

Originally Processed With FOIA(s):
1998-0004-F[1]

FOIA Number:
S

FOIA MARKER

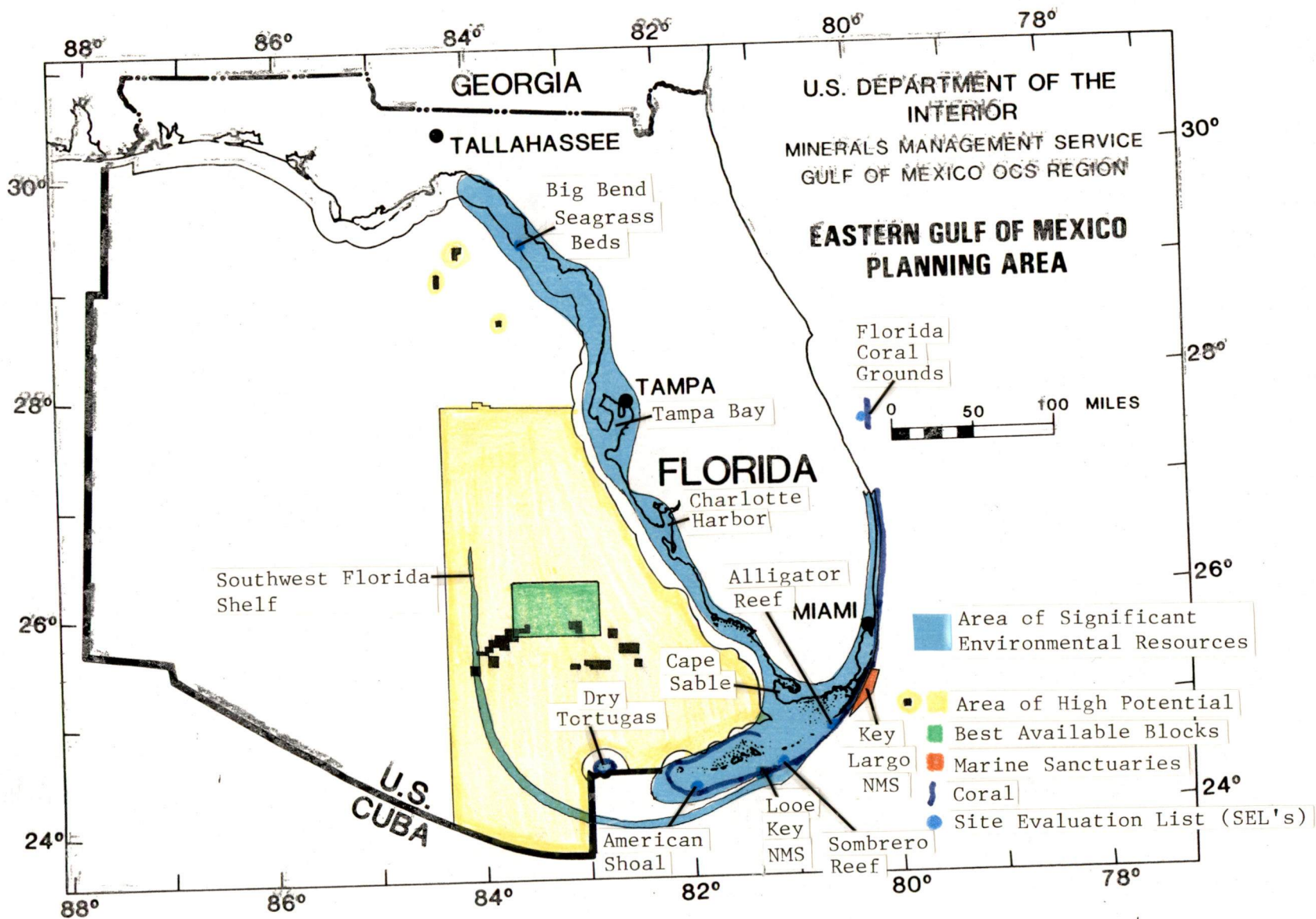
**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files

OA/ID Number: 29164
Folder ID Number: 29164-002

Folder Title:
Outer Continental Shelf (1990) [3]

Stack:	Row:	Section:	Shelf:	Position:
G	15	25	3	2



PROPOSED SOUTHERN CALIFORNIA PLANNING AREA

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

LEGEND

- PROPOSED SOUTHERN CALIFORNIA PLANNING AREA BOUNDARY
- LEASING MAP OR PROTRACTION DIAGRAM BOUNDARY
- CHANNEL ISLANDS NATIONAL MARINE SANCTUARY

- Areas of Significant Environmental Resources
- Area of High Potential/Interest
- Best Available Blocks

- Marine Sanctuaries
- NONE Proposed Sanctuaries
- Site Evaluation List (SEL's)
- Leased Blocks

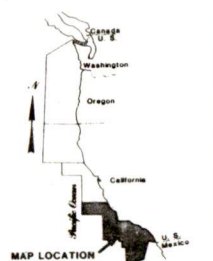
STATE PLANE SYSTEM

All blocks are based on the California (Lambert) Plane Coordinate System, Zone 8, with X origin (2,000,000) at 118° 15' and Y origin (0,000) at 32° 10'. The identification of the blocks is based on the numerical sequence N (North) starting at Y origin, and the numerical sequence W (West) starting at the central meridian. Example: Block 20N-82W is identified and referred to as 2082. The boundaries of the regular blocks are 15,840 feet on a side and contain 5760 acres. Outer Continental Shelf (OCS) Leasing Maps (SA, SB, SC, SD and SE) are based on this system.

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 line north of the equator as "N". The first range of blocks westerly of the central meridian of each UTM zone is designated "E". Thus, a block numbered "N2000-E84" would be the 2000th block north of the equator and the 84th block westerly of the central meridian of the respective UTM zone. Outer Continental Shelf (OCS) Official Protraction Diagrams (W 10-2, N 10-2, N 10-3, N 10-4, N 10-5, N 10-6, N 10-7, N 10-8, N 10-9, N 10-10, N 10-11, N 10-12) are based on this system.

Marine boundaries and showing area limits depicted on the maps are for initial planning purposes only and do not constitute an offer of lease or other mineral rights to the United States or to any other party.



Bathymetry shown in meters at selected (200, 400 and 900) intervals.

NH 11-4 The Rampart

TRANSVERSE MERCATOR PROJECTION

SCALE 1:750,000



FEBRUARY, 1986

This map has been carefully prepared from the best existing data sources available at the time of its publication. The Minerals Management Service, U.S.D.I., does not guarantee the accuracy and is not responsible for reliance thereon. It is not a legal document for mineral leasing purposes nor is it to be used for navigation. The OCS Official Protraction Diagrams and OCS Leasing Maps should be consulted for all measurements and locations of individual blocks.

PROPOSED CENTRAL CALIFORNIA PLANNING AREA

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

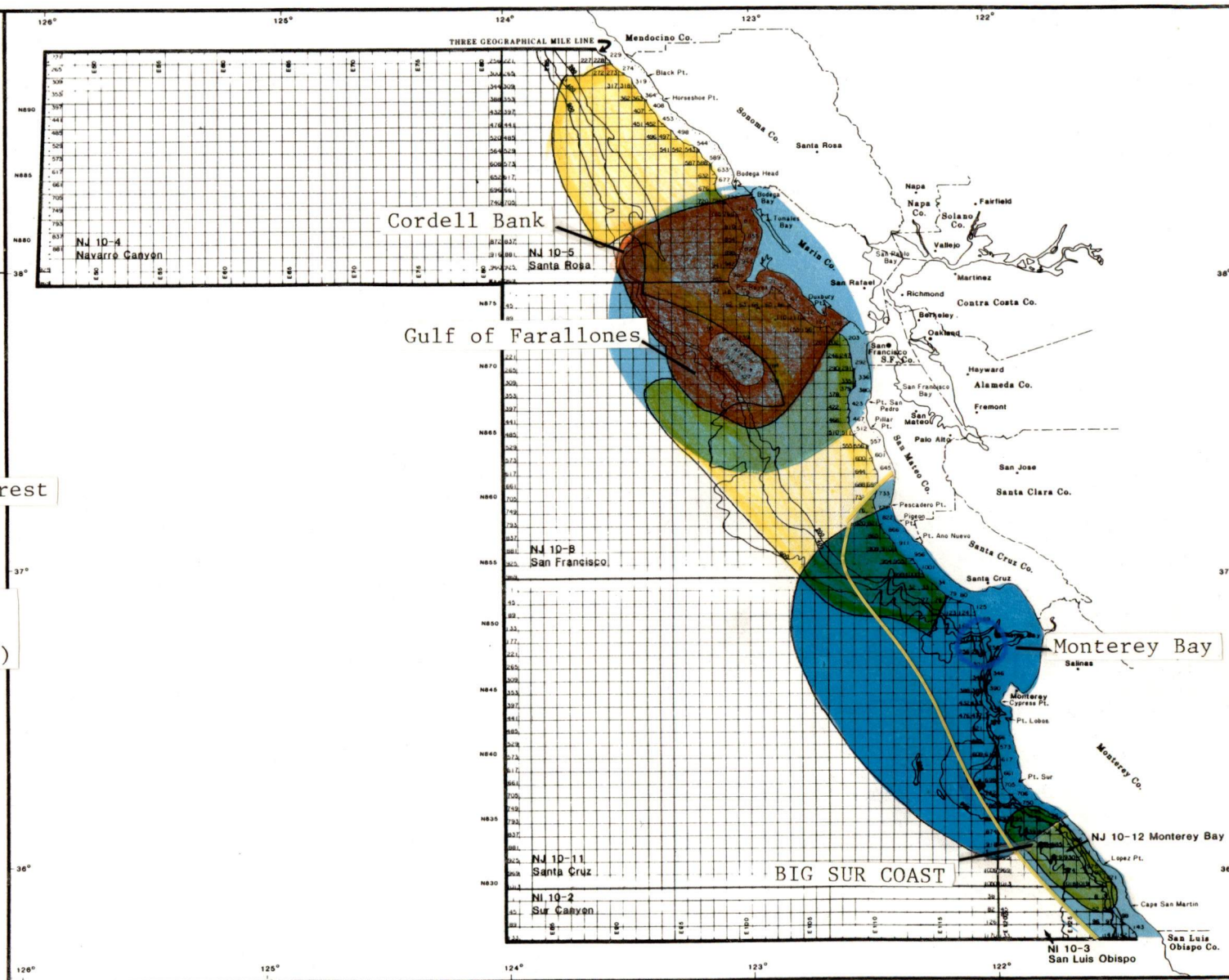
LEGEND

-  PROPOSED CENTRAL CALIFORNIA PLANNING AREA BOUNDARY
-  PROTRACTION DIAGRAM BOUNDARY

-  Areas of Significant Environmental Resources
-  Area of High Potential/Interest

-  Marine Sanctuaries
-  Proposed Sanctuaries
-  Site Evaluation List (SEL's)

Bathymetry shown in meters at selected (200, 400 and 900) intervals.



This map has been carefully prepared from the best existing 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 or liable for reliance thereon. It is not a legal document for federal leasing purposes nor is it to be used for navigation. The OCS Official Protection Diagrams should be consulted for area measurements and locations of individual blocks.

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

TRANSVERSE MERCATOR PROJECTION

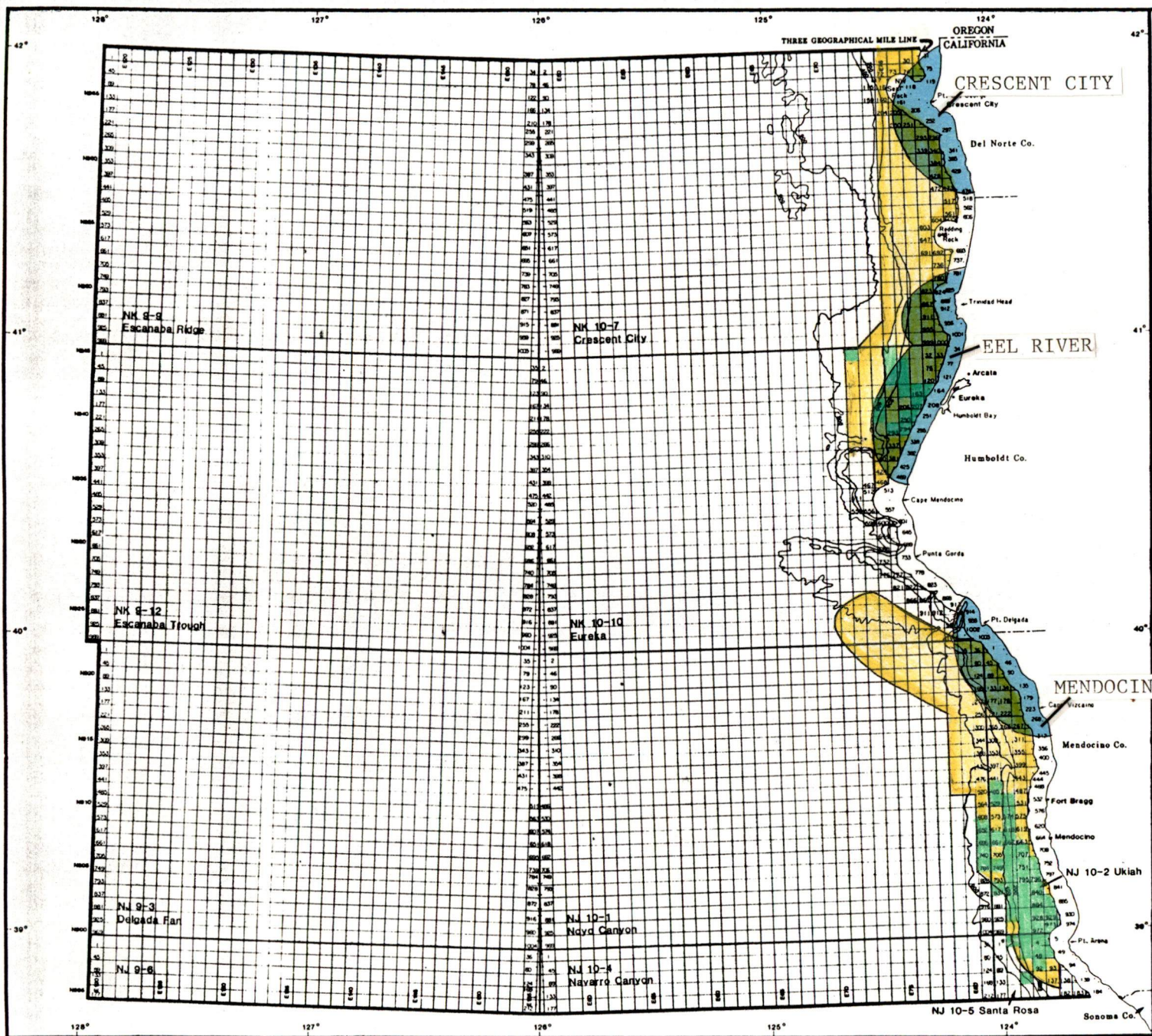
SCALE 1 : 750,000



JANUARY, 1986

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 tier northerly of the equator as "N1". The first range of blocks westerly of the central meridian of each UTM zone is designated "E100". Thus, a block numbered "N200-E86" would be the 200th block northerly of the equator and the 86th block westerly of the central meridian of the respective UTM zone. Outer Continental Shelf Protection Diagrams (NJ 10-4, NJ 10-5, NJ 10-8, NJ 10-11, NJ 10-12, NJ 10-2 and NJ 10-3) are based on this system.



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
- Areas of Significant Environmental Resources
- Area of High Potential/Interest
- Best Available Blocks

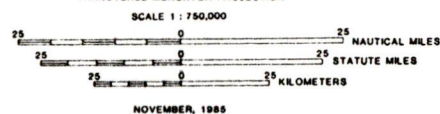
Bathymetry shows in meters at selected (200, 400 and 900) intervals.



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 tier northerly of the equator as "N1". The first range of blocks westerly of the central meridian of each UTM zone is designated "E100". Thus, a block numbered "N200-E08" would be the 200th block northerly of the equator and the 8th block westerly of the central meridian of the respective UTM zone. Outer Continental Shelf Protraction Diagrams (NK 9-8, NK 10-7, NK 9-12, NK 10-10, NK 9-3, NK 10-1, NJ 10-2, NJ 9-6, NJ 10-4 and NJ 10-5) are based on this system.

TRANSVERSE MERCATOR PROJECTION



This map has been carefully prepared from the best existing 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 or liable for reliance thereon. It is not a legal document for federal leasing purposes nor is it to be used for navigation. The OCS Official Protraction Diagrams should be consulted for area measurements and locations of individual blocks.

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

THE WHITE HOUSE
WASHINGTON

DATE:

4-8-

FROM THE PRESIDENT

TO:

John S/ Roger porter.

I have read this oCS repoprt
in its entirety.

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

Please discuss.....

gb .



Space Station It's
OF RACKS
TO BE AVAILABLE



Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Letter with Attachment	From Henson Moore to John Sununu Re: Attached new OCS leasing option (3 pp.)	1/31/90	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 5/12/05

Date Closed:	12/10/2004	OA/ID Number:	29164-002
FOIA/SYS Case #:	1998-0004-F[1]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information



The Deputy Secretary of Energy

Washington, DC 20585

EYES ONLY

January 31, 1990

The Honorable John Sununu
Chief of Staff
The White House
Washington, DC 20500

Dear Governor Sununu:

I am transmitting the attached new OCS leasing option as promised.

It provides for decisive action on the OCS program in general and on the three sale areas in particular. It sets new standards for the entire program by requiring that henceforth, all leasing decisions will be based on a more comprehensive and peer-reviewed environmental and socioeconomic data record, as suggested by the National Academy of Sciences (NAS).

It declares that it is a new day for the California and Florida sales by cancelling them for purposes of the current five-year program, and excluding them from this year's announcement for the 1992-1997 lease sale.

This action, however, will not preclude these tracts from being subsequently added to the 1992-1997 lease sales if the additional data shows that leasing can be done in an environmentally acceptable manner. Because the collection of this information will take from two to five years depending on the tract, it will push a public determination on whether to proceed with leasing beyond the 1992 election cycle. After the election, if a decision is made to proceed, a special process can begin to add these tracts to the 1992-1997 cycle. This process would have to follow the standard procedures, including public hearings and consultation with state and local officials, and could take an additional two years.

These precedent-setting actions make it clear that we are not doing business as usual. They should go far toward building a more objective and scientific basis for decisionmaking in this vital public policy area.

By avoiding arbitrary deferrals and tract deletions, this option will thwart those who would like to use the

-2-

President's decisions on these three tracts as a template to aid them in their calls for arbitrary bans on OCS activities elsewhere.

I look forward to working with you on this proposal.

Sincerely,


W. Henson Moore

cc: Roger Porter
Assistant to the President for Economic and
Domestic Policy

PROPOSED NEW OCS OPTION

The President sets forth principles for longer term guidance on OCS leasing in general and on these sale areas in particular.

- Cancel sales 116 (Part II), 95, and 91.
- Exclude these areas from the proposal for the 1992-1997 lease sale to be announced this spring or summer.
- Direct that all decisions on whether or not to lease a given area will be based on a more comprehensive and peer-reviewed environmental and socioeconomic information record, as suggested by the National Academy of Sciences.
- Charge the Secretary of the Interior to provide greater opportunities for public involvement by state and local communities in the OCS leasing program. The Secretary also should explore how the benefits of OCS development can be better shared with state and local communities.
- Declare that OCS issues are central to the National Energy Strategy being prepared at Presidential direction; e.g., conservation, the role of alternative fuels, and hydrocarbon resource potential and needs. OCS leasing decisions, therefore, should be made in the broader context of the National Energy Strategy being developed by DOE and other interested agencies with full public participation.
- For sales 116 (Part II), 95, and 91, this decision means that only after the establishment of an environmental and socioeconomic data base consistent with NAS recommendations will determinations be made on whether or not to lease in these areas. Gathering the necessary information is estimated to take at least two to five years. If these studies show that leasing can be done in an environmentally acceptable manner and a decision is made to proceed, then the normal process of public hearings and consultation with local and state officials would begin.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 6-4-90

TO: Jim Ciccone JUN 4 PM 1:14
FROM: ROBERT E. GRADY
ASSOCIATE DIRECTOR
NATURAL RESOURCES, ENERGY AND SCIENCE

Barry & I are meeting
on the attached in next
10 minutes (6²⁰pm)

Governor -

Here's statement and
fact sheet as they stand.
I'm trying to get the
statement cut in half,
with most facts in fact
sheet.

Jim
6-4-90

f

THE WHITE HOUSE
WASHINGTON

April 27, 1990

AC HAS SEEN

file

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: DAVID Q. BATES, JR.

[Handwritten signature]

Secretary Lujan called today concerning the OCS decision. The Secretary said he will be out-of-town from Tuesday, May 2 until Monday, May 14, with the exception of Monday, May 7. He said he hoped we could make a decision this coming Monday, April 30 or Monday, May 7. I told him this Monday was definitely out, but that Monday, May 7 was a possibility.

I think the following should take place before the President's decision: a meeting in your office with Darman, Porter, Card, Bates, Cicconi, Grady, Gorman and McBee to review and discuss the options; a discussion by you or Andy with Energy (probably Henson) as they requested being able to make some final points before a decision (I think this is fair in light of our meeting with Interior); and we should consider a meeting with the Florida and California Congressional delegations, which I know Legislative Affairs wants.

OCS Mr. President -

THE WHITE HOUSE
WASHINGTON

- 1) DUKE HASN'T
LEASED IN STATE
WATERS - NOT ONE
- 2) EXEMPTING
CALIF OCS DOES
NOT
CREATE PRECEDENT
RE GULF/MEX OCS
Respy
Pete

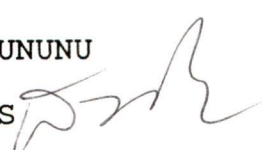
THE WHITE HOUSE

WASHINGTON

April 30, 1990

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

DAVID BATES 

SUBJECT:

Meeting on Outer Continental Shelf Decisions

A meeting will be held Tuesday morning, May 1, at 11:00 a.m. in your office to discuss the decisions that must be made by the President with respect to the report of his Outer Continental Shelf Task Force and a new proposal that has been forwarded to the President by Secretary Lujan. A paper outlining the options developed by the Task Force and other options developed by White House staff and the Department of Energy, which includes a four-page executive summary, is attached at Tab A. A summary of the Interior Department proposal is attached at Tab B.

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

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Redaction	Redaction of options section of paper on OCS leasing and development (1 pp.)	n.d.	P 5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 5/12/05

Date Closed:	12/10/2004	OA/ID Number:	29164-002
FOIA/SYS Case #:	1998-0004-F[1]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

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).

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Report	Re: Options section of report on OCS leasing and development (2 pp.)	n.d.	P -5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
(Document Follows)

By JP (NLGB) on 5/12/05

Date Closed: 12/10/2004	OA/ID Number: 29164-002
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

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.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Paper	Options presented by the OCS Leasing and Developments Task Force (13 pp.)	4/30/90	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 5/12/05

Date Closed: 12/10/2004	OA/ID Number: 29164-002
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

April 30, 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.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Paper	Appendix C: Findings on Environmental Concerns (6 pp.)	n.d.	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 5/12/05

Date Closed: 12/10/2004	OA/ID Number: 29164-002
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

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.

