[u][c s][b] High Energy Physics

FROM: Harry Nelson July 27, 1995

SUBJECT: **Response to Clearview Questions**

TO: COLAB, c/o J. Andrew Caldwell

The administration at UCSB gave me a copy of the concerns you expressed to Chancellor Yang.

In my service for the Academic Senate, I have researched some of the concerns raised by COLAB. I include below answers to the concerns for which I feel qualified to comment.

I do not speak officially for UCSB, but I am a faculty member, and member of UCSB's Academic Senate, and therefore I am a participant in the joint governance of UCSB.

As a matter of convention, I will quote all dollar figures in 1994 dollars. To do otherwise implies a knowledge of future inflation and future petroleum prices; I do not trust anyone's future numbers for these items.

Under this convention, the projected total royalties on all Clearview petroleum products is $274 million, where I have used some figures from the UCSB Economic Forecast's projections of Clearview benefits. The figure of $800 million for total Clearview royalties that appears in Mobil literature, as well as in some articles written by Mr. Caldwell, is not expressed in 1994 dollars.

<u>**COLAB #1.**</u> **Why didn't the University wait until the EIR was completed to declare that Clearview and the University's future plans were incompatible?**

That the Clearview project, as described at that time, was probably incompatible with UCSB's plans was stated in the report of the UCSB Clearview Oil and Gas Task Force (subsequently referred to as the 'Task Force'), convened by Chancellor Uehling. That report was published on June 13, 1994: the public, including COLAB, was invited to comment on the draft of that report; many interested parties did so, and their letters were published with the report, although no comments from COLAB appear to have been received.

The Academic Senate Special Committee on Clearview (subsequently referred to as the 'Special Committee'), upon which I served, found in its report dated January 26, 1995 that the Clearview project, as described at that time, was incompatible with the University's plans for the North Campus. The public, including COLAB, was invited to a forum on November 14, 1994, to express opinions on the Clearview project. To the best of my knowledge, no representative of COLAB came to the forum.

Had COLAB availed itself of the opportunities to comment 13 and 8 months ago, COLAB might have influenced UCSB somewhat more in its decisions concerning Clearview. I am still glad to address COLAB's question.

UCSB staff, faculty and students, devoted a large amount of time and energy to studying the Clearview project: between October, 1993 and February 1995, 20 committee meetings were conducted, including four with Mobil, all lasting several hours. Mobil had free access to all committee members: many committee members independently met with Mobil once, or more times. Mobil had every opportunity to provide us with whatever facts they deemed relevant. The Special Committee once traveled to Mobil's offices in downtown Santa Barbara, and met for as long as Mobil desired to meet, over three hours.

The staff and faculty on the Task Force and the Special Committee had extensive experience in the scientific, engineering, and policy disciplines relevant for the evaluation of Clearview. Extensive fact-finding was performed, independent of Mobil.

Speaking for the Special Committee, we felt we had sufficient information to reach our conclusion of incompatibility.

Subsequent to our January 26 finding of incompatibility, Mobil submitted an application for Clearview to Santa Barbara County on February 9, 1995.

Speaking for myself only, I read the application with some care, and concluded that Mobil did not address the aspects of the Clearview project that led me to conclude that Clearview was incompatible with plans for the North Campus. In particular,

1. Mobil did not address safety issues sufficiently. Although numerous theoretical estimates of risks were presented for the Clearview project, no attempt was made to validate the estimates through practical comparison of theory with data for accidents over the past few years at the Mobil's Ellwood facilities, nor was any attempt made to explain the accident rates at Mobil Corporation's other Southern California operations.
2. No empirical program to validate theoretical estimates of dispersion of gas releases was discussed.
3. Noise suppression was insufficient.
4. Night lighting was too bright.
5. No plan for the monitoring of poisonous or obnoxious gas emissions, noise, and light, via a third party monitoring agency was presented.
6. New elements that emit air pollution were described in the application that had not been disclosed in Mobil's earlier meetings with UCSB: in particular, a ground flare, that would exhaust many hundreds of pounds per hour of sulfur oxides, and internal combustion engines for emergency purposes.

Had Mobil's application addressed the points above, I might have advised Chancellor Yang to wait for the EIR before he formulated UCSB's intentions for the Marine Terminal lease. Because of Mobil's omissions from their application, I concurred with the Chancellor's decision.

<u>COLAB #2.</u> Why does the University have to provide new faculty housing on campus? What is wrong with the golf course site?

