



TRANQUILLON RIDGE: Why does EDC support the PXP Project?

EDC has surprised environmentalists, and virtually everyone else, by negotiating and actively supporting an agreement with Plains Exploration and Production, Inc. (PXP), an oil development company, that allows oil drilling into the Tranquillon Ridge (TR) offshore Northern Santa Barbara County. After 33 years of opposing all oil development off California's Central Coast, it is fair to ask how this happened. Simply put, it is because the proposed settlement provides an innovative pathway to meet EDC's dual goals of shutting down existing oil production operations and preventing threatened expansion of oil development in the region.

In 2004, PXP proposed to slant drill into the TR oil field, located in California state waters, from its Platform Irene which is located in Federal waters, using only existing pipelines and facilities to transport and process the oil. EDC was retained by two local environmental groups (CPA and GOO!) to review and comment on the proposal. Although we have always opposed any oil development off the Central Coast, EDC was especially concerned about this application because:

1. EDC had just successfully completed a lawsuit to eliminate 36 undeveloped federal leases offshore of Ventura, Santa Barbara and Ventura Counties. Most of the remaining undeveloped tracts off Santa Barbara County are adjacent to PXP's Pt. Pedernales unit (Platform Irene), and three other PXP platforms to the South known as the Pt. Arguello unit (Platforms Hidalgo, Harvest and Hermosa).
2. EDC and our clients were and are very concerned that using new slant drilling technology would extend the life of these already existing platforms, could re-open the Pt. Pedernales and Pt. Arguello areas to new federal leasing and would allow drilling to extend into the adjacent fields indefinitely.
3. Our goal was to eliminate oil drilling in the channel. Although the cost of building new platforms, new pipelines and new processing facilities would likely make development of those oil fields unlikely, slant drilling from these already existing platforms threatened to perpetuate offshore drilling in the area for at least another generation.

On behalf of our clients, EDC filed comments opposing the proposed PXP project, requesting that the issue of extending the life of Platform Irene beyond its currently projected term be deemed an unavoidable negative environmental impact of the project.

PXP, after reviewing these comments, came to EDC and our clients and said, in essence: "What if we agree to stop drilling into TR at the same time that we otherwise would have shut down Platform Irene – in about 14 years?" Our response was to say that this wasn't enough to address our concerns. PXP surprised us by returning and saying, essentially, "What if we agree to also permanently close down the three Point Arguello platforms in nine years?" We responded that this was certainly a move in the right direction, but unless all the pipelines and processing facilities that served these platforms were also removed, new platforms might be built. PXP agreed to remove all pipelines and processing facilities at the agreed upon "end dates."

Now the deal was beginning to sound interesting. It would mean that in exchange for allowing PXP to drill into TR, which was already being “drained” by existing wells on Platform Irene, we could eliminate the risk of development of almost every remaining undeveloped tract in the Santa Barbara Channel. We returned to the negotiating table, and asked that the land on which oil processing had occurred be conveyed to the State in public trust forever. PXP agreed to turn over all that land - and more, including 3,700 acres adjacent to the Burton Mesa Preserve and up to 200 acres on the Gaviota Coast. These lands, in addition to being environmentally significant, include hundreds of onshore oil wells that will also be shut down.

By ending production on these four existing platforms and forcing the removal of the onshore processing plants, EDC and our clients were able to accomplish something that no other state or public organization has ever done – putting a guaranteed end to federal offshore drilling and taking a critical step towards precluding future leasing off our shores.

Our last request was, at that time, totally innovative. We asked for total mitigation of all carbon emissions from the facility, one-to-one offsets of all remaining emissions and the donation of the cost of ten hybrid busses to local agencies. PXP agreed. In exchange, they asked that EDC and its clients try to explain to other environmental groups, decision-makers and the public, why this was a “win-win” proposal. Because the agreement contained proprietary information, PXP also asked that it not be made public. We agreed.

As promised, EDC built a coalition of environmental groups throughout the State that joined us in supporting it. This broad base of support was necessary to achieve our goal of securing approval of the plan. We were all shocked when, only days before a hearing before the State Lands Commission (SLC) which seemed destined for success, the SLC staff submitted a report stating that the agreement might not be fully enforceable, and objecting to its confidential nature. Despite favorable testimony by the vast majority of speakers, including Congresswoman Capps, the Commission voted 2-1 to deny the application in January 2009.

Because EDC and our clients continued to believe that this settlement agreement represents the best chance to eliminate oil drilling off the California Coast, we continued to work to address the concerns of SLC staff. We have negotiated an updated agreement to clarify and strengthen the enforcement terms. The amended agreement will be public.

Unfortunately, because the project could mean significant new royalties for California, it became a political football in State budget negotiations in which the Governor proposed that the legislature overrule the SLC. EDC joined other environmental groups in opposing that scheme. We have also opposed a more recent proposal whereby funding for State Parks would be tied to approval of the TR project. We believe that the SLC concerns should be addressed to the satisfaction of that important decision-making body. We have also secured PXP’s agreement that the SLC is the appropriate agency to reconsider the project.

We understand (and are proud) that our 33 years of hard work, in concert with so many other environmental advocates, has produced a strong message that all oil drilling offshore is to be resisted and overcome. Those many years of experience, and a deep understanding of the issues, politics and economics involved, convince us that ending oil production in the Pedernales and Arguello fields will, as a practical matter, end all drilling offshore of Northern Santa Barbara, where the highest risk of new production in California now exists. With approval of our agreement, we can accomplish this lofty goal. Without approval of the agreement, oil drilling in the channel will continue indefinitely.