April 30, 1990

SUMMARY OF INTERIOR DEPARTMENT OCS PROPOSAL

The Interior Department has developed a comprehensive proposal for the President's upcoming decisions on the Outer Continental Shelf (OCS) program. The proposal encompasses not only recommendations regarding the three delayed lease sales, but also recommendations on other pending sales, an Administration initiative to identify and protect unique marine environments, general principles to govern the OCS program in the future, a review of the statutory and regulatory foundation of the OCS program, and additional studies to be conducted by the Interior Department.

California and Florida Lease Sales

California -- All sales currently scheduled offshore California would be cancelled and 99 percent of the tracts off southern and northern California would be excluded from consideration for the 1992-1997 five-year program. Only one limited sale of tracts having high resource potential, where drilling can be done in an environmentally sound manner, would be pursued in the next program. No sales would occur off central California until after 1997.

Florida -- Sale 116 off southwestern Florida would be cancelled and the area excluded from future sales until 2000 or later. The Interior Secretary would work with parties that currently own leases off Florida to encourage them to agree voluntarily not to pursue exploratory drilling for at least three years.

Other Pending Sales

Monterey Bay Marine Sanctuary -- The marine sanctuary proposed by the National Oceanic and Atmospheric Administration, which encompasses much of the area to be covered by proposed Sale 119, would be approved, including prohibitions on oil and gas drilling within the sanctuary.

Washington and Oregon -- The recommendations of the Pacific Northwest Task Force to defer a proposed lease sale off those two states until additional environmental studies can be conducted would be accepted. These studies are anticipated to take seven to eight years, effectively precluding any sale until the 1997-2002 five-year program at the earliest.

North Atlantic -- Sale 96 off the North Atlantic coast would be cancelled and additional studies, including studies designed to determine the area's resource potential, would be conducted.

Ocean Preserves Register

Recognizing the unique nature of certain marine resources, Interior would institute an Ocean Preserves Register delineating offshore areas that would not be leased in the 1992-1997 five-year program. Five areas off California would initially be designated for this register: the areas offshore Crescent City and Mendocino in northern California, the Big Sur coast offshore central California, and the areas offshore La Jolla and Begg Rock Island in southern California. Three areas off the southwestern and southeastern coasts of Florida would be so designated: the Florida Bay and coral reefs, Cape Sable and the Dry Tortugas. The boundaries of these areas would be determined within one year by the Interior Secretary; the preserves would be designated for the next five-year program only, although as a practical matter it would be extremely difficult to delete an area from the register once it has been designated. The Interior Secretary would confer with coastal governors regarding the inclusion of additional areas in the register for the 1997-2002 five-year program.

Principles for OCS Program

The President's decision on the California and Florida sales would be placed in the context of guiding principles for the OCS program as it goes forward. Those principles would acknowledge the importance of domestic energy production for the nation's economy and national security; require that future OCS decisions be made on the basis of the best possible information on resource potential and environmental consequences; and urge that due consideration of all parties' views be given in carefully making future OCS decisions.

Restructuring of OCS Program

The Interior Secretary would be charged with reviewing the Outer Continental Shelf Lands Act and its implementing regulations to suggest improvements in the program. One area of specific study would be an initiative to share directly with impacted coastal areas the financial benefits of new OCS development.

Additional Studies

To ensure that the best possible information is available for making future OCS decisions, an additional \$250 to \$300 million would be requested to fund a five-year program of studies on the environmental consequences of offshore drilling, resource potential of the OCS, oil spill clean-up technology and oil and gas production technology.

United States Senate

WASHINGTON, DC 20510-0502

May 10, 1990

COPY

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing to urge you to expedite the release of the Draft Environmental Impact Statement (EIS) for the Monterey Bay National Marine Sanctuary and to prohibit offshore oil and gas development within the proposed boundaries of this sanctuary.

Pursuant to 1988 legislation to reauthorize the National Marine Sanctuary Program (P.L. 100-627), the Department of Commerce was scheduled to issue a notice of final designation for Monterey Bay not later than December 31, 1989. Unfortunately, a shortage in manpower and financial resources in preparing the required documents for this sanctuary has delayed such designation. I understand that the federal budget constraints are such that sufficient funding of the sanctuary program -- including the process for designating and studying new sanctuary sites -- are such that delays can be expected.

However, it is my understanding that the Department of Commerce has completed a Draft EIS and recently presented it to the Office of Management and Budget and the Department of Interior for review.

I, several members of the California Congressional delegation, and countless residents of the state look forward to the creation of the Monterey Bay National Marine Sanctuary. In addition, the public anxiously waits for an opportunity to comment on the Draft EIS. In this regard, I hope that you can assist in the acceleration of this review process.

Furthermore, I believe that the Final EIS for Monterey Bay should in no way leave open the possibility of OCS development within the final designated boundaries of the sanctuary. While I realize that sanctuary designation does not necessarily preclude such development, I strongly believe that the Monterey Bay sanctuary deserves maximum protection.

Anything less than complete protection within the final boundaries of the sanctuary would seem to invalidate the purpose of a marine sanctuary, to better protect the resources of environmentally sensitive bodies of water. Oil and gas development in the sanctuary could threaten the near shore fisheries and habitat of many marine mammals in Monterey Bay and along a fragile stretch of the central California coast.

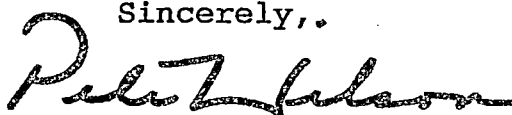
The President
May 10, 1990
Page Two

It would only take changing ocean currents in the area and the subsequent transfer of drilling muds, toxic substances, and oil for considerable damage to these resources to occur.

California's three existing sanctuaries at the Channel Islands, Point Reyes-Farallon Islands, and Cordell Bank include regulations prohibiting offshore oil and gas development. I hope that you agree that Monterey Bay is worthy of equal protection.

I appreciate your consideration of these concerns.

Sincerely,.

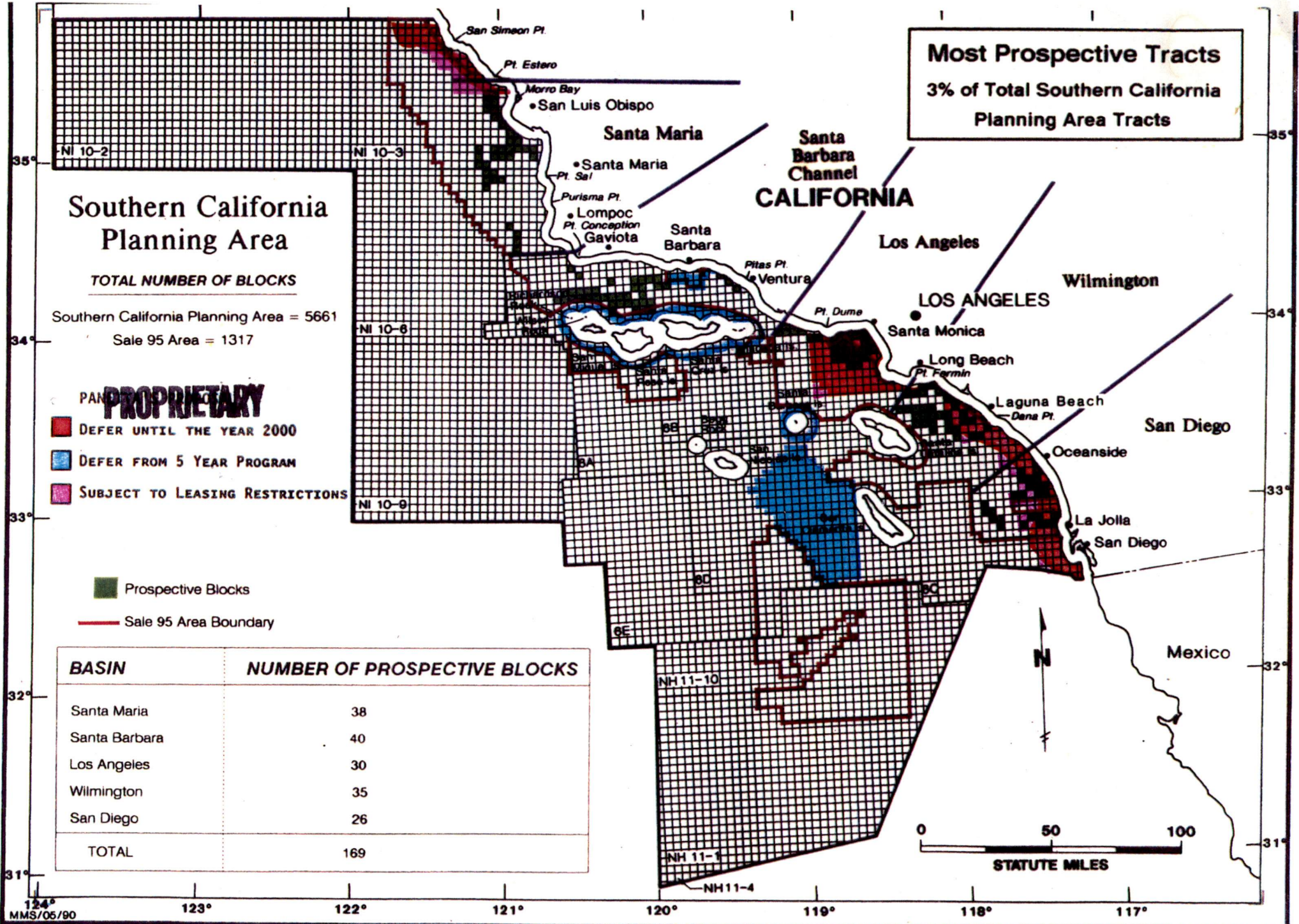
A handwritten signature in dark ink, appearing to read "Pete Wilson". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

PETE WILSON

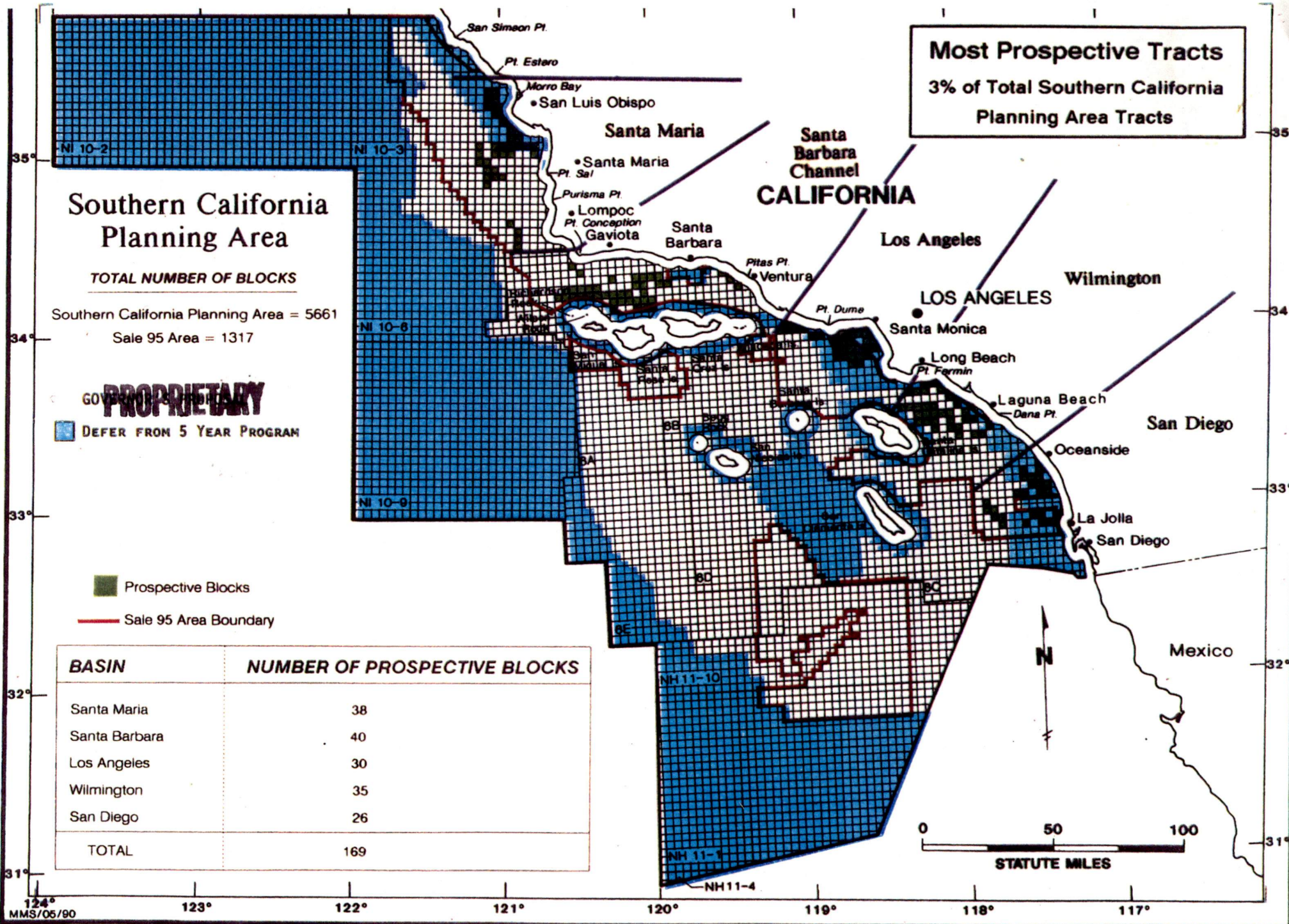
cc: Governor John Sununu
The Honorable Robert Mosbacher
The Honorable Manuel Lujan
The Honorable Richard Darman
Mr. John Knauss