There is a historical tradition in educational institutions of housing faculty and staff on campus. That the UCSB and UC Berkeley Chancellor's residences are both on campus is a remnant of this tradition. Recently, Westmont College has developed on-campus faculty housing; Stanford has long maintained on-campus faculty housing.

On-campus housing is often more economical for both the faculty and the institution. The faculty generally does pay in full for the house itself, but only leases from the institution the land under the house. The institution gets more working hours out of the faculty, because they are usually on campus, and also retains control of the housing when a faculty or staff member leaves.

At UCSB, the existing West Campus housing has proven also to be a potent recruiting tool. The nationally perceived disregard of California for education, and UCSB faculty salaries, which have fallen in the past 5 years from the about 15th in the nation to about 90th in the nation, are not good recruiting tools.

It appears that COLAB is not knowledgeable about the free market for academic talent at the UCSB level. To give COLAB a feel for that market: in the last 10 years, the 10 faculty members on the my floor of the Physics building have received 5 terrific offers of permanent employment from Harvard, Princeton, Caltech, Stanford, and the University of Pennsylvania. In the last 5 years, UCSB Physics also lost its only Nobel Laureate (Robert Schrieffer, who first described the theory of superconductivity) to Florida, one active senior Professor to Oxford in England, and one of the best young experimental astrophysicists in the world to the University of Washington.

Of the 20 or so young faculty I know well in West Campus, in the past year, 3 have received tenured offers from Ivy League schools.

COLAB might perceive a glut of Ph. D.'s. In a similar way, I perceive a glut of basketball players. Why did the Chicago Bulls take Michael Jordan back, when there are literally thousands of players who would be eager to take his place?

Concerning the golf course site, it was 1) on low ground, too close to the flood plain; 2) too near the noise of Storke Road; 3) farther from the beach; and 4) most of all, unsafe due to its proximity to Clearview.

<u>COLAB #3.</u> **We have heard that an industrial project at Ellwood is incompatible with the surrounding region. This is a disingenuous argument. Mobil already has an existing industrial facility on the site, and it has been there, in one form or another, since the 1920's! We would also note that the zoning of this area was just recently changed from its historical zoning designation of industrial to that of residential. Is it not the case that the University has encroached on an industrial site?**

The industrial activity near the Marine Terminal has been in decline for about a decade. A small processing facility that serviced the subsea wells on the quitclaimed state lease #308 was closed in 1984, leaving oil storage as the only industrial activity at the Marine Terminal. The EIR prepared in 1975-76 for ARCO's expansion of Platform Holly and the Ellwood Onshore Processing Facility stated that no oil would be stored at the Marine Terminal after 1992, and in fact, oil production from Holly has now dropped to nearly uneconomical levels. It was reasonable for the community to assume that even the minor industrial activity of oil storage would draw to a close at the Marine Terminal in the 1990's.

Additionally, Santa Barbara County voters in 1985 approved, by a margin of 80% to 20%, a Proposition, Measure B, that advised the County Board of Supervisors to consolidate South Coast Oil and Gas activity at Las Flores Canyon and Gaviota.

Given the decline of activity at the Marine Terminal and the passage of Measure B, it was reasonable for the County to project (and even require) that industrial use of the Marine Terminal would end in the 1990's.

The rezoning of the Marine Terminal was effected by the local community, and is written down and described in the Goleta Community Plan. Many public meetings were conducted in conjunction with that plan, and letters on the draft proposal were solicited. To my knowledge, neither ARCO, Mobil, nor COLAB commented upon or objected to the rezoning of the Marine Terminal to a residential category.

Not just the University, but also Southwest Diversified, has made plans for residential development adjacent to the Marine Terminal. These plans are not an encroachment, but the response to ARCO's phase-out of activities at the Marine Terminal, and the desires of the voters expressed in Measure B.

It should be noted that the Clearview industrial activity would introduce well-drilling, oil/gas separation, gas dehydration, and some gas sweetening, all at levels and throughputs that are historically unprecedented for the Marine Terminal.

<u>COLAB #4.</u> What about the desire of UCSB to partner with private industry in our area to promote high tech business and the environment? What is more high tech than a state of the art slant drilling project? Has your engineering department reviewed the project in an objective manner? Has your biology department reviewed the positive environmental effects?

You are correct in pointing out the UCSB has a strong desire to partner with private industry, and to promote high tech business.

Slant drilling was performed at Ellwood in the 1930's. It is not so high tech, in my opinion.

