Energy Insider by William Engdahl

California oil lease battle

The eccentric governor seems to be using the sea otter to protect something else.

The U.S. Department of the Interior has just taken in a near-record $2.28 billion in bids for 81 out of a total 111 tracts off the California coast in the Reagan administration's first offshore oil and gas lease sale. Outer Continental Shelf (OCS) Sale #53 has become a focal point for Interior Secretary James Watt's commitment to open up potentially fruitful oil and gas areas on federal lands.

One of the most promising areas to prospect a discovery of America's giant and super-giant oil and gas reserves is in the relatively untouched 1,800,000 square miles of U.S. offshore lands.

To date, we have leased less than 3 percent of the total area for exploration. Even so, this tiny fraction has given the nation more than 9 billion barrels of oil and 56 trillion cubic feet of natural gas. It is from this perspective that we should look at the California OCS sale.

The Interior Department sold lease rights in the Santa Maria Basin to a number of major companies including Amoco, Chevron, Conoco, Exxon, Gulf, et al. The tracts range from 3 miles to some 27 miles from the shoreline.

But the sales have drawn shrieks of protest and two lawsuits from California Zen meditator Gov. Jerry Brown, together with a coalition of environmentalists ranging from the Natural Resources Defense Council and the Sierra Club, to the Friends of the Sea Otter and the newly formed Environmental Coalition on Lease Sale #53.

This grouping obtained an injunction from Federal District Court Judge Mariana Pfaelzer May 27 on 32 of the 111 tracts off San Luis Obispo County. Judge Pfaelzer stated that Secretary Watt had used "too narrow an interpretation" of federal law in issuing the leases.

The environmental opposition has used as their ploy the plight of the sea otter, a predatory mammal that feeds on various shellfish such as abalone, shrimp, crab, etc. According to their scenario, the otters are threatend by *potential* oil spills. Thus does the familiar anti-energy alliance try again to halt crucial energy development.

The irony is that even on their terms, offshore oil platforms would be a most beneficial development for marine species. I have witnessed the change offshore oil platforms have made in the Gulf of Mexico off Texas and Louisiana, where fish and shrimp catches are at record levels since the advent of the offshore rigs that provide an ideal spawning ground for marine life.

In fact, one could make a case that the inscrutable Governor Brown is up to more than acting as Pied Piper to otter-lovers. It could also be relevant to bring up papa Edmund G. Brown. In 1978, such reputable newspapers as the *Sacramento Union* charged that Gov. Jerry Brown had "rigged the game" (a conflict of interest?) by giving California the nation's toughest antipollution standards, which preferentially favor certain low-sulfur oil imports over domestic sources.

It may well be relevant that former Gov. Pat Brown, Jerry's father, through his law firm Ball, Hunt, Hart, Brown & Baerwitz, has been a registered agent for Pertamina, Indonesia's state oil company. And various members of the Brown family, through a holding company, USIIC, own Perta Oil Marketing Corporation, U.S.A., and share Perta Oil, Hong Kong with Pertamina. Brown Sr.'s share in this is conservatively estimated at $100 million.

California, as of 1978, imported half its oil, low-sulfur oil, from Pertamina. Both Brown-initiated legislation and the standards issued from the governor's office favor low-sulfur oil and liquefied natural gas as the *preferred* interim energy sources for California's state utilities. Could this possibly be a motive for Jerry Brown to stop offshore California oil leasing?

The "environmentalist" governor, Jerry Brown, whose drastic antinuclear legislation, since overturned by the courts, has stalled or canceled at least four nuclear reactors that are ready to go on-line. Yet his interim solution to the "energy crisis" is Indonesian crude.

Moreover, the federal judge who is hearing the case against Secretary Watt's oil lease Sale #53 is a former Governor Brown for President campaign treasurer. While this may not be a "conflict of interest," I, for one, bet it didn't hurt the outcome of the governor's case. Secretary Watt, stick to your guns. Our posterity will be in your debt.