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The Honorable Donald P. Hodel  
Secretary of the Interior  
Interior Building  
Washington, D.C. 20240

I am pleased to provide the following comments on the Proposed Five-Year Outer Continental Shelf Oil and Gas Leasing Program and, concurrently, the Draft Environmental Impact Statement for the Proposed Program. I have asked Oregon state agencies, interested groups and the public to provide me their views of the Proposed Program. These responses are attached. In addition, my office sponsored a public hearing to solicit the views of the people of Oregon. My response to you reflects their comments and concerns.

I would also like to express my appreciation for the detailed response to my comments of May 20, 1985, and recognize that similar responses to other coastal governors required a massive staff effort. The Department of Interior has made an admirable effort on a large and complex program, although I continue to have some concerns about the Proposed Program and the Draft Environmental Impact Statement.

Oregon has carefully reviewed the Proposed Program and its accompanying analyses against the requirements of the Outer Continental Shelf Lands Act, Oregon's federally-approved coastal zone management program, and the National Environmental Policy Act. I have previously expressed my support for a thorough assessment of the nation's Outer Continental Shelf oil and gas resources, but I do have reservations that the Proposed Program can fully achieve that objective.

Generally, my concerns are:

that the Proposed Program does not indicate, "as precisely as possible, the size, timing, and location of leasing activity..." proposed off the Oregon coast or meet the requirements of Section 18(a) of the Outer Continental Shelf Lands Act;

that leasing activities in specific areas requested for deletion will not meet the requirements of the Oregon Coastal Management Program, including Statewide Planning Goal 19, Ocean Resources;

that the analysis in the Proposed Program of the impacts of leasing off Oregon will not be adequate to meet the requirements of either Sections 18 and 19 of the Outer Continental Shelf Lands Act or, as stated in the Environmental Impact Statement, to meet the National Environmental Policy Act;

that the provisions for technical consultation with Oregon and Washington will not be adequate to meet the needs of state coastal managers to fully plan for lease sales which would result in offshore exploration and development proposals consistent with Oregon's Coastal Management Program;

that the "flexibility" provisions are neither contemplated by the Outer Continental Shelf Lands Act nor in the best interests of states planning for offshore leasing;

that overall, the cost-benefit analyses used to support the inclusion of the Oregon-Washington Planning Area in the Proposed Program are out-of-date and need to be revised to reflect a lower price per barrel of recovered oil.

Here are Oregon's specific comments:

1. Size, Timing, and Location of Lease Sales

There are several specific examples of why I believe that the Proposed Program fails to meet the provisions of Section 18 of the Outer Continental Shelf Lands Act which require the Secretary to indicate as precisely as possible, the size, timing, and location of leasing activity. I have previously requested that lease sales off the Oregon coast be focused on geologic basins of hydrocarbon potential rather than on an area-wide basis, that deep waters west of 125° W. longitude be excluded, and that the prime fishing grounds of Heceta, Stonewall, and Perpetua Banks be deleted. The Proposed Program fails to incorporate these entirely practicable requests.

I am not convinced that deferring these easily made decisions until the presale process either meets the requirements of the Outer Continental Shelf Lands Act or your goal of early conflict resolution. I believe that these suggestions "provide for a reasonable balance between the national interest and the well-being of the citizens of the affected

State" as outlined in Section 19(c) of the Outer Continental Shelf Land Act. I would like to reiterate my suggestions for area deletions and add several more which have been provided me by affected state agencies.

A year ago I requested that the western boundary of the Oregon-Washington Planning Area be adjusted from 128° W. longitude to 125° W. longitude. I did so because there was no geological or technological justification for keeping this area in a "frontier" lease sale. In response, you note that "...the subareas thought to be beyond the area of hydrocarbon potential (as estimated by MMS)..." have been "selected for further study and comment." By simply overlaying the map you provided of this area on a bathymetric map of the ocean off Oregon (you may want to refer to The Oregon OCEANBOOK for this), we find that the remaining planning area is still far larger and in deeper water than can be justified by even a cursory examination of the "existing information concerning the geographical, geological, and ecological characteristics" of this region as required by Section 18(a)(2)(A) of the Outer Continental Shelf Lands Act.