Directional horizontal drilling is what is proposed, I think, for Clearview. There are aspects of this technique which I might categorize as 'high tech': the use and development friction-reducing lubricants, to extend the drilling range, and the precision navigation of the drill head. I personally suggested to Mobil's Santa Barbara chief that he should explore joint research on these topics with UCSB; to my knowledge, Mobil did not do so.

The Task Force included Brad Chmelka, now Associate Professor of Chemical & Nuclear Engineering; the Special Committee was headed by Gene Lucas, Professor of Chemical & Nuclear Engineering. Theo Theofanous, another Professor of Chemical & Nuclear Engineering, and an expert on plant safety, renowned for his work on describing the sequence of events that led to the 1976 dioxin accident in Seveso, Italy, served as advisor to the Special Committee. Prof. Theofanous met several times with Mobil's safety team.

The Task Force included James Case, Professor of Biological Sciences, and Russell Schmitt, Associate Professor of Biological Sciences.

Concerning the 'positive environmental effects': I do not view the cessation of barging, and the resulting reduction in oil spill risk, as part of the Clearview project exclusively. Oil transport by pipeline is cheaper than transport by barge; however, transport costs are 'deductible' in the computation of oil royalties, so there is, unfortunately, little economic incentive for a change from barging.

However, the All American Pipeline terminus is at Las Flores Canyon, only 9 miles to the west of Ellwood, and has been in operation since the late 1980's. ARCO and/or Mobil should propose to transport its oil from Holly to Las Flores, independent of Clearview.

The removal of Holly was projected by ARCO, in 1976, to occur in 1993. All four platforms similar to Holly off of Summerland and Carpinteria: Hope, Hazel, Hilda, and Heidi, are now being removed. Mobil has filed for a massive property value reassessment of Holly and the Ellwood Onshore Facility, down from $67 million to $5 million. I view the removal of Holly as an economic necessity, not as a feature of the Clearview proposal. I do not therefore attribute environmental benefits that might accrue due to the removal of Holly as a positive aspect of the Clearview project: I attribute those benefits to economic necessity.

<u>COLAB #5.</u> Is UCSB aware of the budget dilemma of Santa Barbara County and how Clearview would have eliminated our deficit?

I am aware of the budget dilemma of Santa Barbara County.

My view on use of oil royalties in general is discussed in my response to concern #10 below. I believe that it is unsound fiscal policy to use royalties for operating expenses; royalties should be used for capital improvement projects.

Concerning the oil royalty sharing with the county: Senate Bill 1187 has not yet passed, but I think it will. That bill places royalty sharing with counties as the third priority in the distribution of royalties, at Public Resource Code 6217 (a) (3); I recommended to our local legislators that they promote the sharing to position 6217 (a) (1), but they have not done so. It is quite likely that the revenue sharing will never occur, because priorities 6217 (a) (1) and (2) will take all of the royalties. I am skeptical whether the sharing of oil royalties will ever occur.

If sharing does occur, it may not be with Santa Barbara County. Should a city be incorporated including the Clearview lands, the money will be shared with that city.

Mobil has never stated what the assessed value of Clearview will be. The UCSB Economic Forecast made an estimate of the Clearview assessed value, which I do not regard as accurate, because that estimate is based upon oil facilities quite unlike Clearview. Without the assessed value, it is impossible to accurately estimate the property taxes that Clearview might pay. Mobil has filed for reassessment on their Ellwood facilities from $67 million to $5 million.

I am therefore skeptical of any claim that property taxes from Mobil will help the Santa Barbara County budget.

<u>COLAB #7.</u> The University has been here a long time, how many companies have been started, and how many jobs have been created, by grads and through partnerships with the local business and industrial community?

Since the University of California was founded in 1868, the number of companies started by its graduates, and the number of jobs created, are enormous. That the University has enormously aided the California economy is generally accepted. For example, if you look up the entry for California in the 1995 Encyclopedia Brittanica Micropedia, you can read, 'California's higher education system is oriented toward tax-supported, public institutions. Interactions with private industry in the areas of research and development have contributed heavily to its economic growth.'

The contributions of the University of California include the development of the Chandler, Selva, Oso Grande, and Camarosa strawberry plants, which account for 86% of Santa Barbara County's annual strawberry planting. Strawberries and broccoli are the top two crops that Santa Barbara County produces.

