax, and Arnold estimated in November that it would bring in roughly \$1.2 billion in the next fiscal year, dwarfing the \$100 million that would be generated by the Plains Exploration project. (LAT 6/8/09)

In 1980, the US enacted the Crude Oil Windfall Profit Tax Act (P.L. 96-223) as part of a compromise between the Carter Administration and the Congress over the decontrol of crude oil prices. The Act was intended to recoup the revenue earned by oil producers as a result of the sharp increase in oil prices brought about by the OPEC oil embargo. According to the Congressional Research Service, the Act's title was a misnomer. "Despite its name, the crude oil windfall profit tax... was not a tax on profits. It was an excise tax ... imposed on the difference between the market price of oil, which was technically referred to as the removal price, and a statutory 1979 base price that was adjusted quarterly for inflation and state severance taxes."

On August 23, 1988, amid low oil prices, the tax was repealed when President Ronald Reagan signed P.L. 100-418, The Omnibus Trade and Competitiveness Act of 1988

JOIN THE SEAWEED REBELLION – OIL EXTRACTION IS NOT AN OPTION

Tomas DiFiore

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