United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

July 19, 1974

To : The Secretary
Under Secretary

From : Jared Carter

Subject : OCS--Consultations re Leasing in Frontier Areas

During the last couple of months I have held several consultations with State representatives about OCS development in the Mid-Atlantic area and in Southern California. (I have not talked to Alaska, but we can expect some opposition from commercial fishermen and from the Governor unless some kind of revenue sharing can be devised; the problems won't be as great in Alaska, however, and we are beginning the necessary studies for a leasing program.) My conclusions and recommendations at this time are:

(1) There is and there will continue to be great opposition to OCS leasing in these areas.

(2) If we are to hold leases in either or both these areas in 1975, or even early 1976, we must now begin to involve state and local representatives in studies and planning efforts designed to lessen the possibilities of spills and mitigate onshore impacts resulting from these sales. We must be prepared to change our procedures and regulations to accommodate stricter state requirements.

(3) We should also involve NOAA--both their commercial fish people and their coastal zone management people--in our tract selection procedures and our study and planning efforts with state and local representatives.

(4) We should take steps to assure high priority effort and inter-bureau coordination in the field by all elements of this Department that are involved in any phase of OCS development. Complete cooperation in the field may be difficult to attain because it will involve at least two divisions in GS (with different headquarters) the State Lands Commission,

which is responsible for drilling regs, etc., the State Coastal Zone Commission, which properly interfaces with NCAA more than BLM, city and county officials, and environmental organizations, all under the guidance of BLM.

(5) In California we risk a serious confrontation with the State Coastal Zone Commission created by referendum in 1972. Such a confrontation will be almost unavoidable, and probably very political and bitter, if we approve the offshore gathering facility (floating ship) element of EXXON's development plan for Santa Ynez without consultation with the California Lands Commission and Coastal Zone Commission and possibly the County of Santa Barbara.

(6) We probably can't get a cooperative study started on the East Coast until the Judge files his report in U.S. v. Maine, since most of the state lawyers have advised their governors that absolutely any uncontested action on our part or any cooperative action would be detrimental to the states' position in that litigation. (The Judge's report is expected very soon.)

When?

(7) Probably, at least on the East Coast, we will have to devise some method of providing revenue to the states as a result of CCS leasing off their shores. We should first try increased funding under the Coastal Zone Management Act, and any other available Federal programs, and then be prepared to consider legislation giving the states a percentage.

I have met with the Cabinet officers designated by the Mid-Atlantic Governors in response to phone calls from the Secretary, in Virginia (Earl J. Shiflet), Maryland (James B. Coulter), New Jersey (David J. Bardin), and Delaware (John Bryson). I met with a broad range of state representatives in Sacramento, California, a large number of city and county representatives in Los Angeles and held a public meeting of about 500 in Santa Monica, California. The essential points that I made were:

(a) From a national economic and international relations point of view, we need to increase our domestic resource base.

(b) Considering all available alternatives (including conservation) it is vital that we increase our domestic supply of oil and gas.

(c) In spite of all reasonable efforts onshore and in Alaska, the most promising source for increasing domestic supply is the OCS, and particularly the frontier areas.

(d) Both the East Coast and Southern California demand for oil exceeds local supply and the difference must be imported by tankers if it isn't produced offshore. Tanker importation is environmentally riskier than OCS development.

(e) We understand that beginning leasing programs in frontier areas, or continuing a leasing program in Southern California, will encounter more opposition than expanding our program in the Gulf of Mexico and we are prepared to work constructively with all state and local agencies to deal with the many problems (offshore and onshore) that such leasing activities may bring about.

(f) No decisions to hold lease sales in any of these areas have been made--indeed NEPA prohibits such a decision until a final EIS is prepared--but we now need to get on with the process of accumulating facts and analyses necessary for those decisions as soon as they can practicably be made. (I recognized that the decision may be up to the states on the East Coast if they win U.S. v. Maine.)

The primary facts that lead me to the conclusions listed above are:

(1) In the absence of long service station lines no one is pushing for increased domestic development except the Federal Government and the oil companies, who are both unpopular.

(2) Relaxed tensions in the Middle East and a worldwide surplus of oil support the argument by opponents of OCS development that no such development should occur in environmentally risky areas until new and reliable technology has been developed to take the risk of environmental damage or aesthetic blight out of OCS development.

(3) A lot of people--boat owners, beach motel owners, beachfront home owners and beach goers--fear oil pollution from OCS development and oppose it. Commercial fishing interests also will oppose OCS development.

(4) State planners--coastal zone or land use--are concerned about the shoreside impact of Federal leasing and want to have a say in our program. Moreover, they get no money from Federal leasing; and on the East Coast no one thinks there is any oil in the state owned land within the three-mile limit.

(5) In many of the affected areas--Southern California and much of Delaware and New Jersey--the state planners are not particularly desirous of increased industrialization (refineries, petrochemical plants) that will accompany OCS developments. In other areas--probably Maryland and Virginia--new jobs and the increased tax base will be welcome.

(6) There is no political mileage for a state guy to support our program in light of the foregoing facts. Before the next election they will oppose all our efforts if they are required to take a position.

(7) After the election, state and local officials may accept local OCS development in the light of truly significant national interests if we can make a strong case that the national interest requires a leasing program.

In the immediate future--i.e., the next two weeks--we should take the following steps:

(a) Consult with the California Lands Commission and Coastal Zone Commission about the Santa Ynez development plan.

(b) Request California state and local government units to designate qualified people to participate in our EIS preparation and begin that process.

(c) Develop an inter-bureau and inter-agency management plan for preparation of the Southern California EIS and for the necessary coordination with state and local agencies and groups.

(d) Talk with New York officials about beginning a site-specific EIS for Mid-Atlantic and then seek agreement from all the Mid-Atlantic states to a letter saying we want to begin such a study, without any commitment to a lease sale and without prejudice to either side's legal position--and seeking their concurrence.

cc: Solicitor
All Assistant Secretaries
Director, GS, BLM, F&W

bcc: Glen Schleede

THE WHITE HOUSE

WASHINGTON

July 24, 1974

File

TO: MIKE DUVAL

FROM: Glenn Schleede

Glenn

SUBJECT: OCS Leasing

Attached is a bleak assessment of the future of the OCS leasing program -- which sounds pretty realistic.