

MINUTE ITEM

14. MODIFICATION OF OIL AND GAS LEASE FORM - W.O. 4770.

After consideration of Calendar Item 22 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. AUTHORIZES THE UTILIZATION OF THE COMBINED BID-LEASE FORM APPROVED IN JULY 1962 IN THE OFFER FOR THE EXTRACTION OF OIL AND GAS FROM ALL THAT AREA OF TIDE AND SUBMERGED LANDS NOT INCLUDED IN EXISTING STATE OIL AND GAS LEASES OR EXCLUDED UNDER SECTION 6871.2(b) OF THE PUBLIC RESOURCES CODE LYING BETWEEN THE EASTERN BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 208.1 IN THE ELWOOD FIELD AND THE EAST BOUNDARY OF SANTA BARBARA COUNTY, AND EXTENDING THREE NAUTICAL MILES.
2. APPROVES THE AMENDMENT OF PARAGRAPH 22 OF THE COMBINED OIL AND GAS BID-LEASE FORM APPROVED AND ADOPTED BY THE COMMISSION ON JULY 19, 1962 (MINUTE ITEM 2, PAGE 8163), TO CONFORM TO THE PROVISIONS OF CHAPTER 1945, STATUTES OF 1963. SAID AMENDED PARAGRAPH 22 IS ATTACHED HERETO AS EXHIBIT "A" AND HEREBY MADE A PART HEREOF.

Attachments

- Exhibit "A" (2 pages)
- Calendar Item 22 (4 pages)

22. (a) Subject to the provisions of Exhibit "A" hereto, each well drilled pursuant to the terms of the lease may be drilled or slant-drilled to and into the subsurface of the tide or submerged lands or beds of navigable rivers or lakes, covered by the lease from upland, riparian or littoral drill sites owned or controlled by the State or owned by or available, at any time, to the lessee, or from drill sites located upon any filled lands heretofore or hereafter filled, whether contiguous or noncontiguous to the riparian or littoral lands or uplands, or from any pier heretofore or hereafter constructed, owned by or available to the lessee and available for such purpose, or from platforms or other fixed or floating structure in, on or over the tide or submerged lands or beds of navigable rivers or lakes, covered by the lease or otherwise available to the lessee.

(b) Pollution and contamination of the ocean, and tidelands, or navigable rivers or lakes, and all impairment of and interference with bathing, fishing or navigation in the waters of the ocean or any bay or inlet thereof, or any navigable river or lake, is prohibited, and no oil, tar, residuary product of oil or any refuse of any kind from any well or works shall be permitted to be deposited on or pass into the waters of the ocean or any bay or inlet thereof or any navigable river or lake; provided, however, that this subsection (b) shall not be deemed to apply to deposit on or passage into said waters of water not containing any hydrocarbons or vegetable or animal matter.

(c) If the lessee, as disclosed by information submitted with his bid, proposes to drill one or more wells from filled lands, whether contiguous or noncontiguous to the riparian or littoral lands or uplands, or from any pier or from platforms or other fixed or floating structures to be constructed

for such purpose, and if permission from any federal or state agency is legally required in order to construct any such filled land or structures, the lessee shall be allowed a reasonable time following the execution of the lease within which to secure the necessary permission from such federal and state agencies as shall be legally required, and, upon the securing of such permission, a further reasonable time, determined with regard to the nature of the filled lands or structure or structures to be constructed, within which to commence operations for the drilling of such well or wells. The drilling term of the lease shall be extended by the commission by a period equal to such reasonable time to secure such permission, and, if necessary, to the date to which the time to commence operations for the drilling of such well or wells has been extended.

(d) Any offshore filled lands or structure or structures constructed for the purpose of drilling pursuant to this section shall conform to the rules and regulations of the commission in effect at the time of invitation for bids in pursuance of which the lease is awarded. Drilling, whether from upland, riparian, littoral or offshore locations, shall be conducted in conformance with such rules and regulations in effect at the time of invitation for bids in pursuance of which the lease is awarded.

CALENDAR ITEM

22.

MODIFICATION OF OIL AND GAS LEASE FORM - W.O. 4770.

Section 6834, Public Resources Code, provides in part: "Whenever the Commission determines that lands shall be leased for oil and gas as provided in this chapter and when the form of lease therefor has been prepared by the Commission, the Commission shall give Notice of Intention to lease such lands...."

Section 6835, Public Resources Code, requires that bids be submitted in the form of a lease prepared in accordance with this chapter of the Code.