Oregon is also concerned that leasing tracts beyond the continental margin may not be authorized by the Outer Continental Shelf Lands Act. There are a number of confusing and possibly conflicting definitions of the furthest extent of the continental shelf in both domestic and international law. While it is unquestioned that the United States may exercise sovereign rights within 200 miles of its shores, no law clearly assigns to any federal agency the authority to allow mineral exploitation on lands between the continental margin and furthest extent of the exclusive economic zone whenever the physiographic continental shelf does not extend the full breadth of the economic zone.

Let me be more specific: I recommend that the next five-year leasing program should include no lease sale for waters deeper than 200 meters, the edge of the continental shelf, off Oregon. Basic geological and geographic information presently available, including that presented in the Proposed Program, shows that the continental slope below 200 meters is relatively steeper and geologically hazardous because of unstable sediments, turbidity flows, and that the deep ocean floor west of the toe of the continental slope is basalt ocean crust covered by a relatively thin layer of unconsolidated sediments. Depths in this area are well beyond current commercial drilling technology, and the oceanography and marine biology of this region of the Pacific Ocean is relatively unstudied.

This lack of environmental data, coupled with a very short time prior to the lease sale for environmental studies are additional reasons why Oregon asserts that no area deeper than 200 meters be included in the next five-year program. Areas deeper than 2,400 meters, the edge of the continental margin, should not be included in any leasing program until the pending legal questions are answered. If the continental slope (200-2400 meters) is included in the Proposed Program, adequate environmental data specific to the area must be collected.

## 2. Area Deletions to Avoid Resource Conflicts and Meet Coastal Management Concerns.

Oregon supports offshore development of hydrocarbon resources which can be carried out in a safe and acceptable manner. But Oregon's Ocean Resources Goal requires that priority be given to renewable and living marine resources over nonliving and nonrenewable resources. For that reason, I am requesting deletion of the following areas for which Oregon agencies could not support lease activities because of potential adverse effects on living and renewable marine resources. These are in addition to my earlier request that the prime trawling areas of Heceta Bank, Stonewall Bank, and Perpetua Bank be deleted.

- a. Coquille Banks, southwest of the mouth of the Coquille River, a prime fishing area.
- b. The Oregon Islands National Wildlife Refuge and a six-mile buffer to protect offshore island habitat along the Oregon coastline. These islands are biological resources of national importance and many support major sea bird colonies or provide haul-out areas for marine mammals, including the only active breeding colonies of Steller Sea Lions between central California and southwestern Alaska.
- c. The mouth of Coos Bay and a six-mile radius buffer where vessel traffic would interfere with offshore activities and where an oil spill could enter the estuary and adversely impact the protected resources of the South Slough National Estuarine Reserve.
- d. The mouths of the Columbia River and Yaquina Bay and six-mile radius buffers where vessel traffic would interfere with offshore activities and where spilled oil could enter and affect the wetlands of these estuaries.
- e. The Cascade Head and Salmon River Estuary Scenic Research Area and a six-mile radius buffer to protect the living resources of this important part of the Oregon Natural Heritage Program and to allow the United States to fulfill its treaty obligations with the International Biosphere Reserve Program of the United Nations.

## 3. Socio-Economic Impacts

I remain unconvinced regarding your conclusions on the issue of estimated social costs. The Secretarial Issue Document provided with the Proposed Program indicates that "social costs include the costs of responding to and cleaning up oil spills, commercial fishing losses (sic), recreation, air quality, and wetland losses, infrastructure costs, research and legal costs, and other market and nonmarket valued environmental and socioeconomic costs..." It is my experience here in Oregon that this is a fair listing of those costs which are borne by local or state agencies and local businesses. Yet the Secretarial Issue Document says that

"...social costs are costs to the Nation as a whole...", tries to relate these costs to avoiding importing oil and risks of spilling that imported oil, and concludes that the social and economic costs to the entire Washington--Oregon Planning Area are about \$500,000.

