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OCS

THE WHITE HOUSE
Office of the Press Secretary

FOR IMMEDIATE RELEASE

Tuesday, June 26, 1990

STATEMENT BY THE PRESIDENT

I have often stated my belief that development of oil and gas on the outer continental shelf (OCS) should occur in an environmentally sound manner.

I have received the report of the interagency OCS Task Force on Leasing and Development off the coasts of Florida and California, and have accepted its recommendation that further steps to protect the environment are needed.

Today, I am announcing my support for a moratorium on oil and gas leasing and development in Sale Area 116, Part II, off the coast of Florida, Sale Area 91 off the coast of northern California, Sale Area 119 off the coast of central California, and the vast majority of Sale Area 95 off the coast of southern California, until after the year 2000.

The combined effect of these decisions is that the coast of southwest Florida and more than 99 percent of the California coast will be off limits to oil and gas leasing and development until after the year 2000.

Only those areas which are in close proximity to existing oil and gas development in Federal and state waters, comprising less than 1% of the tracts off the California coast, may be available before then. These areas, concentrated in the Santa Maria Basin and the Santa Barbara Channel, will not be available for leasing in any event until 1996 -- and then only if the further studies for which I am calling in response to the report of the National Academy of Sciences satisfactorily address concerns related to these tracts.

I am also approving a proposal that would establish a National Marine Sanctuary in California's Monterey Bay and provide for a *permanent* ban on oil and gas development in the sanctuary, and I am asking the Secretary of the Interior to begin a process that may lead to the buyback and cancellation of existing leases in Sale Area 116, Part II, off southwest Florida.

In addition, I am directing the Secretary of the Interior to delay leasing and development in several other areas where questions have been raised about the resource potential and the environmental implications of development. For Sale Area 132 off the coasts of Washington and Oregon, I am accepting the recommendation of the Secretary that further leasing and development activity be deferred until a series of environmental studies are completed, and directing that no

such activity take place until after the year 2000. I am also cancelling Lease Sale 96, in the Georges Bank area of the North Atlantic, and directing that no leasing and development activity take place in this area until after the year 2000. This will allow time for additional studies to determine the resource potential of the area and address the environmental and scientific concerns which have been raised.

Finally, I am today directing the Secretary to take several steps to improve the OCS program and respond to several of the concerns expressed by the Task Force. My goal is to create a much more carefully targeted OCS program -- one that is responsive to local concerns, to environmental concerns, and to the need to develop prudently our nation's domestic energy resources. Although I have today taken these strong steps to protect our environment, I continue to believe that there are significant offshore areas where we can and must go forward with resource development.

While I believe that a leaner OCS program will ultimately be more effective, Americans must recognize that the OCS program is a vital source of fuel for our growing economy. My desire is to achieve a balance between the need to provide energy for the American people and the need to protect unique and sensitive coastal and marine environments.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

June 26, 1990

FACT SHEET

PRESIDENTIAL DECISIONS CONCERNING OIL AND GAS DEVELOPMENT
ON THE OUTER CONTINENTAL SHELF

The President today announced a series of decisions related to oil and gas development on the outer continental shelf (OCS). The President believes that these decisions strike a needed balance between development of the Nation's important domestic energy resources and protection of the environment in sensitive areas.

Decisions by the President on Three Pending Sales

Decision for California Sales

- o Cancel all sales scheduled for 1990, 1991 and 1992 offshore California, including Sale 91 off the coast of northern California and Sale 95 off the coast of southern California.
- o Conduct additional oceanographic and socioeconomic studies as recommended by the National Academy of Sciences in a review conducted for the interagency Task Force on Leasing and Development of the OCS (the Task Force). These studies should take 3 to 4 years.
- o Exclude more than 99 percent of the tracts (including all of the Sale 91 area and all of the Sale 95 area south of the Santa Barbara Channel) off California from consideration for any lease sale until after the year 2000. The Interior Department has identified 87 tracts off the coast of southern California within the Sale 95 area that have high resource potential. These tracts are located in the Santa Maria Basin and Santa Barbara Channel, where oil and gas production is currently underway. They comprise approximately 0.7 percent of all of the tracts off California, or 0.67 percent of the 74 million total acres off California that could be leased and 1.63 percent of the 30.5 million acres in the Southern California Planning Area. These tracts will not be available for leasing consideration until after January 1, 1996 and completion of the additional studies. They will then be available only if

development appears viable based on the guiding principles outlined below and the results of the studies.

Decision for Florida

- o Cancel Sale 116, Part II, and exclude the area from consideration for any lease sale until after the year 2000. Any development after the year 2000 would be pursued only if it appears viable based on the guiding principles outlined below and the results of additional studies.
- o Conduct additional oceanographic, ecological and socioeconomic studies as recommended by the National Academy of Sciences in its review. These studies should be completed within 5 to 6 years.
- o Begin cancellation of existing leases off Florida and initiate discussions with the State of Florida for its participation in a joint federal-state buy-back of the leases.

Guiding Principles

The President's decisions were based on the following principles:

- (1) Adequate Information and Analysis -- Adequate scientific and technical information regarding the resource potential of each area considered for leasing and the environmental, social and economic effects of oil and gas activity must be available and subjected to rigorous scrutiny before decisions are made. No new leasing should take place without such information and analysis.
- (2) Environmental Sensitivity -- Certain areas off our coasts represent unique natural resources. In those areas even the small risks posed by oil and gas development may be too great. In other areas where science and experience and new recovery technologies show development may be safe, development will be considered.
- (3) Resource Potential -- Priority for development should be given to those areas with the greatest resource potential. Given the inexact nature of resource estimation, particularly offshore, priority should be given to those areas where earlier development has proven the existence of economically recoverable reserves.
- (4) Energy Requirements -- The requirements of our nation's economy for energy and the overall costs and

benefits of various sources of energy must be considered in deciding whether to develop oil and gas offshore. The level of petroleum imports, which has been steadily increasing, is a critical factor in this assessment.

(5) National Security Requirements -- External events, such as supply disruptions, might require a reevaluation of the OCS program. All decisions regarding OCS development are subject to a national security exemption. If the President determines that national security requires development in the areas of these three lease sales or in other areas, he has the ability to direct the Interior Department to open the areas for development.

The need to develop adequate information, particularly needed to meet the inadequacies identified by the National Academy of Sciences, is an essential factor in calling for further studies and cancellation of the pending sales. The Sale 116 area off southwest Florida, which contains our nation's only mangrove-coral reef ecosystem and is a gateway for the precious Everglades, deserves special protection. The presence of successful drilling operations and known resources off certain areas of southern California merits allowing continued development, assuming scientific and environmental uncertainties can be resolved.

Other Actions by the President

The President has also directed certain other actions affecting offshore oil and gas development.

Sale 119 and Monterey Bay Sanctuary

The Task Force consideration of development off northern and southern California has been accompanied by strong concern about the prospect of development off central California and Sale 119. Sale 119, originally scheduled for March 1991, covers an area stretching from San Francisco southward to the northern tip of Monterey Bay. This area includes unique coastal and marine resources and a portion of the area of the Monterey Bay National Marine Sanctuary proposed by the National Oceanic and Atmospheric Administration (NOAA) (the proposed sanctuary would cover approximately 2,200 square miles). NOAA has also proposed regulations to prohibit all oil and gas exploration and development activities within the sanctuary. This area contains nationally significant, environmentally sensitive resources, including the largest breeding ground for marine mammals in the lower 48 states.

The President has directed Interior Secretary Manuel Lujan and NOAA Administrator John Knauss to take the following actions:

- o Cancel Sale 119 and adopt the sanctuary proposed by NOAA.
- o Permanently prohibit all oil and gas exploration and development within the sanctuary.
- o Allow no development in the Sale 119 area outside the sanctuary until after the year 2000. At that time the guiding principles outlined above will be applied to determine the viability of development in the area.

Sale 96 in North Atlantic

Sale 96 has been proposed for the Georges Bank area of the North Atlantic Planning Area, which stretches northward from Rhode Island to Canada. The President has directed Interior Secretary Lujan to:

- o Cancel Sale 96 and exclude it from the 1992-1997 five-year plan.
- o Conduct additional studies, including studies designed to determine the resource potential of the North Atlantic area and to assess the environmental, scientific and technical considerations of development in the area.
- o Consult with the governors of the states whose residents would be affected by future development of oil and gas in the North Atlantic.

These actions ensure that no sale will be considered in the North Atlantic Planning Area until after the year 2000, and then only if studies show that development is warranted because of resource potential and is environmentally safe.

OCS Development off Washington and Oregon

The President has accepted the recommendation of Interior Secretary Lujan to conduct a series of additional environmental studies of the effects of oil and gas development off Washington and Oregon, including the Sale 132 area, before any environmental impact statement would be completed. These studies are expected to take 5 to 7 years. No sale will be considered off Washington and Oregon until after the year 2000 and then only if studies show that development can be pursued in an environmentally safe manner.

General OCS Decisions

The President also decided that:

- o Air quality controls for oil and gas development offshore California should be substantially the same as those applied onshore.
- o Immediate steps should be taken to improve the ability of industry and the federal government to respond to oil spills offshore, regardless of their source.
- o Federal agencies should develop a plan to reduce the possibility of oil spills offshore from whatever source, including and especially from tanker traffic. This plan should include moving tanker routes further away from sensitive areas near the Florida Keys and the Everglades.

Restructuring the OCS Program

The President determined that providing the necessary balance between developing domestic energy resources and protecting the environment requires certain revisions to the OCS program. The program must be:

- o targeted more carefully toward areas with truly promising resource potential;
- o buttressed by information adequate to ensure that oil and gas development proceeds in an environmentally sound manner; and
- o sensitive to the concerns and needs of local areas affected by offshore development.

Accordingly, the President directed Interior Secretary Lujan to take three actions to improve the overall OCS program:

- o Improve the information needed to make decisions on OCS development by conducting the studies identified by the National Academy of Sciences and studies to explore new technologies for alleviating the risks of oil spills from OCS platforms and new oil and gas drilling technologies, such as subsea completion technology.
- o Target proposed sale areas in future OCS five-year plans to give highest priority to areas with high resource potential and low environmental risk. This will result in offering much smaller and more carefully selected blocks of tracts.

- o Prepare a legislative initiative that will provide coastal communities directly affected by OCS development with a greater share of the financial benefits of new development and with a larger voice in decision-making. Currently, states receive 100 percent of revenues from leases within three miles of shore. Revenues from leases between three and six miles of shore are divided 73 percent to the federal government and 27 percent to the states. Revenues from leases six miles or further offshore go 100 percent to the federal government. Coastal communities directly affected by development are not presently guaranteed any of these revenues.

Background on Sales

Sale 91

The Sale 91 area contains approximately 1.1 million acres and lies offshore Mendocino and Humboldt Counties in northern California, primarily in two areas off Eureka and from south of Cape Mendocino to south of Point Arena. It is within the Northern California Planning Area, which stretches from the California/Oregon border to the Sonoma/Mendocino County lines. There is currently no oil and gas production within this planning area. The Minerals Management Service (which is responsible for the OCS program within the Interior Department) estimates that there are between 210 million and 1.54 billion barrels of crude oil and approximately 2.5 trillion cubic feet of natural gas in the Northern California Planning Area and between 20 million and 820 million barrels of oil and approximately 1.0 trillion cubic feet of natural gas in the Sale 91 area. Congress imposed a moratorium prohibiting leasing in the Northern California Planning Area as part of the Interior Department's FY 1990 appropriations bill.

Sale 95

The Sale 95 area contains approximately 6.7 million acres and lies offshore southern California from the northern border of San Luis Obispo County to the United States/Mexico border. It is within the Southern California Planning Area, which extends from the northern border of San Luis Obispo County to the United States/Mexico border. Oil and gas production is currently taking place in the Southern California Planning Area in the Santa Maria Basin, the Santa Barbara Channel and offshore Long Beach. There are 135 active federal leases in the area, producing approximately 90,000 barrels of crude oil and 95 million cubic feet of natural gas daily from 17 producing platforms in federal

waters. One platform in federal waters is used exclusively for processing and four other platforms are under construction or completed but not yet producing. In addition, there are 10 platforms and four artificial islands in the area supporting production facilities within state waters, which extend three miles from the shore. The Minerals Management Service estimates that there are between 610 million and 2.23 billion barrels of crude oil and approximately 3.01 trillion cubic feet of natural gas in the Southern California Planning Area and between 200 million and 960 million barrels of oil and approximately 1.1 trillion cubic feet of natural gas in the Sale 95 area.

Sale 116, Part II

The area of Sale 116, Part II contains approximately 14 million acres, lying south of 26 degrees north latitude off the southwest Florida coast off Collier, Monroe and Dade Counties. This area is within the southeastern portion of the Eastern Gulf of Mexico Planning Area. (In 1988 the Eastern Gulf of Mexico was divided for leasing purposes into two parts along the 26 degrees north latitude line.) There is no oil and gas production within the sale area, although 73 active leases are held within the area by ten oil and gas companies. The Minerals Management Service estimates that there are between 440 million and 1.72 billion barrels of crude oil and approximately 1.68 trillion cubic feet of natural gas in the Eastern Gulf of Mexico Planning Area and between 279 million and 1.06 billion barrels of oil and approximately 110 billion cubic feet of natural gas in the Sale 116, Part II area.

Background on the OCS Task Force

In his February 9, 1989 budget message to Congress, the President indefinitely postponed three OCS lease sales scheduled for FY 1990 -- Sale 91 off the coast of northern California, Sale 95 off the coast of southern California and Sale 116, Part II off the coast of southwestern Florida -- pending a study of the sales by a Cabinet-level task force charged with reviewing and resolving environmental concerns over adverse impacts of the sales. The Task Force was named on March 21, 1989. It consisted of Interior Secretary Manuel Lujan as Chairman, Energy Secretary James Watkins, Administrator John Knauss of the National Oceanic and Atmospheric Administration (NOAA), Administrator William Reilly of the Environmental Protection Agency, and Director of the Office of Management and Budget Richard Darman. The Task Force conducted nine public workshops in Florida and California, heard from over 1,000 witnesses, took ten field trips to sites in the two states, received briefings from various federal agencies,

met twice with Members of Congress, and solicited and received over 11,000 written public comments.

The Task Force also commissioned a technical review from the National Academy of Sciences regarding the environmental and other information available on which decisions could be made. The National Academy of Sciences determined that adequate ecological, oceanographic or socioeconomic information was not available to some extent for each of the three sale areas.