The Commission previously approved and adopted a combined bid-lease form for tide and submerged land oil-and-gas-lease offers to be utilized for tide and submerged land lease offers in the area lying between Gaviota and the westernmost existent oil and gas lease in the Elwood Field, Santa Barbara County (P.R.C. 208.1), on July 19, 1962 (Minute Item 2, page 8163), inclusive of operating conditions specified in Exhibit "A" thereto, royalty rate provisions specified in Exhibit "B" thereto, and cash-bonus payments specified in Exhibit "C" thereto.

On June 27, 1963 (Minute Item 39, page 9028), the Commission authorized the Executive Officer to proceed with the publication of Notice, as required by Section 6873.2 of the Public Resources Code, that the Commission intends to consider offering leases for the extraction of oil and gas from all that area of tide and submerged lands not included in existing State oil and gas leases or excluded under Section 681.2(b) of the Public Resources Code lying between the eastern boundary of State Oil and Gas Lease P.R.C. 208.1 in the Elwood Field and the east boundary of Santa Barbara County, and extending three nautical miles.

Upon receipt of Notice of Publication, the Board of Supervisors of Santa Barbara County requested the utilization of the same control conditions in said area of the form of oil and gas lease as previously approved by the Commission on July 19, 1962.

Paragraph 22 of the bid-lease form includes the provisions of Section 6873 of the Public Resources Code. Chapter 1945 of the 1963 California Statutes (effective September 30, 1963) amended Section 6873. The significant change was made in subsection (c) relating to the drilling term. Pursuant to this amendment, the Commission must extend the drilling term (maximum of three years) for a period equal to that required to obtain any required permits from a Federal or State agency. Therefore, the bid-lease form should be amended to reflect this statutory change. The proposed amendments to Paragraph 22 of the lease form have been approved by the office of the Attorney General.

IT IS RECOMMENDED THAT THE COMMISSION:

1. AUTHORIZE THE UTILIZATION OF THE COMBINED BID-LEASE FORM APPROVED IN JULY 1962 IN THE OFFER FOR THE EXTRACTION OF OIL AND GAS FROM ALL THAT

CALENDAR ITEM 22. (CONTD.)

AREA OF TIDE AND SUBMERGED LANDS NOT INCLUDED IN EXISTING STATE OIL AND GAS LEASES OR EXCLUDED UNDER SECTION 6871.2(b) OF THE PUBLIC RESOURCES CODE LYING BETWEEN THE EASTERN BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 208.1 IN THE ELWOOD FIELD AND THE EAST BOUNDARY OF SANTA BARBARA COUNTY, AND EXTENDING THREE NAUTICAL MILES.

2. APPROVE THE AMENDMENT OF PARAGRAPH 22 OF THE COMBINED OIL AND GAS BID-LEASE FORM APPROVED AND ADOPTED BY THE COMMISSION ON JULY 19, 1962 (MINUTE ITEM 2, PAGE 8163), TO CONFORM TO THE PROVISIONS OF CHAPTER 1945, STATUTES OF 1963. SAID AMENDED PARAGRAPH 22 IS ATTACHED HERETO AS EXHIBIT "A" AND HEREBY MADE A PART HEREOF.

Attachment
Exhibit "A"

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(b) Pollution and contamination of the ocean, and tidelands, or navigable rivers or lakes, and all impairment of and interference with bathing, fishing or navigation in the waters of the ocean or any bay or inlet thereof, or any navigable river or lake, is prohibited, and no oil, tar, residuary product of oil or any refuse of any kind from any well or works shall be permitted to be deposited on or pass into the waters of the ocean or any bay or inlet thereof or any navigable river or lake; provided, however, that this subsection (b) shall not be deemed to apply to deposit on or passage into said waters of water not containing any hydrocarbons or vegetable or animal matter.

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for such purpose, and if permission from any federal or state agency is legally required in order to construct any such filled land or structures, the lessee shall be allowed a reasonable time following the execution of the lease within which to secure the necessary permission from such federal and state agencies as shall be legally required, and, upon the securing of such permission, a further reasonable time, determined with regard to the nature of the filled lands or structure or structures to be constructed, within which to commence operations for the drilling of such well or wells. The drilling term of the lease shall be extended by the commission by a period equal to such reasonable time to secure such permission, and, if necessary, to the date to which the time to commence operations for the drilling of such well or wells has been extended.

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