I have not researched a complete list of companies founded by U.C. graduates and partnerships. One founder of Apple Computer was Steven Wozniak, a Berkeley graduate. The Berkeley Campus has very close connections with the heavy engineering industry in Northern California; I am sure that many companies partner with the University or were founded by graduates; similarly for Computer Software and Biotechnology companies. While a student in Berkeley, I worked my way through the University through a job at Teknekron, Inc., which was founded by 3 Berkeley graduate students, and that employed around 300.

In this area, one of the founders of Amgen, a Thousand Oaks employer of 3,200, is a UCSB Professor, John Carbon. Digital Instruments, which sells atomic force microscopes, and employees 93 in Santa Barbara, was founded by a UCSB Physics Professor, Virgil Ealings.

I have a list of 40 companies listed as 'Spin-offs' of UCSB, mostly from the College of Engineering, including the ACC Holding Company, Digital Sound Corporation, Santa Barbara Infrared Corp., Spectron Microsystems, Superconductor Technologies Inc., Uniax Corporation, and XTP Systems.

COLAB #8. Would your office furnish our organization with the specifics to substantiate claims made concerning UCSB's multiplier effect upon our local economy?

To the best of my knowledge, the UCSB multiplier effect is computed using the same model that the UCSB Economic Forecast used to estimate the multiplier effect of Mobil's Clearview Project.

For my part, I have not seen any calibration of the UCSB Economic Forecast's multiplier estimates.

COLAB #9. What are the principal sources of the grant awards that the University receives each year? And how much of the money stays in our local community?

I believe that the major funding sources are the National Science Foundation (NSF), the Department of Defense (DOD), the Advanced Research Products Agency (ARPA), the Public Health Service (PHS), the National Aeronautics and Space Administration (NASA) and the Department of Energy (DOE).

Grant funding from all these agencies is based not upon 'pork barrel' considerations, but upon competitive ranking by unknown and impartial peer review. About 1 in 20 of new proposals is funded.

COLAB #10. How much of the current budget does of UCSB and the UC system in general is due to the decline of tax revenue and royalties due to the loss of the oil industry in the State of California?

I do not agree with the assertion that the oil industry has been lost in the State of California; one segment of that industry, the segment that extracts oil in the State Waters, within 3 miles of the Coast, has declined somewhat, largely because of the public's antipathy after the 1969 oil spill. However, onshore production, and Federal Offshore production have held steady, and even nearly compensated the losses in State Waters.

I also do not agree with the implication that royalties should be used to cover operating expenses.

Annual California oil production, now about 350 million barrels per year, has been approximately constant since 1960, according to the California Division of Oil, Gas, and Geothermal Resources.

Annual oil production peaked at about 420 million barrels per year in 1985. The drop in production after 1985 is largely due to the drop in oil prices in 1986, when California Oil prices went from about $20/barrel to less than $8/barrel. Oil production has been stable at 350 million barrels a year since 1990.

About 1/3 of UC's funding comes directly from the State of California.

UC's current funding problems stem from a cut of $283 million to a California funding level of $1,905 million, which occurred between 1992 and 1993. Between 1986 and 1993, UC received about 2.4%, or about $3.8 million/year, of its State funding from State Tideland oil royalties, through the General Fund.

State Tideland royalties now comprise about 1% of UC's total budget.

The Executive Director of COLAB has noted in newspaper articles that the royalties from oil production in State Tidelands has decreased from $426 million in 1985/86 to $75 million last year. The primary reason for this decline is that no State Leases have been approved by the State Lands Commission since June, 1968. There have been no approvals because of the blowout and subsequent oil spill that occurred in January, 1969 at Federal Offshore Platform A, well 21, owned by Unocal. The oil fields tapped before 1969 are now near the end of their life. If the oil production in State Waters is in decline, most of the responsibility lies with those who spilled oil in 1969.

The second most important reason for the decline in royalties between the dates quoted is the drop in oil prices, from over $20/barrel to less than $10/barrel.

In any case, the use of of oil royalties for UC and state operating expenses is bad fiscal policy. The oil in State Waters belongs to the people of the State of California, and is in effect our inheritance from the group that raised the Bear Flag in Sonoma in 1846. When oil leases are written, in effect a public works contract is made with an oil company: they extract the oil, and are paid with a fraction of the oil for their services; the people of California retain the remaining fraction, known as a 'royalty'.

To live off the royalties of our inheritance, and to spend it on operating expenses, is not thrifty: the royalties will run out in twenty of thirty years, and what then?

Royalties have traditionally been used, not on operating expenses, but on capital projects, such as the purchase and development of State Parks, the construction of University Buildings, and the construction of prisons. The name of the state 'Capital Outlay for Public Higher Education' fund, which was funded through 1985 with royalties, reflects the philosophy I support.

