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Contact: Garin Casaleggio
916-445-2636

Chiang Issues Statement on New Tranquillon Ridge Offshore Oil Development

SANTA BARBARA – State Controller and State Lands Commissioner John Chiang today issued the following statement regarding his motion to deny a new oil drilling development off the Santa Barbara coast:

"While PXP and the Environmental Defense Center on behalf of their clients had reached an agreement for new offshore oil development of Tranquillon Ridge in exchange for an end date and other oil exploration curtailing offers, I had serious concerns about approving this deal.

"My first concern is that the details of the agreement between PXP and the Environmental Defense Center were never available for public review. The fate of public lands cannot be decided in contracts negotiated behind closed doors. Our coastal economy contributes more than \$50 billion to the State of California, and protecting our natural resources is an essential goal that I know we all share for not just ourselves, but future generations. Because Californians have a vested interest in protecting our coast and preserving our economy, the details of this agreement must be presented to the public. And as a State Lands Commissioner, I have the responsibility to make sure our tidelands and waterways are used with both economic and environmental considerations in mind. Without an open and transparent review of the entire agreement, the Commission and the public lack the complete information that I believe is necessary to make a decision on behalf of the State's best interests in going forward with a lease of this magnitude.

"My concerns also include the enforceability of ending the Tranquillon Ridge oil drilling operations in 2022 and the Point Arguello operations in 2017. The support of environmentalists for this project would not exist without dates certain on which drilling would stop, but neither the proposed State Lands Commission lease nor the PXP agreement can provide certainty about these end dates.

"The federal Minerals Management Service receives royalties from the oil production in federal waters and is compelled by law to encourage drilling until it is no longer economically viable. The State cannot interfere with the contracts between PXP and Minerals Management Service. Because the Minerals Management Service will not agree to the proposed end dates, and because we are continuing to experience severe volatility in the energy market, there is a likelihood that market forces in 2022 would dictate whether or not the federal government would continue seeking revenues from this project.

"Finally, I am concerned about setting a precedent in approving California's first offshore oil lease in 40 years.

"The State Lands Commission has refused to issue a single offshore oil lease since the 1969 Santa Barbara oil spill. Since that time, we have grown our coastal economy and sought to move from fossil fuels toward cleaner, renewable energy alternatives.

"In the absence of the Congressional ban that had protected California from offshore natural gas exploration since 1981, I am concerned that a vote in favor of this proposal would be seen as an immediate pro-drilling reversal after four decades of vigilantly protecting our coast from oil exploration. And it would do so at a time when there are no protections against new federal leases from three to 200 miles off of California's coast.

"For these reasons, I moved to adopt the staff recommendation and deny PXP's application."

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