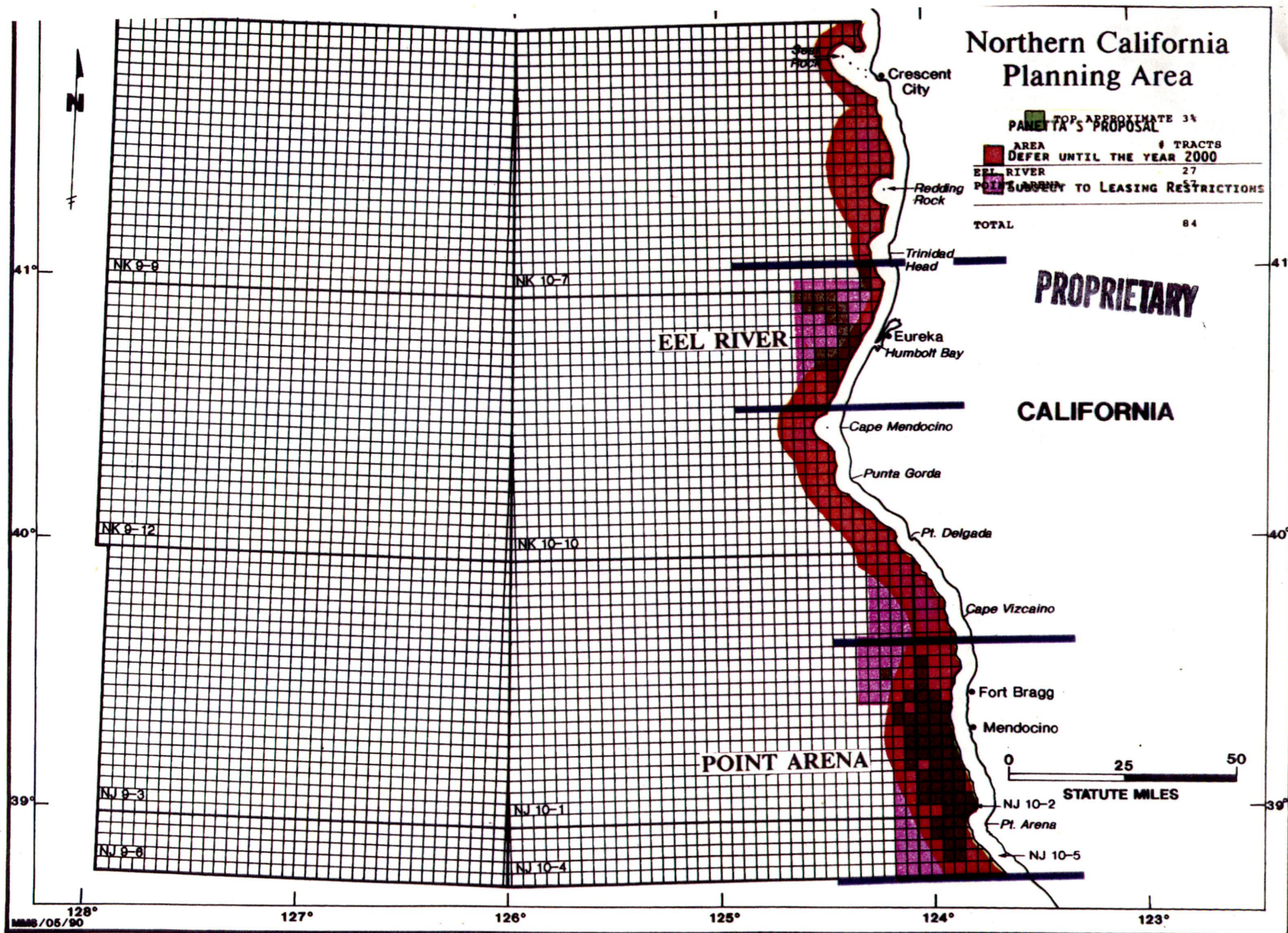
PW:pd

Panetta

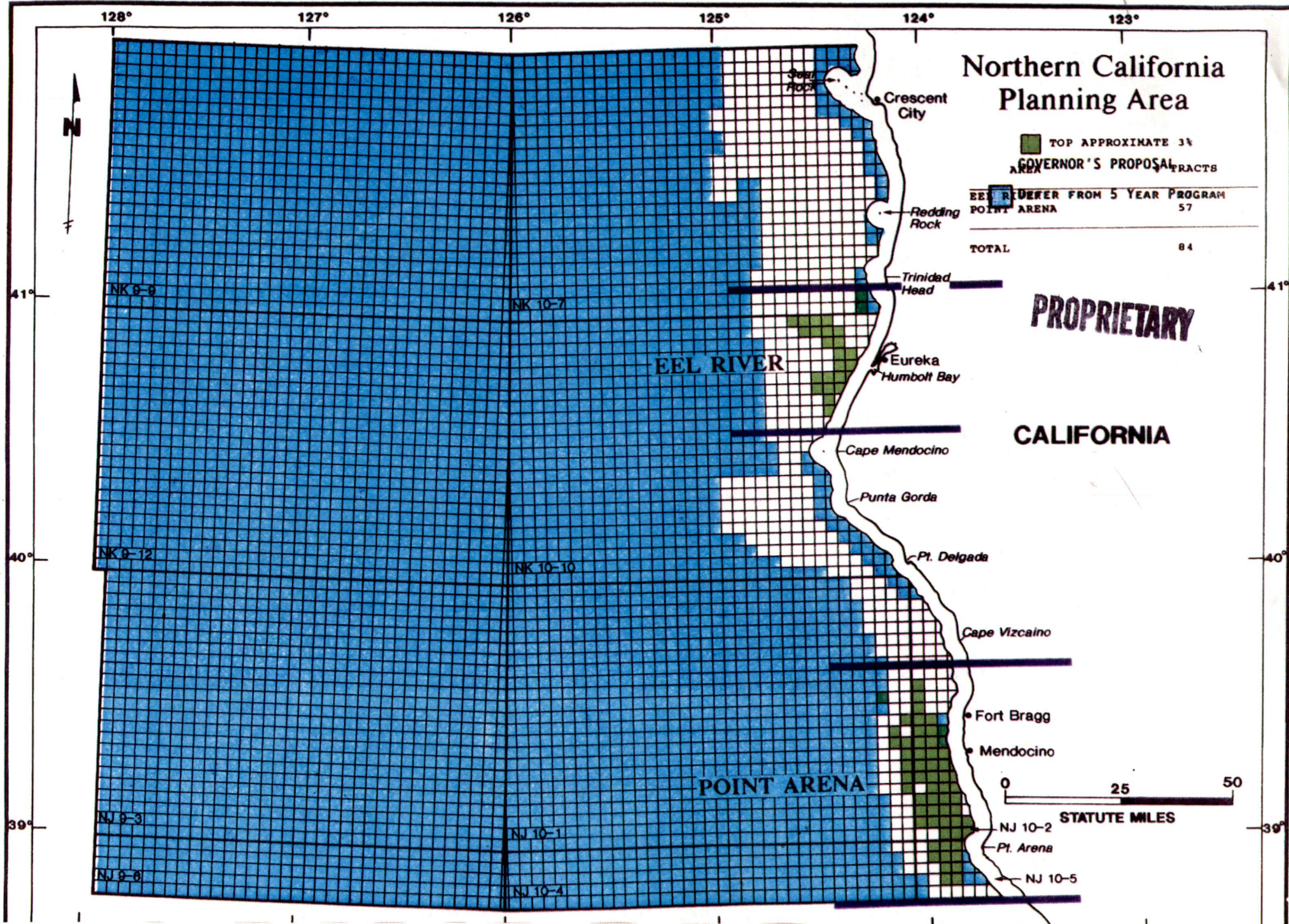


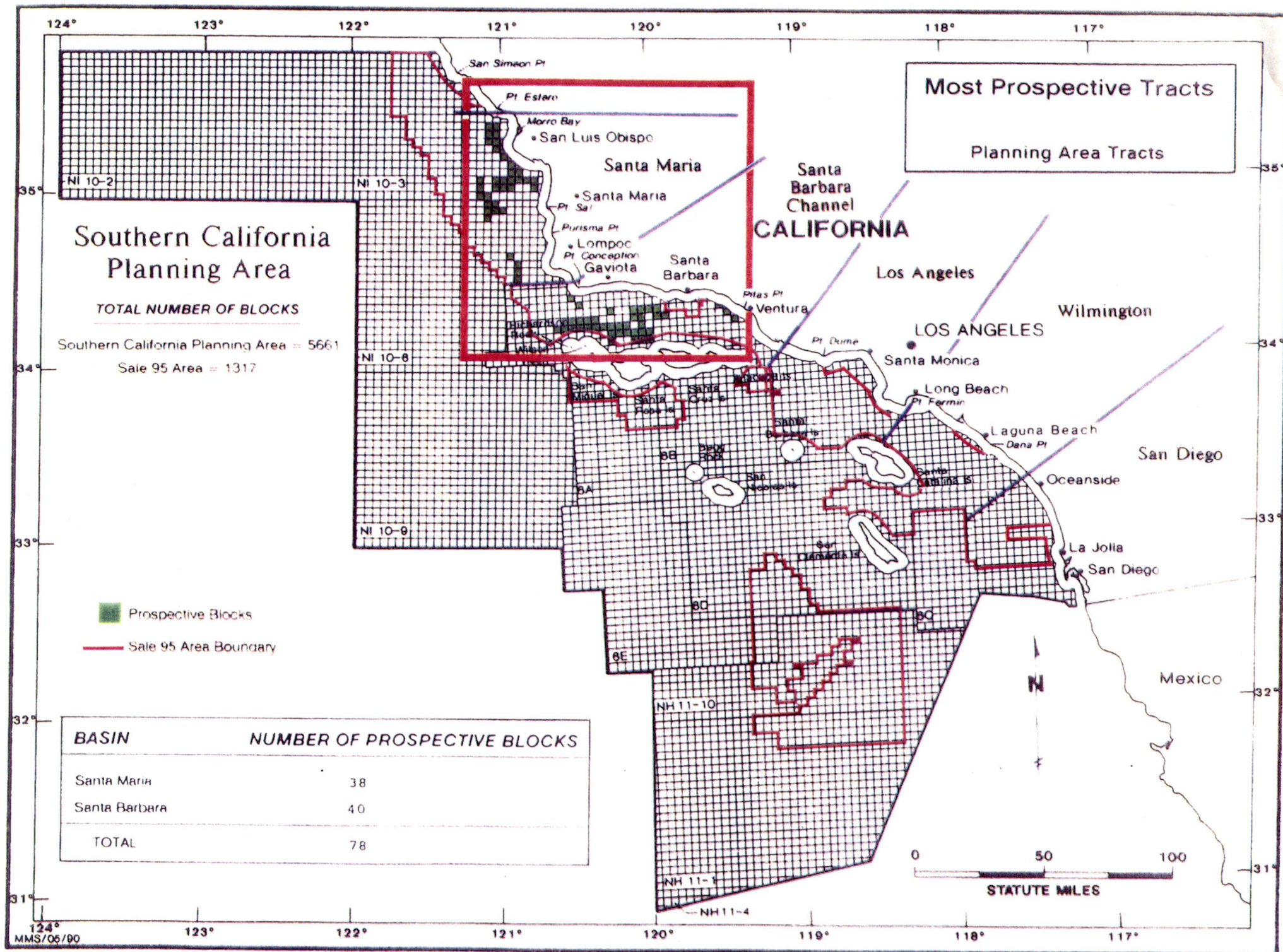
DevKmejian





DevKmejian





May 18, 1990

**OMB SUMMARY OF 1986 PROPOSALS FOR OCS OIL AND
GAS LEASING OFF CALIFORNIA**

- o Early Preliminary Agreement: Prior to Interior's initial draft plan, Secretary Hodel around mid-1985 tentatively agreed to consider a proposal to lease 150 blocks (out of about 6500 blocks; a block is 9 square miles) in areas that were under congressional moratoria, and delete the remaining moratoria areas until the year 2000. In September 1985 Secretary Hodel testified that he could not finalize the agreement because it was not in the interests of the Nation.
- o Proposed Interior Leasing Plan: In February 1986 Interior proposed five lease sales off California for the 1987-1992 five-year plan. About 7 percent (5.4 million acres) of the total available acreage (77 million acres) would be excluded from leasing, including areas around existing National Marine Sanctuaries, off San Francisco and Monterey Bays, and other biologically significant areas.
- o Governor Deukmejian's Proposal: In addition to the deferred areas in Interior's February 1986 proposal, the Governor's proposal deferred areas in deep water and larger areas around biologically significant resources. A total of about 77 percent (58 million acres) of the total available acreage would be deferred, of which about 48 million acres were in deep waters having little oil industry interest.
- o Representative Regula's Proposal: This proposal was similar to the Governor's plan. It also provided for coastal buffer segments in the three California planning areas. About 77 percent (58 million acres) of the total area would be deferred, of which most (48 million acres) were in deep water.
- o Representative Panetta's Proposal: This proposal created an uninterrupted buffer area along the northern and central California planning area ranging in width from 6 to 30 miles. Buffer segments were also proposed in some areas of southern California. This proposal would defer about 10 percent (7-10 million acres) until 2000. Outside the buffer zone, lease sales would be limited to 50 blocks each in areas that industry had expressed interest. A sale of 50 blocks could be held between 1987 and 1992, another 50-block sale before 1997, and a final sale of 73 blocks between 1997 and 2000. The areas outside the buffer zone that industry did not express interest in could also be leased during these periods.
- o Final Interior Lease Sale Proposal: Final Interior OCS leasing plans off California were never completed due to ongoing congressional moratoria and the establishment of the President's OCS Oil and Gas Leasing and Development Interagency Task Force.

GOVERNOR DEUKMEJIAN'S MAY 7, 1986 CALIFORNIA LEASING PROPOSAL

MAJOR COMPONENTS OF THE PROPOSAL

- 1. AREAS DEFERRED BY DOI IN FEBRUARY 1986 PROPOSED PROGRAM WERE INCORPORATED IN THE GOVERNOR'S PROPOSAL.**

THE AREAS DEFERRED WERE:

- THE AREA OFF POINT REYES WILDERNESS**
- THE POINT REYES - FARALLON ISLANDS NATIONAL MARINE SANCTUARY**
- THE AREA OFF SAN FRANCISCO BAY**
- THE AREA IN THE IMMEDIATE VICINITY OF CORDELL BANK**
- THE AREA OFF MONTEREY BAY**
- THE AREA OFF BIG SUR**
- THE SANTA BARBARA FEDERAL ECOLOGICAL PRESERVE AND BUFFER ZONE**
- THE CHANNEL ISLANDS NATIONAL MARINE SANCTUARY**
- THE COORDINATED ANTI-SUBMARINE WARFARE AREA (SAN NICOLAS BASIN).**

- 2. IN THE SOUTHERN CALIFORNIA PLANNING AREA, ADDITIONAL DEFERRALS INCORPORATED IN THE GOVERNOR'S PROPOSAL INCLUDED APPROXIMATELY 88 BLOCKS OFF SAN LUIS OBISPO COUNTY; APPROXIMATELY 45 BLOCKS OFFSHORE POINT MUGU AND WEST OF SANTA MONICA BAY, AND 6-MILE BUFFERS ALONG AREAS OF SPECIAL BIOLOGICAL SIGNIFICANCE (ASBS's), INCLUDING SAN NICHOLAS ISLAND AND BEGG ROCK ASBS AND 3 MILES OF THE SEAWARD BOUNDARY OF CALIFORNIA OIL AND GAS SANCTUARIES, AND AREAS BEYOND THE 1,000-METER ISOBATH. ADDITIONAL DEFERRALS WERE ALSO INCLUDED IN THE GOVERNOR'S CENTRAL AND NORTHERN CALIFORNIA PLANNING AREAS SEGMENTS OF HIS PROPOSAL.**

- 3. ALL AREAS OFFERED WERE TO BE SUBJECT TO THE STIPULATIONS AND AGREEMENTS WHICH THE STATE AND DOI NEGOTIATED FOR SALES 73 AND 80. THE STIPULATIONS ADOPTED FOR SALES 73 AND 80 INCLUDED REQUIREMENTS PERTAINING TO AIR QUALITY, SEMI-ANNUAL UNANNOUNCED OIL SPILL DRILLS, TRANSPORTATION OF OIL BY PIPELINE TO SHORE IF TECHNOLOGICALLY FEASIBLE AND ENVIRONMENTALLY PREFERABLE, OIL SPILL CONTAINMENT EQUIPMENT, COMMERCIAL FISHERIES, PROTECTION OF BIOLOGICAL RESOURCES, DRILLING DISCHARGE REQUIREMENTS, ONSHORE PROCESSING OF CRUDE OIL.**

- 4. ENDORSED SALES OFFSHORE CALIFORNIA EVERY 3 YEARS.**

RESULTS OF THE ANALYSIS OF DEUKMEJIAN PROPOSAL

CAUTION: DO NOT USE THESE ESTIMATES. THEY WERE DEVELOPED IN 1986 AND ARE NOT CURRENT.

HYDROCARBON RESOURCES AVAILABLE (BASED ON ESTIMATES USED FOR THE 1987 PROGRAM):

-NORTHERN CALIFORNIA--THE GOVERNOR'S PROPOSAL WAS ESSENTIALLY ADOPTED IN THE 5-YEAR PROGRAM. AN ESTIMATED 80 PERCENT OF THE HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE.

-SOUTHERN CALIFORNIA--ESTIMATED 42 PERCENT OF HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 66 PERCENT AND PANETTA'S 56 PERCENT). IN THE AREA PREVIOUSLY RESTRICTED BY CONGRESSIONAL MORATORIA, AREAS WHICH AT THAT TIME WERE OF SIGNIFICANTLY MORE INTEREST TO INDUSTRY, 3 PERCENT OF THE POTENTIAL HYDROCARBONS WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 27 PERCENT).

STIPULATIONS INCLUDED IN THE GOVERNOR'S PROPOSAL.

-AT THE TIME, DOI "COMMITTED TO LEVELS OF PROTECTION SIMILAR TO THOSE" PROVIDED BY THE STIPULATIONS WHICH HAD BEEN AGREED TO BY THE STATE AND DOI FOR THE PREVIOUS TWO SALES OFFSHORE CALIFORNIA (SALES 73 AND 80).

CONGRESSMAN PANETTA'S 1986 CALIFORNIA LEASING PROPOSAL

MAJOR COMPONENTS OF THE PROPOSAL

1. AREAS DEFERRED BY DOI IN FEBRUARY 1986 PROPOSED PROGRAM WERE ALSO DEFERRED IN THE CONGRESSMAN'S PROPOSAL.

THE AREAS DEFERRED WERE:

- THE AREA OFF POINT REYES WILDERNESS
- THE POINT REYES - FARALLON ISLANDS NATIONAL MARINE SANCTUARY
- THE AREA OFF SAN FRANCISCO BAY
- THE AREA IN THE IMMEDIATE VICINITY OF CORDELL BANK
- THE AREA OFF MONTEREY BAY
- THE AREA OFF BIG SUR
- THE SANTA BARBARA FEDERAL ECOLOGICAL PRESERVE AND BUFFER ZONE
- THE CHANNEL ISLANDS NATIONAL MARINE SANCTUARY
- THE COORDINATED ANTI-SUBMARINE WARFARE AREA (SAN NICOLAS BASIN).

2. LEASING PROHIBITED UNTIL THE YEAR 2000 IN BUFFER AREAS ALONG THE CALIFORNIA COASTLINE.

-IN NORTHERN AND CENTRAL CALIFORNIA PLANNING AREAS, THE BUFFERS ARE CONTINUOUS, RANGING IN WIDTH FROM 6 TO 30 MILES OFFSHORE.

-IN SOUTHERN CALIFORNIA, THE BUFFER IS SEGMENTED-- AFFECTING AREAS COVERED BY PREVIOUS MORATORIA: OFFSHORE SAN DIEGO, SANTA MONICA BAY, AND CALIFORNIA SEA OTTER RANGE.

3. A TOTAL OF 173 BLOCKS, THE MAJORITY OF WHICH WERE IDENTIFIED AT THAT TIME TO BE AREAS OF SIGNIFICANTLY MORE INTEREST TO INDUSTRY AND LOCATED OUTSIDE THE BUFFER ZONES, COULD BE OFFERED FOR LEASE ON A RESTRICTED BASIS:

- NO MORE THAN 50 DURING MID-1987 THROUGH MID-1992
- NO MORE THAN 50 ADDITIONAL BLOCKS DURING MID-1992 THROUGH MID-1997; AND,
- NO MORE THAN 73 ADDITIONAL BLOCKS FROM MID-1997 THROUGH 12/31/99.

4. ALL REMAINING BLOCKS OUTSIDE THE BUFFER ZONE COULD BE OFFERED FOR LEASE. AT THAT TIME (1986), THESE AREAS WERE OF SIGNIFICANTLY LESS INTEREST TO INDUSTRY.

5. SIX ENVIRONMENTAL STIPULATIONS WOULD BE INCLUDED IN EACH LEASE ISSUED. THE STIPULATIONS PERTAIN TO AIR QUALITY, PIPELINES, ONSHORE FACILITIES, OIL SPILL RESPONSE, PROTECTION OF FISHERIES AND BIOLOGICAL RESOURCES, AND THE DISPOSAL OF MUDS, CUTTINGS, AND PRODUCED WATERS.

RESULTS OF THE ANALYSIS OF THE PANETTA PROPOSAL

CAUTION: DO NOT USE THESE ESTIMATES. THEY WERE DEVELOPED IN 1986 AND ARE NOT CURRENT.

HYDROCARBON RESOURCES AVAILABLE (BASED ON ESTIMATES USED FOR THE 1987 PROGRAM):

NORTHERN CALIFORNIA--AN ESTIMATED 29 PERCENT OF THE HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 80 PERCENT).

SOUTHERN CALIFORNIA--ESTIMATED 56 PERCENT OF THE HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 66 PERCENT). IN THE AREA PREVIOUSLY RESTRICTED BY CONGRESSIONAL MORATORIA (AREAS WHICH ARE OF SIGNIFICANTLY MORE INTEREST TO INDUSTRY), 6 PERCENT OF THE POTENTIAL HYDROCARBONS WOULD BE MADE AVAILABLE FOR LEASE, COMPARED TO DOI'S 27 PERCENT.

STIPULATIONS INCLUDED IN THE 1986 PROPOSAL. (AT THAT TIME, IT WAS BELIEVED THAT ADOPTION OF THE FOLLOWING MEASURES COULD RESULT IN A FAILURE OF COMPANIES TO BID ON LEASES DUE TO THE COSTS ASSOCIATED WITH SOME OF THE MEASURES.)

1. ACTIVITIES ON THE LEASE TO BE SUBJECT TO THE NEW SOURCE REVIEW RULE OF THE CALIFORNIA AIR QUALITY MANAGEMENT DISTRICT CLOSEST TO SUCH ACTIVITIES.

1990 UPDATE: MMS, EPA, AND OMB WORKING ON CLEAN AIR RULES OFFSHORE CALIFORNIA.

2. SIX-HOUR RESPONSE TIME WOULD BE REQUIRED OF OIL SPILL CONTAINMENT EQUIPMENT CAPABILITY AND THE REQUIREMENT THAT THE EQUIPMENT WILL CONTAIN, RECOVER, AND DISPOSE OF 60 PERCENT OF SPILLED OIL.

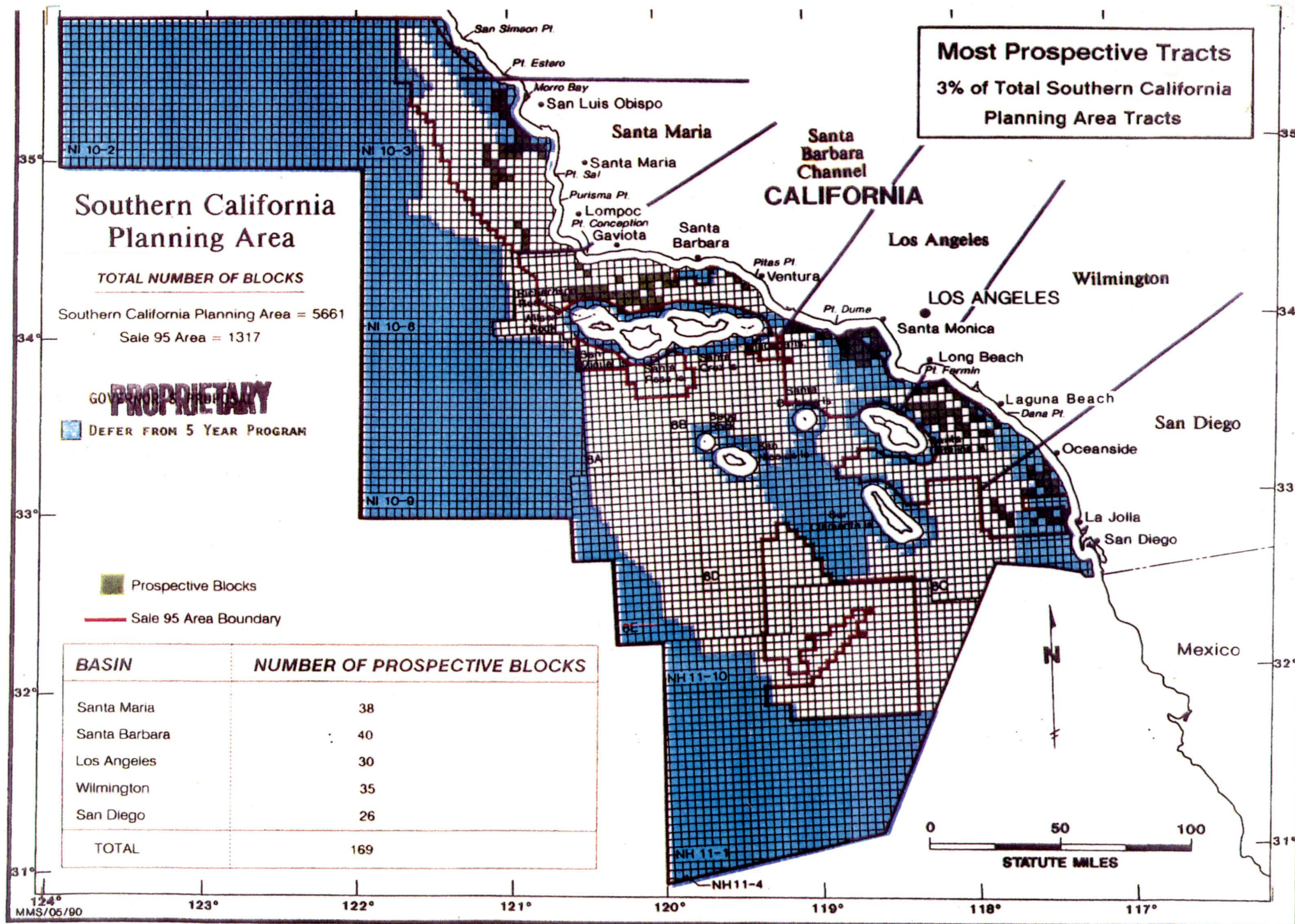
1990 UPDATE: MORE MONEY FOR RESEARCH IS NEEDED TO DEVELOP THE TECHNOLOGY.

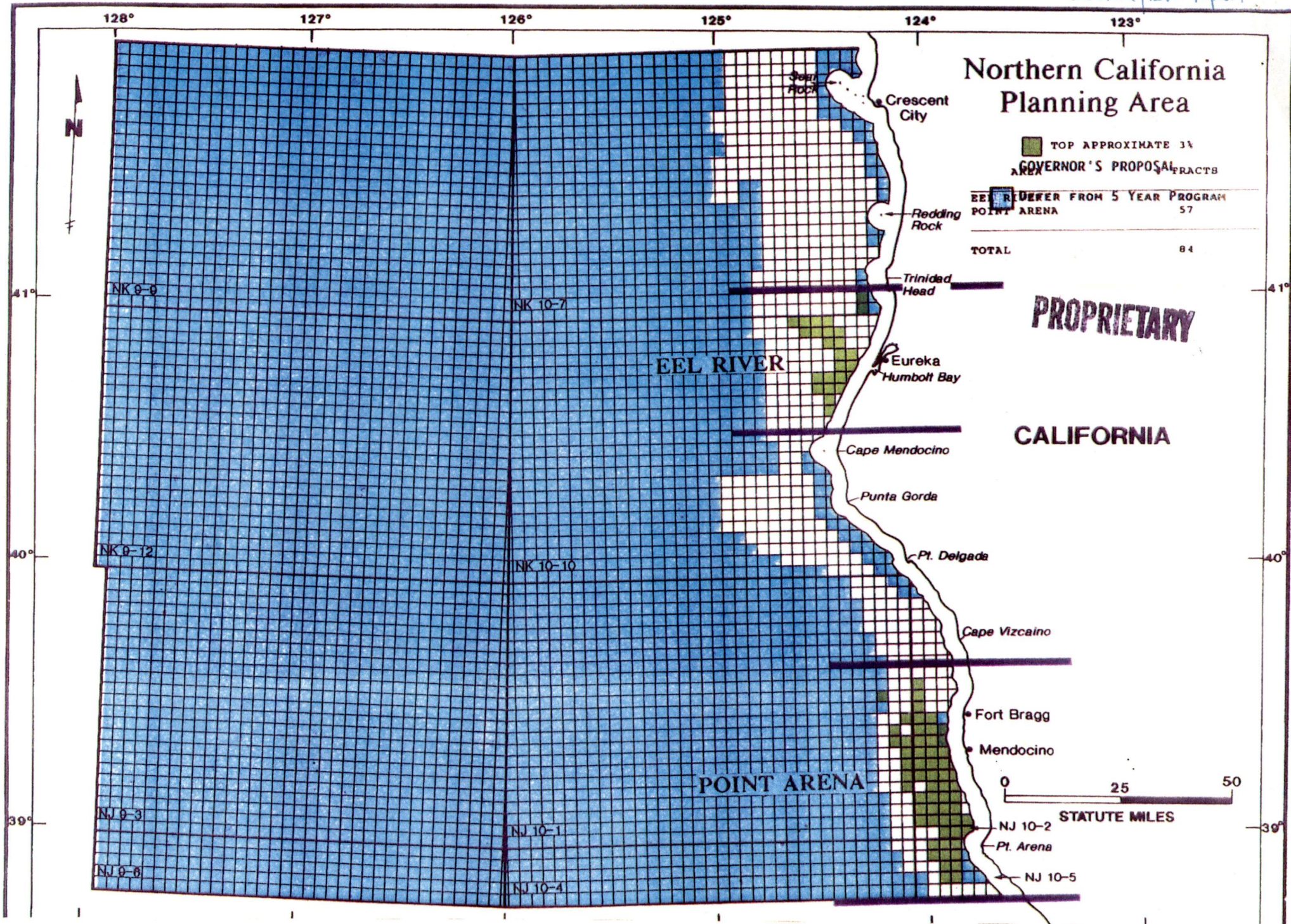
3. ALL OIL OR GAS BE TRANSPORTED TO SHORE BY PIPELINE.