<u>COLAB #11 & #12.</u> **What are the environmental impacts of the university's alternative plans to build faculty and student housing in the Devereux Slough? How is it that UCSB has come to the conclusion that a very large housing complex in a currently undisturbed area, is going to be more environmentally sensitive to the surrounding area (Devereux Slough), than would an expansion of an existing industrial sight, in an already disturbed area?**

The proximity of the University housing to the UCSB Main Campus will result in a reduction in the number of hours of car commuting by UCSB faculty, staff, and students, resulting in less air pollution in the South Coast. Traffic congestion will also be reduced.

About a third of the faculty in the existing West Campus Point housing commute to UCSB regularly by bicycle.

The land surrounding the Ocean Meadows Golf Course, where UCSB housing is planned, was bulldozed to fill in the golf course. It is extremely disturbed land, with few native habitats. This was one of the main reasons the Environmental Coalition, years prior to the Mobil Clearview project, strongly suggested that the University build there. By the way, if the University does not build on the North Campus, we violate the terms of an agreement with Santa Barbara County, and risk a lawsuit.

Drainage into and pollution of the Devereux Slough is a significant issue. However, the UCSB housing is only a fraction of all the planned development in the Storke Road corridor. Management of the runoff into the Devereux Slough is necessary with or without the UCSB housing.

The Clearview project would have subjected the Devereux Slough area to all night lighting, noise, and gas releases, particularly from the flare. The pollution from the flare, hundreds of pounds per hour when it operated, is particularly inappropriate for the Devereux area, and would greatly exceed any similar emissions from the North Campus housing.

The existing industrial operations on the Ellwood Marine Terminal were historically never as disruptive as those proposed for Clearview.

<u>COLAB #13.</u> **We have also heard the excuse that the Clearview Project would pose a health hazard for nearby residents because of the presences of hydrogen sulfide gas. Does UCSB recognize the fact that a modern new facility would pose less risk in terms of an accidental hydrogen sulfide release than would the existing facility?**

Hydrogen sulfide is not now present in dangerous quantities at the Ellwood Marine Terminal. The Clearview project would introduce hydrogen sulfide in significant levels to the Marine Terminal for the first time.

The dangers of the Clearview Plant, both to the planned North Campus housing, *and* to the the *existing* institutions in the Devereux area, which include a Child Care Center, an Elementary School, Francisco Torres Dorms, the UCSB Family housing, and the West Campus Faculty housing, *and* to recreational users of Sands Beach, *and finally* to the future residents in the Southwest Diversified project, present one of the primary reasons why I advised the rejection of

Clearview.

Mobil's safety planning and projections have actually been very good. However, it is in the execution of those plans that I find a probability of an error. Remember, the Clearview Plant would be operated day and night for 30 years. All it would take would be two slip-ups in the early morning hours on one of the 11000 days of operation, and nearby residents might be seriously injured.

If Mobil had an outstanding record of corporate commitment to safety, I might be comfortable with Clearview. However, in reviewing Mobil's safety record in Southern California, it became clear to me that they did not have a good safety record.

The following table summarizes the APCD and OSHA records for five major Southern California oil refiners:

Company	Capacity (Mbbl/day)	# APCD Viol., 1984-94	# OSHA Viol. 1991-4
Mobil	123	383	20
ARCO	223	52	10
Chevron	254	306	13
Shell	133	367	0
Texaco	95	181	16

As you can see, Mobil clearly commits the most APCD violations among these five companies, even if you take refining capacity into consideration. Mobil also leads in OSHA violations, and ties with Texaco if you take capacity into account.

When I looked into more detail at Mobil's record in Southern California, I grew even more concerned. Four people, one an innocent bystander, have been killed at Mobil's Torrance Refinery since 1979. Hydrogen sulfide gas flooded a special education school adjacent to the Torrance Refinery, the Magruder Middle School, in March 1989, incapacitating students and teachers.

I discussed the bad safety record at Mobil's Torrance plant with Mobil's local chief, Jim Walmer, in the Summer of 1994. He assured me that the problems were solved. Then, on Oct. 19, 1994, a gas explosion injured 28 people at Torrance. On March 19, 1995, Mobil was fined $67,005 by OSHA for 'willful' lack of inspection that led to the October, 1994 explosion.