The Task Force found that:

- o The southwest Florida shelf comprises subtidal and nearshore habitats that are unique within the U.S. continental margin and provide refuge to a number of rare and endangered species;
- o The incremental risks of an oil spill associated with the Sale 91 area off northern California are greater than those associated with the other two sales.
- o Information concerning the onshore socioeconomic effects of oil and gas development is particularly lacking for Sale 116, Part II off Florida and Sale 91.
- o Additional studies in response to the report of the National Academy of Sciences are needed before the Secretary of the Interior makes leasing decisions in any of the three areas.

Background on the OCS Program

Management of oil and gas found in federal waters offshore (which generally begin three miles from a state's coast and can extend out 200 to 300 miles) is vested in the Department of the Interior under the Outer Continental Shelf Lands Act of 1953, as amended. The Act directs the Interior Department to:

- o make OCS resources available to meet the nation's energy needs;
- o protect human, marine and coastal environments;
- o ensure that states and local governments have timely access to information and opportunities to participate in OCS program planning and decision-making; and
- o obtain for the federal government a fair and equitable return on resources while preserving and maintaining free enterprise competition.

These responsibilities within the Interior Department are administered by the Minerals Management Service (MMS), created in 1982 to oversee the orderly development of offshore energy and mineral resources while safeguarding the environment. The current director of the MMS is Barry Williamson.

The MMS makes resources available by leasing federal acreage offshore to private companies, which explore for and can develop and produce commercial deposits, subject to continuing review and permitting procedures. Environmental standards are established by the MMS in regulations and lease stipulations and enforced through review of companies' exploration, development and production plans (including drilling permits that must be obtained) before operations can begin on leases, and an offshore facility inspection program, under which inspectors review safety, operational and environmental activities on offshore platforms. Inspectors currently oversee 3,800 platforms in the Gulf of Mexico and 22 platforms off California.

Oil and gas lease sales are conducted in a competitive sealed bid process. Sales are scheduled in five-year planning cycles (the first of which was in 1978) developed by the Secretary of the Interior with public review and comment on the draft plan. Efforts are made to address concerns raised during this review process, which normally takes two years. After the adoption of a plan, extensive pre-lease activities are conducted before any sales occur. These activities include the preparation of an environmental impact statement for each sale, with opportunities for public review and comment, and submission of sale proposals to the governors of the affected states before final decisions are made. These steps generally take an additional two or more years.

The total OCS area covers 1.4 billion acres, and is composed of over 260,000 tracts. Since 1954 over 118,000 (or approximately 45 percent) of the tracts have been offered for lease; 10,115 (3.9 percent) have been leased; 4,111 (1.6 percent) have been drilled; and slightly more than 1,250 (approximately .05 percent) are occupied by platforms. Production from the OCS program since 1954 totals over 8.5 billion barrels of crude oil and condensate and 88 trillion cubic feet of natural gas. Since its creation, the Minerals Management Service has been responsible for overseeing the production of more than two billion barrels of crude oil and condensate and over 25.6 trillion cubic feet of natural gas and for generating over \$90 billion in revenues from lease sales and lease rental payments for the United States Treasury.

The OCS accounts for a significant portion of existing United States oil and gas resources. Table 1 shows: the quantities of proven oil and gas reserves that have been discovered and are economically recoverable within the United States as a whole and

the OCS separately (Column A); and the quantities of undiscovered oil and gas resources estimated to be economically recoverable using existing technologies within the United States as a whole and the OCS separately (Column B).

TABLE I
OIL AND GAS RESERVES IN THE UNITED STATES
AND THE OUTER CONTINENTAL SHELF (OCS)

	<i>Column A</i> Proven Oil and Gas Reserves		<i>Column B</i> Estimated Oil and Gas Reserves	
	<u>All U.S.</u>	<u>OCS Only</u>	<u>All U.S.</u>	<u>OCS Only</u>
Oil (billion barrels)	26.8	2.6	34.8	8.2
Natural Gas Liquids (billion barrels)	8.2	.6	6.3	.8
Natural Gas (trillion cubic feet)	168.0	32.3	262.7	74.0

Note: Column A shows the quantities of proven oil and gas reserves that have been discovered and are economically recoverable within the United States as a whole and the OCS separately; Column B shows the quantities of undiscovered oil and gas resources estimated to be economically recoverable using existing technologies within the United States as a whole and the OCS separately.

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THE WHITE HOUSE
WASHINGTON

June 28, 1990

MEMORANDUM FOR THE WHITE HOUSE STAFF

FROM: JERRY BILLINGS
WHITE HOUSE TELEVISION

SUBJECT: Videotape of Presidential Activities

At 3:00 p.m on Friday, June 29, a videotape review of the previous week of the Presidential Activities will be shown on Channel 29.

This is a portion of the normal footage videotaped each day for historical purposes by White House Television. This program will be aired each Friday, at 3:00 p.m. on Channel 29.

This week's program will include:

Tour of the Marshall Space flight Center,
Huntsville, AL. - June 20, 1990

Press Availability, Marshall Space Flight Center,
Huntsville, AL. - June 20, 1990

Address to NASA Employees, Marshall Space Flight Center,
Huntsville, AL. - June 20, 1990

Ribbon Cutting Ceremony at the Children's Inn,
National Institute of Health, Bethesda, MD. - June 21, 1990

Photo with the NBA Champion Detroit Pistons - June 21, 1990

Address to the United States Attorneys, Department
of Justice - June 22, 1990

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Address to the United States Attorneys, Department
of Justice - June 22, 1990

OCS 4/6

AC HAS SEEN

THE WHITE HOUSE
WASHINGTON

Date: 5/1/90

To Governor
Sumner
Andy Card
FYI and 5/2

FROM: Barry McBee

TO: David Bates

	ACTION	FYI		ACTION	FYI
Bates	☐	☒	Jackson	☐	☐
Danzansky	☐	☒	McBee	☐	☐
Adair	☐	☐	Schall	☐	☐
Buchholz	☐	☐	Wethington	☐	☐
D'Andrea	☐	☐	Williamson	☐	☐
Duggan	☐	☐	Yale	☐	☐
Evans	☐	☐	_____	☐	☐
Farrar	☐	☐	_____	☐	☐
Heimbach	☐	☐	_____	☐	☐

Comments:

Preparations for other lease sales continue in Florida, even with delay on Sale 116 in southwestern Florida. Part of those preparations include public hearings on draft Environmental Impact Statements - hearings are scheduled today and tomorrow in Florida, as evidenced by the attached. Interior does not anticipate the hearings to be controversial.

**PLANS FOR AN OCS LEASE SALE IN THE
EASTERN GULF OF MEXICO IN 1991**

The process leading up to proposed OCS Lease Sale 137 scheduled for November 1991 has been underway for over a year. A draft EIS has been prepared and is currently being reviewed by the Governors of the affected States, Federal and State Agencies, environmental groups, industry, and private citizens. Public Hearings on the draft EIS are scheduled as follows:

TALLAHASSEE, FLORIDA

MAY 1, 1990 2:00-6:00 p.m.
Leon County Civic Center
505 W. Pensacola Street
Tallahassee, Florida 32301

TAMPA, FLORIDA

MAY 1, 1990 7:00-10:00 p.m.
Ramada Hotel-Tampa Airport
5303 W. Kennedy Boulevard
Tampa, Florida 33609

GULF BREEZE, FLORIDA

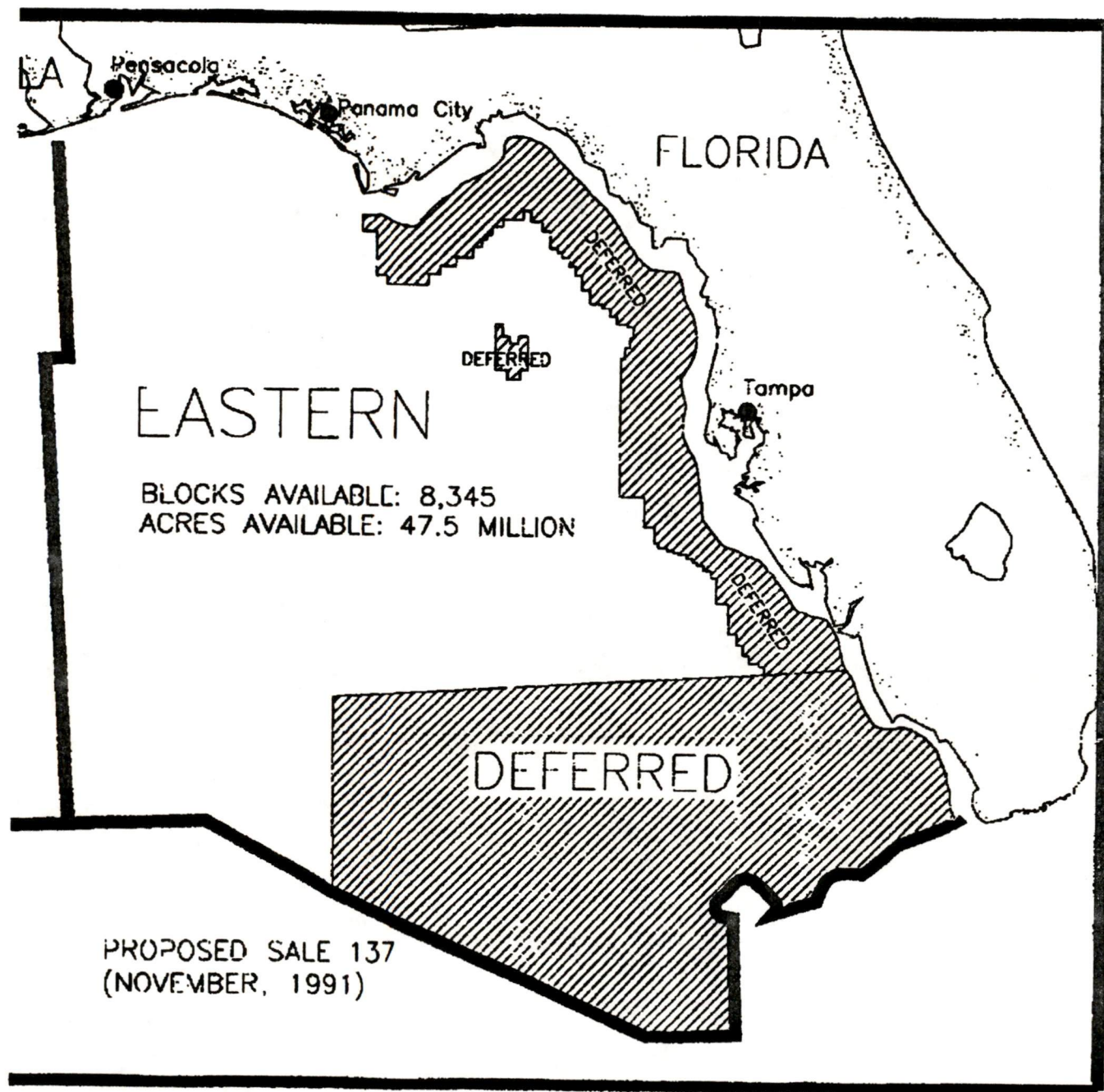
MAY 2, 1990 7:00-10:00 p.m.
Holiday Inn Bay Beach
51 Gulf Breeze Parkway
Gulf Breeze, Florida 32561

The major steps remaining in the process leading up to proposed Sale 137 are:

Draft EIS Comment Period Ends	May 1, 1990
Publication of the Final EIS	August 24, 1990
Proposed Notice of Sale 137	June 17, 1991
60 Day Comment Period Ends	August 16, 1991
Notice of Sale 137	October 4, 1991
Sale 137	November 20, 1991

For areas that will not be included in this sale, see the attached map.

90. 04/27 17:26 P03 *DEPT : F INTERIOR



OCS File

THE WHITE HOUSE
WASHINGTON

DATE:

4-8-

FROM THE PRESIDENT

To:

John S/ Roger porter.

I have read this ocs report
in its entirety.

What remains in this ONE 1
are to be drilled in California.

Please discuss.

gb

Principles for OCS Decisions THE PRESIDENT HAS SEEN

The OCS -- A National endowment to be managed wisely

The Task Force appointed to review resource development issues in three areas of the Outer Continental Shelf—offshore northern California, southern California, and southwest Florida—provided its report to the President on January 4, 1990.

The report showed the importance of domestic oil and gas supplies in reducing the Nation's need for oil imports and in providing important economic benefits. Domestic oil production is declining at alarming rates, while oil imports are rapidly approaching one-half of U.S. consumption—the highest level of dependence America has ever experienced. The trend of rising imports and increasing dependence on a few major oil suppliers in the Middle East raises concerns for our economy and our national security. Efforts to improve energy efficiency and develop alternative energy sources are important and being pursued, but the fact is that they alone will not be enough to meet America's energy needs over the coming decades.

Increasing domestic production, where it can be done economically and in an environmentally sound manner, will help to reduce our import dependence, alleviate our federal budget deficit, improve our trade balance, and enhance our energy security. The Outer Continental Shelf, which holds some of the Nation's largest deposits of oil and natural gas, has an important role to play in meeting national energy needs today and in the future.

At the same time, America has strong ties to its coastlines and the waters that lie offshore. These beaches and coastal waters are important to our National well being—both to our quality of life and to our coastal economies. The inhabitants of many coastal areas are concerned about effects of oil and gas development. Coastal residents are by no means a minority in America—they make up about one-half of our population.

We have a great deal of knowledge about the oil and gas resources, the environmental resources, and the multiple uses of our coastal waters, but in some areas we need better information. We need to make better, long-term decisions about OCS resource development.

In most areas, offshore oil and gas development can occur in an acceptable manner with a high margin of safety, and the environmental concerns of coastal communities can be addressed. In order to attain a proper balance between resource development and environmental protection, we will need to apply hard work and wisdom to the many real issues involved and will need to ensure that the needs and concerns of all users of the oceans are adequately represented.

Guiding principles for managing the OCS

In order to make sound decisions about protection and development of the OCS, the President has directed that the following guiding principles should be adopted :

- 1) The economic and security benefits of domestic energy production must play a major role in our decisionmaking process.
- 2) Decisions should be made on the basis of the best information on oil and gas resources and the environment.
- 3) Given the strongly-held public concerns about OCS oil and gas development, decisions should be made carefully, with due consideration of the views of all concerned parties.

OCS Decision: South Florida

- **Recognition of the rare environment in coastal and marine waters offshore South Florida**

The coastal and marine environment in the Eastern Gulf of Mexico offshore South Florida is rare among all areas of the United States. The Everglades, keys, and coral reefs in this area are deserving of special protection because of their immense ecological value.

