

1 expect development will drain land under the control of the
2 Recreation and Parks Department. This is our fear -- that
3 production from these four districts will ultimately drain
4 oil resources which the City has in its property adjacent to
5 these. So the City will lose valuable revenues, probably of
6 the order of tens of millions of dollars; and the action, or
7 proposition we have before you, is one of our steps taken to
8 prevent this loss of oil revenue.

9 So I wanted you to understand the reasons behind
10 what we have done, to enable you to better make your decision
11 today, and I do request you do make a decision today.

12 MR. CRANSTON: Is all the drainage of the City's
13 resources coming from potential onshore drilling?

14 MR. SPAULDING: This is correct.

15 MR. CRANSTON: Would it not be possible for the City
16 to find onshore sites that would protect it from drainage?

17 MR. SPAULDING: This is one of our programs. In
18 fact, we hope to have a proposal before you to have leases
19 within one mile onshore.

20 MR. CRANSTON: This would seem to be a different
21 approach and one easier for the Lands Commission to go along
22 with, provided there are adequate safeguards of your drilling.
23 We have seen safeguards and your previous witness was able to
24 list safeguards that have been taken.

25 MR. SPAULDING: Indeed, these safeguards as applied
26 to other areas of the City would be applied to a shoreline
site.

1 MR. CRANSTON: Then it would seem to me that the
2 threat of drainage does not drive us to the islands.

3 MR. SPAULDING: Obviously, any drainage that would
4 take place would relate to those lands closest to Standard's
5 secondly, it would be the lands in the proposition before
6 today.

7 MR. CHAMPION: What if you could have a unitized
8 field?

9 MR. SPAULDING: I am not sure I understand the question.

10 MR. CHAMPION: In other words, if you form a unit
11 the area you feel would be drained here and entered into unit
12 agreements with Standard and whoever are the onshore drillers
13 so you would realize your proper share of those revenues with
14 out the necessity of any further drilling on your part.

15 MR. SPAULDING: Well, this is a possibility. How
16 ever, the lands which the City owns offshore are all owned
17 laterally by the City. Standard is not a part of that proposition.

18 MR. CHAMPION: That is not necessary for unitization.

19 MR. SPAULDING: That is correct; and in the same way
20 it is not necessary for the City to consider a unit agreement
21 combining lands on our shoreline. In other words, we have
22 enough land of our own to get leases ourselves, without unitizing
23 ing with Standard.

24 MR. CHAMPION: But it may be desirable to so do.
25 The minimum amount of wells in a scenic area is desirable,
26 if it doesn't put you in a competitive position

1 MR. SPAULDING: We do have this in mind -- don't
2 misunderstand me.

3 GOV. ANDERSON: Mr. Spaulding, your title is what?

4 MR. SPAULDING: Petroleum Administrator and Assistant
5 City Administrative Officer.

6 GOV. ANDERSON: You advise the Council on these
7 things?

8 MR. SPAULDING: Yes -- when requested.

9 GOV. ANDERSON: Now, were you the one that advised --
10 I was wondering where the Mayor got his facts -- that once in
11 production drilling would be placed underwater.

12 MR. SPAULDING: We have tried to advise the Mayor
13 and Council on all matters of such importance as this. In
14 this case, there was no connection between the Mayor, Mr. C.
15 Irwin Piper, my superior, and myself.

16 GOV. ANDERSON: In other words, that drilling would
17 be put underwater -- whatever facts he got came from someone
18 other than you or the people in your department?

19 MR. SPAULDING: Let me answer your question, Governor
20 Anderson -- we, of course, would stress completion of wells on
21 the ocean floor and this would be our aim on any lease we had
22 offshore; and I think this was the Mayor's comment, on the
23 stress we would place.

24 GOV. ANDERSON: Weren't you one of the parties that
25 said this would not be feasible, when you advised your own
26 Parks and Recreation Commission? I understood you were there.

1 I wasn't there, but I understood you were the one, or some-
2 one on your staff, that told them ocean floor drilling was
3 not feasible and that's why you changed the application and
4 asked for the platforms on the island.

5 MR. SPAULDING: Let's say ocean floor drilling is
6 completely infeasible but the completion of wells on the ocean
7 floor is a possibility.