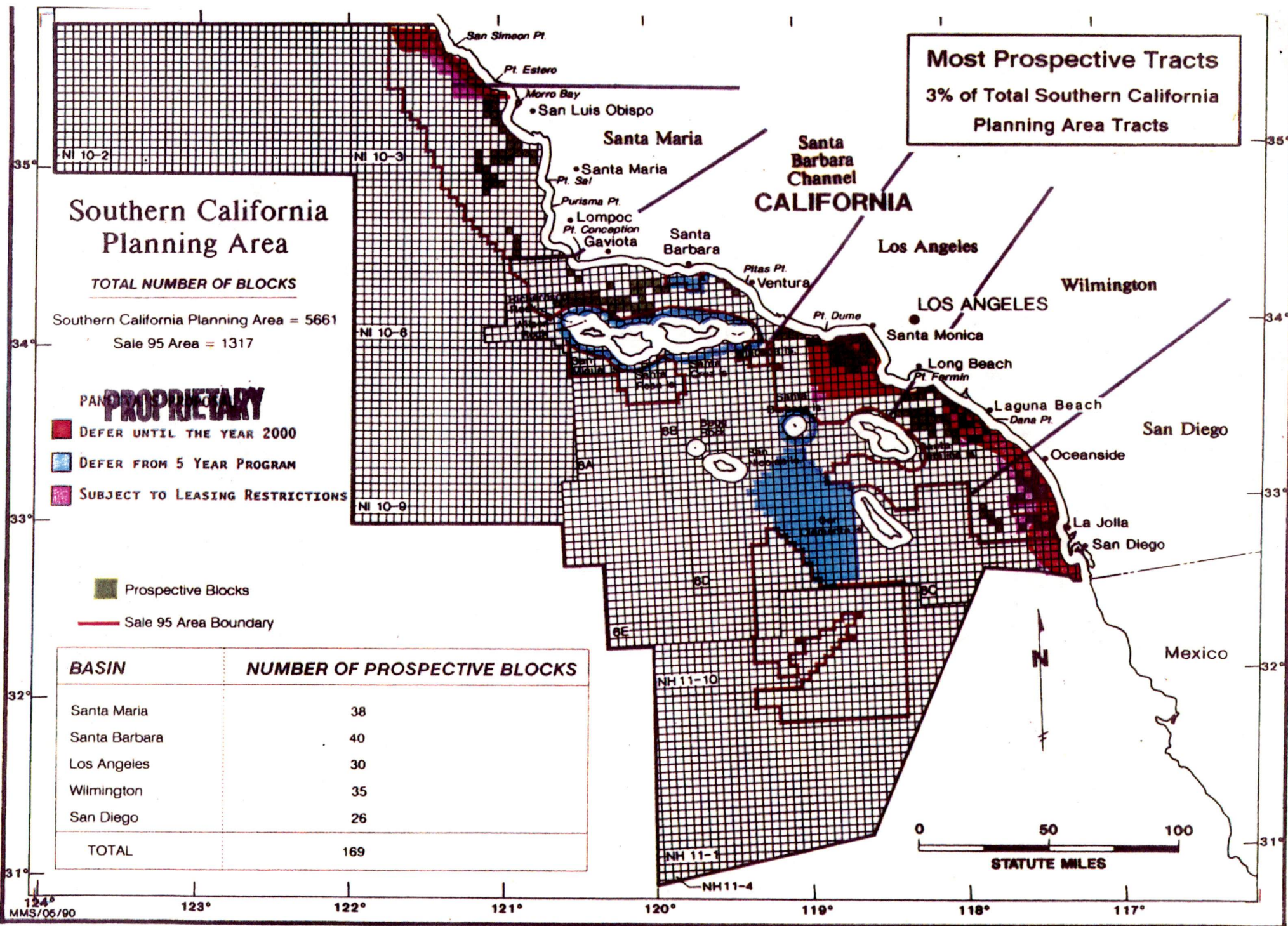
1990 UPDATE: COMPATIBILITY WITH LOCAL PLANS AND ORDINANCES NECESSARY.

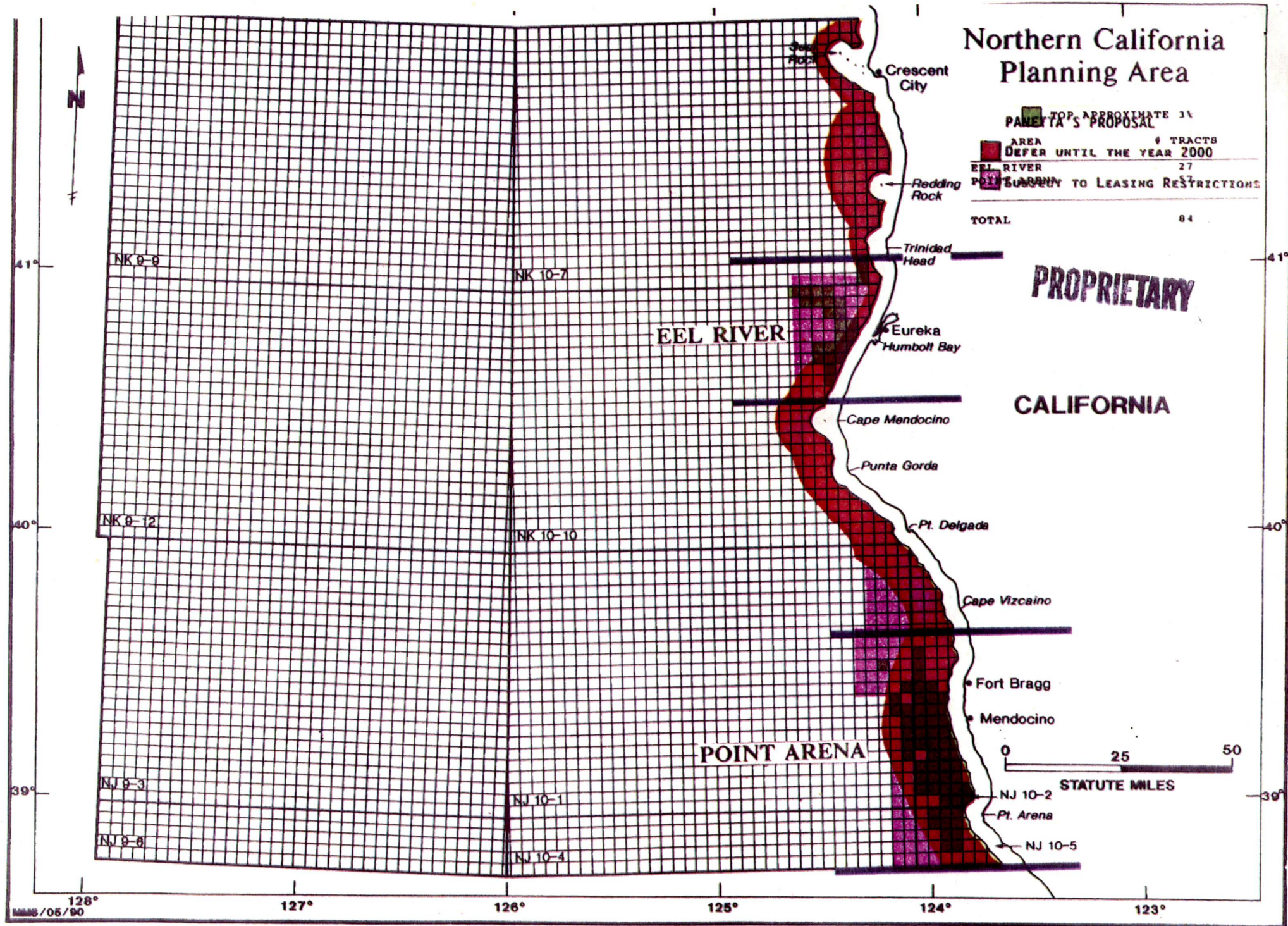
4. ALL PRODUCED WATERS ON THE LEASE BE REINJECTED OR TRANSPORTED TO SHORE. MUDS AND CUTTINGS WOULD BE REQUIRED TO BE TRANSPORTED TO SHORE OR TO DESIGNATED OCEAN DUMPSITES.

1990 UPDATE: EPA WORKING ON EFFLUENT GUIDELINES AND NEW SOURCE PERFORMANCE STANDARDS WHICH WILL SET MINIMUM STANDARDS FOR ANY NATIONAL POLLUTION DISCHARGE PERMITS. PROPOSED STANDARDS SCHEDULED FOR NOVEMBER 1990. (MUDS AND CUTTINGS REQUIREMENT NOT A PROBLEM; REINJECTION OR TRANSPORTATION TO SHORE OF ALL PRODUCED WATERS MAY BE.)









Similarities and Differences of the California Proposals

Similarities of the Proposals

APPLICABLE PERIOD:

- The period 1987-1992 is covered by all four proposals, even though the two congressional proposals also cover the period 1992-2000.

TIMING OF SALES:

- The February 1986, the Governor's and Congressman Regula's proposals provide for leasing at a triennial pace with the possibility of holding annual supplemental sales for forfeited, rejected bid, and development blocks.
- Congressman Regula's and Congressman Panetta's proposals have phasing provisions. The Governor indicated that supplemental sales should be held only after procedures have been incorporated into DOI's regulations.

SUBAREA DEFERRALS:

- All four proposals include deferrals for the following areas through 1992: off Point Reyes Wilderness, Pt. Reyes - Farallon Islands National Marine Sanctuary, off San Francisco Bay, Cordell Bank, off Monterey Bay, off Big Sur, the Santa Barbara Federal Ecological Preserve and Buffer Zone, Channel Islands National Marine Sanctuary, and San Nicolas Basin.

Differences of the Proposals

ESTIMATED OIL AND GAS RESOURCES:

- Ranges of estimates of unleased, undiscovered economically recoverable oil and gas resources made by MMS for the unleased portion of the planning areas available for lease under each proposal are listed in Table 1.

ADDITIONAL SUBAREA DEFERRALS*:

- The Governor's proposal would defer through 1992 the blocks near State areas of special biological significance and near State oil and gas sanctuaries; blocks in water deeper than 1000 meters; areas deferred from prior lease sales; and other areas near environmental resources.
- Congressman Regula's proposal would defer through 1992 the area off the entire California coast seaward of the westernmost continuous 900 meter isobath. A buffer zone typically 6 miles from shore would be deferred until 2000. Additional areas outside the buffer area that would be deferred include those off Cape Mendocino and Punta Gorda and the area off San Diego extending south to the provisional maritime boundary with Mexico.

* In addition to the common subareas listed above.

- Congressman Panetta's proposal would defer until 2000 a buffer area 6 to 30 miles wide off Northern and Central California and 3 to 18 miles off Southern California.

LEASE STIPULATIONS:

- The Governor's, Congressman Regula's, and Congressman Panetta's proposals all include stipulations relating to air quality, pipelines, oil spill cleanup, and onshore facilities. Congressman Panetta's proposal also includes stipulations relating to biological resources, discharges and onshore processing. The Governor's proposal includes stipulations and information to Lessees (ITL's) relating to biological resources, discharges, cultural resources, operations controls, hold harmless clauses, hazardous dumpsites, navigational safety, water use, timing of operations and military areas.

PHASING PROVISIONS:

- Congressman Regula's proposal includes phasing provisions for leasing and development, and Congressman Panetta's proposal includes phasing provisions for the leasing of "high industry interest" blocks. The Governor's and the February 1986 proposals do not have phasing provisions.

SLANT (DIRECTIONAL) DRILLING PROVISION:

- Congressman Regula's proposal includes a provision for slant (directional) drilling into OCS unleased lands.



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

May 21, 1990

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Robert E. Grady *RL*
Associate Director
for Natural Resources,
Energy and Science

SUBJECT: Follow-up to the May 16th Meeting on Outer
Continental Shelf (OCS) Leasing Off California and
Florida

I wanted to provide information on two issues raised in last week's meeting on OCS leasing: 1) There are scientific distinctions to be made between a lease sale off southern California as opposed to one off northern California or southern Florida; and 2) Informal comments have been made by oil industry representatives indicating an unwillingness to bid on new lease sales in southern California, unless the political environment regarding local permitting requirements changes significantly.

Scientific Distinctions Between Lease Sale Areas 116 (Southern Florida) and 91 (Northern California), and Sale Area 95 (Southern California)

Sale 116, Part II (Southern Florida):

The 1989 National Academy of Sciences (NAS) study on OCS leasing made it clear that the environmental risk from oil spills was greatest with respect to this sale. The following quote from the NAS bears this out:

Summary: "The southwest Florida shelf comprises subtitle and nearshore habitats that are unique within the U.S. continental margin and provide refuge to a number of rare and endangered species. Existing information on sensitivity and recovery of critical habitats (e.g., coral reefs, mangroves, and seagrasses) is inadequate to predict the impact of OCS-related activities. Furthermore, the distribution and abundance of many important biological resources are not well understood. Therefore, the panel concludes that there is insufficient ecological information to make a leasing decision for Lease Sale 116, Part II."

Page 53

Sale 91 (Northern California):

The NAS report regarding oil spill risk for this sale stated:

"The impacts of possible spills on nearshore and shoreline habitats and on fisheries have not been considered in sufficient detail. Lack of detail on specific processes governing ecosystem recovery would hinder site-specific analyses of impacts. Further analysis of sublethal effects and chronic discharges is also required." Page 49

The OCS Interagency Task Force Report found that the incremental risks of an oil spill associated with Sale 91 is eight times larger than the incremental risks associated with the other two sales. The Task Force Report showed that for Sale 116 and 95, the probability of a spill increased by 1 percent with leasing. Sale 91 increased the overall probability of a oil spill by 8 percent. This is because there is not now a significant amount of tanker traffic close to shore off the northern California coast.

A further area of study undertaken by the NAS was the socioeconomic impact of drilling near onshore communities. (Henson Moore's comments addressed only oceanographic risks; one of three impacts looked at by the NAS -- the other two were socioeconomic and ecological.) Because there is little onshore infrastructure in coastal areas of northern California, the socioeconomic impacts would be greater here. The NAS report found that available information was inadequate to properly assess this risk for Sale 91.

"[I]mpacts on quality of life, perceived by some as the most important socioeconomic issue are not discussed. Other aspects of the economy, which need to be known for reasonable impact assessment, are also poorly treated." Page 65, NAS Report.

Sale 95 (Southern California):

For Sale 95, especially in the portions now under consideration for exploration, there are none of these socioeconomic or significant environmental risks associated with southern Florida or northern California:

- o There are no unique ecological treasures.
- o Oil and gas activity in Federal and State waters is already occurring.

- o There is existing onshore infrastructure.
- o Tankers already go through this area, thus incremental risks of spill not increased as much.

Informal Comments by Industry Regarding Future Lease Sales:

A recent Washington Post article (attached) indicated the degree to which the oil industry is reluctant to participate in future OCS lease sales in southern California. Chevron is quoted in the article stating that it probably would not participate in future sales, unless there are significant changes in the local permitting process and political environment. Exxon, in meetings with my staff, has said that it would not participate, and has pulled its OCS exploration staff out of California. Two other companies have informally made similar remarks, and I suspect others are re-considering the viability of leasing off California. These companies have said that if an OCS lease sale were held before resolving the local permitting problems, it is possible that only one or two companies may show up.

While these statements, individually, may simply be a sign of frustration on the part of individuals, a sufficient number of indications have been received that it warrants consideration in the decision on when to hold future sales in California.

Attachment

Offshore Oil Developers Find Opposition Is Deep

California Project Symbolizes Controversy

By John Lancaster
Washington Post Staff Writer

SANTA BARBARA, Calif.—Towering above the glassy Pacific swells about 50 miles from this sun-drenched beachfront city, a giant Texaco drilling platform waits silently for its cue.

For three years Platform Harvest has been ready to begin siphoning crude oil from the massive Point Arguello field, the largest domestic oil find since Alaska's Prudhoe Bay and the focus of a \$2.2 billion development effort by Texaco Inc., Chevron Corp. and 16 other partners.

But so far the project has not produced anything except acrimony and litigation. While the federal government long ago sold the companies the leases that allow them to drill there, state and local regulators, reflecting widespread public anxiety over the potential for a spill, have denied them permission to begin shipping the oil, effectively plugging the wells.

With its humming generators and 75-member crew that yield nothing in the way of energy profits, Platform Harvest is a potent symbol of the challenge facing the Bush administration as it seeks to develop the nation's offshore energy reserves in the face of powerful opposition from coastal states and environmentalists.

With the leasing of new tracts off much of the nation's coast prohibited by a temporary congres-

sional ban, the administration is trying to avoid comparison with James G. Watt, the Reagan-era interior secretary who caused an uproar with plans to open the entire 1.4 billion-acre outer continental shelf to oil development. Administration officials say they will allow drilling only in small areas with high energy potential, staying out of "environmentally sensitive" areas altogether.

"We're changing our attitude," said Barry Williamson, director of the Interior Department's Minerals Management Service (MMS). "We need to slow the process down."

Bush is expected to offer a glimpse of his new strategy when he announces whether the administration will proceed with controversial sales of undersea tracts off the Florida Keys and two areas off the California coast—near Santa Barbara and north of San Francisco. That announcement, expected as early as this week, will be followed soon afterwards by the unveiling of the administration's preliminary five-year plan for the entire outer continental shelf—the federally controlled area that generally begins three miles from shore and is estimated to contain up to one third of the United States' undiscovered oil reserves.

Administration officials say that at a time when foreign imports supply half the oil consumed in the United States, the nation can-

not afford to place the shelf off-limits. They argue that further prohibitions on offshore development will only lead to more foreign tankers entering American waters and posing a far greater risk of oil spills.

There is considerable evidence that offshore oil platforms themselves do not pose a dire threat to the marine environment. Offshore drilling operations account for just 2 percent of all the oil spilled in the world's oceans, compared to 45 percent from shipping operations, according to the MMS. Indeed, more than two decades have passed since a major oil spill has reached U.S. shores from an offshore drilling operation.

But it's also true the oil industry could claim an excellent shipping record in Alaska until the tanker Exxon Valdez's disastrous accident last year revealed the limits of current technology for cleaning up oil spills. Nor is it clear that greater offshore development will reduce tanker traffic, since much of the oil that would be produced in undeveloped areas such as Alaska and Northern California would likely be transported by ship.

Oil spills aren't the only concern. Offshore oil development is a massive industrial enterprise, involving large onshore processing facilities, helicopter and boat traffic and air pollution from giant generators and compressors that are not required to meet onshore emission standards. Drilling opponents doubt Interior's commitment to tough regulation of the offshore oil industry—and to staying out of "environmentally sensitive" areas.

In the absence of an aggressive national conservation strategy by the world's most profligate energy user, many coastal residents view offshore drilling as an unacceptable risk to economies based on fishing and tourism.

"The existing national energy policy is to drill for oil wherever you think it might be," said Ann Notthoff of the Natural Resources Defense Council.

The congressional leasing bans—initially passed in response to Watt but expanded in the aftermath of the Alaska spill—have largely frustrated attempts to open up new areas off the California coast, the Eastern Seaboard and parts of Alaska. Of 2,300 producing offshore oil

242

rigs, all but 22 of them are in the Gulf of Mexico.

While administration officials have promised a retreat from the Reagan administration's scattershot approach to offshore leasing, they remain committed to finding new supplies in currently undeveloped areas. "I am convinced that U.S. offshore oil and gas has a bright future," Williamson said in a recent speech.

In many respects, the future is already on display in Santa Barbara, an American Riviera of year-round sunshine, red-tile roofs and sweeping ocean views set against a striking mountain backdrop. Oil development here dates back more than a century, to a time when prospectors drilled wells from rickety wooden piers and sail-powered tankers shipped out for Hawaii.

Today oil platforms are visible at regular intervals along the horizon, but the city is hardly an ecological wasteland. Bottlenose dolphins frolic just yards from the beach, where the oil that washes ashore comes from natural rifts in the ocean floor, not drilling rigs. Indeed, just eight barrels of oil were spilled in federal waters on the Pacific shelf last year, according to the MMS.

Much of the emotional opposition to offshore oil development here can still be traced to the 1969 oil well blowout that blackened Southern California beaches in the nation's worst offshore oil well disaster. "You couldn't hear the waves," said Bud Bottoms, a sculptor and co-founder of the local environmental group Get Oil Out (GOO). "The town became hysterical."

In the aftermath of Exxon Valdez, Santa Barbara officials have grown skeptical of assertions by Interior Secretary Manuel Lujan Jr. that offshore drilling will reduce the need for riskier tanker shipments. "In our experience, Lujan's argument is just not true," said Robert Almy, the county energy planner. "If left to their own devices, they've [the oil companies] always wanted to use tankers."

While the threat of oil spills dominates the public debate, Santa Barbara officials are equally concerned about the cumulative effects of industrial development—pipelines, processing plants, marine terminals—along their stunning coastline.

Among the most serious byproducts of oil development is air pollution, emitted from giant power generators on the off-shore plat-

forms as well as diesel supply boats and other sources.

In Santa Barbara, already choking on automobile smog, oil development accounts for a third to a fourth of all the air pollution that currently afflicts the area and is a major reason the county failed to meet state air quality standards on 25 days last year, according to Bill Master, assistant director of the county air pollution control district.

"We certainly have days where the brown haze you see in the Santa Barbara Channel prevents you from seeing the coastal islands," he said.

California officials complain that efforts to clean up offshore air pollution have been resisted by Interior officials, who have not required oil companies to meet the same emission standards as land-based polluters although they say they support a provision in the clean-air legislation now before Congress that would do that.

State officials also question whether the traditionally pro-development department is ready to abandon oil-rich areas that may also qualify as environmentally sensitive.

For example, when the National Oceanic and Atmospheric Administration proposed designating as a marine sanctuary 2,200 square miles of California's Monterey Bay, a home to 26 varieties of marine mammals, MMS officials appealed

the plan to the Office of Management and Budget.

"What we've done is express some concern about the boundaries," said MMS Deputy Director Ed Cassidy. "That's a very, very large sanctuary."

Inevitably, politics has colored the debate over which areas to drill and which to leave alone. In California, for example, Bush must consider the effects of his offshore decisions on the prospects of Republican gubernatorial candidate Pete Wilson, who like most voters here opposes offshore leasing.

But while Interior officials say they are committed to preserving environmentally sensitive areas—echoing recent remarks by Bush, Williamson cited the area around the Florida Keys and the Everglades as a likely candidate—they say they must also consider the nation's energy needs in deciding where to drill.

"There's an enormously important constituency that hasn't been heard from, and that's the constituency in Mid-America," said Cassidy.

Interior and industry officials cite the controversy over Point Arguello as a prime example of local opposition run amok in the face of sincere attempts to minimize environmental damage.

Platform Harvest, a self-contained city on stilts where five box-car-sized generators produce enough power to light the homes of 20,000 people, is considered by the industry to be a showpiece of ecologically sensitive design. Safety measures range from a \$950,000 anti-collision radar system to subsurface valves designed to shut off the flow of oil in the event of earthquakes, explosions or other catastrophes.

As a condition for building an on-shore plant to process the oil from the Point Arguello field, the consortium agreed to bring its generators and other pollution-producing devices into line with onshore standards—and to offset its own emissions by paying for the cleanup of other industrial polluters. The result is no net increase in air pollution from the project, officials said.

Nevertheless, state and county regulators have yet to supply the permit that would allow the companies to ship the oil by tanker from the processing plant to oil refineries in Los Angeles. They contend that the consortium has not proved its case that existing pipelines are unsuitable for shipping the oil.

Industry officials say the project's losses are such that it will never make money and that they have learned an important lesson from their ordeal. "If a lease sale were held tomorrow off California," said Chevron spokesman G. Michael Marcy, "don't look for Chevron to show up."



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

May 21, 1990

MEMORANDUM TO GOVERNOR SUNUNU

FROM: Robert E. Grady *rb*
Associate Director
Natural Resources, Energy
and Science

RE: OCS Leasing

In response to your request, attached is some summary information concerning OCS leasing proposals put forward in 1986 by Representative Panetta, Governor Deukmejian, and former Secretary Hodel.