- **Action -- Providing ample time for making informed decisions**

The President has directed the Secretary of the Interior to cancel Sale 116 Part II, and exclude this area until the year 2000 or beyond, while conducting additional environmental studies needed to better understand the resources and environmental impacts of developing such resources. In addition, the Secretary of the Interior will work with the Secretary of Transportation and other federal, state and local officials to protect Florida's fragile environment from tanker accidents.

The President also directs the Secretary to designate "DOI Ocean Preserves" offshore Florida, in which no oil or gas leasing will occur. They are: Coral Reefs/Florida Bay, Cape Sable, and the Dry Tortugas.

Special Note:

The President urges the Secretary of the Interior to work with the parties involved and encourage a voluntary agreement by holders of existing leases not to apply for exploration permits for at least three years.

OCS Decision: DOI Ocean Preserves Register

- **Recognition of unique OCS marine environments**

Certain areas of the federal offshore waters are unique and special ocean environments. The sensitivity of these areas must be recognized and these areas guarded from the development of oil and gas resources and associated risks of oil spills. Like our National Parks, and other special areas this Nation has set aside, unique coastal and marine environments deserve special federal protection.

- **Designation of unique areas as DOI Ocean Preserves**

The President proposes that the Secretary of the Interior adopt a new program called the Ocean Preserves Register to delineate certain offshore areas in California and Florida which will not be leased in the next Five-Year Program. The President directs the Secretary of the Interior to designate the following areas off the coasts of California and Florida as **DOI Ocean Preserves**:

California:

- Crescent City coast;
- Mendocino coast;
- Big Sur coast;
- La Jolla; and
- Begg Rock Island.

Florida:

- Dry Tortugas;
- Florida Bay and Coral Reefs; and
- Cape Sable.

The President proposes that the Secretary of the Interior determine the precise location and boundary of these areas and publish these designations within one year. The President also proposes that the Secretary of the Interior seek the advice and counsel of the Nation's coastal Governors over the next five years to determine if additional OCS areas should be adopted for inclusion on the Ocean Preserves Register for the Five-Year Program to commence in 1997.

*incorporated
of other
document*

OCS Decision: North Atlantic

- **Action -- Cancel all leasing decisions**

*What
canceled?*

The President directs the Secretary of the Interior to cancel Sale 96.

- **Action -- Providing ample time for making informed decisions**

The President directs the Secretary of the Interior to continue to study the environmental, economic, scientific and technical considerations that need to be addressed prior to making any further decisions about the North Atlantic. The President also directs the Secretary to more accurately determine the extent of hydrocarbon resources that may lie beneath the sea bed of the North Atlantic. In addition, the President directs the Secretary of the Interior to consult with the Governors whose coastal residents may be affected by any future development of oil and gas in the North Atlantic.

Recommendation of the Secretary of Interior

Proposed Secretarial Action -- Washington/Oregon

- **Delay leasing until additional information is collected**

The Governors of Oregon and Washington and the Secretary of the Interior organized a special Pacific Northwest Task Force to address the issues germane to leasing and development activities offshore Oregon and Washington. Recently this task force recommended that the Secretary of the Interior should defer a decision on initiating the preparation of an environmental impact statement for a lease sale until completion of a series of environmental studies. These studies are conservatively estimated to cost \$20-25 million and to take 7 to 8 years.

- **Action -- Adopt Governors' request**

The Secretary of the Interior proposes to adopt the recommendations of Pacific Northwest Task Force to conduct environmental studies and determine the level of industry interest in the area.

The Secretary will defer leasing decisions until the 1997 Five-Year Program.

OCS Decision: Funding New DOI OCS Program Efforts

- **Further study is needed to support future decisions on management of U.S. coastal waters**

The importance of the ocean and our coastlines to the quality of our environment and to our economy is too great to allow decisions to be continually postponed on the basis of insufficient information. Making informed decisions on designation of areas too sensitive for development and on allowing development in other areas will require continuing studies of the environment and of resource potential. Furthermore, technological developments can lead to more efficient recovery of economic resources with reduced impact on the environment. Given the value of our coastal resources, additional funding for such studies and technology development will be a sound investment.

- **Action -- provide necessary monies to undertake additional environmental, economic, scientific and technical studies**

To assure funding over long-term (at least five years) to prepare for future leasing and development decisions the President proposes that additional monies be requested from Congress, for the following activities:

- environmental studies (additional \$20-30 million per year).
- oil and gas resource evaluation (additional \$10 million per year).
- oil spill cleanup technology (additional \$10 million per year).
- oil and gas production technology (additional \$10 million per year).

(It is interesting to note that the sum of these expenditures are less than the revenues flowing to the federal government from any single lease sale in the Gulf of Mexico.)

OCS Decision: Reviewing Legislative and Regulatory Authorities Governing the OCS

- **The legal framework for governing OCS is not adequately resolving controversy**

The OCS Lands Act, as amended in 1978, is not working as intended. Instead, many actions planned by the Administration under that Act have been blocked by a progression of temporary Congressional actions. As a result, coastal communities, the oil and gas industry, and the Federal Government are subject to great uncertainty when planning for future activities in the OCS.

- **Action -- Secretary of the Interior to review OCSLA**

The President has directed the Secretary of the Interior to review the OCSLA and the Department's offshore regulations, and to propose recommendations for any needed changes which the Administration might offer to improve the management of the Outer Continental Shelf.

- **Action -- Call on Congress to work together**

It is time for the Administration and Congress to engage in a constructive dialogue aimed at finding legislative and other changes that can resolve controversy at an earlier stage in the planning process.

- **Action -- Sharing OCS Benefits with Local Communities**

The President has directed the Secretary of the Interior to develop a legislative initiative to provide affected coastal communities with a greater share of the financial benefits of oil and gas development off their coasts. The nation must be willing to expend some portion of the wealth that these areas generate with the communities that are effected by such development. It is most appropriate that this proposal be oriented to new leasing and development and specifically to communities directly adjacent to OCS areas being leased and developed.

**ESTIMATED SIZES OF AREAS
OF SIGNIFICANT ENVIRONMENTAL RESOURCES**

CALIFORNIA

CRESCENT CITY COAST

330 Square Miles
21,000 Acres

MENDOCINO COAST

415 Square Miles
26,500 Acres

BIG SUR COAST

2,900 Square Miles
1.87 Million Acres

LA JOLLA

350 Square Miles
23,000 Acres

BEGG ROCK ISLAND

850 Square Miles
550,000 Acres

FLORIDA

FLORIDA BAY/CORAL REEFS

18,000 Square Miles
10.6 Million Acres

CAPE SABLE

2,800 Square Miles
1.8 Million Acres

DRY TORTUGAS

2,900 Square Miles
1.9 Million Acres

TOTAL CALIFORNIA

4,845 Square Miles
2.5 Million Acres

TOTAL FLORIDA

23,700 Square Miles
14.3 Million Acres

SENSITIVE ENVIRONMENTAL AREAS

Offshore Northern and Southern California

Crescent City: The Coastal and nearshore waters near Crescent City are important areas for a variety of marine mammal and bird species. A portion of the endangered Gray Whale population spends the summer over St. George Reef in the Crescent City area. A summer breeding population of Stellar Sea Lions is located near Point St. George. The rocks near Point St. George are also a major haulout area for thousands of California Sea Lions, hundreds of Harbor Seals, and tens of Northern Elephant Seals. Castle Rock, near Point St. George provides nesting habitat for more than 10 species of seabirds, including what is probably the largest Common Murre colony on the west coast. The Smith River estuary to the north of Crescent City provides important habitat for numerous species of migrating and overwintering waterfowl including the endangered Aleutian Canada Goose.

Mendocino Coast: The area along the Mendocino County coast from Ft. Bragg north to near Cape Mendocino is important for large numbers of seabirds and several species of marine mammals. Mistake Point (approximately 40 miles north of Ft. Bragg) serves as a haulout area for hundreds of Harbor Seals. During summer and autumn, several species of dolphins and porpoises are found in high concentrations in the nearshore waters. A large percentage of California's nesting Pelagic Cormorant population is found along the Mendocino coast and in nearshore waters. Tens of thousands of seabirds (primarily auklets and murre) feed in nearshore waters from July through October.

Big Sur Coast: The Big Sur coast from Pt. Sur south to Pt. Piedras Blancas is within the range of the endangered Southern Sea Otter. Over half the sea otter population inhabits the nearshore waters between Pt. Sur and Morro Bay. The rocky coastline at Cape San Martin, and the rocks off Point Piedras Blancas provide haulout areas for thousands of California Sea Lions and hundreds of Northern Elephant Seals.

Channel Islands: The Santa Barbara Channel Island complex and adjacent waters supports a myriad of marine mammal and seabird species. San Miguel Island is the site of the world's largest California Sea Lion and Northern Elephant Seal rookeries, and the location of the largest Northern Fur Seal rookery in the U.S. outside Alaska. Santa Rosa and Santa Cruz Islands provide major nesting and roosting habitat for various seabird species including the endangered Brown Pelican. Ana Capa Island contains the northernmost breeding colony of the endangered Brown Pelican, and provides breeding habitat for numerous other seabird species. San Nicolas Island is the site of the translocated population of the endangered Southern Sea Otter, and is a major rookery for several pinniped species. Santa Barbara Island contains major breeding colonies for seabirds, including what may be the world's largest Xantus' Murrelet colony. The nearshore waters to the south of Santa Catalina Island are heavily used during autumn and winter by various cetacean species including the endangered Gray whale.

La Jolla/San Diego: The nearshore waters from north of La Jolla to the Mexican border are used heavily during autumn and winter by numerous species of feeding seabirds and migrating waterfowl including Gulls, Loons, Grebes, and Scoters. The nearshore waters contain large seasonal numbers of migrating endangered Gray Whales. During spring and summer, the California Least Tern nests on sand beaches at several locations within this area.

SENSITIVE ENVIRONMENTAL AREAS Offshore South Florida

Florida Bay/Cape Sable/Florida Keys: Florida Bay is bounded on the north by Cape Sable, the Everglades National Park, north Biscayne Bay, and on the east and south by the Florida Keys. There are about 2,120 mi² of seagrass beds in this southwest Florida area. These seagrass areas are highly productive, faunally rich, and ecologically important biological habitats for commercial and recreational fisheries; endangered sea turtles and endangered manatees; queen conchs, stone and blue crabs, and spiny lobsters. Florida Bay shallows and adjacent shelf areas are vital nursery grounds for the Tortugas pink shrimp fishery. The northern border of Florida Bay, the Everglades National Park, consists of a mangrove ecosystem which provides: shoreline stabilization, storm protection, habitat for wildlife and fisheries.

Cape Sable is the southwestern tip of peninsular Florida and a portion of the Everglades National Park. The sand beaches of the Cape are important sea turtle nesting areas. To the north and east the Cape supports a red and black mangrove ecosystem.

The Florida Keys are ecologically important habitat for several endangered species, which are not found anywhere else in the U.S.: The Key Largo wood rat and cottonmouse are found in tropical hardwood hammock forests on north Key Largo. Key deer are found on Big Pine and No Name Keys. American crocodiles occur along Florida Bay and on adjacent Key Largo. Stock Island tree snail occurs in the hardwood hammocks in Key West. The endangered Key tree cactus occurs on five sites in the middle Florida Keys. The roseate tern nests in the Florida Keys and Dry Tortugas. The Florida Keys host several species of shore and water birds; also, the Keys are an important migratory route into South America for several species of raptors and warblers.

The Dry Tortugas: The Dry Tortugas are coral islands located about 80 miles west of Key West, Florida. The Tortugas host the only known nesting colony of sooty terns in the northern Gulf of Mexico. The Fort Jefferson National Monument is located on the larger island of the Tortugas. The offshore area north of the Tortugas is a important pink shrimp, stone crab, and spiny lobster fishing area.

The Marquesas Islands, which is just east of the Tortugas, currently support the only known nesting colony of magnificent frigate birds in North America.

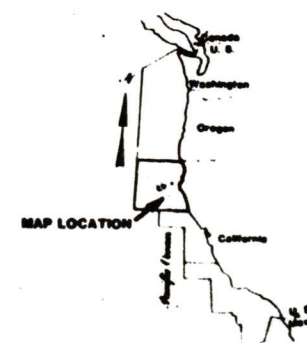
PROPOSED NORTHERN CALIFORNIA PLANNING AREA

U. S. DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
PACIFIC OCS REGION

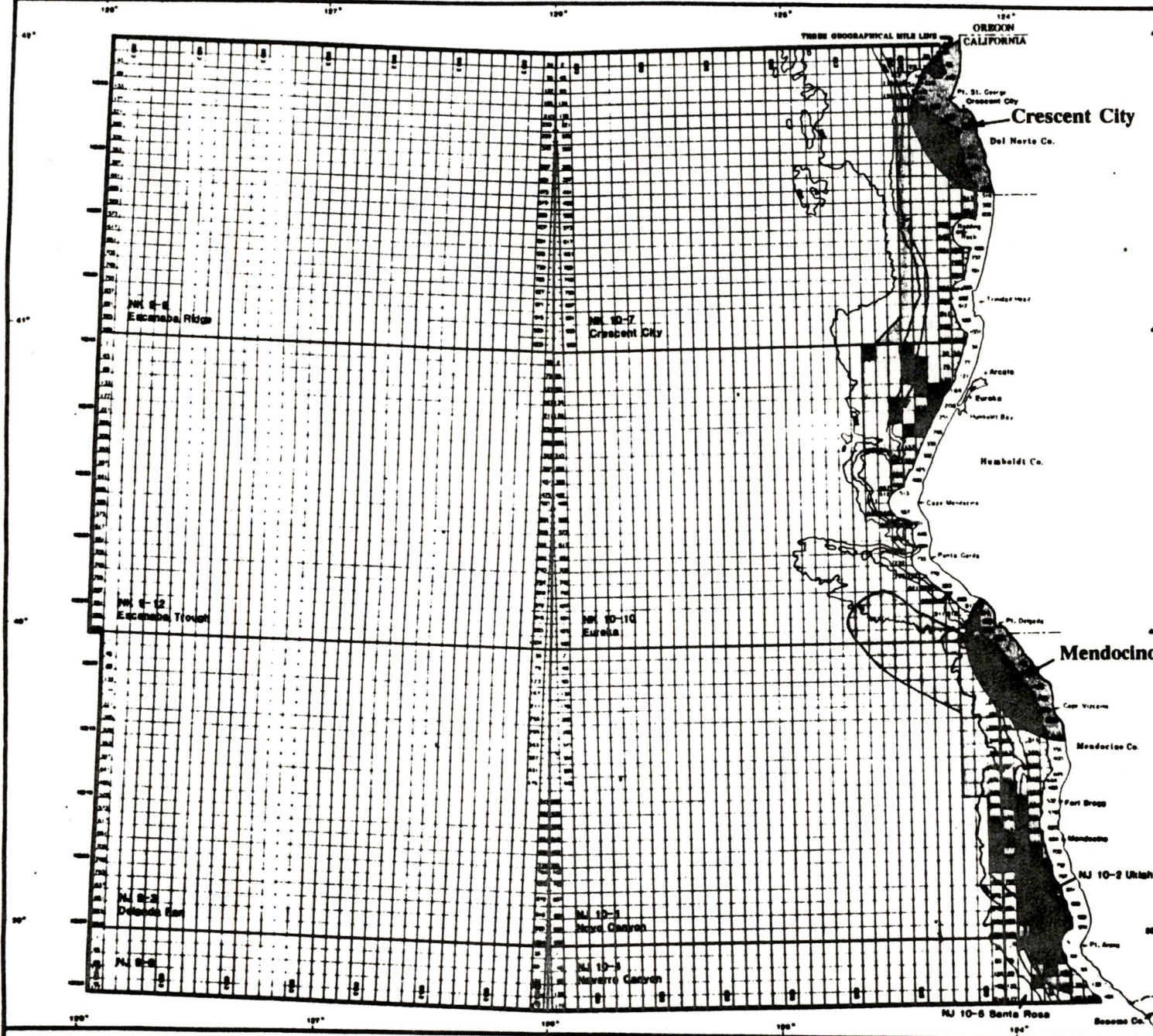
LEGEND

-  PROPOSED NORTHERN CALIFORNIA PLANNING AREA BOUNDARY
-  PROTRACTION DIAGRAM BOUNDARY
-  DOI Ocean Preserve
-  Area of High Potential
-  Best Available Blocks

Depth contour shown in meters at selected (200, 400 and 600) intervals.