8 GOV. ANDERSON: In other words, you are saying in
9 this agreement you are suggesting to us that once the oil
10 wells were drilled, you would take the platform down and put
11 the well on the ocean floor?

12 MR. SPAULDING: We think that any drilling which
13 would take place at the outset would be from floating barges.

14 GOV. ANDERSON: And would you be telling the oil
15 companies when they did that, when they drilled from the sur-
16 face, they would then take the platform down and put the well
17 on the ocean floor? There is nothing like that in your
18 contract.

19 MR. SPAULDING: We would place strong emphasis on
20 that, Governor Anderson.

21 GOV. ANDERSON: I am not talking about emphasis.
22 Is there anything in the lease that says they would have to
23 put it on the ocean floor?

24 MR. SPAULDING: There is nothing in the lease.

25 GOV. ANDERSON: So when the Mayor makes that state-
26 ment that once oil wells would be drilled they would be placed

1 underwater, it is not there. It is an emphasis that is not
2 there. If you were drilling and trying to get the most
3 results for your company, you would not take away a platform
4 and spend many millions of dollars to put the well on the
5 ocean floor if it is uneconomic. If you would, you are not
6 working for my company.

7 MR. SPAULDING: There are other provisions in the
8 zoning.

9 GOV. ANDERSON: Is there any provision either in the
10 zoning or in the lease or any other City ordinance which makes
11 mandatory that these wells are under the surface of the water?

12 MR. SPAULDING: It is not mandatory, Governor
13 Anderson.

14 MR. CHAMPTON: I think in our analysis of the latest
15 language -- we'd like to know if our analysis agrees with
16 yours -- there is specific language dealing with underwater
17 wells, but at least in our judgment if the company makes a
18 defensible economic position of good oil practice, the City has
19 no way to overcome this opposition -- the option goes to the
20 lessee in this lease. The City can bring certain pressures
21 to bear, but it cannot be sure that its position would prevail
22 as to whether there would be underwater drilling. That is our
23 staff analysis.

24 MR. SPAULDING: Mr. Chairman, there is a provision
25 in our contract which requires the City to approve any installa-
26 tion which is proposed by the lessee, and we assume this would

1 cover any such installation as Governor Anderson describes.

2 MR. CHAMPION: I think legally we are aware of
3 that language and the analysis of that was that this was up
4 to the point of reasonableness, and in exploitation of the
5 lease the City would be hard put not to let them do anything.

6 MR. SPAULDING: I think if we required that, it
7 would be outside of the bids we received.

8 MR. GRANSTON: I wonder if we could go ahead with
9 other matters. Does the City have other witnesses? (No
10 response)

11 Mr. Chairman, I would like to make the following
12 motion: That we deny the application that is before us; that
13 we instruct the staff to explore with the City the alternate
14 approaches that we have discussed today; that if possible we
15 find a way of learning more than is presently known about the
16 oil presumed to be there before we come to the point of
17 decision; that we seek ways of protecting the esthetic values,
18 which are immense; and that we seek a lease form which does
19 not commit the City and State to a form of development which
20 is only deemed to be economic by the oil company and does not
21 take adequate account of the esthetic values we are determined
22 to protect.

23 GOV. ANDERSON: I'll second.

24 MR. CHAMPION: Stands approved.

25 MR. MINTER: I am Rex Minter, Mayor of Santa Monica,
26 and I am certainly in favor of the motion; but I would like

1 to submit a motion in opposition to the granting of this
2 contract. I won't be redundant because we are very much in
3 favor of the motion Mr. Cranston just made, so we will just
4 submit this.

5 MR. CHAMPION: Are there any others who would like
6 to present statements?

7 MR. EVANS: Mr. Chairman, my name is John Evans. I
8 live in Venice. Today I am representing the Venice Civic
9 Union, and I want to thank you on behalf of the residents of
10 Venice, my friend Mr. Chairman, for Mr. Cranston's motion, and
11 my former colleague in the Assembly, now Lieutenant Governor,
12 for his second. Thanks a lot.