Attachment

cc: Dick Darman
Jim Cicconi
Barry McBee

May 18, 1990

OMB SUMMARY OF 1986 PROPOSALS FOR OCS OIL AND
GAS LEASING OFF CALIFORNIA

- o Early Preliminary Agreement: Prior to Interior's initial draft plan, Secretary Hodel around mid-1985 tentatively agreed to consider a proposal to lease 150 blocks (out of about 6500 blocks; a block is 9 square miles) in areas that were under congressional moratoria, and delete the remaining moratoria areas until the year 2000. In September 1985 Secretary Hodel testified that he could not finalize the agreement because it was not in the interests of the Nation.
- o Proposed Interior Leasing Plan: In February 1986 Interior proposed five lease sales off California for the 1987-1992 five-year plan. About 7 percent (5.4 million acres) of the total available acreage (77 million acres) would be excluded from leasing, including areas around existing National Marine Sanctuaries, off San Francisco and Monterey Bays, and other biologically significant areas.
- o Governor Deukmejian's Proposal: In addition to the deferred areas in Interior's February 1986 proposal, the Governor's proposal deferred areas in deep water and larger areas around biologically significant resources. A total of about 77 percent (58 million acres) of the total available acreage would be deferred, of which about 48 million acres were in deep waters having little oil industry interest.
- o Representative Regula's Proposal: This proposal was similar to the Governor's plan. It also provided for coastal buffer segments in the three California planning areas. About 77 percent (58 million acres) of the total area would be deferred, of which most (48 million acres) were in deep water.
- o Representative Panetta's Proposal: This proposal created an uninterrupted buffer area along the northern and central California planning area ranging in width from 6 to 30 miles. Buffer segments were also proposed in some areas of southern California. This proposal would defer about 10 percent (7-10 million acres) until 2000. Outside the buffer zone, lease sales would be limited to 50 blocks each in areas that industry had expressed interest. A sale of 50 blocks could be held between 1987 and 1992, another 50-block sale before 1997, and a final sale of 73 blocks between 1997 and 2000. The areas outside the buffer zone that industry did not express interest in could also be leased during these periods.
- o Final Interior Lease Sale Proposal: Final Interior OCS leasing plans off California were never completed due to ongoing congressional moratoria and the establishment of the President's OCS Oil and Gas Leasing and Development Interagency Task Force.

GOVERNOR DEUKMEJIAN'S MAY 7, 1986 CALIFORNIA LEASING PROPOSAL

MAJOR COMPONENTS OF THE PROPOSAL

1. AREAS DEFERRED BY DOI IN FEBRUARY 1986 PROPOSED PROGRAM WERE INCORPORATED IN THE GOVERNOR'S PROPOSAL.

THE AREAS DEFERRED WERE:

- THE AREA OFF POINT REYES WILDERNESS
- THE POINT REYES - FARALLON ISLANDS NATIONAL MARINE SANCTUARY
- THE AREA OFF SAN FRANCISCO BAY
- THE AREA IN THE IMMEDIATE VICINITY OF CORDELL BANK
- THE AREA OFF MONTEREY BAY
- THE AREA OFF BIG SUR
- THE SANTA BARBARA FEDERAL ECOLOGICAL PRESERVE AND BUFFER ZONE
- THE CHANNEL ISLANDS NATIONAL MARINE SANCTUARY
- THE COORDINATED ANTI-SUBMARINE WARFARE AREA (SAN NICOLAS BASIN).

2. IN THE SOUTHERN CALIFORNIA PLANNING AREA, ADDITIONAL DEFERRALS INCORPORATED IN THE GOVERNOR'S PROPOSAL INCLUDED APPROXIMATELY 88 BLOCKS OFF SAN LUIS OBISPO COUNTY; APPROXIMATELY 45 BLOCKS OFFSHORE POINT MUGU AND WEST OF SANTA MONICA BAY, AND 6-MILE BUFFERS ALONG AREAS OF SPECIAL BIOLOGICAL SIGNIFICANCE (ASBS's), INCLUDING SAN NICHOLAS ISLAND AND BEGG ROCK ASBS AND 3 MILES OF THE SEAWARD BOUNDARY OF CALIFORNIA OIL AND GAS SANCTUARIES, AND AREAS BEYOND THE 1,000-METER ISOBATH. ADDITIONAL DEFERRALS WERE ALSO INCLUDED IN THE GOVERNOR'S CENTRAL AND NORTHERN CALIFORNIA PLANNING AREAS SEGMENTS OF HIS PROPOSAL.

3. ALL AREAS OFFERED WERE TO BE SUBJECT TO THE STIPULATIONS AND AGREEMENTS WHICH THE STATE AND DOI NEGOTIATED FOR SALES 73 AND 80. THE STIPULATIONS ADOPTED FOR SALES 73 AND 80 INCLUDED REQUIREMENTS PERTAINING TO AIR QUALITY, SEMIANNUAL UNANNOUNCED OIL SPILL DRILLS, TRANSPORTATION OF OIL BY PIPELINE TO SHORE IF TECHNOLOGICALLY FEASIBLE AND ENVIRONMENTALLY PREFERABLE, OIL SPILL CONTAINMENT EQUIPMENT, COMMERCIAL FISHERIES, PROTECTION OF BIOLOGICAL RESOURCES, DRILLING DISCHARGE REQUIREMENTS, ONSHORE PROCESSING OF CRUDE OIL.

4. ENDORSED SALES OFFSHORE CALIFORNIA EVERY 3 YEARS.

RESULTS OF THE ANALYSIS OF DEUKMEJIAN PROPOSAL

CAUTION: DO NOT USE THESE ESTIMATES. THEY WERE DEVELOPED IN 1986 AND ARE NOT CURRENT.

HYDROCARBON RESOURCES AVAILABLE (BASED ON ESTIMATES USED FOR THE 1987 PROGRAM):

-NORTHERN CALIFORNIA--THE GOVERNOR'S PROPOSAL WAS ESSENTIALLY ADOPTED IN THE 5-YEAR PROGRAM. AN ESTIMATED 80 PERCENT OF THE HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE.

-SOUTHERN CALIFORNIA--ESTIMATED 42 PERCENT OF HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 66 PERCENT AND PANETTA'S 56 PERCENT). IN THE AREA PREVIOUSLY RESTRICTED BY CONGRESSIONAL MORATORIA, AREAS WHICH AT THAT TIME WERE OF SIGNIFICANTLY MORE INTEREST TO INDUSTRY, 3 PERCENT OF THE POTENTIAL HYDROCARBONS WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 27 PERCENT).

STIPULATIONS INCLUDED IN THE GOVERNOR'S PROPOSAL.

-AT THE TIME, DOI "COMMITTED TO LEVELS OF PROTECTION SIMILAR TO THOSE" PROVIDED BY THE STIPULATIONS WHICH HAD BEEN AGREED TO BY THE STATE AND DOI FOR THE PREVIOUS TWO SALES OFFSHORE CALIFORNIA (SALES 73 AND 80).

CONGRESSMAN PANETTA'S 1986 CALIFORNIA LEASING PROPOSAL

MAJOR COMPONENTS OF THE PROPOSAL

1. AREAS DEFERRED BY DOI IN FEBRUARY 1986 PROPOSED PROGRAM WERE ALSO DEFERRED IN THE CONGRESSMAN'S PROPOSAL.

THE AREAS DEFERRED WERE:

- THE AREA OFF POINT REYES WILDERNESS
- THE POINT REYES - FARALLON ISLANDS NATIONAL MARINE SANCTUARY
- THE AREA OFF SAN FRANCISCO BAY
- THE AREA IN THE IMMEDIATE VICINITY OF CORDELL BANK
- THE AREA OFF MONTEREY BAY
- THE AREA OFF BIG SUR
- THE SANTA BARBARA FEDERAL ECOLOGICAL PRESERVE AND BUFFER ZONE
- THE CHANNEL ISLANDS NATIONAL MARINE SANCTUARY
- THE COORDINATED ANTI-SUBMARINE WARFARE AREA (SAN NICOLAS BASIN).

2. LEASING PROHIBITED UNTIL THE YEAR 2000 IN BUFFER AREAS ALONG THE CALIFORNIA COASTLINE.

-IN NORTHERN AND CENTRAL CALIFORNIA PLANNING AREAS, THE BUFFERS ARE CONTINUOUS, RANGING IN WIDTH FROM 6 TO 30 MILES OFFSHORE.

-IN SOUTHERN CALIFORNIA, THE BUFFER IS SEGMENTED-- AFFECTING AREAS COVERED BY PREVIOUS MORATORIA: OFFSHORE SAN DIEGO, SANTA MONICA BAY, AND CALIFORNIA SEA OTTER RANGE.

3. A TOTAL OF 173 BLOCKS, THE MAJORITY OF WHICH WERE IDENTIFIED AT THAT TIME TO BE AREAS OF SIGNIFICANTLY MORE INTEREST TO INDUSTRY AND LOCATED OUTSIDE THE BUFFER ZONES, COULD BE OFFERED FOR LEASE ON A RESTRICTED BASIS:

- NO MORE THAN 50 DURING MID-1987 THROUGH MID-1992
- NO MORE THAN 50 ADDITIONAL BLOCKS DURING MID-1992 THROUGH MID-1997; AND,
- NO MORE THAN 73 ADDITIONAL BLOCKS FROM MID-1997 THROUGH 12/31/99.

4. ALL REMAINING BLOCKS OUTSIDE THE BUFFER ZONE COULD BE OFFERED FOR LEASE. AT THAT TIME (1986), THESE AREAS WERE OF SIGNIFICANTLY LESS INTEREST TO INDUSTRY.

5. SIX ENVIRONMENTAL STIPULATIONS WOULD BE INCLUDED IN EACH LEASE ISSUED. THE STIPULATIONS PERTAIN TO AIR QUALITY, PIPELINES, ONSHORE FACILITIES, OIL SPILL RESPONSE, PROTECTION OF FISHERIES AND BIOLOGICAL RESOURCES, AND THE DISPOSAL OF MUDS, CUTTINGS, AND PRODUCED WATERS.

RESULTS OF THE ANALYSIS OF THE PANETTA PROPOSAL

CAUTION: DO NOT USE THESE ESTIMATES. THEY WERE DEVELOPED IN 1986 AND ARE NOT CURRENT.

HYDROCARBON RESOURCES AVAILABLE (BASED ON ESTIMATES USED FOR THE 1987 PROGRAM):

NORTHERN CALIFORNIA--AN ESTIMATED 29 PERCENT OF THE HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 80 PERCENT).

SOUTHERN CALIFORNIA--ESTIMATED 56 PERCENT OF THE HYDROCARBON RESOURCES OF THE PLANNING AREA WOULD BE MADE AVAILABLE FOR LEASE (COMPARED TO DOI'S 66 PERCENT). IN THE AREA PREVIOUSLY RESTRICTED BY CONGRESSIONAL MORATORIA (AREAS WHICH ARE OF SIGNIFICANTLY MORE INTEREST TO INDUSTRY), 6 PERCENT OF THE POTENTIAL HYDROCARBONS WOULD BE MADE AVAILABLE FOR LEASE, COMPARED TO DOI'S 27 PERCENT.

STIPULATIONS INCLUDED IN THE 1986 PROPOSAL. (AT THAT TIME, IT WAS BELIEVED THAT ADOPTION OF THE FOLLOWING MEASURES COULD RESULT IN A FAILURE OF COMPANIES TO BID ON LEASES DUE TO THE COSTS ASSOCIATED WITH SOME OF THE MEASURES.)

1. ACTIVITIES ON THE LEASE TO BE SUBJECT TO THE NEW SOURCE REVIEW RULE OF THE CALIFORNIA AIR QUALITY MANAGEMENT DISTRICT CLOSEST TO SUCH ACTIVITIES.

1990 UPDATE: MMS, EPA, AND OMB WORKING ON CLEAN AIR RULES OFFSHORE CALIFORNIA.

2. SIX-HOUR RESPONSE TIME WOULD BE REQUIRED OF OIL SPILL CONTAINMENT EQUIPMENT CAPABILITY AND THE REQUIREMENT THAT THE EQUIPMENT WILL CONTAIN, RECOVER, AND DISPOSE OF 60 PERCENT OF SPILLED OIL.

1990 UPDATE: MORE MONEY FOR RESEARCH IS NEEDED TO DEVELOP THE TECHNOLOGY.

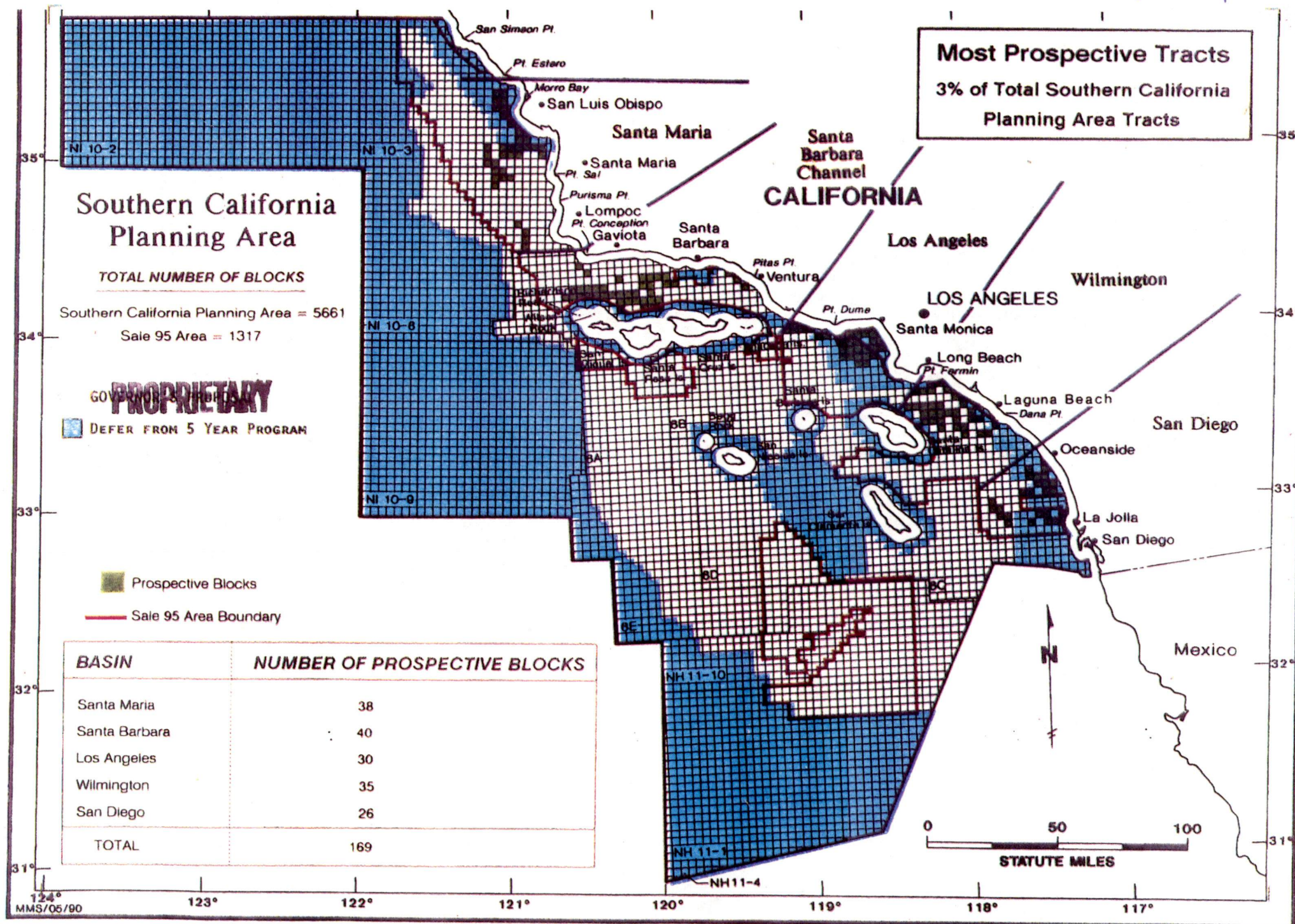
3. ALL OIL OR GAS BE TRANSPORTED TO SHORE BY PIPELINE.

1990 UPDATE: COMPATIBILITY WITH LOCAL PLANS AND ORDINANCES NECESSARY.

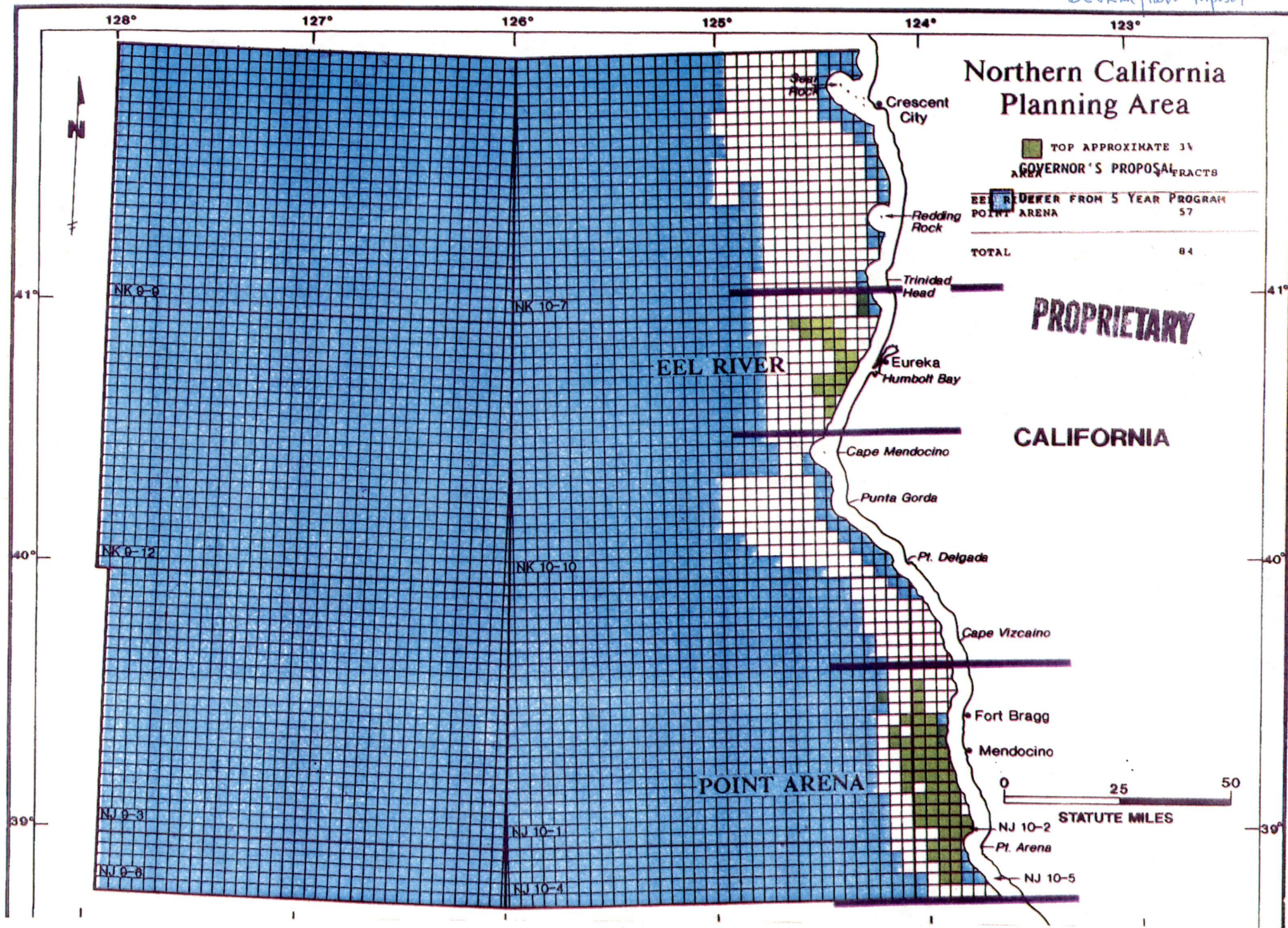
4. ALL PRODUCED WATERS ON THE LEASE BE REINJECTED OR TRANSPORTED TO SHORE. MUDS AND CUTTINGS WOULD BE REQUIRED TO BE TRANSPORTED TO SHORE OR TO DESIGNATED OCEAN DUMPSITES.

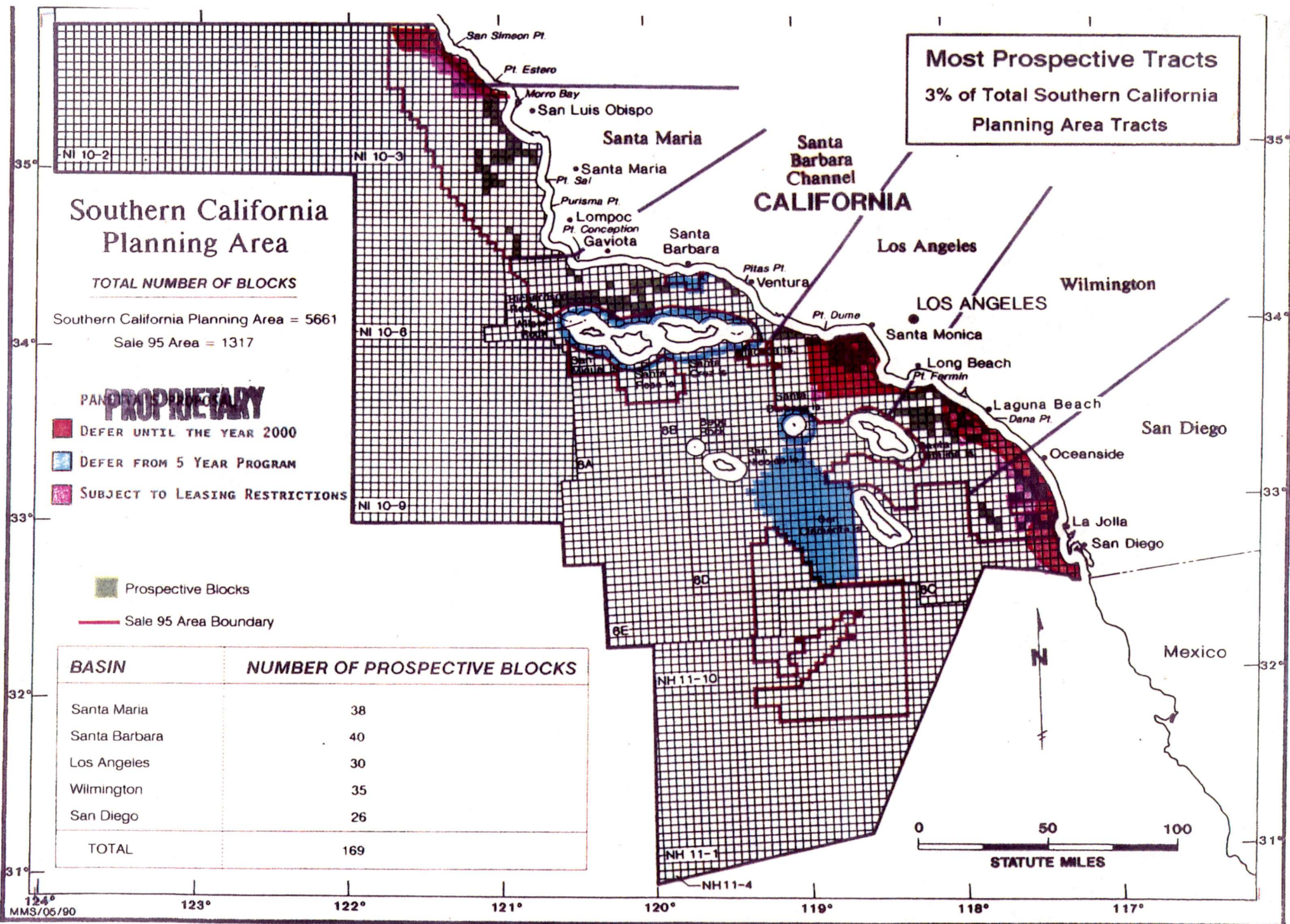
1990 UPDATE: EPA WORKING ON EFFLUENT GUIDELINES AND NEW SOURCE PERFORMANCE STANDARDS WHICH WILL SET MINIMUM STANDARDS FOR ANY NATIONAL POLLUTION DISCHARGE PERMITS. PROPOSED STANDARDS SCHEDULED FOR NOVEMBER 1990. (MUDS AND CUTTINGS REQUIREMENT NOT A PROBLEM; REINJECTION OR TRANSPORTATION TO SHORE OF ALL PRODUCED WATERS MAY BE.)