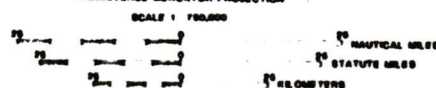
MAP LOCATION



UNIVERSAL TRANSVERSE MERCATOR (UTM) SYSTEM

The boundaries of the regular blocks are 4,800 international meters on a side and contain 2,304 hectares. The regular boundaries are defined in terms of X and Y coordinates of the Universal Transverse Mercator Grid System based on the Clarke Spheroid of 1866. The blocks are numbered starting with the first northerly of the equator as "11". The first range of blocks westerly of the central meridian of each UTM zone is designated "100". Thus, a block numbered "100-001" would be the 500th block northerly of the equator and the 1st block westerly of the central meridian of the respective UTM zone. Outer Continental Shelf Protection Diagrams DNR 5-5, DNR 10-7, DNR 5-12, DNR 10-10, DNR 5-3, DNR 10-1, DNR 10-2, DNR 5-6, DNR 10-4 and DNR 10-6 are based on this system.

TRANSVERSE MERCATOR PROJECTION



NOVEMBER, 1988

This map has been carefully prepared from the best available data sources available at the time of its drafting but the Minerals Management Service, U.S.D.I. does not guarantee the accuracy and is not responsible in whole or in part for any errors. It is not a legal document for federal leasing purposes nor is it to be used for navigation. The OCS General Protection Diagrams should be consulted for area measurements and locations of individual blocks.

Marine boundaries and planning area limits depicted on this map are for initial planning purposes only and do not prejudice or affect United States jurisdiction in any way.

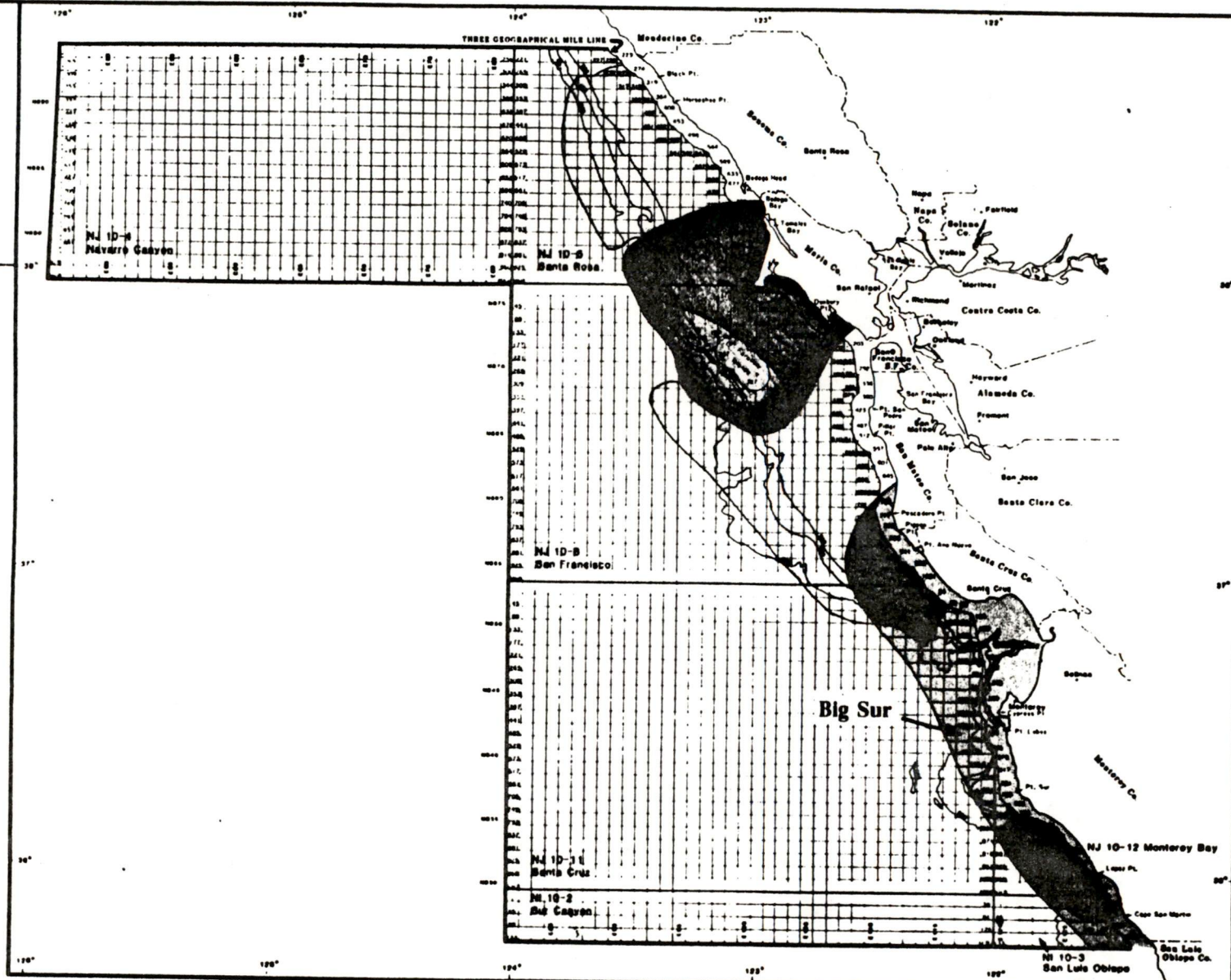
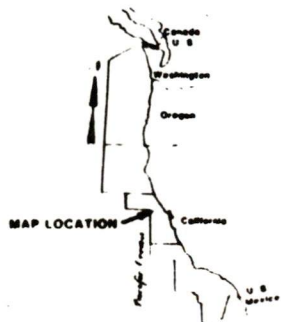
U. S. DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
PACIFIC OCS REGION

PROPOSED CENTRAL CALIFORNIA PLANNING AREA BOUNDARY

PROTRACTION DIAGRAM BOUNDARY

- DOI Ocean Preserve**
□ Area of High Potential
■ Best Available Blocks
■ Marine Sanctuaries

Bathymetry shown in meters at selected (200, 400 and 600) intervals.



This map has been carefully prepared from the best existing data sources available at the time of its drafting but the Strategic Management Bureau U.S. I does not guarantee the accuracy and is not responsible or liable for reliance thereon. It is not a legal document for other than reading purposes nor is to be used for navigation. The OCS Strategic Management Program should be consulted for precise measurements and locations of individual blocks.

Shoreline boundaries and planning area limits depicted on this map are for initial planning purposes only, and do not preclude or suggest United States action in any way.

TRANSVERSE MERCATOR PROJECTION

SCALE : 700,000



JANUARY, 1980

UNIVERSAL TRANSVERSE MERCATOR (UTM) SYSTEM

The boundaries of the regular blocks are 4,000 international meters on a grid and contain 5,004 hectares. The regular boundaries are defined in terms of E and Y coordinates of the Universal Transverse Mercator Grid System based on the Clarke spheroid of 1960. The blocks are numbered starting with the first row northward of the equator as "01". The first range of blocks westward of the central meridian of each UTM zone is designated "1000". Thus, a block numbered "0100-000" would be the 200th block northward of the equator and the 6th block westward of the central meridian of the respective UTM zone. Other Concession Sheet Protection Diagrams (NJ 10-4, NJ 10-5, NJ 10-6, NJ 10-7, NJ 10-8, NJ 10-9, NJ 10-10, NJ 10-11, NJ 10-12, NJ 10-13 and NJ 10-15) are based on this system.

PROPOSED SOUTHERN CALIFORNIA PLANNING AREA

U. S. DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
PACIFIC OCS REGION

LEGEND

- PROPOSED SOUTHERN CALIFORNIA PLANNING AREA BOUNDARY
- LEASED MAP OR PROTECTIVE DANGER BOUNDARY
- OFFSHORE ISLANDS OFFSHORE DANGER BOUNDARY

- DOI Ocean Preserve
- Area of High Potential
- Best Available Blocks
- Marine Sanctuaries
- Leased Blocks

STATE PLANE SYSTEM

All blocks are based on the California (Lambert) Plane Coordinate System, Zone 8 with a origin 10,000,000 at 118° 10' and Y origin 10,000 at 32° 10'. The distribution of the blocks is based on the numerical sequence of blocks starting at 1 and the numerical sequence of blocks starting at the common number 1. Example: Block 100-001 is depicted and referred to as 0001. The boundaries of the regular blocks are 10,000 feet on a side and contain 1000 acres. Outer Continental Shelf (OCS) Leasing Maps 100-00-00 and 001 are based on this system.

UNIVERSAL TRANSVERSE MERCATOR (UTM) SYSTEM

The boundaries of the regular blocks are 4,000 international meters on a side and contain 2,500 hectares. The regular boundaries are defined in terms of U and V coordinates of the Universal Transverse Mercator Grid System based on the Clarke Spheroid of 1866. The blocks are numbered starting with the first four numbers of the quarter as "11". The first range of blocks starting at the common number of each UTM zone is designated "1000". Thus a block numbered "1000-001" would be the 0001st block north of the equator and the 001st block east of the central meridian of the respective UTM zone. Outer Continental Shelf (OCS) Leasing Maps 100-00-00 and 001 are based on this system.

Maritime boundaries and plotting of the blocks depicted on this map are for other planning purposes only and are not proposed or official United States boundaries or any other.

MAP LOCATION



Relatively shows in meters at scale of 1:100,000 and 1:500,000

NO 11-4 The Rampart

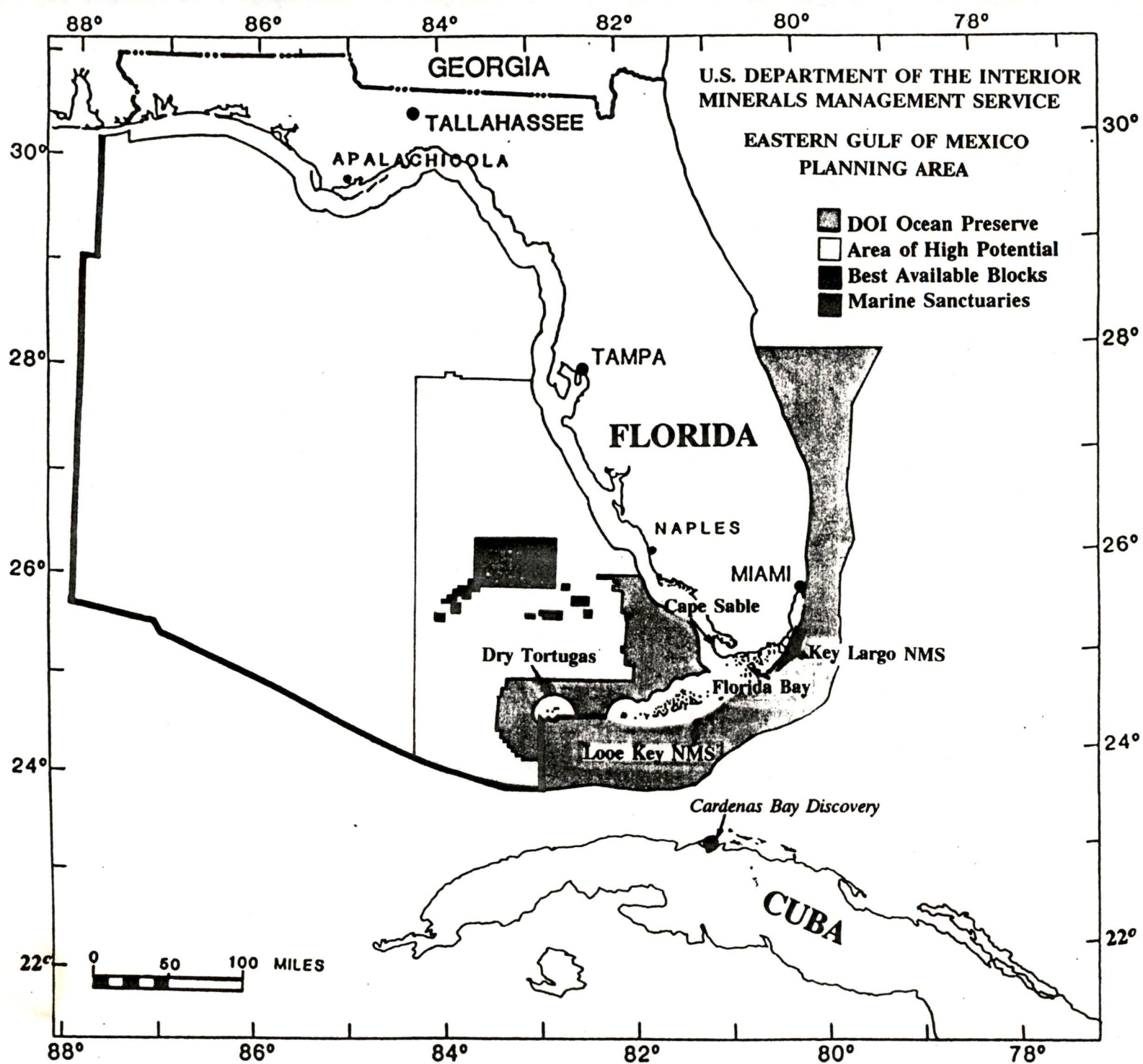
TRANSVERSE MERCATOR PROJECTION

SCALE: 1:100,000



FEBRUARY 1980

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4-6-90

SUMMARY

The final report of the Outer Continental Shelf (OCS) Leasing and Development Task Force was delivered to the White House on January 5. The report is the work of the Cabinet-level Task Force, comprised of Secretaries Lujan (who served as chairman) and Watkins, Administrators Reilly and Knauss and Director Darman, announced by you in your budget message to Congress in February 1989. In that budget message you charged the Task Force to study and resolve environmental concerns regarding the potential adverse effects of three OCS lease sales scheduled for FY 1990 that were delayed: Sale 116 off the southwestern coast of Florida; Sale 95 off southern California; and Sale 91 off northern California.