Other Mobil safety problems have come to light. At the beginning of February, 1991, a 21-year-old Mobil pipeline ruptured just over near the Magic Mountain amusement park. Over 70,000 barrels of oil fouled the Santa Clara river. Between October, 1973 and October, 1988, the Mobil pipeline that runs from Bakersfield and Torrance has broken 7 times. The Sept. 10, 1988 rupture in Encino sent 93,000 gallons of crude oil flowing through the streets around Ventura Blvd, into the resident's front yards, into their basements, and down the storm drains, for four hours.

Locally, Mobil had oil spills in Ellwood on March 17, 1994, and March 27, 1995. The second of these was detected and reported first by neighbors who were awaken by the terrible smell. Gas releases that fouled neighborhoods occurred from Mobil's Ellwood facilities on July 23, 1994; January 10, 1995; and May 15, 1995. That is five incidents in 16 months, and Clearview will process about seven times as much oil as is processed now!

<u>COLAB #14.</u> We would have thought that the University would have done everything in it's power to facilitate the removal of an offshore platform and the cessation of ocean barging. Please explain the University's position concerning the future of this industry both on shore and off shore with respect to Santa Barbara County

On the barging issue, see the answer to #4. I will do everything in my power to get a common carrier pipeline installed from Ellwood to Las Flores as soon as possible.

I feel that on shore oil production should be consistent with the zoning of the surrounding neighborhoods, and should not endanger the lives of the people who live in those neighborhoods.

Production of offshore oil should provide the best return to the owners of the oil, in the case of Clearview, the people of California, possible.

The oil royalty arrangement discussed by Mobil for Clearview is a very bad deal for the people of California.

The original State Lands Commission (SLC) staff report, "THE CLEARVIEW PROJECT A Proposal for South Ellwood Field Development From Onshore using Extended Reach Drilling Technology," states in Chapter IV, Section B, Part 1, page 20, that "The contemplated royalty would be $16\frac{2}{3}$%...". This royalty has been advertised by Mobil, both in the literature they have sent to me, and in the recent report entitled 'Economic Impacts of the Clearview Project,' (hereafter referred to as EICP) by the UCSB Economic Forecast (Section 2.7, page 21). However, I have been assured by the SLC staff (Mr. Paul B. Mount at (310)-590-5205) and by State Senator Jack O'Connell's staff (Carla Frisk at (805)-966-2296) that this royalty arrangement has in no way been guaranteed by the SLC to Mobil; a vote of the SLC is necessary to finalize the royalty arrangement.

You should be aware that an oil royalty of $16\frac{2}{3}$% is the *least* allowed by the Public Resources Code, and is *not the standard California royalty arrangement*. The standard arrangement is referred to as the 'sliding scale,' established in a 1957 amendment to the 1955 Cunningham-Shell Tidelands Act. The leases developed by the platforms Holly, Heidi, and Hope, in the Santa Barbara Channel off of our County, all initially paid royalties according to the sliding scale. Under this sliding scale, California received 36% of the oil extracted at Platform Holly between 1967 and 1993.

Using the standard sliding scale, and information from EICP, I have been able to evaluate the total dollar figures that would be paid in royalties, over the life of the Clearview project, both in millions of constant 1994 dollars (where I use the 1994 average posted price for South Ellwood oil, $9.33/barrel, for all years) and simply in millions of dollars (where I use the escalating price of oil, as given in Appendix B of EICP). Additionally, I evaluate the analogous dollar figure, in millions of dollars, under the minimum royalty permissible by law, $16\frac{2}{3}$%. The total is given, as well as the California state share, and the share that would be given to the Santa Barbara County, or the city incorporating Clearview, assuming that SB 1187 passes:

	Million 1994 Dollars			Million Dollars		
Royalty Type	Total	State	Local	Total	State	Local
Standard Sliding	\$679	\$509	\$170	\$2,076	\$1,557	\$519
Minimum $16\frac{2}{3}\%$	274	206	68	886	665	221
Difference	405	303	102	1,190	892	297

As you can see, the people of California stand to lose at least \$892 million dollars if the SLC allows Mobil to have the minimum $16\frac{2}{3}\%$ oil royalty. Given the dire financial condition of both the State and the local governments, it would be irresponsible to agree to that royalty.

Technology has made oil extraction cheaper in the years since Mobil agreed to a royalty of 36% for Holly. Therefore, any new oil extraction arrangement should bring royalties to the people of California in excess of 36%. I would be happy if a 70% royalty could come to the people. Royalties established in Long Beach through competitive bidding of oil companies have reached as high as 85%.