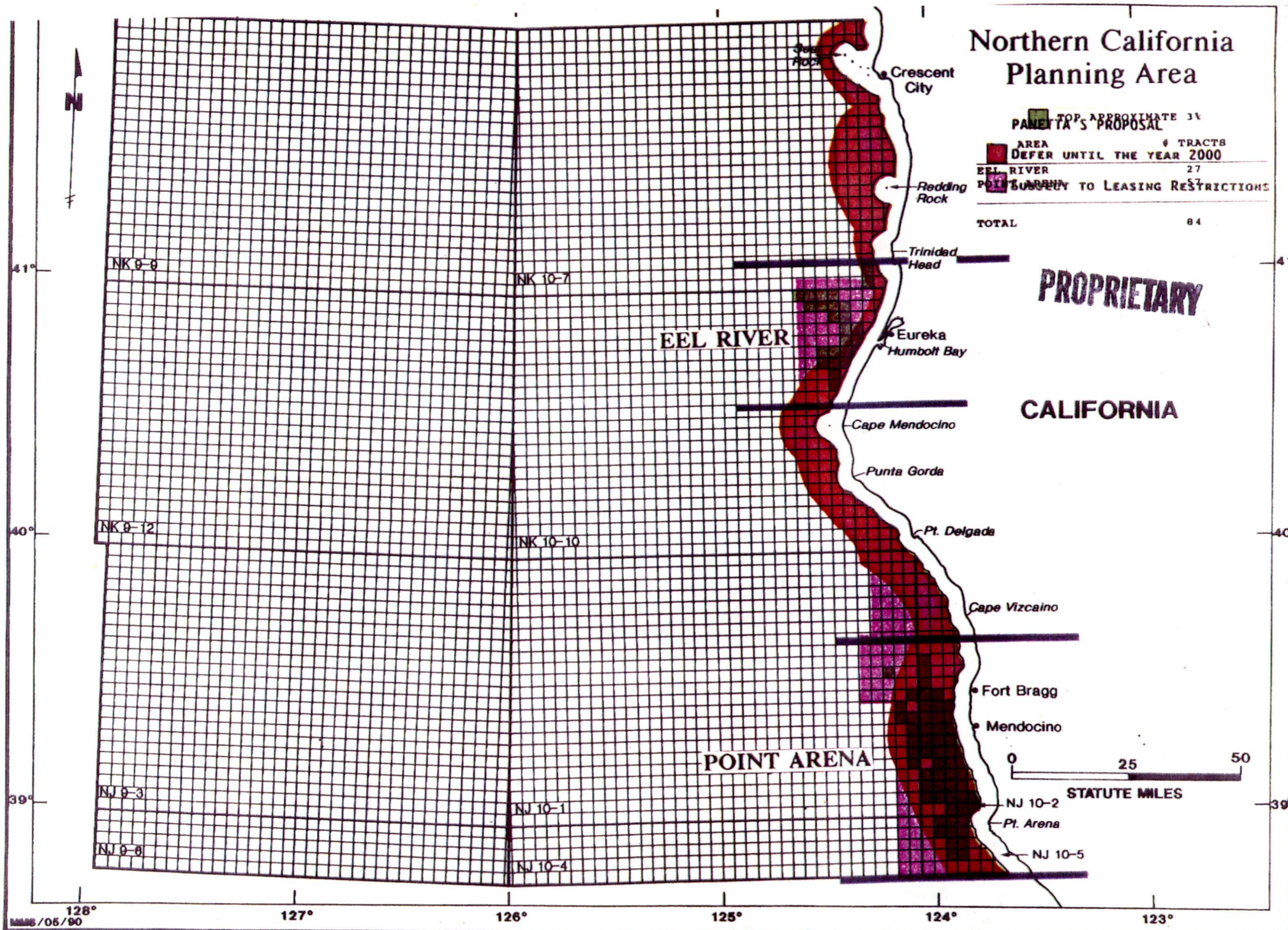
Deukmejian Proposal



DevKhejian Kposof.







Northern California Planning Area

PANETTA'S PROPOSAL

PANETTA'S PROPOSAL	
TOP APPROXIMATE 3%	6 TRACTS
AREA DEFER UNTIL THE YEAR 2000	27
EEL RIVER	27
POINT ARENA	57
TOTAL 84	

TOTAL 84

PROPRIETARY

CALIFORNIA

EEL RIVER

POINT ARENA

STATUTE MILES

Source: Interior Dept.
1986.

Similarities and Differences of the California Proposals

Similarities of the Proposals

APPLICABLE PERIOD:

- The period 1987-1992 is covered by all four proposals, even though the two congressional proposals also cover the period 1992-2000.

TIMING OF SALES:

- The February 1986, the Governor's and Congressman Regula's proposals provide for leasing at a triennial pace with the possibility of holding annual supplemental sales for forfeited, rejected bid, and development blocks.
- Congressman Regula's and Congressman Panetta's proposals have phasing provisions. The Governor indicated that supplemental sales should be held only after procedures have been incorporated into DOI's regulations.

SUBAREA DEFERRALS:

- All four proposals include deferrals for the following areas through 1992: off Point Reyes Wilderness, Pt. Reyes - Farallon Islands National Marine Sanctuary, off San Francisco Bay, Cordell Bank, off Monterey Bay, off Big Sur, the Santa Barbara Federal Ecological Preserve and Buffer Zone, Channel Islands National Marine Sanctuary, and San Nicolas Basin.

Differences of the Proposals

ESTIMATED OIL AND GAS RESOURCES:

- Ranges of estimates of unleased, undiscovered economically recoverable oil and gas resources made by MMS for the unleased portion of the planning areas available for lease under each proposal are listed in Table 1.

ADDITIONAL SUBAREA DEFERRALS*:

- The Governor's proposal would defer through 1992 the blocks near State areas of special biological significance and near State oil and gas sanctuaries; blocks in water deeper than 1000 meters; areas deferred from prior lease sales; and other areas near environmental resources.
- Congressman Regula's proposal would defer through 1992 the area off the entire California coast seaward of the westernmost continuous 900 meter isobath. A buffer zone typically 6 miles from shore would be deferred until 2000. Additional areas outside the buffer area that would be deferred include those off Cape Mendocino and Punta Gorda and the area off San Diego extending south to the provisional maritime boundary with Mexico.

* In addition to the common subareas listed above.

- Congressman Panetta's proposal would defer until 2000 a buffer area 6 to 30 miles wide off Northern and Central California and 3 to 18 miles off Southern California.

LEASE STIPULATIONS:

- The Governor's, Congressman Regula's, and Congressman Panetta's proposals all include stipulations relating to air quality, pipelines, oil spill cleanup, and onshore facilities. Congressman Panetta's proposal also includes stipulations relating to biological resources, discharges and onshore processing. The Governor's proposal includes stipulations and information to Lessees (ITL's) relating to biological resources, discharges, cultural resources, operations controls, hold harmless clauses, hazardous dumpsites, navigational safety, water use, timing of operations and military areas.

PHASING PROVISIONS:

- Congressman Regula's proposal includes phasing provisions for leasing and development, and Congressman Panetta's proposal includes phasing provisions for the leasing of "high industry interest" blocks. The Governor's and the February 1986 proposals do not have phasing provisions.

SLANT (DIRECTIONAL) DRILLING PROVISION:

- Congressman Regula's proposal includes a provision for slant (directional) drilling into OCS unleased lands.

DRAFT

PRESIDENT'S TASK FORCE ON OCS
LEASING AND DEVELOPMENT

I. BACKGROUND

In your 1989 budget message to Congress, honoring a pledge made during the campaign, you imposed a moratorium on three controversial Outer Continental Shelf (OCS) lease sales scheduled for fiscal year 1990 -- sale 91 off the coast of northern California, sale 95 off the coast of southern California and sale 116 in the Gulf of Mexico off the southwestern coast of Florida -- pending a review of the environmental effects of the sales by a Cabinet-level task force. The Task Force, comprised of Secretaries Lujan (who served as chairman) and Watkins, Director Darman and Administrators Reilly and Knauss, conducted briefings and public workshops in Florida and California, met with Members of Congress from those two states and solicited 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 NAS concluded there was inadequate ecological, oceanographic and socioeconomic data for all three sales and recommended further studies be conducted. The Task Force delivered its report to you on January 5. The report identified multiple consensus options for each of the California and Florida sales, but made no recommendations. Since delivery of the report, additional options have been identified by White House staff and by the Departments of the Interior and Energy. A summary of the options for the California and Florida sales is found at Tab A.

The Interior Department options for the three delayed sales were part of a more comprehensive proposal that also addresses additional proposed sales off the West and East Coasts that were not studied by the Task Force. One of those sales is sale 119 off the central California coast, in an area stretching from San Francisco southward to the northern tip of Monterey Bay. At the same time, the National Oceanic and Atmospheric Administration (NOAA), responding to a 1988 Congressional mandate, has proposed the designation of a national marine sanctuary in the Monterey Bay area. NOAA has also proposed regulations to prohibit all oil and gas exploration and development activities within the sanctuary. A summary of the options identified by White House staff for sale 119 and the sanctuary is found at Tab B.

Other proposed sales addressed by the Interior Department include sale 96 in the George's Bank area of the North Atlantic Planning Area, which stretches northward from Rhode Island to Canada, and a sale off the coast of Washington and Oregon. The proposed activities offshore Washington and Oregon have been the subject of a state-Interior Department task force. The task force has

recommended that an environmental impact statement for the proposed sale be deferred until additional environmental studies are conducted.

II. OPTION FOR DISCUSSION

The following option is presented as a potential resolution of the Task Force deliberations on the sales off California and Florida and the broader issue of OCS development.

Guiding Principles

In arriving at the specific decisions that comprise the option discussed below, and as a template for decisions on future OCS development, consideration must be given to the following principles:

- (1) Adequacy of Information and Analysis -- Adequate scientific and technical information regarding the resource potential of each area and the environmental, social and economic effects of development must be available and subjected to rigorous scrutiny before decisions are made. Obtaining that data is the highest priority. No activity should take place in any area without such information and analysis.
- (2) Environmental Sensitivity -- It must be recognized that there are certain areas off our coasts that represent irreplaceable 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 must be given to those areas which have 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. There may also be other undeveloped areas where the likelihood of significant resources, as demonstrated by the interest of the oil and gas industry, can justify possible development.
- (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. At the same time, greater availability of alternative energy sources and savings from increased energy conservation and efficiency may reduce our demand for traditional energy supplies. The

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. Redaction	Redaction of options section of report from Task Force on OCS Leasing and Developments (1 pp.)	n.d.	P 5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 5/12/05

Date Closed:	12/10/2004	OA/ID Number:	29164-002
FOIA/SYS Case #:	1998-0004-F[1]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

National Energy Strategy, due in December, will provide a critical blueprint in this regard.

The relative weight of the above principles was considered in developing the options presented for each sale, leading to different conclusions for each area. For example, the NAS conclusion that adequate data are not available in all three areas is an essential factor in calling for cancellation of the pending sales and further studies. The unique character of the Monterey Bay area, which serves as a vital breeding ground for mammals, and of the area involved in sale 116 off southwestern Florida, containing our only living coral reef, tilts the balance toward permanent or long-term protection. The presence of successful drilling operations and known resources off certain areas of southern California weighs toward allowing continued development at an earlier time, assuming scientific and environmental uncertainties can be resolved.

At the same time, the changing nature of circumstances may also change conclusions on what is the prudent course. The completion of the National Energy Strategy and our experience with its implementation may lead to a different approach to future sales. External events, such as another oil embargo, might also lead to a reevaluation of the entire OCS program, as is noted in the national security exemption presented below.

California and Florida Sales

Option for California

- o Cancel all sales scheduled for 1990, 1991 and 1992 offshore California, including sales 91 and 95.
- o Conduct the additional oceanographic and socioeconomic studies identified by the NAS, which should take 3 to 4 years.
- o Exclude more than 99 percent of the tracts off California from consideration for any lease sale until after the year 2000. The Interior Department has identified approximately 90 tracts off the coast of southern California that have high resource potential. The tracts, which are shown on the map at Tab C, are located in the Santa Maria Basin and Santa Barbara Channel and comprise approximately .7 percent of all of the tracts off California. These tracts would be available for possible leasing after January 1, 1996 and after completion of the studies identified by the NAS.

Discussion of California Option

This option would enable you to frame your decision on the California lease sales in a manner that is sensitive to

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07. Report	Options section of report from Task Force on OCS Leasing and Developments (9 pp.)	n.d.	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JF (NLGB) on 5/12/05

Date Closed: 12/10/2004	OA/ID Number: 29164-002
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

environmental concerns. The Administration could then state that:

- o permanent protection would be provided for the sensitive marine sanctuary in Monterey Bay;
- o no drilling would be allowed off 99 percent of the California coast until after the year 2000; and
- o no new drilling would be allowed anywhere off the coast until 1996, and then only in the most promising areas of the Santa Barbara Channel and the Santa Maria Basin, *and only after completion of studies by the NAS.* (3)

✓ This option is built on two premises: first, that a scientific distinction can be made between lease sales off these areas of southern California and the sales off northern California and Florida; and, second, that the decision is responsive to the concerns expressed by the California Congressional delegation in your meeting with them and in their proposals to the Interior Department in 1986 and 1987.

With respect to the first premise, the NAS report to the Task Force clearly stated that "the southwest Florida shelf (the area associated with Sale #116) comprises subtidal and nearshore habitats that are unique (emphasis added) within the U.S. continental margin and provide refuge to a number of rare and endangered species." The NAS report also found that the incremental risks of an oil spill associated with the northern California sale (sale 91) were eight times greater than the incremental risks of a spill associated with either sale 116 or sale 95. In addition, the NAS found that information concerning onshore socioeconomic impacts related to sale 91 was particularly lacking. Unlike in southern California, there is little onshore industrial infra-structure now in place in the affected areas of northern California and the onshore effects of offshore development would be great.

The point is that distinctions can be made between sale 95 off southern California and the other two sales. The area encompassed by sale 95 is not home to unique coral reefs or endangered species. In addition, because there is existing offshore development in state and federal waters near the areas proposed for earlier development, the incremental risk of an oil spill and the effects on onshore infrastructure are lower. Thus development in the recommended portions of sale area 95 is different in terms of environmental impact and scientific merit from development in sale area 91 or sale area 116.

With respect to the second premise, you may recall that during your meeting with the California delegation Congressman Panetta mentioned several compromises he had

offered to Secretary Hodel in 1986. The central feature of his proposal was the creation of a buffer zone along most of the California coast, stretching from six to thirty miles offshore, in which no drilling would take place. The only two areas of the coast for which Congressman Panetta did not propose a buffer zone were the Santa Maria Basin and the Santa Barbara Channel. Thus, this option is consistent with his earlier recommendations. A map displaying Congressman Panetta's proposal is attached at Tab D.

In sum, then, this option is responsive to both the scientific and environmental concerns identified by the NAS and the concerns identified by the California delegation in your meeting with them.

Option for Florida

- o Cancel sale 116 and exclude the area from consideration for any lease sale until after the year 2000.
- o Conduct the additional oceanographic, ecological and socioeconomic studies identified by the NAS, which should be completed within 5 to 6 years.
- o Begin cancellation under federal law 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 under existing authorities contained in the OCS Lands Act. Your budget already contains \$200 million in FY 1995 for purchasing these leases.

National Security Exemption

- o Dictate that in the event the President determines that national security requires development in these areas, he would have the ability to direct the Interior Department to open the areas for development.

Advantages of Options

- o Still allow relatively early drilling on promising southern California tracts. (The resource estimates for the five basins in the Southern California Planning Area and an overview of resource estimates involved in this OCS decision are found at Tab E.)
- o Development is underway in the areas where earlier drilling would be permitted. These areas were not proposed for a buffer zone out 30 miles in the 1986 proposal made by Congressman Panetta.
- o Could alleviate pressures in Congress for the creation of ocean sanctuaries or permanent bans on leasing up

and down the length of both the Atlantic and Pacific Coasts (as in the Boxer/Levine bill). This decision could thus remove most of the sizable California and Florida delegations from the national coalition that threatens to jeopardize the entire OCS program.

- o Recognize the political reality that no drilling is likely to occur on California and Florida leases in the foreseeable future, given the clear disposition of the Congress on this matter.
- o Have no adverse budgetary impact, as OMB has already eliminated any projections of revenues from the sales from its budget receipt projections.
- o Respond to NAS criticism that leasing always leads to future development without any subsequent analysis of environmental impacts.

Disadvantages of Options

- o Will likely be strongly criticized by the oil and gas industry.
- o Drilling in even selected areas off California may still be strongly criticized by environmentalists and California political leaders.
- o May be impossible to reverse decisions or adopt a less aggressive posture in the future even if energy security concerns arise.
- o Could encourage future efforts to ban development in areas not now the subject of controversy, such as the Gulf of Mexico.

Sale 119 and Monterey Bay Sanctuary

Option

- o Cancel sale 119 and adopt sanctuary proposed by NOAA.
- o Permanently prohibit all oil and gas activities within the sanctuary.
- o Allow no development in the sale 119 area outside the sanctuary until after the year 2000.

Advantages of Option

- o Recognizes that this area is a nationally significant and environmentally sensitive resource (e.g., it includes the largest breeding ground for marine mammals in the lower 48 states).

- o Acknowledges the strength of public opposition to development off this portion of central California and the fact that a more restrictive legislative ban on oil and gas activities will likely be enacted (as with the Cordell Bank National Marine Sanctuary off San Francisco last year) if regulatory prohibitions are not imposed.

Disadvantages of Option

- o Could be questioned because it ignores the precedential value of acting without an extensive analysis of the available scientific data.
- o Could bolster arguments for a permanent ban on oil and gas activities off California and even Washington and Oregon.

Washington and Oregon -- Sale 132

- o Exclude the area off the two states from consideration for the 1992-1997 and 1997-2002 five-year programs. A state-Interior task force has recommended cancellation of the sale through 1997 pending further studies.

North Atlantic (George's Bank) -- Sale 96

- o Cancel sale 96. (Note that the Boston Globe reported recently that Interior was planning to cancel this sale.)
- o Conduct additional studies, including studies designed to determine the area's true resource potential.

Recommendations for OCS Program

- o Develop a legislative initiative to provide coastal communities directly affected by OCS development with a greater share of the financial benefits of new development and with more voice in decision-making.
- o Charge the Interior Department with undertaking a program to improve the information needed to make decisions on OCS development. This program will include conducting the studies identified by the NAS and studies to explore new technologies to alleviate the risks of oil spills and new oil and gas drilling technologies, such as submersible drilling rigs.
- o Direct the Interior Department to ensure that future OCS five-year plans provide for better targeting of proposed sale areas to ensure that only areas with the greatest resource potential are offered for sale.

Summary

The option presented here will go far toward addressing the environmental concerns expressed about offshore drilling. It would put most of the California coast and the sensitive area off the Florida Everglades off limits to oil and gas development until after the year 2000. It would provide permanent protection for the sanctuary at Monterrey Bay. It would suggest long delays for controversial sales off of Washington and Oregon and in George's Bank. Finally, it would respond to the concerns expressed by the National Academy of Sciences regarding the need for better information before offshore development occurs. Moreover, the option provides needed reforms in the conduct of the OCS program: better targeting of future sales and greater assistance to the most heavily impacted coastal communities.

This option should clear away an array of pending environmental concerns and allow a more carefully targeted and scientifically sound offshore development program to go forward with renewed confidence and less resistance.

III. NEXT STEP

Wilson?!
In your meetings with the California Congressional delegation, some of the members hinted at the possibility of further consultations prior to the announcement of your decision, and this should be considered. Governors Martinez and Deukmejian have also been intensely interested in this decision, and some type of personal consultations or discussions with them should also be considered. The chairmen and ranking members of relevant Senate and House committees could also be consulted.