In developing options for your consideration, the Task Force examined the issues of air quality, the risks of oil spills, changes in onshore infrastructure and land use due to these lease sales, and the impacts of these sales on protected lands and species and other wildlife, commercial fishing, water quality, and tourism and recreation. The Task Force commissioned an analysis of the adequacy of scientific and technical information available for making leasing decisions in the three areas from the National Academy of Sciences (NAS). The NAS report concluded that there was a lack of some oceanographic, ecological or socioeconomic data for each area, although the study is subject to some criticism for calling for an unreasonable level of data.

In its eight-month process the Task Force solicited extensive input from the public and members of Congress. The public and most elected officials in the two states are generally opposed to the sales. The Task Force also uncovered wide dissatisfaction with the OCS program, as local residents who are most affected by OCS activities often do not receive commensurate financial benefits and feel they have little opportunity for participation in decision-making.

The Task Force presented specific options for decisions on each sale (four options for the Florida sale and three for each California sale). The Task Force made no recommendations among the various options. Additional options have been developed by White House staff and members of the Task Force independently. The Task Force also presented, and staff has developed, general options to be addressed in connection with these three sales and the overall OCS program.

Decisions are also currently pending on Sale 119 in the San Francisco-Monterey area of central California and the creation of a national marine sanctuary in Monterey Bay, which as proposed by the National Oceanic and Atmospheric Administration (NOAA) would cover the most valuable part of the Sale 119 area; NOAA's

proposal would also ban all oil and gas activities within the sanctuary. Given the proximity of these areas to the two delayed California sales and the commonality of the issues, it is appropriate to make these decisions at the same time as decisions on the lease sales are made. Four options have been developed by White House staff calling for combined actions on Sale 119 and the Monterey Bay sanctuary.

Set forth below are summaries of the options developed by the Task Force and the White House staff. A full presentation of those options, and supporting discussion of the respective pros and cons, is found in the accompanying decision memorandum. The decision memorandum also provides more extensive information regarding the Task Force deliberations.

Task Force Options for Sales

Option A

Florida -- Cancel sale and defer leasing decision until additional oceanographic, ecological and socioeconomic data identified by NAS have been collected.

As for existing leases in same area, proceed with exploration and development decisions under normal procedures.

California

A-1 -- Proceed with preparations for lease sales but defer leasing decisions until the additional oceanographic (southern California) and socioeconomic (southern and northern California) data identified by NAS have been collected.

A-2 -- Cancel sales and defer subsequent leasing decisions until additional oceanographic (southern California) and socioeconomic data (southern and northern California) identified by NAS have been collected.

Option B

Florida -- Cancel sale and exclude area from consideration for the 1992-1997 OCS five-year leasing program.

As for existing leases, begin discussions with Florida and existing lessees to facilitate state purchase of leases.

California -- Defer leasing decisions on both sales until 1992-1997 five-year program and, if sales go forward, offer tracts only in limited geographic areas (Santa Maria and Outer San Diego Basins off southern California and Eel River Basin off northern California).

Option C

Florida -- Cancel sale and exclude area from consideration for both 1992-1997 and 1997-2002 five-year programs.

As for existing leases, begin discussions with Florida regarding its purchase of leases and initiate procedures that could lead to cancellation of existing leases under OCS Lands Act.

California -- Cancel sales and exclude areas from consideration for 1992-1997 five-year program.

Options for Sales Not Identified by Task Force

A. Proceed with sales in Florida and California under existing OCS Lands Act process.

B. Cancel sales in Florida and California and exclude from consideration for 1992-1997 program at this time; if additional studies to obtain data identified by NAS show leasing possible in environmentally sensitive manner, add tracts to 1992-1997 program.

C. Delay decisions until final National Energy Strategy submitted in December.

D. Cancel sales and impose permanent ban on lease sales in three areas.

Other Actions Recommended by Task Force (to Address Environmental Concerns in Areas of Sales)

A. In southern and northern California, establish air quality controls for OCS activities that are substantially equivalent to those applied onshore. The Minerals Management Service already has efforts underway to develop a new proposed rulemaking to achieve this objective.

B. In northern California, evaluate the effects of OCS activities on commercial fisheries and institute measures to reduce conflicts.

C. In both Florida and California, revise requirements for OCS oil spill contingency plans to improve their effectiveness and develop improved means of assessing the risk of damage from oil spills

D. Institute a Coast Guard study of the feasibility of moving tanker routes away from sensitive areas.

E. Direct the Secretary of the Interior to study restructuring of revenue-sharing and decision-making provisions of OCS Lands Act and OCS program.

Options for Sale 119 and Monterey Bay Marine Sanctuary

A. Cancel Sale 119 and adopt NOAA proposal for sanctuary, including prohibition on oil and gas activities.

B. Adopt NOAA proposal for sanctuary and proceed with Sale 119 only in areas outside sanctuary.

C. Limit sanctuary to smaller size, prohibiting oil and gas activities within it, and proceed with Sale 119.

D. Adopt NOAA proposal for size of sanctuary, but allow oil and gas activities within it subject to regulation, and proceed with Sale 119.

April 9, 1990

I. ISSUE

A decision on the options presented by the Outer Continental Shelf (OCS) Leasing and Development Task Force is needed.

II. BACKGROUND

In your February 9, 1989 budget message to Congress, honoring a pledge made during the campaign, you imposed a moratorium on three controversial OCS lease sales scheduled for fiscal year 1990 -- Sale 116 in the Gulf of Mexico off the southwestern coast of Florida, Sale 95 off the coast of southern California, and Sale 91 off the coast of northern California -- pending a review of the environmental effects of the sales by a Cabinet-level task force. The California sales had been subject to Congressionally-imposed moratoria in 1987, 1988 and 1989 and the Florida sale became subject to a Congressionally-imposed moratorium last year. The Secretary of the Interior, the Secretary of Energy, the Director of the Office of Management and Budget, the Administrator of the Environmental Protection Agency and the Administrator of the National Oceanographic and Atmospheric Administration (NOAA) were named as members of the Task Force and charged with making recommendations on the future of the lease sales within one year.

In fulfilling its charge, the Task Force conducted briefings and public workshops in Florida and California, hearing from over 1,000 witnesses, met with Members of Congress from those two states and other parts of the country, and received over 11,000 written comments. It also commissioned and received a study from the National Academy of Sciences (NAS) addressing the adequacy of the scientific and technical data available on which decisions on the three lease sales could be made.

The Task Force delivered its report to the White House on January 5.

III. DISCUSSION

A. POLICY GOALS

The OCS leasing program is governed by the Outer Continental Shelf Lands Act and overseen by the Minerals Management Service (MMS) within the Interior Department. (A description of the program is found at Appendix A.) The program has been the focus of controversy in recent years over the environmental effects of offshore oil and

gas exploration and development. The controversy has resulted in yearly Congressional moratoria on certain lease sales, pre-lease planning activities, and even some post-lease exploration. The policy goal of the decisions on these three lease sales, which will inevitably affect the entire OCS program, must be to reconcile the need for adequate domestic energy supplies through robust exploration and development on the OCS and the need for long-term protection of sensitive environments and ecosystems. An additional goal must be to regain Executive branch control of the OCS program by addressing Congressional and local concerns and removing their stranglehold on the program.

B. RESOURCE POTENTIAL

The decisions with respect to these three lease sales must take into account their relationship to the total oil and gas resources of the U.S. The MMS has developed mean estimates for the undiscovered economically recoverable (using existing technology) oil and gas resources derivable from (1) the U.S. as a whole, including the OCS, (2) the entire OCS, (3) the Arctic National Wildlife Refuge in Alaska (ANWR), (4) the existing leases in the three planning areas in which these sales are located and (5) the leases involved in the sales. Appendix B is a table setting forth the relative oil and gas resources available from all of these areas. As you can see, the three sales represent about 1.6 percent of all U.S. oil resources and about 0.4 percent of all U.S. gas resources, equivalent to about one-sixth of the resources available from ANWR.

It should be noted that the Office of Management and Budget (OMB) has already eliminated any projected revenues from these three sales from its budget projections. The decisions on the sales therefore have no immediate impact on, and should not be considered as an issue relevant to, the budget.

C. RELATIONSHIP OF STATE AND LOCAL GOVERNMENTS TO OCS PROGRAM

The relationship of state and local governments and their constituents to the OCS program is also a relevant issue. The federal government's perspective on the OCS program is premised on its role in the nation's overall energy strategy, with its national security and economic implications. In administering the OCS program the federal government also exercises its national stewardship functions to manage and protect scarce and valuable environmental resources on public lands.

State and local governments, on the other hand, represent more parochial interests of the people who will experience the direct impact of OCS development. Most of the financial benefit of OCS leasing and development accrues to the federal government (states receive 100 percent of revenues from OCS leases within the first three miles of shore, 27 percent of revenues from OCS leases three to twelve miles from shore, and nothing from leases further than twelve miles offshore). Further, the residents of the localities most directly affected by OCS activity may or may not benefit proportionately from the revenues received by the state if those revenues are spent elsewhere. Despite the opportunities granted for participation in the OCS process, persons affected by federal OCS decisions often feel that their interests have not been represented; this likely accounts for the contentious nature of many recent OCS decisions. Although not a subject directly addressed by the Task Force, the concept of restructuring the OCS program to give states a greater share of the revenues arose during your January meeting with the members of the Task Force. Many members of the Administration believe, however, that this type of local revenue-sharing will not be enough to engender support by Atlantic and Pacific coastal states and localities for the OCS program.

D. NATIONAL ACADEMY OF SCIENCES (NAS) STUDY

The Task Force asked the NAS to study the adequacy of the scientific and technical data available on which decisions for the three lease sales could be made. The NAS report concluded that generally there are not adequate oceanographic, ecological and socioeconomic data on which to base a lease/no lease decision, but that the adequacy varies by lease sale. The NAS conclusions are as follows:

<u>Sale</u>	<u>Oceanographic</u>	<u>Ecological</u>	<u>Socioeconomic</u>
Florida	marginal	inadequate	inadequate
N. Cal.	adequate	adequate	inadequate
S. Cal.	inadequate	adequate	doubtful

The NAS recommended that no decision be made on proceeding with the lease sales until further studies are conducted, although it did not specifically identify those studies that must be conducted in order to have a complete data base. There is no clear consensus as to the length of time needed to conduct adequate studies. Staff of the Task Force estimates that it could take as long as five to six years in Florida and as little as two to three years in northern California.

Questions regarding the value of the NAS study and the weight it should be accorded have been raised. Some allege that the strictest academic "peer review" standard was used to assess the available data, which would be far greater than the standard generally used in making governmental decisions. Such a standard could be seen as unreasonable in a real world context, imposing a burden that could rarely if ever be sustained, particularly when weighed against the costs necessary to meet such a standard and the benefits of the OCS program.

The NAS was also requested to study the adequacy of resource estimate methodology used by the MMS. The NAS report concluded that the MMS methodology for developing resource estimates is adequate and sound.

E. LOCAL CONSIDERATIONS

As noted in Section II above, in preparing the report the Task Force conducted local meetings in Florida and California. These were designed to give the Task Force the opportunity to discuss the proposed sales with state and local officials, scientists, business leaders and other interested groups and with members of the general public. Demonstrations in opposition to leasing were held at each of the nine public workshops. In addition, the vast majority of persons who spoke at the meetings were adamant in their opposition to new leasing. Local opposition to leasing does not appear to have lessened, and in fact may have strengthened. An August California Poll found that 75 percent of those surveyed opposed more drilling off the coast, the highest level of opposition yet expressed in a statewide poll.

State and local officials are also generally unanimously opposed to the sales. In Florida, the entire Congressional delegation, Governor Martinez and all local elected officials oppose new leasing, and in fact also oppose exploration on existing leases off southwestern Florida. Both California Senators oppose new leasing, as do virtually all local elected officials. The California Congressional delegation is split on the issue, although almost all affected coastal representatives oppose new leasing. Governor Deukmajian is generally supportive of further offshore development.

F. ANALYSIS OF ENVIRONMENTAL CONCERNS

In analyzing the three lease sales, the Task Force identified and addressed six specific environmental concerns: (1) air quality; (2) the risks of oil spills; (3) the impact of OCS activity on commercial fishing;

(4) the effects of OCS activity on protected lands and species; (5) water quality; and (6) socioeconomic impacts. The general findings of the Task Force with respect to these six areas and the cumulative effects are found at Appendix C.

G. RELATIONSHIP OF DECISIONS ON SALES TO SALE 119 IN CENTRAL CALIFORNIA AND CREATION OF MONTEREY BAY SANCTUARY

Closely related to your decision on these three lease sales are decisions on the future of Sale 119 off central California and the creation of a national marine sanctuary in the area around Monterey Bay.