This conclusion is not adequately substantiated. The costs to the Dungeness Crab industry from a single incident where a seismic survey vessel ran through a field of crab pot floats was nearly \$250,000. The costs for clean-up of oil spilled at Yaquina Bay in 1983 was closer to \$300,000. I am not sure that the "nation as a whole" paid for these costs, either. My point is that the economic and social costs to Oregon will be significantly higher than that shown in the Secretarial Issue Document and that those costs may, in fact, be borne locally by those that can least afford it.

On the other hand, we know that for some sectors of the economy of some port communities on the Oregon coast there could be a significant economic benefit from offshore oil and gas exploration and development. The Ports of Coos Bay, Newport, Astoria, and Portland could very well see increased activity from offshore exploration. Smaller ports could also benefit. My concern is that the potential benefit to certain sectors of Oregon's coastal economy could be outweighed by costs to others.

It is essential that decisions made about leasing and any post-lease activities be made with adequate background information. Oregon will continue to be aggressive in protecting the long-term values of its renewable and living marine resources and assert its coastal zone management program as a framework for making leasing decisions.

#### 4. Flexibility Provisions

I believe that the "flexibility" provisions as included in the Proposed Program may well not meet the provisions of Section 18 of the Outer Continental Shelf Lands Act which requires that the "timing" of lease sales be indicated "as precisely as possible." I previously requested deletion of the "acceleration" provision which would provide the Department of Interior with unauthorized ability to speed up the lease sale schedule without time for adequate consultation with other federal agencies, the affected states, local governments and interested parties or time to perform the needed environmental studies. Aside from the question of legality, I feel that for Oregon, this acceleration provision is undesirable as public policy since Oregon could be affected by a Northern California Planning Area sale unexpectedly brought on line by acceleration.

Likewise, designating the Oregon-Washington Planning Area as a "frontier area" is unnecessary and appears not to meet the requirements of the Outer Continental Shelf Lands Act or the standards of California v Watt 712 F.2d 584 (1983) which requires the Secretary to "inform interested parties of the areas which he is genuinely considering for leasing

activity." If there is genuine interest in leasing the Oregon-Washington Planning Area, a firm leasing decision is required in the Final Program. It is desirable from the state's perspective to plan for a lease sale and then have that sale delayed or cancelled rather than have the "flexibility" provisions bring an unanticipated sale on line. The time to discern resource potential and industry interest in the Oregon-Washington Planning Area is now. The Final Program should include a firm scheduling decision for the planning area, either on the schedule or off. If the planning area remains on the schedule, a fixed leasing date should be established.

#### 5. Technical Consultation with Northwest States

Although your response correctly notes that Oregon does indeed participate on the Pacific Region Technical Working Group, there is a need for a separate working group for the Pacific Northwest (see attached comments). Over the years the focus of the Pacific Region of the Minerals Management Service has been California, especially Southern California. There are more than enough issues specific to that region to keep a technical committee and policy makers fully occupied.

The environmental and coastal management considerations of oil and gas leasing in the Oregon-Washington Planning Area are too numerous and complex to leave to representation on a working group concerned primarily with the issues of another area. Likewise an Oregon representative to the Outer Continental Shelf Scientific Committee, which looks at broad scientific issues for the national program, is not a position to represent the specific interests of the State of Oregon in the technical details of planning a lease sale off the Oregon coast.

The states of Oregon and Washington have long been regarded as beyond the range of direct effects and influence from leasing activities off Southern California and have had no recent offshore oil or gas activity. As a result, they have received little consideration in technical matters in the Pacific Region. This was appropriate because it is indeed a long way from Point Conception to Cape Blanco and Cape Flattery. Now I am asking that Interior be consistent with this distinction by structuring a Working Group or sub-group specific to the Oregon/Washington coastal area.