IV. DECISION

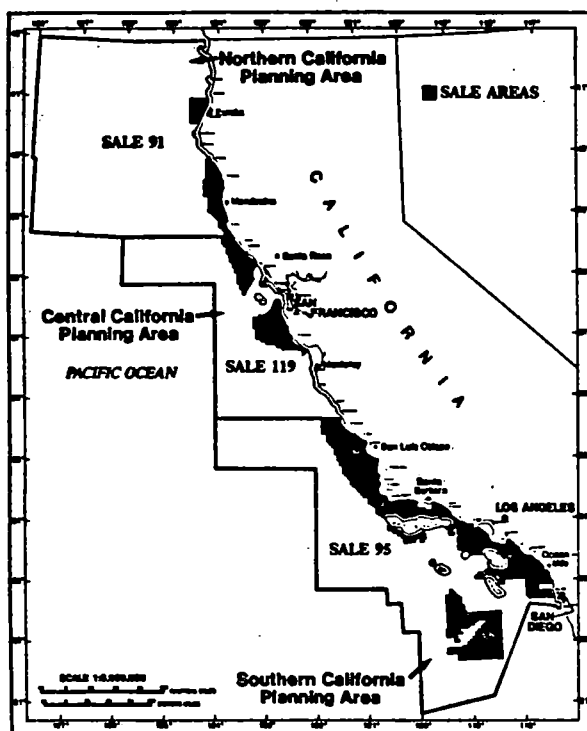
Approve _____

Disapprove _____

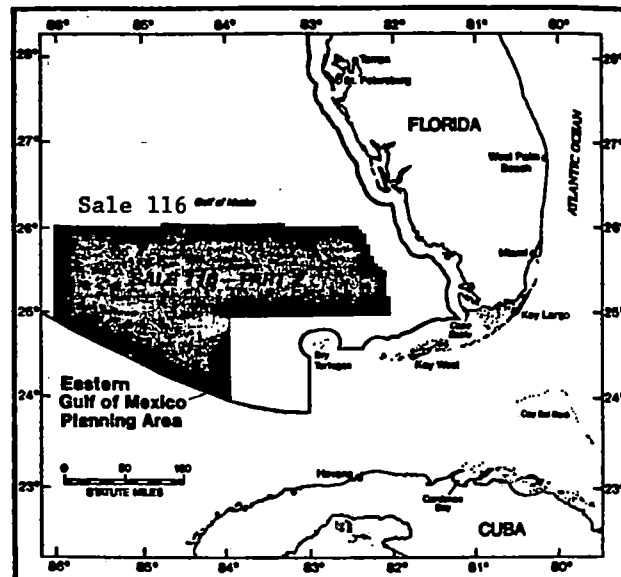
Other _____

OCS TASK FORCE OPTIONS SUMMARY

CALIFORNIA



FLORIDA



Generic Options Identified by the Task Force, Staff, and Affected Agencies:

	<u>Earliest Possible Drill Date</u>
1.) Defer Presidential decision until after publication of National Energy Strategy.	1992
2.) Cancel sale <i>at this time</i> and defer decision until studies identified by NAS completed.	1993
3.) Defer sale until 1992-1997 five-year plan and offer only selected tracts off California.	1993-95
4.) Defer sale until 1997-2002 five-year plan.	1997
5.) Defer sale until after next <i>two</i> five-year plans.	2002
6.) Cancel sale and impose permanent ban except for national security requirements.	Unknown

Option Offered for Discussion:

Sale 91: Defer any sale until after 2000	2000
Sale 95: Defer sale in majority of area until after 2000. Offer most promising areas in Santa Barbara Channel and Santa Maria basin (91 tracts) <i>only</i> upon completion of NAS-recommended environmental studies in 1995. (The California coast has 13,000 tracts; thus more than 99% of this coast would be protected until after 2000)	2000 for most; 1996 for selected areas
Sale 116: Defer any sale until after 2000. Proceed with buyback of existing leases. Begin discussions with state of Florida about participating in lease buyback.	2000

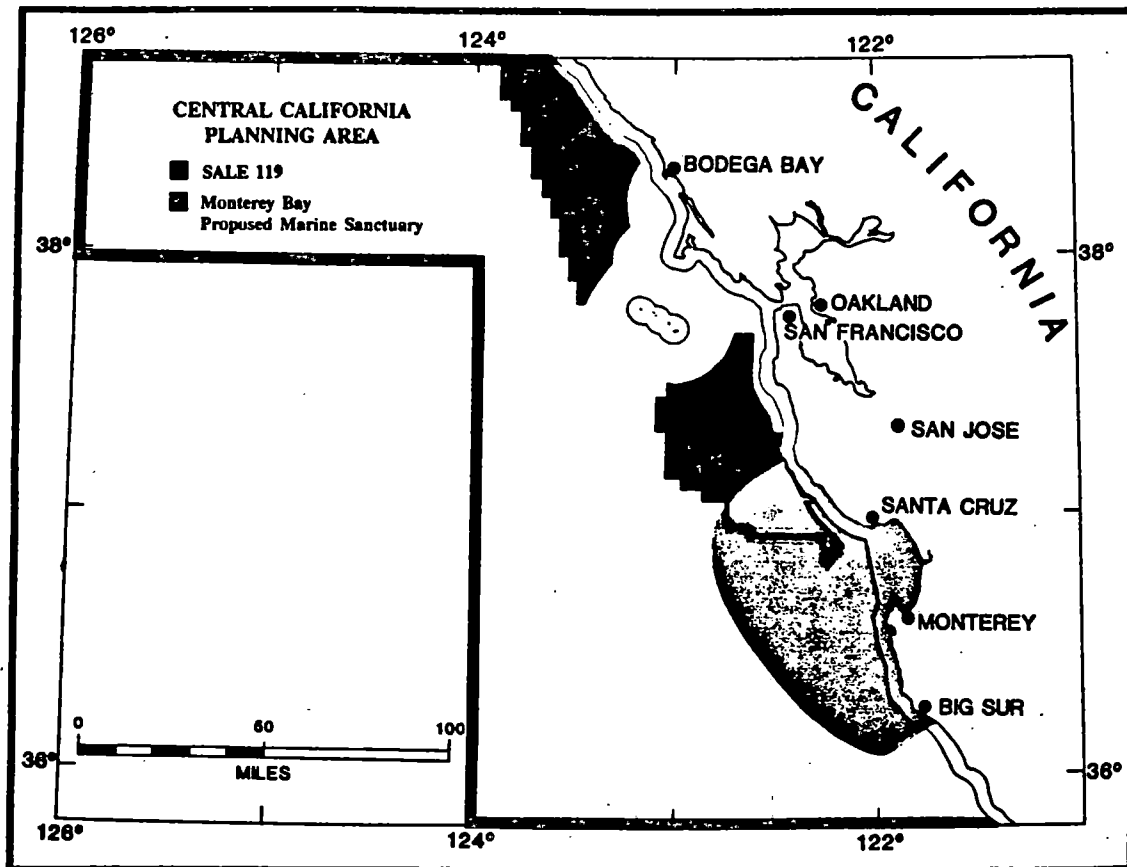
Delays proposed for all 3 sales would be subject to national security exemption.

Sale 119: Central California

Background:

A related issue to the three sales considered by the Task Force is the disposition of lease sale 119 off central California. This area is subject to a Congressional moratorium on pre-leasing activities in the current fiscal year. The sale area, shown on the map below, stretches from north of San Francisco past Monterey Bay to Big Sur. In 1988, Congress mandated the creation of a National Marine Sanctuary in Monterey Bay. NOAA has proposed to designate an area for the sanctuary covering about 2,200 square miles -- including significant portions of the sale area. The proposed NOAA rule would prohibit oil and gas exploration and development activities within the sanctuary. Such a ban is *not* mandatory within a marine sanctuary. Sanctuaries in several other parts of the country are not subject to such a ban, although others off the California coast are.

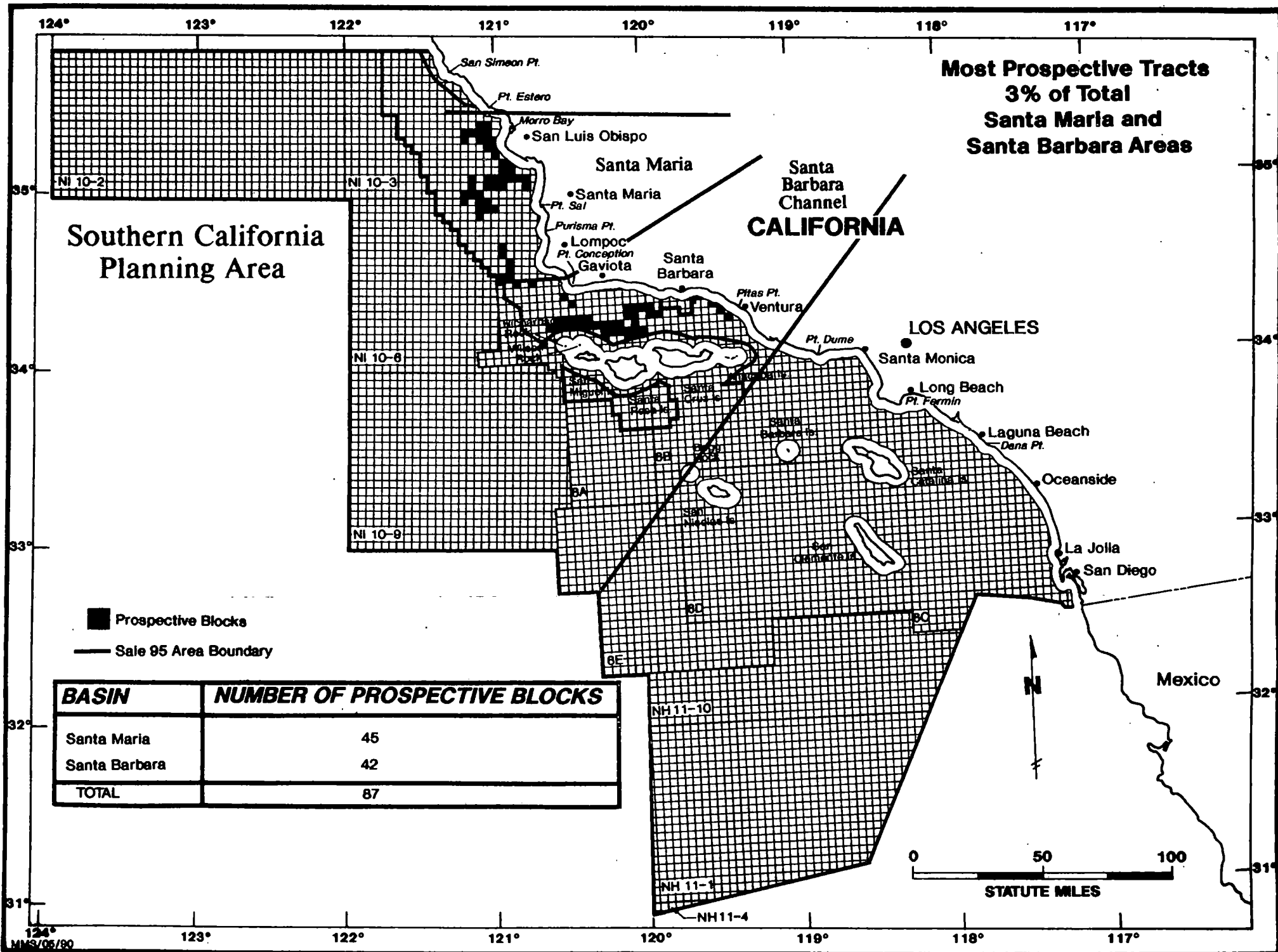
There are two issues now pending related to sale 119. First is whether to publish the NOAA rule adopting the sanctuary boundaries and banning oil and gas activities in the sanctuary. The second is whether to cancel the sale, and for how long. Many members of Congress and the public are expecting a decision on sale 119 to be announced concurrently with a decision on the other California lease sales.



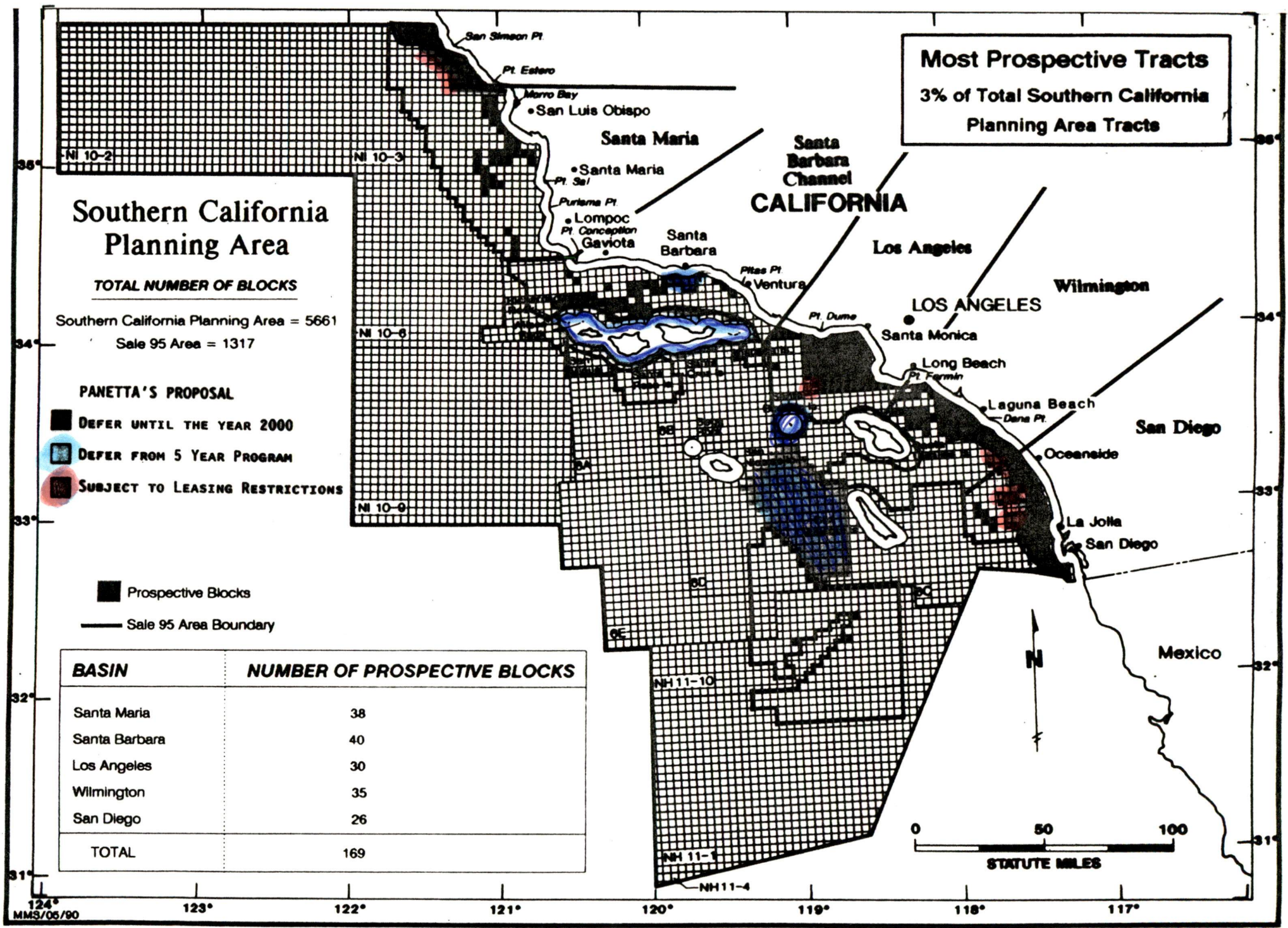
Options:

- o Adopt NOAA sanctuary boundaries but allow oil and gas development
- o Adopt oil and gas ban in sanctuary but proceed with sale outside sanctuary boundaries.
- o Adopt NOAA proposal and cancel sale 119 until 1997¹
- o Adopt NOAA proposal and cancel sale 119 until 2000¹

¹ With national security exemption as proposed for sales 91, 95, and 116.



5.0



SOUTHERN CALIFORNIA PLANNING AREA
RESOURCE POTENTIAL

	<u>Oil</u> (billion of barrels)	% of Total	<u>Gas</u> trillion cubic ft)	% of Total
Santa Maria Basin	.62	40.5	.57	23.2
Santa Barbara Basin	.32	20.9	.90	36.6
Wilmington Basin	.06	3.9	.09	3.7
Los Angeles Basin	.06	3.9	.08	3.2
San Diego Basin	.47	30.8	.82	33.3

OVERVIEW OF U.S.
RESOURCE POTENTIAL

	<u>Oil</u> (billion of barrels)	% of Total	<u>Gas</u> trillion 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 119	.16	.5	.26	.1

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Memo	From Roger Porter to James Cicconi President's Task Force on Outer Continental Shelf Leasing and Development (1 pp.)	6/4/90	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 5/12/05

Date Closed: 12/10/2004	OA/ID Number: 29164-002
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or
 financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President
 and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of
 personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an
 agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial
 information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of
 personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement
 purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of
 financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

THE WHITE HOUSE

WASHINGTON

June 4, 1990

30 JUN 4 P4:11

MEMORANDUM FOR JAMES W. CICCONI

FROM: ROGER B. PORTER *RBP*

SUBJECT: President's Task Force on Outer Continental Shelf Leasing and Development

I have quickly reviewed the draft memorandum on the President's Task Force on Outer Continental Shelf Leasing and Development and am happy to provide you with my comments:

1. The memorandum is extremely long and somewhat tedious to read. Granted, it is a complicated subject. But given what the President already knows about the topic, perhaps the relevant information could be conveyed more concisely.

2. The memorandum gives little acknowledgement to the nation's crucial energy needs and the Energy Strategy Study that is underway within the administration. In my view, it was a foregone conclusion when we established the OCS Task Force that we would not go forward with lease sales in these three tracts. What is important is to do so in such a way that we do not preclude the possibility of offshore drilling later and elsewhere.

3. There is no option with respect to engaging the relevant interests in California in a negotiation on the subject. One of the most fascinating things that came out in the meeting with the California delegation was the recitation by Representative George Miller of the deal they had negotiated with Don Hodel, and that Hodel subsequently backed out of. The California members of Congress are in less of a mood to negotiate now, but some indication that we want to work with them on this issue might be mentioned.

4. Finally, in transmitting any decision (statements and fact sheets) we should convey a sense of balance -- the President's environmental concerns and his concerns for an adequate supply of energy. It is this balance that will serve us well in the long-run.

THE WHITE HOUSE

WASHINGTON

30 JUN 1 P5:07

June 1, 1990

MEMORANDUM FOR THE PRESIDENT

FROM: DAVID Q. BATES 

SUBJECT: President's Task Force on Outer Continental Shelf
Leasing and Development

I. BACKGROUND

In your 1989 budget message to Congress, honoring a pledge made during the campaign, you imposed a moratorium on three controversial Outer Continental Shelf (OCS) lease sales scheduled for fiscal year 1990 -- sale 91 off the coast of northern California, sale 95 off the coast of southern California and sale 116 in the Gulf of Mexico off the southwestern coast of Florida -- pending a review of the environmental effects of the sales by a Cabinet-level task force. The Task Force, comprised of Secretaries Lujan (who served as chairman) and Watkins, Director Darman and Administrators Reilly and Knauss, conducted briefings and public workshops in Florida and California, met with Members of Congress from those two states and solicited 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 NAS concluded there was inadequate ecological, oceanographic and socioeconomic data for all three sales and recommended further studies be conducted. The Task Force delivered its report to you on January 5. The report identified multiple consensus options for each of the California and Florida sales, but made no recommendations. Since delivery of the report, additional options have been identified by White House staff and by the Departments of the Interior and Energy. A summary of the options for the California and Florida sales is found at Tab A.

The Interior Department options for the three delayed sales were part of a more comprehensive proposal that also addresses additional proposed sales off the West and East Coasts that were not studied by the Task Force. One of those sales is sale 119 off the central California coast, in an area stretching from San Francisco southward to the northern tip of Monterey Bay. At the same time, the National Oceanic and Atmospheric Administration (NOAA), responding to a 1988 Congressional mandate, has proposed

the designation of a national marine sanctuary in the Monterey Bay area. NOAA has also proposed regulations to prohibit all oil and gas exploration and development activities within the sanctuary. A summary of the options identified by White House staff for sale 119 and the sanctuary is found at Tab B.

Other proposed sales addressed by the Interior Department include sale 96 in the George's Bank area of the North Atlantic Planning Area, which stretches northward from Rhode Island to Canada, and a sale off the coast of Washington and Oregon. The proposed activities offshore Washington and Oregon have been the subject of a state-Interior Department task force. The task force has recommended that an environmental impact statement for the proposed sale be deferred until additional environmental studies are conducted.

II. OPTION FOR DISCUSSION

The following option is presented as a potential resolution of the Task Force deliberations on the sales off California and Florida and the broader issue of OCS development.

Guiding Principles

In arriving at the specific decisions that comprise the option discussed below, and as a template for decisions on future OCS development, consideration must be given to the following principles:

(1) Adequacy of Information and Analysis -- Adequate scientific and technical information regarding the resource potential of each area and the environmental, social and economic effects of development must be available and subjected to rigorous scrutiny before decisions are made. Obtaining that data is the highest priority. No activity should take place in any area without such information and analysis.

(2) Environmental Sensitivity -- It must be recognized that there are certain areas off our coasts that represent irreplaceable 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 must be given to those areas which have 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. There may also be other undeveloped areas where the likelihood of significant

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09. Redaction	Redaction of options section in memo concerning Task Force on OCS Leasing and Development (1 pp.)	n.d.	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
(Document Follows)

By JP (NLGB) on 5/12/05

Date Closed: 12/10/2004	OA/ID Number: 29164-002
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

resources, as demonstrated by the interest of the oil and gas industry, can justify possible development.

(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. At the same time, greater availability of alternative energy sources and savings from increased energy conservation and efficiency may reduce our demand for traditional energy supplies. The National Energy Strategy, due in December, will provide a critical blueprint in this regard.

The relative weight of the above principles was considered in developing the options presented for each sale, leading to different conclusions for each area. For example, the NAS conclusion that adequate data are not available in all three areas is an essential factor in calling for cancellation of the pending sales and further studies. The unique character of the Monterey Bay area, which serves as a vital breeding ground for mammals, and of the area involved in sale 116 off southwestern Florida, containing our only living coral reef, tilts the balance toward permanent or long-term protection. The presence of successful drilling operations and known resources off certain areas of southern California weighs toward allowing continued development at an earlier time, assuming scientific and environmental uncertainties can be resolved.

At the same time, the changing nature of circumstances may also change conclusions on what is the prudent course. The completion of the National Energy Strategy and our experience with its implementation may lead to a different approach to future sales. External events, such as another oil embargo, might also lead to a reevaluation of the entire OCS program, as is noted in the national security exemption presented below.

California and Florida Sales

Option for California

- o Cancel all sales scheduled for 1990, 1991 and 1992 offshore California, including sales 91 and 95.
- o Conduct the additional oceanographic and socioeconomic studies identified by the NAS, which should take 3 to 4 years.
- o Exclude more than 99 percent of the tracts off California from consideration for any lease sale until after the year 2000. The Interior Department has identified approximately 90 tracts off the coast of southern California that have high resource potential.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10. Memo	Re: Task Force on OCS Leasing and Development Options Section (9 pp.)	n.d.	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Outer Continental Shelf (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JF (NLGB) on 5/12/05

Date Closed: 12/10/2004	OA/ID Number: 29164-002
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

The tracts, which are shown on the map at Tab C, are located in the Santa Maria Basin and Santa Barbara Channel and comprise approximately .7 percent of all of the tracts off California. These tracts would be available for possible leasing after January 1, 1996 and after completion of the studies identified by the NAS.

Discussion of California Option

This option would enable you to frame your decision on the California lease sales in a manner that is sensitive to environmental concerns. The Administration could then state that:

- o permanent protection would be provided for the sensitive marine sanctuary in Monterey Bay;
- o no drilling would be allowed off 99 percent of the California coast until after the year 2000; and
- o no new drilling would be allowed anywhere off the coast until 1996, and then only in the most promising areas of the Santa Barbara Channel and the Santa Maria Basin and only after completion of studies by the NAS.

This option is built on two premises: first, that a scientific distinction can be made between lease sales off these areas of southern California and the sales off northern California and Florida; and, second, that the decision is responsive to the concerns expressed by the California Congressional delegation in your meeting with them and in their proposals to the Interior Department in 1986 and 1987.

With respect to the first premise, the NAS report to the Task Force clearly stated that "the southwest Florida shelf (the area associated with Sale #116) comprises subtidal and nearshore habitats that are unique (emphasis added) within the U.S. continental margin and provide refuge to a number of rare and endangered species." The NAS report also found that the incremental risks of an oil spill associated with the northern California sale (sale 91) were eight times greater than the incremental risks of a spill associated with either sale 116 or sale 95. In addition, the NAS found that information concerning onshore socioeconomic impacts related to sale 91 was particularly lacking. Unlike in southern California, there is little onshore industrial infra-structure now in place in the affected areas of northern California and the onshore effects of offshore development would be great.