13 MR. FOSTER: Mr. Chairman, Commissioners, I have
14 five points here, but only one of them ****

15 MR. CHAMPION: Would you identify yourself for the
16 record?

17 MR. FOSTER: I am Glenford J. Foster, President of
18 Marina Peninsula Property Owners Association, Past Chairman of
19 Venice Planning Committee, present Chairman of the Oil Com-
20 mittee of the Venice Planning Committee. I have one point
21 that hasn't been brought out -- I have a letter here and I
22 will give it to you. We are concerned with the beauty of our
23 California coastline and ask that you consider the extension
24 of the Sunset Seaway idea south to make the Venice Aquatic
25 Park which could be constructed to provide sites for oil
26 drilling cellars. This is engineeringwise feasible, and I'd

1 like to have you gentlemen consider this.

2 MR. CHAMPION: I think that certainly can be taken
3 into consideration in the staff discussions. Thank you very
4 much. It has been moved and seconded - - Do we have further
5 testimony?

6 DR. GORDON: Mr. Chairman and members of the Commis-
7 sion, my name is Doctor Basil Gordon and I am the president
8 of the Association to Save Santa Monica Bay Beaches, which is
9 a civic group opposed to oil drilling in Santa Monica Bay.

10 MR. CHAMPION: Is this a new group?

11 DR. GORDON: This is a relatively new group formed
12 not many weeks ago, but during those weeks we have been very
13 active indeed in circulating petitions against the oil drilling;
14 and we now have some thirteen hundred signatures on our peti-
15 tions. Our petitions are also against putting freeways in the
16 Bay, so they have to go to the Highway Commission, but I would
17 like to submit them, if they can be returned at the end of the
18 meeting. Originally, I had a more lengthy statement, but in
19 view of what seems now intended, I'll just cut it short.

20 We are grateful and very much in agreement with the
21 motion made by Mr. Cranston. We feel that if Los Angeles
22 starts drilling in Santa Monica Bay, then all of the other
23 communities will be put under tremendous pressure to do the
24 same, and that our Bay will just be completely ruined by these
25 platforms. I have seen other beaches where there were only
26 one or two platforms and, believe me, that is quite adequate

1 to destroy the entire scenery of the Bay.

2 Incidentally, it might also drive the land values
3 down to the extent where it might offset the revenues.

4 One other point -- Our figures of lifeguards in
5 Santa Monica City alone, only a small portion of the Bay,
6 show that two and one-half million visitors were there last
7 month. I think we can safely say the over-all attendance in
8 Santa Monica Bay was over ten million people, and we are very
9 hopeful that this Commission will think of the people involved
10 with this very great source of recreation, and hope their
11 view will be taken into consideration as well as the economic
12 value of these oil fields.

13 Thank you very much.

14 MR. CHAMPION: The Commission can stand a certain
15 amount of gratitude, but ...

16 MR. SIMON: My name is Kurt Simon. I am a property
17 owner and alternate member of the Venice Planning Commission.
18 I just wanted to add more gratitude. You explained it much
19 more lucidly than I had planned to do. I am going to reduce
20 it to two minutes. I just want to add one point to the mystery
21 conflict between the underwater or not underwater platforms.

22 You may find in the record that the property owners
23 and the Property Owners Association approved of the new zoning
24 district. We were promised in various meetings which were
25 conducted by our City councilmen, by the vice president of
26 Standard Oil, by various City officials, by our oil administrator,

1 by the head of the Planning Commission -- we were assured that
2 these platforms would be temporary only; and, of course, you
3 can imagine people in Venice have misgivings about the oil
4 industry and only after long debates did we give our approval.
5 We were amazed when we finally saw in the last draft that
6 nothing was mentioned, and some harsh words were spoken -- but
7 to no avail. So I am happy that you have looked into this.
8 If you should find in the record that the property owners
9 agreed to the oil drilling offshore and to the formation of
10 the new district, this is the reason.

11 I would add a little story. I know a painter. He
12 is not a very good artist, who has made a small fortune in Texas
13 and Oklahoma painting oil derricks on canvas, going to the
14 owner of the oil well and saying, "Your oil well -- isn't it
15 beautiful?" And he gets three, four, five hundred dollars for
16 a picture of an oil well to hang in his office. To him, his
17 oil well is the most beautiful thing in the world, but to most
18 people oil derricks -- and to me, too -- are not.