The area to be covered by Sale 119, which is still in its pre-leasing stages, stretches from San Francisco southward to the northern tip of Monterey Bay. This incorporates sensitive areas off the coast of Big Sur, Carmel and Monterey, resulting in public opposition to this sale that is at least as strong as that to Sales 95 and 91 and perhaps even stronger. The sale was originally scheduled for March 1991, but due to the imposition of a moratorium by Congress and delays in the pre-sale process, a sale probably could not occur until the middle of the 1992 fiscal year at the earliest. In addition, pre-sale analysis would likely reduce the area to be covered by the sale. OMB has already eliminated projected revenues from this sale from its FY 1991 budget projections and has also eliminated revenues from a FY 1994 lease sale in central California. Appendix B shows the oil and gas resources available from Sale 119. As you can see, such oil and gas resources are less than those available from Sales 95 and 91 and slightly more than those available from Sale 116.

The creation of a national marine sanctuary in the Monterey Bay area was mandated by Congress in 1988. Fulfilling its responsibility under the legislation, NOAA has proposed designating an area for the sanctuary covering approximately 2,200 square miles, about a third of which is within the area to be covered by Sale 119, including more than two-thirds of the most promising tracts. NOAA has also proposed regulations that prohibit all oil, gas and mineral exploration and development activities within the proposed sanctuary. Other activities are limited but not proscribed. A ban on oil and gas activities is not mandatory within a marine sanctuary; in fact, sanctuaries in other parts of the country are not subject to this prohibition, although because of the sensitivity of the issue in California other sanctuaries off its shores do bear such bans

(including one ban that was Congressionally imposed in 1989).

IV. OPTIONS

A. Decisions on Lease Sales

The Task Force presented eleven separate options for the lease sales, three for the Florida sale and four for each California sale. White House staff and the individual departments represented on the Task Force have also identified other options, including those at the extreme ends of the spectrum. All of the options for the lease sales are set forth below (Task Force options first, followed by options developed by staff) and accompanied by supporting discussion of their pros and cons. It should be noted that the members of the Task Force agreed only to include within their final report options that all members could agree would be acceptable, so some of the new options that have been developed may have been considered by the Task Force and may be supported by individual members.

Task Force Options for Sales

Option A

Sale 116 (Florida)

Cancel the sale and defer subsequent decision until the additional oceanographic, ecological and socioeconomic data identified by the NAS have been collected.

As for existing leases, proceed with exploration and development decisions under normal procedures.

Sales 95 (Southern California) and 91 (Northern California)

The same language is included for Option A for both California sales. A separate decision is needed for each sale, however.

A-1 -- Proceed with preparations for the lease sales but defer final decisions until the additional oceanographic (southern California) and socioeconomic (southern and northern California) data identified by the NAS have been collected.

A-2 -- Cancel the sales and defer subsequent decisions until the additional oceanographic (southern California)

and socioeconomic data (southern and northern California) identified by the NAS have been collected.

Discussion -- Under these options, leasing in both Florida and California could occur as part of the 1992-1997 five-year plan, which was to be proposed by Secretary Lujan in March but which is being delayed pending your decision on these sales. These are pro-petroleum industry options that signal the Administration's continued commitment to OCS development and affirm to the greatest extent the Interior Secretary's discretion over OCS decisions, consistent with current law. They recognize that the OCS is a national resource the development of which will not be unduly subject to local citizens' views. They will likely meet with strong criticism, however, particularly on the ground that a decision to cancel the sales of the leases, followed almost immediately by the inclusion of the same leases in the next five-year program, smacks of hypocrisy. This criticism can be partially rebutted by responding to the environmental concerns identified by the NAS and imposing additional environmental restrictions on new leases.

Allowing exploration and development to proceed on the Florida leases using normal procedures avoids any interference with current lessees and any "takings" problems that could arise.

Option B

Sale 116 (Florida)

Cancel the sale and exclude the area from consideration for the 1992-1997 five-year program.

As for existing leases, proceed with exploration and development decisions under normal procedures but begin discussions with the state and existing lessees regarding the state's purchase of the leases.

Sales 95 (Southern California) and 91 (Northern California)

In southern California (Sale 95), defer a decision on the sale until the 1992-1997 five-year program, conducting additional oceanographic and socioeconomic studies; if the sale goes forward, offer tracts only in the Santa Maria and San Diego Outer Basins.

In northern California, also defer a decision until the 1992-97 five-year program, conducting additional

socioeconomic studies; if the sale goes forward, offer tracts only in the Eel River Basin.

Discussion -- These are compromise options. Leasing could occur off California after 1992 (which, given current Congressional moratoria and the time required to complete the studies arising from the NAS report, may be as soon as leasing could occur in any event), but would be restricted to areas where development would be less intrusive and to smaller areas so that environmentally-sensitive features such as the Channel Islands National Park and Marine Sanctuary could be protected. Leasing off Florida would be delayed for at least seven years until 1997. The petroleum industry should find this an acceptable option, as it does not preclude development. There is less certainty that the environmental community will accept it as a reasonable compromise. The delays should, however, allow the Interior Department to complete the studies identified by the NAS, and this can be used to rebut environmental concerns.

Beginning discussions with Florida regarding its purchase of the existing leases imposes some burden on it to protect its tourist industry and natural resources, which is reasonable given that the state has also allowed development in this area. This could open the door to moves by the environmental community to cancel the leases, however.

Option C

Sale 116 (Florida)

Cancel the sale and exclude the area from consideration for both the 1992-1997 and 1997-2002 five-year programs.

As for existing leases, begin discussions with the state and existing lessees regarding the state's purchase of the leases and have Interior initiate procedures that could lead to cancellation of the existing leases (which would suspend further exploration or development).

Sales 95 (Southern California) and 91 (Northern California)

Similar language is included for Option C for both California sales. A separate decision is needed for each sale, however.

Cancel the sales (and the next scheduled sales in both areas) and exclude the areas from consideration for the 1992-1997 five-year program.

Discussion -- These are the most pro-environmental options identified by the Task Force, precluding lease sales off Florida until at least 2002 and off California until at least 1997. They do not constitute the permanent ban on leasing in the three areas that environmentalists and most local residents seek, however. These options could alleviate pressures in Congress for the creation of ocean sanctuaries or permanent bans on leasing.

The move to cancel the existing leases off Florida would be particularly welcomed by environmentalists and would respond to one of the criticisms of the NAS, namely that leasing always leads to future development without any subsequent analysis of environmental impacts. There are questions about the ability of the Interior Department to cancel the leases under current law, however, which requires a finding of existing environmental harm.

These options are also the ones on which the FY 1991 budget is based, including provision in the budget for repurchase in FY 1995 of the existing leases off Florida, valued at the lesser of the fair market value of the leases or the amount of lease bonuses paid plus investment to date (approximately \$200 million), so no adverse budgetary impact would result if this course were chosen.

Options Not Identified by Task Force

A. Proceed with lease sales under existing OCS Lands Act process. Pre-lease activities would be reactivated at the point at which they were stopped by the Presidential moratorium.

Discussion -- This is one of the two extreme options. It would essentially reject both the NAS study and the report of the Task Force and proceed with "business as usual." It could be perceived as a complete sell-out to the petroleum industry and would likely be severely criticized by the environmental community and probably by the general public, particularly in the two affected states.

B. Cancel the sales, excluding them at this time from the 1992-1997 five-year program, and directing that future decisions on lease sales in these areas will be made only after the data identified as deficient by the NAS have been identified and collected; if the studies subsequently show that leasing can be done in an environmentally acceptable manner, add the tracts to the 1992-1997 five-year program.

Discussion -- This is a new option proposed by the Energy Department. It allows decisive action on the sales and the OCS program as a whole; it also acknowledges that a more objective and scientific basis is needed for decision-making. It avoids an arbitrary decision to defer leasing or delete tracts from consideration for leasing by holding the door open for later inclusion of the leases in the 1992-1997 five-year program; as such, it could thwart the efforts of those who would use a cancellation decision as the precedent for seeking further arbitrary bans on OCS activities elsewhere. It would require an amendment to the 1992-97 five-year program at some point, which could focus Congressional and environmental opposition to leasing.

C. Delay any decision on the sales until the National Energy Strategy (NES) is finalized and submitted in December 1990; concurrently with the announcement of that course of action, make the OCS Task Force report public.

Discussion -- This option alleviates the difficulties posed by making these decisions in the vacuum created without knowing how they and the future of the OCS program relate to the NES. It also sends a signal that the President intends to balance environmental concerns with energy security and economic requirements. The petroleum industry may be disconcerted by the perceived signal that further development is being significantly slowed, although the strong link to the NES should offset industry uneasiness. Delaying the sales also adversely affects the time before which these resources can be tapped (assuming that some development goes forward). This option also delays any guidance to the Interior Department and the MMS for their development of the next five-year plan and other pending decisions regarding the OCS. The release of the report will remove some of the mystery surrounding the decisions, allow the public to engage in the dialogue and focus attention on the necessity for further scientific (by collection of the data identified by the NAS) and economic (by the NES) analysis of the decisions and the overall domestic energy situation. The delay in the decision and release of the report would likely be opposed by the California and Florida Congressional delegations (especially Senator Wilson), who want a decision to be made soon.

D. Cancel the sales and impose a permanent ban on lease sales in the three areas.

Discussion -- This option recognizes the political reality that no drilling is likely to occur on these leases in the foreseeable future, given the clear

disposition of the Congress on this matter. OMB has already eliminated any projections of revenue from these sales from its budget receipt projections. Implementing this option could remove the sizeable California and Florida Congressional delegations from the nationwide coalition that threatens to jeopardize the entire OCS program or at least block some future activities. It could, however, also be used as "evidence" by those seeking permanent bans on all offshore drilling activities, even on existing leases, that no OCS activities are environmentally prudent.

B. Decisions on Other Actions Recommended to Address Environmental Concerns in Areas of Sales and Deficiencies in OCS Program.

The Task Force also developed recommended options for addressing various environmental concerns that arise in the three sale areas (and to a lesser extent throughout the entire OCS). These options relate to (1) air quality standards offshore California, (2) conflicts with commercial fishing, particularly in northern California, (3) oil spill contingency planning and response capabilities, (4) tanker traffic, (5) safeguards for protected lands and species, (6) protection of water quality, and (7) steps to alleviate adverse socioeconomic effects of OCS activities. In addition, your staff developed an option for study of increased state and local participation in the OCS program. This concept, including the notion of increased sharing of revenues from the OCS with local communities impacted by OCS activities, has been discussed publicly by Secretary Lujan and other Interior officials publicly in recent days. All of these options are set forth in Appendix D.

C. Decisions on Sale 119 and Monterey Bay Sanctuary

Because of the reasonable proximity of the Sale 119 area, including the Monterey Bay area, to the Sale 95 and 91 areas, and because of the common issues surrounding oil and gas activities in all three areas, decisions on the future of Sale 119 and the size and scope of activities within the new Monterey Bay Sanctuary should also be made at this time.

A. Cancel Sale 119 and proceed with the pending NOAA proposal establishing the size of, and the prohibitions on oil and gas activities within, the sanctuary.

Discussion -- NOAA asserts that the entire proposed sanctuary area is nationally significant and environmentally sensitive. For example, excluding any of

the proposed lease sale area would exclude the largest breeding ground for marine mammals in the lower 48 states, a biologically irreplaceable resource. Cancelling the sale would also acknowledge the strength of the public opposition to oil and gas activities off this portion of central California. NOAA further argues that, if prohibitions on oil and gas activities are not imposed through regulations, a more restrictive legislative ban will likely be enacted, as occurred last spring with the Cordell Bank National Marine Sanctuary off San Francisco. The impact of such a decision where there has not been the extensive analysis of available scientific data that accompanied the Task Force report must be assessed, however, as must the possibility that this could bolster arguments for a permanent ban on oil and gas activities off California and even Washington and Oregon.

B. Proceed with the NOAA proposal for the sanctuary, including the prohibitions on oil and gas activities, and proceed with Sale 119 only in areas outside the sanctuary.

Discussion -- The proposed sanctuary boundaries were drawn to provide a buffer to protect the area's sensitive resources. Therefore, oil and gas activities could proceed outside the sanctuary without causing, from NOAA's viewpoint, any undue risk. This option acknowledges that selected coastal areas are unique and therefore require that special measures be implemented to protect them. At the same time it recognizes that oil and gas activities can proceed in an environmentally safe manner near sensitive areas.

C. Limit the sanctuary to a smaller size recommended by the Department of the Interior, prohibiting oil and gas activity in this reduced area, and proceed with Sale 119.

Discussion -- The Interior Department proposal for the sanctuary is approximately 60 percent smaller than the NOAA proposal and preserves the tracts with the greatest resource potential. Interior argues that it adequately protects valuable marine resources without unduly hindering development, but recognizes that certain areas are so unique that no oil and gas activity within them is appropriate. NOAA argues that it would exclude some of the most biologically significant areas and expose the Administration to charges that the sanctuary boundaries were gerrymandered to permit oil and gas activities.

D. Proceed with Sale 119 and the NOAA proposal for the size of the sanctuary; do not prohibit oil and gas

activity within the sanctuary but only subject it to regulation like other activities.

Discussion -- This position provides protections to the entire area NOAA has identified as sensitive, but emphasizes the view that oil and gas activity can occur coincident with sound environmental protection. It is likely to result, however, in a legislative ban on oil and gas activities. If not, the current debate on oil and gas drilling would be taken up again during NOAA's rulemaking process to implement allowable oil and gas activities in the sanctuary.

APPENDIX A

DESCRIPTION OF OCS PROGRAM

The OCS leasing program is governed by the Outer Continental Shelf Lands Act and overseen by the Minerals Management Service (MMS) within the Interior Department. The sale and development of leases under the Act is accomplished in five-year programs, which begin with thorough analyses to assess the potential reserves derivable from leases and any problems that would accompany their development. That process starts more than two years before the beginning date of a five-year program. The MMS undertakes twelve separate steps as part of this evaluative process, preparing two drafts of the program and an environmental impact statement (EIS). The public is given opportunity to comment at three points in the process and Congress is also formally notified before a program is finally approved.

Following final approval of a five-year program, typically another 24 to 26 months are required before any lease sale can take place. During this period another EIS specific to the lease sale area is prepared and additional opportunities for public comment are provided, along with an opportunity for comment by the governor of the state offshore which the sale is to occur. Once a sale occurs, exploration of the leases can take anywhere from 1 to 10 years and development and production can occur over several decades.

The three lease sales studied by the Task Force are all part of the 1987-1992 five-year program. The sales were at different stages when the moratoria were imposed, and could have been held within five to sixteen months. The initial steps for the 1992-1997 five-year program were scheduled to commence in March with Secretary Lujan's release of a proposal for comment, but that has been delayed pending decisions on these three lease sales. The program development process is expected to take until the summer of 1992, with the first sale tentatively scheduled for September 1992. That schedule is not mandated by statute or administrative rule or regulation, however, and could be delayed. A delay of up to six months would not significantly affect the timing of the program and the early sales, as only one to two months would be lost.