The point is that distinctions can be made between sale 95 off southern California and the other two sales. The area

encompassed by sale 95 is not home to unique coral reefs or endangered species. In addition, because there is existing offshore development in state and federal waters near the areas proposed for earlier development, the incremental risk of an oil spill and the effects on onshore infrastructure are lower. Thus development in the recommended portions of sale area 95 is different in terms of environmental impact and scientific merit from development in sale area 91 or sale area 116.

With respect to the second premise, you may recall that during your meeting with the California delegation Congressman Panetta mentioned several compromises he had offered to Secretary Hodel in 1986. The central feature of his proposal was the creation of a buffer zone along most of the California coast, stretching from six to thirty miles offshore, in which no drilling would take place. The only two areas of the coast for which Congressman Panetta did not propose a buffer zone were the Santa Maria Basin and the Santa Barbara Channel. Thus, this option is consistent with his earlier recommendations. A map displaying Congressman Panetta's proposal is attached at Tab D.

In sum, then, this option is responsive to both the scientific and environmental concerns identified by the NAS and the concerns identified by the California delegation in your meeting with them.

Option for Florida

- o Cancel sale 116 and exclude the area from consideration for any lease sale until after the year 2000.
- o Conduct the additional oceanographic, ecological and socioeconomic studies identified by the NAS, which should be completed within 5 to 6 years.
- o Begin cancellation under federal law 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 under existing authorities contained in the OCS Lands Act. Your budget already contains \$200 million in FY 1995 for purchasing these leases.

National Security Exemption

- o Dictate that in the event the President determines that national security requires development in these areas, he would have the ability to direct the Interior Department to open the areas for development.

Advantages of Options

- o Still allow relatively early drilling on promising southern California tracts. (The resource estimates for the five basins in the Southern California Planning Area and an overview of resource estimates involved in this OCS decision are found at Tab E.)
- o Development is underway in the areas where earlier drilling would be permitted. These areas were not proposed for a buffer zone out 30 miles in the 1986 proposal made by Congressman Panetta.
- o Could alleviate pressures in Congress for the creation of ocean sanctuaries or permanent bans on leasing up and down the length of both the Atlantic and Pacific Coasts (as in the Boxer/Levine bill). This decision could thus remove most of the sizable California and Florida delegations from the national coalition that threatens to jeopardize the entire OCS program.
- o Recognize the political reality that no drilling is likely to occur on California and Florida leases in the foreseeable future, given the clear disposition of the Congress on this matter.
- o Have no adverse budgetary impact, as OMB has already eliminated any projections of revenues from the sales from its budget receipt projections.
- o Respond to NAS criticism that leasing always leads to future development without any subsequent analysis of environmental impacts.

Disadvantages of Options

- o Will likely be strongly criticized by the oil and gas industry.
- o Drilling in even selected areas off California may still be strongly criticized by environmentalists and California political leaders.
- o May be impossible to reverse decisions or adopt a less aggressive posture in the future even if energy security concerns arise.
- o Could encourage future efforts to ban development in areas not now the subject of controversy, such as the Gulf of Mexico.

Sale 119 and Monterey Bay Sanctuary

Option

- o Cancel sale 119 and adopt sanctuary proposed by NOAA.
- o Permanently prohibit all oil and gas activities within the sanctuary.
- o Allow no development in the sale 119 area outside the sanctuary until after the year 2000.

Advantages of Option

- o Recognizes that this area is a nationally significant and environmentally sensitive resource (e.g., it includes the largest breeding ground for marine mammals in the lower 48 states).
- o Acknowledges the strength of public opposition to development off this portion of central California and the fact that a more restrictive legislative ban on oil and gas activities will likely be enacted (as with the Cordell Bank National Marine Sanctuary off San Francisco last year) if regulatory prohibitions are not imposed.

Disadvantages of Option

- o Could be questioned because it ignores the precedential value of acting without an extensive analysis of the available scientific data.
- o Could bolster arguments for a permanent ban on oil and gas activities off California and even Washington and Oregon.

Washington and Oregon -- Sale 132

- o Exclude the area off the two states from consideration for the 1992-1997 and 1997-2002 five-year programs. A state-Interior task force has recommended cancellation of the sale through 1997 pending further studies.

North Atlantic (George's Bank) -- Sale 96

- o Cancel sale 96. (Note that the Boston Globe reported recently that Interior was planning to cancel this sale.)
- o Conduct additional studies, including studies designed to determine the area's true resource potential.

Recommendations for OCS Program

- o Develop a legislative initiative to provide coastal communities directly affected by OCS development with a greater share of the financial benefits of new development and with more voice in decision-making.
- o Charge the Interior Department with undertaking a program to improve the information needed to make decisions on OCS development. This program will include conducting the studies identified by the NAS and studies to explore new technologies to alleviate the risks of oil spills and new oil and gas drilling technologies, such as submersible drilling rigs.
- o Direct the Interior Department to ensure that future OCS five-year plans provide for better targeting of proposed sale areas to ensure that only areas with the greatest resource potential are offered for sale.

Summary

The option presented here will go far toward addressing the environmental concerns expressed about offshore drilling. It would put most of the California coast and the sensitive area off the Florida Everglades off limits to oil and gas development until after the year 2000. It would provide permanent protection for the sanctuary at Monterrey Bay. It would suggest long delays for controversial sales off of Washington and Oregon and in George's Bank. Finally, it would respond to the concerns expressed by the National Academy of Sciences regarding the need for better information before offshore development occurs. Moreover, the option provides needed reforms in the conduct of the OCS program: better targeting of future sales and greater assistance to the most heavily impacted coastal communities.

This option should clear away an array of pending environmental concerns and allow a more carefully targeted and scientifically sound offshore development program to go forward with renewed confidence and less resistance.

III. NEXT STEP

In your meetings with the California Congressional delegation, some of the members hinted at the possibility of further consultations prior to the announcement of your decision, and this should be considered. Governors Martinez and Deukmejian have also been intensely interested in this decision, and some type of personal consultations or discussions with them should also be considered. The chairmen and ranking members of relevant Senate and House committees could also be consulted.

IV. DECISION

Approve _____

Disapprove _____

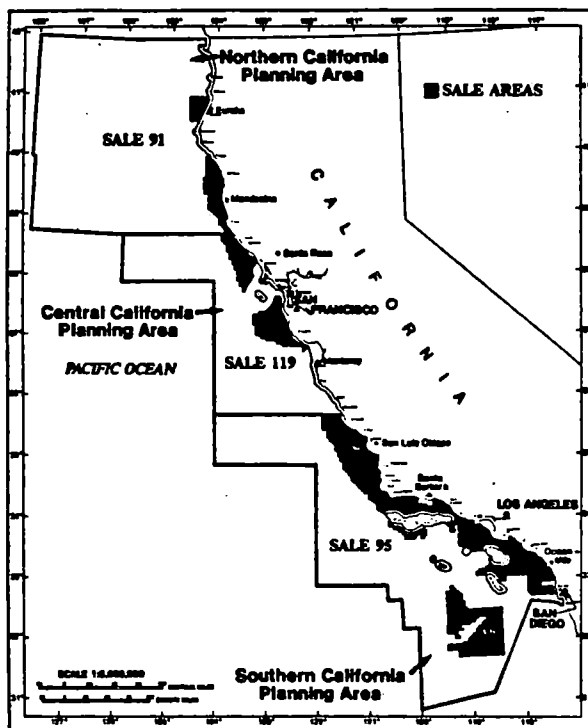
Other _____

INDEX TO ATTACHMENTS

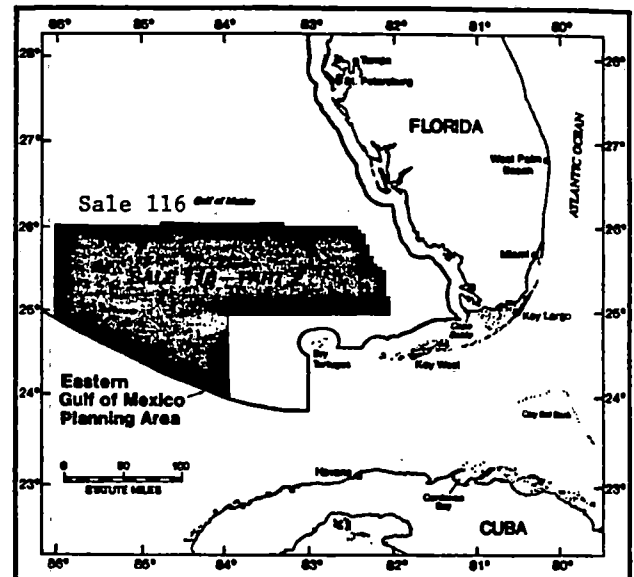
Tab A	Summary of Options for California and Florida Sales
Tab B	Summary of Options for Sale 119 and Monterey Bay Sanctuary
Tab C	Map Showing Leases in Santa Maria Basin and Santa Barbara Channel off Southern California Considered for Earlier Development
Tab D	Map Showing Proposal by Congressman Panetta for Buffer Zone off Southern California
Tab E	Resource Estimates for Basins in Southern California Planning Area and Overview of Resource Estimates

OCS TASK FORCE OPTIONS SUMMARY

CALIFORNIA



FLORIDA



Generic Options Identified by the Task Force, Staff, and Affected Agencies:

Earliest Possible Drill Date

- | | |
|---|---------|
| 1.) Defer Presidential decision until after publication of National Energy Strategy. | 1992 |
| 2.) Cancel sale <i>at this time</i> and defer decision until studies identified by NAS completed. | 1993 |
| 3.) Defer sale until 1992-1997 five-year plan and offer only selected tracts off California. | 1993-95 |
| 4.) Defer sale until 1997-2002 five-year plan. | 1997 |
| 5.) Defer sale until after next <i>two</i> five-year plans. | 2002 |
| 6.) Cancel sale and impose permanent ban except for national security requirements. | Unknown |

Option Offered for Discussion:

- | | |
|--|---|
| Sale 91: Defer any sale until after 2000 | 2000 |
| Sale 95: Defer sale in majority of area until after 2000. Offer most promising areas in Santa Barbara Channel and Santa Maria basin (91 tracts) <i>only</i> upon completion of NAS-recommended environmental studies in 1995. (The California coast has 13,000 tracts; thus more than 99% of this coast would be protected until after 2000) | 2000 for most;
1996 for selected areas |
| Sale 116: Defer any sale until after 2000. Proceed with buyback of existing leases. Begin discussions with state of Florida about participating in lease buyback. | 2000 |

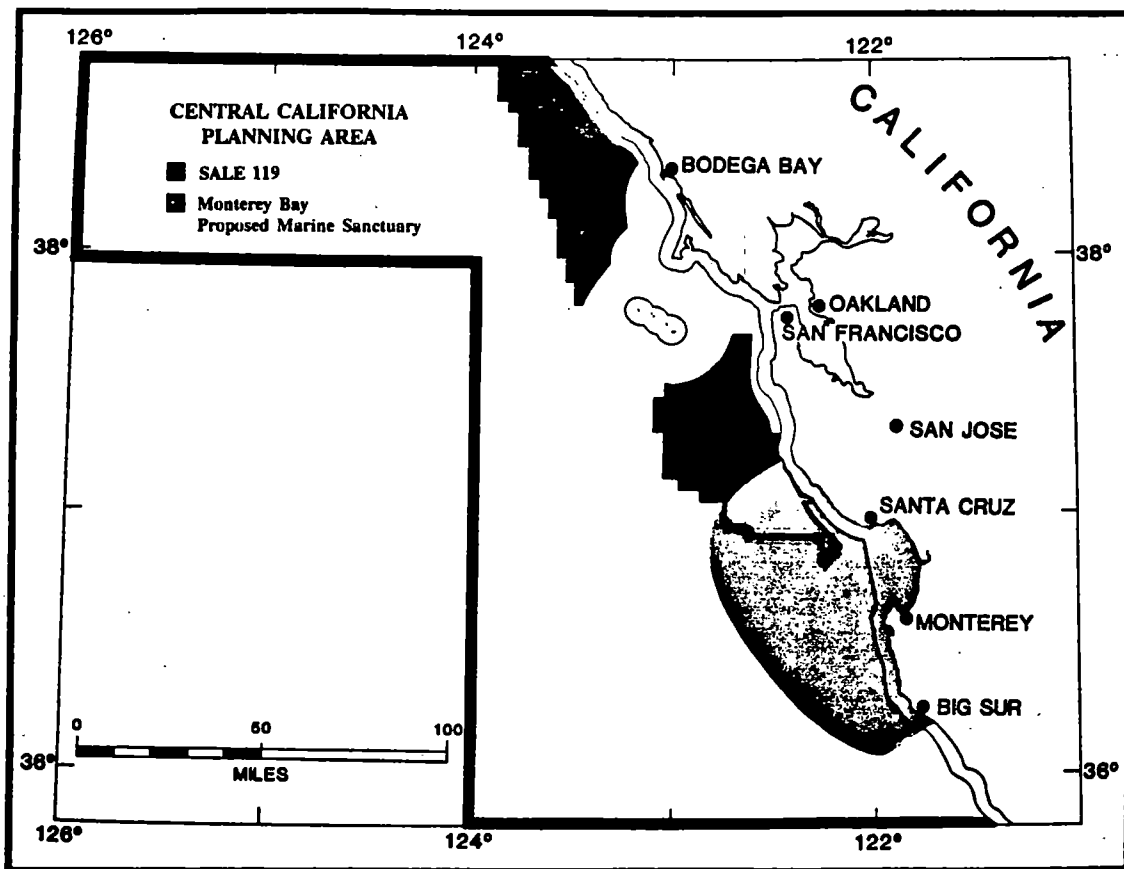
Delays proposed for all 3 sales would be subject to national security exemption.

Sale 119: Central California

Background:

A related issue to the three sales considered by the Task Force is the disposition of lease sale 119 off central California. This area is subject to a Congressional moratorium on pre-leasing activities in the current fiscal year. The sale area, shown on the map below, stretches from north of San Francisco past Monterey Bay to Big Sur. In 1988, Congress mandated the creation of a National Marine Sanctuary in Monterey Bay. NOAA has proposed to designate an area for the sanctuary covering about 2,200 square miles -- including significant portions of the sale area. The proposed NOAA rule would prohibit oil and gas exploration and development activities within the sanctuary. Such a ban is *not* mandatory within a marine sanctuary. Sanctuaries in several other parts of the country are not subject to such a ban, although others off the California coast are.

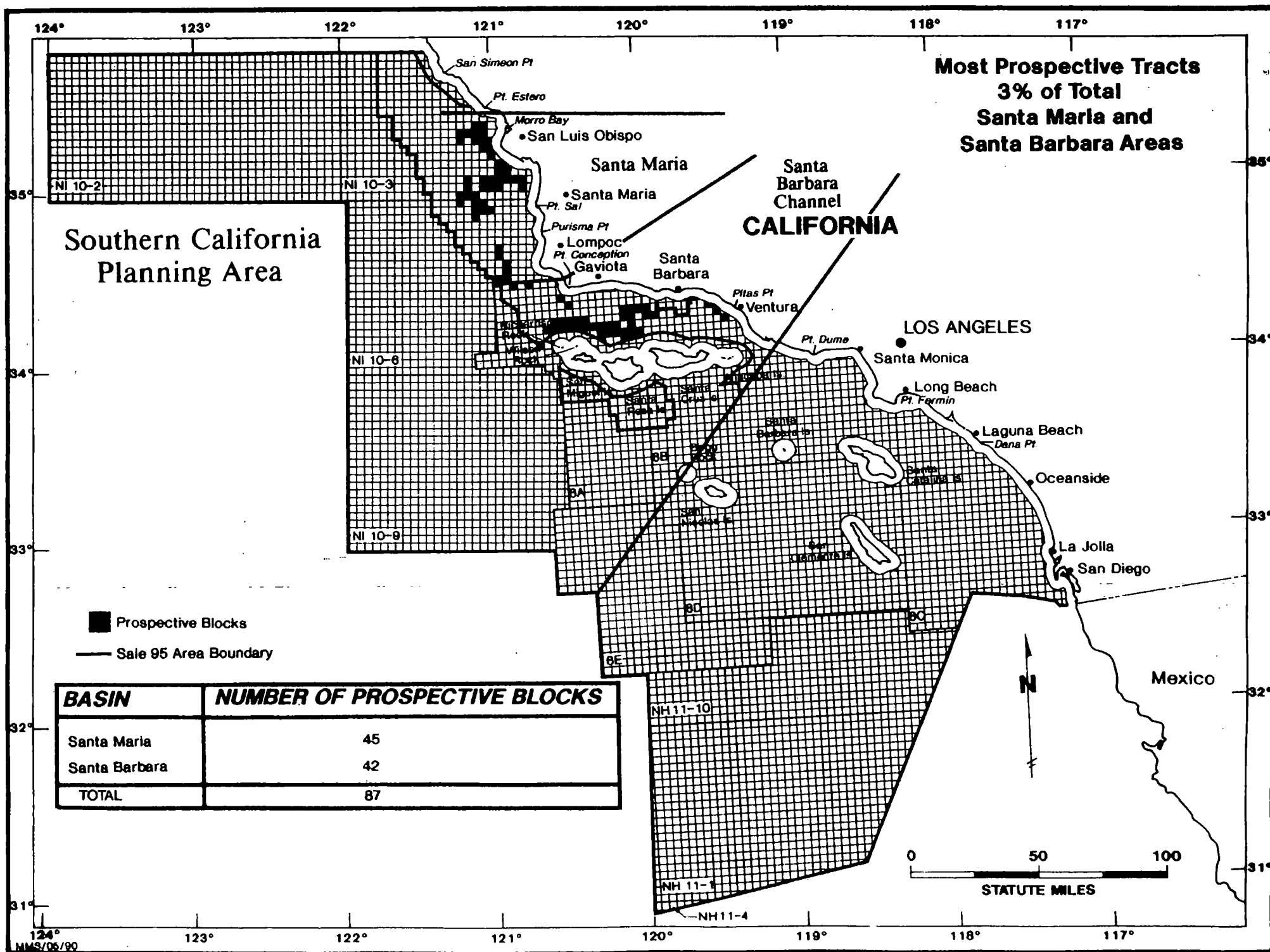
There are two issues now pending related to sale 119. First is whether to publish the NOAA rule adopting the sanctuary boundaries and banning oil and gas activities in the sanctuary. The second is whether to cancel the sale, and for how long. Many members of Congress and the public are expecting a decision on sale 119 to be announced concurrently with a decision on the other California lease sales.

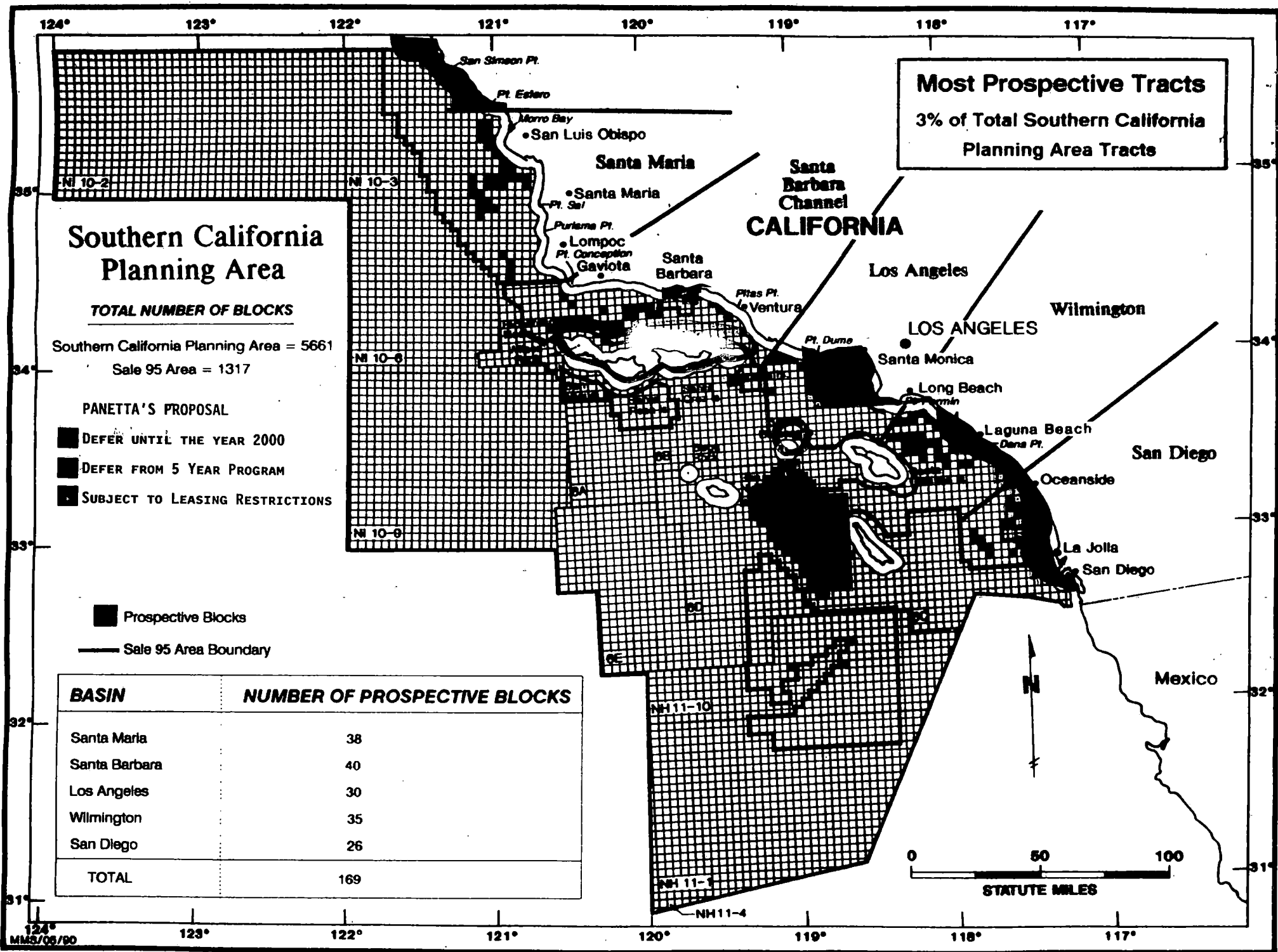


Options:

- o Adopt NOAA sanctuary boundaries but allow oil and gas development
- o Adopt oil and gas ban in sanctuary but proceed with sale outside sanctuary boundaries.
- o Adopt NOAA proposal and cancel sale 119 until 1997¹
- o Adopt NOAA proposal and cancel sale 119 until 2000¹

¹ With national security exemption as proposed for sales 91, 95, and 116.





SOUTHERN CALIFORNIA PLANNING AREA
RESOURCE POTENTIAL

	<u>Oil</u> (billion of barrels)	% of Total	<u>Gas</u> trillion cubic ft)	% of Total
Santa Maria Basin	.62	40.5	.57	23.2
Santa Barbara Basin	.32	20.9	.90	36.6
Wilmington Basin	.06	3.9	.09	3.7
Los Angeles Basin	.06	3.9	.08	3.2
San Diego Basin	.47	30.8	.82	33.3

OVERVIEW OF U.S.
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 119	.16	.5	.26	.1