19 Thank you very much.

20 MR. CHAMPION: I might add if you owned that oil
21 derrick, you might feel differently.

22 MR. SIMON: I do own a considerable amount of
23 property -- over twelve lots ***

24 MR. CHAMPION: I guess that concludes the discussion.
25 The motion was before us -- Oh, one more.

26 MR. GOODEN: I am Willis O. Gooden. I am president

1 of the Harbor Residents Property Owners Association. We get
2 our name because we are around the Marina del Rey. We get
3 every property owner from Lincoln Boulevard to the ocean.

4 I want to cite a few things I think you should take
5 into consideration and this should be of grave importance to
6 the City. The County owns the harbor and any ways of discour-
7 aging people from coming to the harbor is of grave importance.
8 Let me cite, for example, the danger of the Marina del Rey
9 harbor, for the thousands of boats that go in and out of that
10 bay. There will be as many as six thousand boats going in and
11 out of there as it is fully developed. They cruise up and
12 down the shoreline. They go all the way out to the three-mile
13 limit and beyond that.

14 Now, any residue or leakage or brine that might go
15 out into the ocean -- these boats have to travel through it.
16 You hope to get a nice big lungful of fresh air and what do
17 you get -- a nice big lungful of oil fumes. And may I say
18 that we who live on or near the ocean -- and I have lived
19 there thirty-five years in the oil fields; my experience with
20 them started when my parents came there -- certainly know
21 about oil fields.

22 We experience nice breezes. We get a lot of fresh
23 air, and we experience a lot of things with oil wells, especially
24 after they are developed. We wouldn't want, instead of a
25 fresh breeze from the ocean, to have a multiple of odors com-
26 ing from the oil wells -- instead of getting fresh air, getting

1 oil fumes. We at least get a little fresh air now, but we
2 won't stand a chance when these are out in the ocean.

3 You are talking about law to protect us, and I
4 will include even the SL zoning law, to give us all the pro-
5 tection in the event oil well drilling is done offshore; but
6 I have been fighting the oil wells for ten years. I am fight-
7 ing them this minute to get them to abate nuisances and in the
8 last six weeks they have had four violations. These people
9 will do nothing, and even if they are told, they are in violation
10 of the law, they won't do it.

11 MR. CHAMPION: I think, sir, we are getting a little
12 far afield.

13 MR. GOODEN: Let me make it short this way. I just
14 want to read this notice: "You are hereby notified to dis-
15 continue such premature discharge. You must discontinue
16 any further discharge into the ditch." This letter was sent
17 on August 12th. This is September 24th. He has not discon-
18 tinued it in compliance with the law. This is just an example.
19 If anybody thinks we are going to get any protection for those
20 offshore wells, it will be the same problem as far as I am
21 concerned.

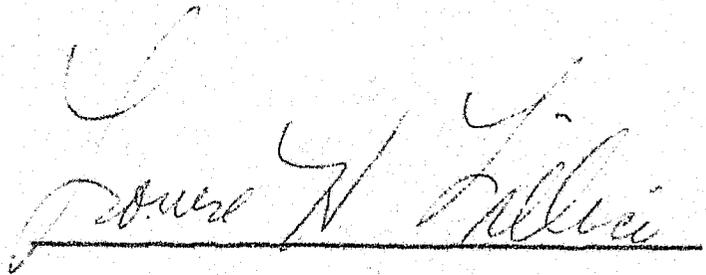
22 MR. CHAMPION: It has been moved and seconded. I
23 think everyone understands the motion. If there is no further
24 testimony, it will stand unanimously approved.

25 (Balance of meeting, concerning Long Beach
26 East Wilmington Field, has been reproduced on stencils)

CERTIFICATE OF REPORTER

1
2
3 I, LOUISE H. LILLICO, reporter for the Office of
4 Administrative Procedure, hereby certify that the foregoing
5 pages one through forty-nine, together with pages one through
6 fifty -one reproduced on stencils (of that portion of
7 meeting re Long Beach Unit East Wilmington Field) are a
8 full, true and correct transcript of the shorthand notes
9 taken by me in the meeting of the STATE LANDS COMMISSION
10 held in Los Angeles, California on September 24, 1964.

11 Dated: Los Angeles, California, October 3, 1964.

12
13
14 
15
16
17
18
19
20
21
22
23
24
25
26