APPENDIX B
RESOURCE POTENTIAL

	<u>Oil</u> (billion of barrels)	% of Total	<u>Gas</u> trillion of cubic ft)	% of Total
Total U.S. Resources	34.80		263.00	
Entire OCS	8.20	23.6	74.00	28.1
ANWR	3.20	9.2	6.90(1)	2.6
Existing Fla. Leases	.14	.4	.30	.1
Existing S. Cal. Leases(2)	.34	1.0	.80	.3
Sale 116	.11	.3	---	---
Sale 95	.23	.7	.46	.2
Sale 91	.20	.6	.41	.2
Sale 116	.16	.5	.26	.1

(1) Although ANWR is estimated to contain 6.9 trillion cubic feet of gas, the production of natural gas from ANWR is considered by some to be uneconomical.

(2) None of the area off northern California has yet been leased.

APPENDIX C

FINDINGS ON ENVIRONMENTAL CONCERNS

Air Quality. Offshore oil and gas drilling activities produce the same types of emissions as onshore activities, with the notable addition of emissions from support vessels and helicopters. Meteorological conditions may also exist that consistently drive offshore emissions toward land, particularly off California. Despite this, the Task Force found that emissions controls currently imposed by the MMS on offshore drilling are less stringent than those imposed on similar activities onshore. The effects of offshore emissions are of greatest concern in southern California due to the generally already poor air quality; there are more limited concerns with respect to northern California also. All of the Task Force options for California include strengthening emissions standards. The Senate version of the Clean Air Act amendments currently contains Administration-supported language requiring such stricter OCS emissions standards.

Oil Spill Risks. The Task Force found that the risks posed to coastal and marine resources by oil spills are significant and that the environmental impact of a major OCS spill would be severe. It concluded, however, that the increased chances of a major oil spill caused by OCS drilling activities in the three areas are small (in the case of Florida and southern California, only a 1 percent greater risk, and in the case of northern California an 8 percent greater risk) compared to the risk of a spill caused by existing activity, such as non-OCS tanker and barge traffic. The Task Force found that coastal and marine resources warrant greater protection from possible oil spills, whatever their source, than is currently provided.

Commercial Fishing. Commercial fishing is a vital economic activity in all three areas, especially off southern and northern California. OCS activities pose a variety of conflicts between the petroleum and fishing industries, including competition for available space at sea and for port space onshore. There are also concerns about the loss or destruction of habitat due to the effects of OCS activities and the significant risks posed by oil spills. The Task Force concluded that many of these conflicts can be resolved or largely mitigated through the recommended use of joint committees comprised of representatives of the petroleum and fishing industries in areas where OCS activities are planned.

Protected Lands. Each of these three areas has unique protected lands, most notably the mangrove-coral reef system in the Everglades and Florida Keys. The Task Force found that these sensitive and highly valuable areas now receive only the same level of protection as that in ordinary areas but that

they warrant additional consideration and heightened management.

Protected Species. Each of these three areas is inhabited by species that have been placed under the protection of federal statutes, most notably the endangered manatees off Florida. The Task Force concluded that existing protections are sufficient to protect these species so that a delay in leasing cannot be justified on this basis alone.

Water Quality. OCS activities can have various impacts on the water quality near rigs and platforms. Such activity is currently regulated by EPA under the Clean Water Act through the National Pollutant Discharge Elimination System. The Task Force found that this regulation is adequate in the three areas. It noted, however (as did the NAS), that information on the long-term effects of chronic discharges is lacking.

Socioeconomic Impacts. OCS activities, though offshore, have significant socioeconomic impacts onshore. The Task Force found that these include the possibility of increased conflicts over land use and greater demands on infrastructure that could force changes in the character of an area. Tourism and recreation can also be adversely affected, although the Task Force found that this does not appear to be a sufficient basis for delaying the lease sales. The Task Force concluded that in these three areas such conflicts can be substantially reduced through better consultative relationships among the petroleum industry, government (especially state and local governments) and other affected parties in planning and coordinating the onshore activities of OCS lessees.

Cumulative Effects. The Task Force concluded that, although many of the environmental effects of OCS oil and gas activities, taken individually, are acceptable, collectively they could result in unacceptable changes to the local environments in or near the three sale areas unless new measures are taken to control or mitigate such effects.

The Task Force recognized the substantial conflict that often exists between the goals protecting the coastal and marine environments and maintaining the quality of life in coastal areas, on the one hand, and the goals of promoting energy security and economic growth on the other. The Task Force found no easy way to resolve this conflict. Based on its review of available information, the Task Force concluded that additional time and effort are needed before environmental concerns can be resolved in a manner that provides an acceptable balance between these conflicting goals.

APPENDIX D

OPTIONS FOR OTHER ACTIONS TO ADDRESS ENVIRONMENTAL CONCERNS AND DEFICIENCY IN OCS PROGRAM

- A. Air Quality. Establish air quality controls for the OCS areas offshore California that are substantially equivalent to those applied onshore.

Discussion -- Although the real impact of any emissions from offshore drilling or production platforms and the vessels and helicopters that serve them may be negligible, it is perceived as a substantial problem. The perception is exacerbated by the fact that air pollution is the single most dramatic environmental problem in southern California and that the standards for offshore activities are not subject to EPA control but to MMS oversight and have not always been consistent. The MMS has efforts underway to develop a new proposed rulemaking to achieve this objective.

- B. Commercial Fishing. In Northern California, reevaluate the effects of OCS activities on the commercial fishing industry and institute measures to reduce conflicts between the petroleum and fishing industries.

Discussion -- The potential conflicts posed to the commercial fishing industry in northern California were repeatedly cited. This is a particular problem in that region because of the heavy reliance of local economies on fishing, the limited existing infrastructure for which the commercial fishing and petroleum industries would compete, and the relatively small population base that could be severely affected by employment dislocations resulting from changes in commercial activity.

- C. Oil Spill Contingency Planning and Response Capabilities. Steps should be taken to protect coastal and marine resources more adequately through the following:

1. Develop improved means of assessing the risks of oil spills;
2. Revise requirements for OCS oil spill contingency response plans to improve effectiveness (particularly for the Everglades and Keys ecosystems), including requiring more analysis of response effectiveness as part of the pre-lease evaluative process and setting mandatory response times and minimum standards for equipment and technology to respond to spills;

3. Prepare special oil spill contingency response plans for protected lands, ensuring full coordination among the MMS, the Coast Guard, the petroleum industry, and state and local governments;
4. Revise regional guidelines for oil spill responses and increase the frequency of oil spill response drills, involving both government and industry; and
5. Where feasible and environmentally preferable, require that oil produced on the OCS be transported by pipeline rather than ship.

Discussion -- The unique aspects of the Everglades and the Florida Keys, including the only tropical coral reef in the continental U.S., justify revisions in planning and response capabilities for that area. Additional attention should also be given to northern California due to its extremely narrow continental shelf and normal high-sea conditions, which would make oil spills difficult to contain with currently available technology and likely to reach environmentally-sensitive areas to the south, such as Redwoods National Park or Point Reyes.

- D. Tanker Traffic. Direct Coast Guard to study feasibility of moving tanker routes away from sensitive areas.

Discussion -- The recent California oil spill shows the need to study tanker routes to see if travel further offshore and away from sensitive areas is feasible. The Coast Guard has been at work on a proposal that would provide for International Maritime Organization action to move tanker and other major vessel traffic further away from the coral reefs off Florida.

- E. Protected Lands and Species. Defer particularly sensitive protected lands from development or establish requirements to ensure the maximum practicable protection and mitigation of impacts. In addition, provide greater management attention to avoiding conflicts between OCS activities and protected species.

Discussion -- Given that certain lands have already been considered so unique as to warrant protection by the federal government (including national parks and marine sanctuaries), consideration of setting aside those lands from development is not a radical additional step. At the very least, special requirements to preserve those lands or mitigate any possible impacts from OCS activities is consistent with the assessment of their protected character. Similarly, preserving rare or endangered species through special attention from the managers of the OCS program appears reasonable and not unduly burdensome.

- F. Water Quality. The MMS should initiate research into the long-term effects of OCS activity on the marine environment and water quality, particularly such practices as the chronic discharge of drilling fluids. In sensitive environments, special mitigation programs to reduce potential adverse effects should be considered.

Discussion -- Given the scarcity of data on the long-term effects of OCS activities, further study is justified. Because the potential effects of such practices as chronic discharges of drilling fluids are currently unknown, special protection of those marine environments that are identifiable as sensitive through mitigation measures is reasonable until better data become available.

- G. Adverse Socioeconomic Effects. The MMS should note local concerns and ordinances relating to the siting of onshore facilities stemming from OCS activities in stipulating the conditions for lease development, such as considering a requirement for the consolidation of onshore facilities. In addition, the MMS and NOAA should play a greater mediative role between industry and local governments to mitigate the adverse effects of this increased onshore development.

Discussion -- The significant impact of OCS activities on onshore development and the economic and social lives of local residents should not be underestimated. This is exacerbated by the general feeling of local residents that they have little voice in the decision-making process. Greater sensitivity to local concerns and existing priorities for development and its control could be accomplished at very little cost to the federal government through increased attention to such matters by the MMS. Such actions as requiring consolidated onshore facilities could have positive effects on land use conflicts and infrastructure demands. At the very least, federal agencies should play the role of "broker" to mediate between the competing interests of industry and local communities.

- H. Restructuring of OCS Program. Direct the Secretary of the Interior to begin a study that would lead to proposals for amendments to the OCS Lands Act in order to restructure the revenue-sharing and decision-making provisions of the legislation so that state and local governments will have a greater voice in the OCS program.

Discussion -- The lack of financial benefits to the people most affected by OCS activities and the limited participatory role in the actual decision-making process for OCS development have been noted as at least partial

sources of the controversies currently surrounding these sales and the entire program. Tasking Secretary Lujan to study these issues with a goal of amending the underlying legislation could have a positive impact on these sales, lessening some of the furor. It would more conceivably be a method to address concerns expressed by Congressmen and others from areas in which OCS development is favorably viewed on the whole but where additional incentives may be needed to avoid repetitions of current problems. It also is the logical and fair approach to balancing more equitably federal and local interests. The nature and extent of authority given to state and local governments will need to be carefully considered, however, with the goal being to maintain the OCS program as a federal authority. Interior Department officials, including Secretary Lujan, have alluded to increased federal revenue-sharing with local communities in recent public remarks. The responses to such overtures have not been particularly positive, with reaction from some quarters that such action will not be sufficient to overcome opposition to OCS activities on other grounds. The result might be a reduction in federal revenues without a significant reduction in opposition.

4/4/90
AKC

= 99% to the yr. 2000
permanently cancelled =
1% valueable
that do not fall
into
category

OCS Task Force

Options for Southern and Northern California

Southern California

NAS →

M.

- A-1 Defer Sale 95 until studies completed.
- A-2 Cancel Sale 95; consider future sale after studies completed.
- B Defer leasing decisions until 1992 Five-Year Program.
Include only Santa Maria Basin and San Diego Outer Basin.
- C Cancel Sales 95 and 138; defer until 1997 Five-Year Program.

Northern California

- A-1 Defer Sale 91 until studies completed.
- A-2 Cancel Sale 91; consider future sale after studies completed.
- B Defer leasing decisions until 1992 Five-Year Program.
Include only Eel River Basin.
- C Cancel Sales 91 and 128; defer until 1997 Five-Year Program.

New Option

Cancel all sales currently scheduled in these areas.

Designate sensitive environmental areas as "offshore marine preserves" in which no oil and gas leasing will occur.

Schedule one new sale covering both areas in 1992 Five-Year Program.

Have Interior designate only 150-250 tracts (out of total of 10,000) to be considered for lease; actually lease only 75-125 tracts, to be selected by the Secretary of the Interior after consultation with all affected parties.

OCS Task Force

Options for South Florida

Task Force Options

- A Cancel Sale 116 Part II; consider future sale after studies completed. Proceed with CZMA process on existing leases.
- B Cancel Sale 116 Part II; defer area until 1997 Five-Year Program. Negotiate with State to buyback existing leases.
- C Cancel Sale 116 Part II; defer area until after 2002. Negotiate with State on buyback and initiate cancellation of existing leases.

New Option

Cancel Sale 116 Part II.

Conduct additional environmental studies.

Exclude area from 1992 Five-Year Program.

Encourage voluntary agreement by holders of existing leases not to apply for exploration permits for at least three years.

Issues Not Addressed by Task Force

DOI Budget

Assure funding over long-term (at least five years) to prepare for future leasing and development decisions:

- environmental studies (additional \$20-30 million per year).
- oil and gas resource evaluation (additional \$10 million per year).
- oil spill cleanup technology (additional \$10 million per year).
- oil and gas production technology (additional \$10 million per year).

Sharing OCS Benefits with Local Communities

Develop legislative proposal to provide affected coastal communities with a greater share of the financial benefits of oil and gas development off their coasts. Orient proposal to new leasing and development and specifically to communities directly adjacent to OCS areas being leased and developed.

Reviewing OCS Lands Act

Develop Administration proposals for revising the OCS Lands Act to get the OCS program back on track in areas outside the Gulf of Mexico.

OCS Areas Not Studied by Task Force

North Atlantic

Cancel all sales currently scheduled in this area.

Defer decisions until 1997 Five-Year Program.

Central California

Monterey Bay --Secretary of the Interior to immediately announce agreement to prohibition on oil and gas development in proposed Marine Sanctuary.

Cancel all sales currently scheduled in these areas.

Defer decisions until 1997 Five-Year Program.