#### 6. The Draft Environmental Impact Statement

Oregon state agencies have commented directly to the Department of Interior on the Draft Environmental Impact Statement through the State Clearinghouse Review Process. These comments are attached. Since the Draft Statement is really an extension of the Proposed Program analysis, I am highlighting some issues raised in this review. As I noted above, the enormous size of the planning areas has precluded a meaningful and full analysis of significant effects on the environment. The terms "low," "moderate" and "high" levels of effects, defined only roughly,

seem not to be related to the specific characteristics of the Oregon coast. In many instances, the text of the Draft Statement correctly notes potential high environmental effects but the conclusion of virtually every analysis is these effects are "considered low."

The Draft Statement concludes that the effects of leasing on virtually every environmental, economic and social factor considered would be "low." Yet the DEIS does not include adequate or sufficient information to document these low effects. Here are several examples:

The Draft Statement correctly notes that "the larger estuaries in Washington and Oregon that would be of highest concern if an oil spill were to occur are: (1) Columbia River Estuary; (2) Coos Bay; (3) Willapa Bay; (4) Grays Harbor; and (5) Puget Sound." Yet the Draft Statement reaches the conclusion that "Estuaries and wetlands will experience low impacts." What the Draft Statement fails to address is that these estuaries are precisely where shore-side Outer Continental Shelf related activities will take place, including loading of crude oil into tankers for transport to other regions and construction of back-up facilities. Because these estuaries will be focal points for Outer Continental Shelf activity, they are more vulnerable to oil spills, air and water discharge pollution, noise and disruption to wildfowl, etc. The conclusion that they "will experience low impacts" is not particularly persuasive.

The Draft Statement (p IV.B.7.-23) notes that "if a spill entered any of the...estuaries along the coast a large number of migrating birds would be adversely affected." The conclusion is just the opposite: "Impacts to marine and coastal birds...are considered low."

Likewise, the Draft Statement correctly notes "a large oil spill, if occurring at a time and location such that a year-class of salmon is prevented from smolting or spawning, would have severe local impacts for up to five years (one generation of chinook salmon) or longer..." The conclusion, however, is that "planning areawide impact...are expected to be low." I would not like to explain that statement to Oregon's beleaguered commercial fishermen.

Finally, a prime example of questionable analysis:

"A containment and diversion of oil spills will occur as soon as an oil spill happens, any spill that does occur is not expected to directly contact recreational areas, and thus a very low impact is expected to recreational areas."

This is an inadequate analysis for two reasons: First, as you know, there are nearly 400 miles of Oregon coastline and because Oregon's beaches are owned by the public and accessible in hundreds of places, virtually everywhere on the Oregon coast that an oil spill would contact is a recreation area. Second, there is presently no technology for containing

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and diverting oil spills in the ocean wave climate as found off Oregon for most of the year. In addition, the geographic isolation of much of the coastline means that it would be many hours for containment and clean-up equipment to arrive even in the best of circumstances.

It is very difficult for me to concur with a Draft Environmental Impact Statement which characterizes the potential effects on the Washington-Oregon Planning area as "low," and concludes that socio-economic costs to the Washington-Oregon planning area will be less than \$500,000.

7. Revised Cost-Benefit Analysis

Recent events have resulted in oil prices much lower than anticipated by the Proposed Program analysis. The analyses of costs and benefits need to be recalculated to reflect these low prices. The recalculated economic benefit to environmental harm ratios for several planning areas might precipitate major changes in the Final Program.

I appreciate the opportunity to comment and look forward to working with you to see if a leasing program which is both appropriate and timely for the Oregon coast can be developed. Attached are letters of comment submitted to me from citizens, local governments and state agencies.

Sincerely,



Victor Atiyeh  
Governor