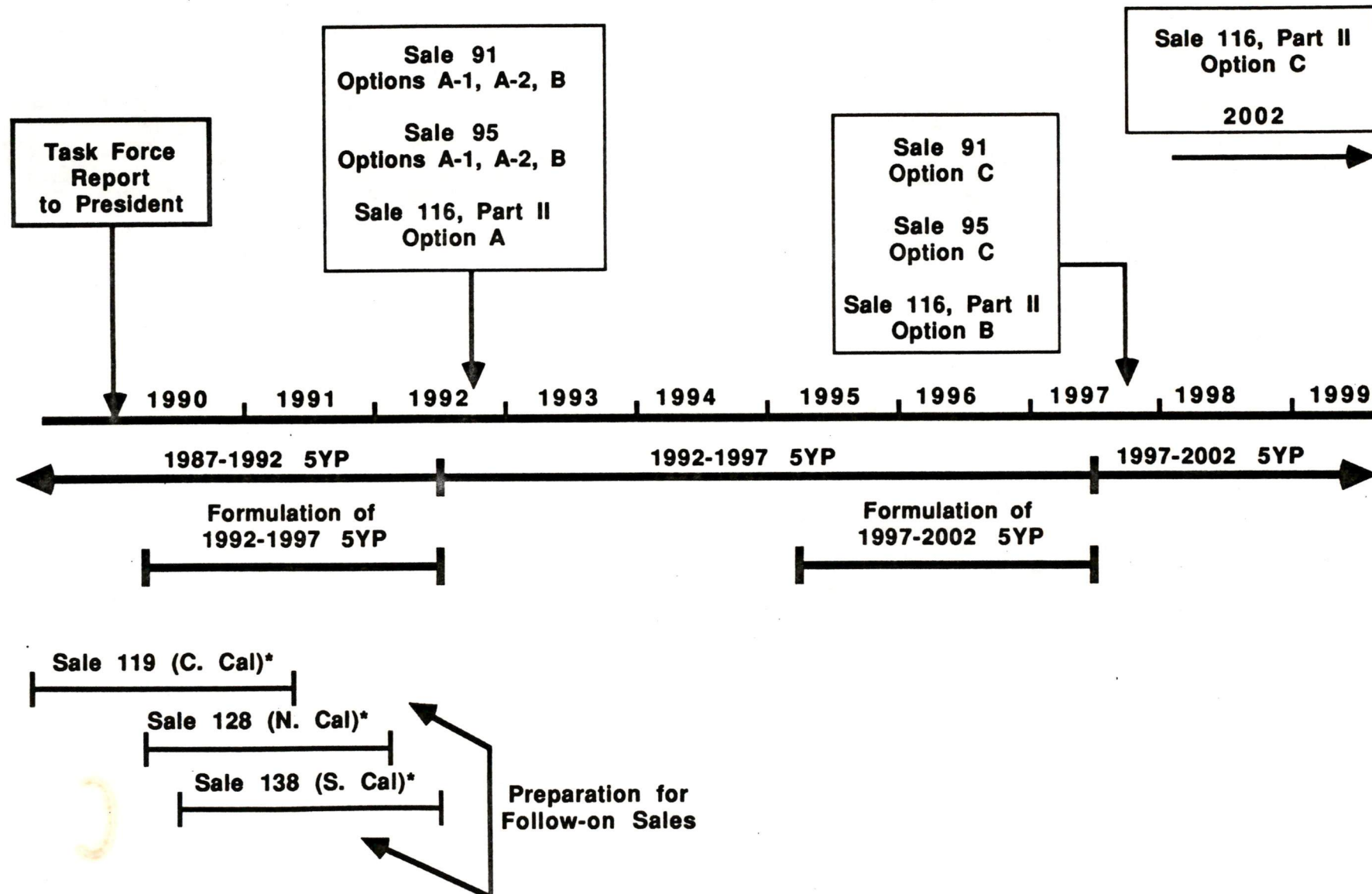
Washington/Oregon

Adopt recommendations of Pacific Northwest Task Force to conduct environmental studies and determine the level of industry interest in the area.

Defer decisions until 1997 Five-Year Program.

OCS TASK FORCE

Timing of Sales Options and 5-Year Program Development



* Sale Date According to Pre-Congressional Moratoria Schedule



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

ASSOCIATE DIRECTOR
FOR NATURAL RESOURCES,
ENERGY AND SCIENCE

4/12/92

Memo to Dick Darman

David Bates

Tom Weimer

Bang Williamson

Steve Hart

attached is FYI.

will see that my remarks
constitute an "endorsement."

Bob Grady.

THE WHITE HOUSE
WASHINGTON

TO: ANDY CARD

FROM: DAVID Q. BATES

- ☒ FYI
- ☐ Action
- ☐ Comment



NATIONAL OCEAN INDUSTRIES ASSOCIATION

1050 Seventeenth Street, N.W., Suite 700

Washington, D.C. 20036

(202) 785-5116

April 10, 1990

MEMO

To: Bob Grady
From: Carl Schmid *CS*
Pro-Leasing Director
Re: Q & A on OCS Revenue Sharing at NOIA Meeting

In light of the April 5 article in the Washington Post which indicated your "endorsement" of OCS Revenue Sharing, I thought you would be interested in the attached. Since we received many inquiries as a result of the article, I asked a reporter who taped the session to transcribe it. I thought you would appreciate having it.

CES/ajt

cc: Gary Reisner

Attachment

SEA TECHNOLOGY

1117 North 19th Street
Suite 1000
Arlington, VA 22209

Phone: (703) 524-3136
Fax: (703) 841-0852

FAX MESSAGE

DATE: April 9, 1990

TO: Warner Marsh

NOIA

FAX #: 785-3602

FROM: David M. Graham, editor

NO. PAGES: 1 (cover included)

LAST QUESTION FROM FLOOR (Robert Grady, OMB):
Q. Task Force report(?)...how state & local political forces
might be more a part of the process of (leasing)....?

Grady: "Well I think there's really two points there. One is that just as a general matter, this administration has been eager to seek both consensus and be very sensitive to concerns raised by...governors, mayors, local communities, and so the first point was really a matter of a voluntary process on our part. This administration will be committed as far as concerns are expressed to going beyond the minimum requirements...and actually consulting on a much greater level of detail, meeting and holding hearings or whatever is necessary with local communities and government.

"Secondly, it is probably premature to state this as administration policy, but I have certainly heard the debate beginning on the issue of whether local communities, perhaps, or states or both should have a greater share in the revenues generated by the offshore program. It would give them a greater stake in its success and [in] the offshore program proceeding. Specifically, since those local communities in the coastal areas near the lease sales are the ones that are most effective, the argument goes that they should therefore share to a greater extent in the resources and revenues generated by the program. I think that debate has begun in the administration and there's been some discussion and I know that Secretary Lujan's exploring the idea so that may be something that is one result of not only the task force's deliberations...."

[end]

OCS Decision: California

- **Recognition of California's environmental as well as oil and gas resources**

The California coast is one of America's most prized scenic and recreational areas, and an important habitat for highly valued fish and wildlife. At the same time, the earth below this beautiful area holds some of the largest oil and natural gas resources in the United States.

- **Action -- Protecting the environment while making limited areas available for oil and gas development**

The President directs the Secretary of the Interior's immediate support for the designation of a **Monterey Bay National Marine Sanctuary**. This sanctuary, to be designated by the NOAA, shall not allow oil and gas drilling, and shall appropriately protect the environment from other activities that could cause severe damage.

The Secretary of the Interior shall **cancel all sales** currently scheduled in Federal waters offshore California. For Central California, no lease sales shall be considered until after 1997. The President also directs the Secretary to designate "**DOI Ocean Preserves**" for California, in which no oil or gas leasing will occur. They are off the coasts of Crescent City, Mendocino, Big Sur, Begg Rock Island, and, La Jolla; and further, to **remove from consideration 99 percent of the OCS tracts** off the California coast in his next OCS Five-

Year Program (1992-1997).

The Secretary shall schedule only one, limited lease sale, on those remaining tracts of high resource potential, where drilling can proceed in an environmentally sound manner.

THE WHITE HOUSE
WASHINGTON

Per OCS file

AC HAS SEEN 3/27

David:

The attached is the memo I mentioned the other day that had gone to Darman for possible transmittal to the President. It is my understanding that it will not be sent forward but that Darman and Grady want it included (or at least the substance thereof) in the OCS memo.

Barry

Andy FYI

Per our discussion, we will incorporate issues raised in the attached into the OCS memo. 228
3/26

DRAFT

CC:
NRD/I Official File
NRD/I Chron
DO Chron
Deputy Director
Mr. Haun
Mr. Grady
Mr. Gibbons
Mr. Cogswell
Mr. Reiser

MEMORANDUM FOR THE PRESIDENT

NRD/I:GREISNER:jl 3/13/90
DEC:J (197) Lease Sale #119

FROM: Richard G. Darman

SUBJECT: Outer Continental Shelf (OCS) Oil and Gas Lease
Sale #119 Off Central California (Decision)

A decision on whether to proceed with lease sale #119, originally scheduled for March 1991, is closely related to your decision on OCS lease sales #91, #95, and #116 that were the subject of the OCS Task Force review. It is also closely related to a proposed rule under review at OMB that designates part of the sale #119 area (Monterey Bay) as a new national marine sanctuary where oil and gas activity would be prohibited.

The Fiscal Year (FY) 1991 Budget removed estimated bonus bid receipts of \$170 million for sale #119. This followed congressional action in the FY 1990 appropriations process to place a moratorium on the sale. Receipts of \$210 million from a later central California lease sale proposed for FY 1994 were also removed from the Budget.

The potential lease sale #119 area covers OCS lands from San Francisco southward to the northern tip of Monterey Bay. This area would probably be reduced as more information is gathered during the public hearing process and drafting of an environmental impact statement. While the originally estimated time for a lease sale was March 1991, preparation is sufficiently behind schedule that a sale probably could not be held before the middle of FY 1992.

Preliminary energy resource estimates for lease sale #119 are 160 million barrels of oil and 260 billion cubic feet of natural gas. These estimates represent less than 0.5 percent of total U.S. on- and off-shore oil and gas resources, 5 percent of estimated resources at the Arctic National Wildlife Refuge, 40 percent of sale #116 (southern Florida), 55 percent of sale #95 (southern California), and 75 percent of sale #91 (northern California).

Relationship to the OCS Task Force

The OCS Task Force has completed its review of northern and southern California lease sales originally scheduled for FY 1990 to determine if the environmental risks of proceeding were too great. The Task Force presented its report to you in January 1990.

As you recall, the Task Force did not make a recommendation, but provided three options with various delays in leasing in northern and southern California. Option A is the most development oriented, allowing leasing to proceed after a number of additional environmental studies are completed. The Secretary of the Interior would decide what studies are needed and the timing of future sales. Option B allows leasing to proceed after meeting the requirements of option A, except that certain oil-prone areas off northern California and certain near-shore areas off southern California could not be leased until after 1997. Option C calls for delaying any lease sales in northern and southern California until after 1997 and completing the studies required in option A.

In general, although lease sale #119 was not studied by the Task Force, any decision to delay leasing or require additional studies in northern and southern California would probably have to be implemented and undertaken in the central California area also. Moreover, because of the location of sale #119 -- off the coast of Big Sur, Monterey and Carmel, and San Francisco -- the opposition in California for this sale is at least as great as that to the sales studied by the Task Force.

Relationship to the Proposed Monterey Bay Sanctuary

The Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) is under a legislative mandate to designate Monterey Bay as a National Marine Sanctuary by December 31, 1989, pursuant to legislation enacted in November 1988. (The Secretary of Commerce has recused himself from decisions affecting oil and gas activity. Such decisions have been delegated to the Under Secretary of Commerce for Oceans and Atmosphere, who also serves as NOAA's Administrator.)

NOAA is proposing a sanctuary covering about 2,200 square miles including Monterey Bay, Monterey Canyon, and the surrounding habitat. The proposed designation regulations would prohibit exploring for, developing, or producing oil, gas, or minerals in the sanctuary. Other activities that could potentially harm the resources of the sanctuary will be regulated to varying degrees, but only oil, gas, and mineral activities have an outright prohibition at this time.

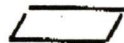
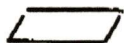
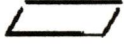
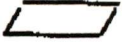
There is no legal requirement for an oil and gas prohibition, although in public hearings during the drafting process, most participants strongly supported such a ban. By law, NOAA cannot prohibit existing activities through means of a sanctuary designation. There is no oil and gas activity currently in the Monterey Bay area.

The proposed sanctuary would include about a third of the area covered by lease sale #119 and about two-thirds of the most promising tracts within that area. The Department of the Interior argues for an alternative, smaller sanctuary that does not include any of the sale #119 area. The Interior-preferred sanctuary is about two-fifths the size of NOAA's. NOAA counters that excluding the sale #119 area from the sanctuary would also exclude a biologically significant area (the largest breeding ground for certain marine mammals in the lower 48 States).

The Departments of the Interior and Energy have indicated that, at a minimum, the decision on the NOAA designation should await your decision on the OCS Task Force options, so as to ensure that the sanctuary regulations are not inconsistent with your decision.

NOAA believes that the sanctuary is a nationally significant and sensitive area. Therefore, even if you decide to proceed with leasing elsewhere in northern and southern California, in NOAA's view, it would be appropriate to prohibit oil and gas activity in the sanctuary area anyway. NOAA also believes that if the oil and gas ban is not included in the proposed rule, Congress will likely enact a legislative ban, as it did with the Cordell Bank National Marine Sanctuary off San Francisco last spring.

Decision

1. Cancel lease sale #119 in its entirety. Publish the proposed NOAA rule on Monterey Bay, including the proposed ban on oil and gas activity within the sanctuary boundaries. 
2. Proceed with sale #119 only in areas outside the proposed sanctuary. Publish the proposed NOAA rule setting these boundaries. 
3. Proceed with the original sale #119. Publish a proposed rule on Monterey Bay that establishes a smaller sanctuary as recommended by the Department of the Interior, and prohibits oil and gas activity only in this reduced area. 
4. Proceed with the original sale #119. Publish a proposed rule on Monterey Bay that establishes the sanctuary as proposed by NOAA, but does not prohibit oil and gas activity in the proposed sanctuary. Instead, regulate oil and gas similar to other allowed activities. 

OFFICE OF CABINET AFFAIRS STAFFING MEMORANDUM

Date: 3-22-90

Due by: _____

Subject: OCS MEMOFrom: BARRY MCBEE

	ACTION	CONCUR	FYI		ACTION	CONCUR	FYI
BATES	☒	☐	☐	JACKSON	☐	☐	☐
DANZANSKY	☒	☐	☐	MCBEE	☐	☐	☐
ADAIR	☐	☐	☐	SCHALL	☐	☐	☐
BUCHHOLZ	☐	☐	☐	WETHINGTON	☐	☐	☐
D'ANDREA	☐	☐	☐	WILLIAMSON	☐	☐	☒
DEWITT	☐	☐	☐	YALE	☐	☐	☒
DUGGAN	☐	☐	☐	_____	☐	☐	☐
EVANS	☐	☐	☐	_____	☐	☐	☐
FARRAR	☐	☐	☐	_____	☐	☐	☐
HEIMBACH	☐	☐	☐	_____	☐	☐	☐

Comments: