

Tide Water Associated Oil Company
D. G. Andrews

Union Oil Company of California et al.
Alvin J. Rockwell, Attorney

For Item 4, Legislation

Newton B. Drury, Chief, Division of Beaches and Parks
John A. Murdy, Jr., State Senator, 35th District
Joseph C. Shell, Assemblyman, 58th District

1. The Commission deferred confirmation of the minutes of the meeting of the State Lands Commission held in Los Angeles on February 24, 1955.
2. UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED THAT THE NEXT MEETING OF THE STATE LANDS COMMISSION WOULD BE HELD AT THE CALL OF THE CHAIRMAN.
3. (PROPOSED OIL AND GAS LEASES, TIDE AND SUBMERGED LANDS, HUNTINGTON BEACH, ORANGE COUNTY - W.O. 1809, W.O. 1864.) The following report was presented to the Commission by the staff:

"At the public hearing held February 24, 1955, with respect to the possible construction of islands offshore of the City of Huntington Beach in connection with oil and gas leases under consideration for issuance, municipalities, organizations and individuals appeared as follows in protest to any development of State tide and submerged lands from offshore filled-land drill sites:

1. City of Huntington Beach: C. A. Bauer, City Attorney
2. Huntington Beach Chamber of Commerce: W. Galliano, Manager
3. Associated Chambers of Commerce of Orange County: S. H. Franklin, President
4. Orange County Coast Association: H. F. Kenny, Secretary
5. Laguna Beach Chamber of Commerce: J. Snetsinger, Manager
6. Shoreline Planning Association: G. H. Lindsey, Treasurer
7. California Shoreline Protective Association: H. B. Martin, Executive Staff
8. Newport Harbor Chamber of Commerce: M. Stanley, President
9. California Shoreline Protective Association: W. S. Scully, Attorney

Mr. Scully also stated that any offer of lease which would permit offshore structures would be a definite invitation for litigation.

10. Coastal Area Protective Association: C. E. Burtas
11. San Clemente City Council: O. W. Garrick
California Coastal Protective Association: Director
12. California Shoreline Protective Association: R. C. Wright,
Director
13. J. A. Ball, Los Angeles
14. C. N. Mitchell, Three Arch Bay

"Telegrams of protest on the same basis were also received from:

1. W. F. Atkinson, Three Arch Bay
2. R. S. Barnes, Chairman, Republican Central Committee,
Orange County
3. Mrs. R. Teachout, President, Republican Women of Newport
Beach
4. E. W. Stanley, Assemblyman, 74th District

"Statements in support of the desirability and necessity for off-shore filled-land drillsites for oil and gas development from State tide and submerged lands were presented by:

1. Richfield Oil Corporation: M. W. Phelan, Attorney
2. Monterey Oil Company: E. E. Pyles, Vice President
3. Union Oil Company of California, Shell Oil Company, The
Superior Oil Company, Continental Oil Company: P. A.
Lower, Attorney

In addition, Mr. Lower stated that his principals will take whatever steps may be required in order to protect their legal rights to bid competitively on State lands in the event of any lease offer more restricted than the maximum permitted under existing law and that he questioned the legal right of the Commission to specify a location for the placement of offshore filled lands.

"In consideration of the questions raised in these presentations, the informal opinion of the Office of the Attorney General was requested as to the following:

1. May the Commission, at the time of its invitation for bids, effectively restrict the bidder to the use of upland or littoral drillsites as the location from which the tide and submerged lands proposed to be leased will be developed?

2. May the Commission, at one and the same time, and covering the identical area but by separate invitation, invite bids on two bases, to wit:
 - (a) Bids which would permit the bidder to use any one of the three types of drillsites specified in Section 6873 of the Public Resources Code;
 - (b) Bids which would be restrictive in that they would restrict the bidder to the use of upland or littoral drillsites?
3. Is there any serious question, sufficient to warrant our asking legislative clarification, concerning the authority of the Commission, either by specification in the lease itself or after the effective date of the lease pursuant to the power purportedly vested in the Commission by the terms of the lease now proposed, to specify the area or areas in which filled lands may be placed?
4. May the Commission in the bid invitation and in the lease itself restrict filled lands to areas on public lands but outside the area proposed for lease?

"The resultant conclusions have been summarized as follows:

1. The Commission, in offering an oil and gas lease of State-owned offshore lands, may restrict operations to upland or littoral drillsites.
2. The Commission may not make two simultaneous offerings to lease the same offshore lands for oil and gas purposes, where one offering contains a restriction that only upland or littoral drillsites may be used and the other offering does not contain such a restriction.
3. No legislative clarification appears to be necessary to establish the authority of the Commission to specify where filled lands for oil and gas drilling shall be placed.
4. The Commission may require that filled-land drillsites for production of oil and gas from certain offshore lands be located on public lands other than those included in the oil and gas lease."

The Chairman turned over to the Executive Officer further communications received by him, as follows:

Gladys M. Harmon: Telegram dated March 9, 1955, from Phoenix, Arizona

Mrs. Edna Baker Whaley: Telegram dated March 9, 1955, from Laguna Beach, California

Hugh B. Martin: Letter dated March 1, 1955

Laguna Beach Junior Womens Club: Telegram dated March 8, 1955

Birger Tinglof, Attorney: Letter dated February 25, 1955, from Los Angeles

Allan H. Birge: Letter dated February 21, 1955, from Los Angeles

W. C. McAulay, Annie Laurie Terry, Mignon Sackwell, and James R. Choats. Letter dated February 16, 1955, from Los Angeles

Bandini Petroleum Company: Letter dated February 25, 1955, signed by John P. Hurdall, President

Huntington Beach Chamber of Commerce: Letter dated March 7, 1955, signed by William Gallienne, Secretary-Manager, and enclosing three news clippings

The Chairman stated that this meeting was not a continuation of the public hearing held in Los Angeles on February 24, 1955.

The Executive Officer advised the Commission of the receipt of excerpts from minutes of the meeting of the City Council of Huntington Beach on March 7, 1955, amending the City zoning ordinance, whereby the area between Ocean Boulevard and the line of the prolongation easterly of the seawall at Tenth Street and between the westerly line of Tenth Street and the westerly line of Eighth Street was rezoned for use as drillsites.

The Executive Officer also read Resolution No. 1238 of the City Council of the City of Huntington Beach, dated March 7, 1955, whereby the drilling of oil and gas wells on filled lands in the tide and submerged lands within the City of Huntington Beach should be so limited in location that no construction should be permitted within the area between the Mean High Tide Line of the Pacific Ocean and a line parallel and distant seaward one and one-half miles and between the ocean extensions of Highway 39 and of 23rd Street, Huntington Beach.

Senator John A. Murdy, Jr. of Orange County talked further on the matter of the Huntington Beach City Council's resolution, but made no suggestions to the Commission with reference to leasing of the tide and submerged lands in the Huntington Beach area.

Mr. Drury, Chief of the Division of Beaches and Parks, discussed the oil leasing program in the area between Huntington Beach and Newport Beach, with specific reference to the State beach park in this area. He advised that the State Park Commission passed a resolution requesting that the State Lands Commission's bill, S.B. 565, with reference to Section 6901 of the Public Resources Code, be amended to require that, before any action on offshore drilling is taken, the matter be referred to the State Park Commission for report, and allowing a reasonable period of time to make a study and render a report. Upon inquiry by Mr. Peirce, the Executive Officer stated that he felt that such a report could be available within two weeks' time of the referral. The Chairman

stated that a formal written notice should be given to the State Park Commission when putting out for bid any area which adjoins a State beach park, and that the Division of Beaches and Parks should be given an opportunity to appear at a hearing and make any objections.

The Executive Officer stated that Mr. Drury had presented a copy of a proposed amendment to Senate Bill 565 which would require the State Lands Commission in any and all cases to refer to the State Park Commission all projects for the erection of structures along the coast that were proposed to be built into tide and submerged lands. The Executive Officer stated that we cannot recommend such legislation in the form proposed. The Chairman remarked to the effect that there would be no reason that the Beaches and Parks Board should not have notice and have an adequate opportunity to be heard, but if a veto was involved, that would be going pretty far. Mr. Drury commented that it should be mandatory to request a report, but not mandatory to accept one.

In discussing the leasing program, the Chairman asked "Are islands to be limited to one mile offshore?" The Executive Officer concurred that the islands were to be at least one mile offshore. Senator Murdy suggested that the City Council of Huntington Beach had compromised their position that any island built should be one and one-half miles offshore rather than two miles. Mr. E. E. Pyles of the Monterey Oil Company explained to the Commission that the location of the island off Seal Beach was influenced by the proposed extension to the Long Beach breakwater, and that at the time of the proposal for the island it was constructed so as to be near and in the lee of the breakwater extension.

The Chairman observed that the Legislature now in session has many matters pertaining to tideland oil development under consideration, and therefore suggested that perhaps there should be deferment of further leasing in the Huntington Beach-Newport Beach areas until it is apparent what action the Legislature will take. The Executive Officer pointed out that that could delay leasing for at least three months.

Mr. Peirce observed that if there is any new information to be submitted with respect to the leasing in the Huntington Beach-Newport Beach area, that witnesses should be invited to submit such information, and that the Commission should not now get into the question of offshore islands and drillsites again, which would be repetitious of information submitted at the hearing on February 24. The Chairman stated that the matter of leasing in the Huntington Beach-Newport Beach area has been before the Commission for study for a year, and that all interested parties have been given an opportunity to be heard. He felt that a conclusion must be reached sooner or later, and suggested that the bases of action be as follows:

First, authorize its staff to publish a notice of intention to receive bids covering Work Order 1864(A), consisting of 320 acres of tide and submerged lands lying directly offshore from the City of Huntington Beach and adjoining the town lot area in which so much drilling activity has taken place in the last three months.

In authorizing the invitation for bids, acting on the recommendations of its staff, the Commission should find that in order to protect the interest of the State offshore island drilling should be permitted in this area. It should

direct the staff, however, to include in the bid invitations restrictions on island drilling which would afford the maximum possible protection to onshore recreational and residential developments consistent with a full return to the State on its oil resources.

Second, authorize negotiations with a consultant, or board of consultants, to analyze the engineering and legal problems involved in the development of the tide and submerged lands and to report independently to the Lands Commission on a program for their development.

Mr. Peirce asked if the drainage that was taking place in the Newport Beach area was serious enough to require early action by the Commission in order to protect the State's interests. Mr. Hortig stated that a delay of two years would be serious. The Chairman stated that he contemplated a 90-day delay in the areas adjacent to Newport Beach if consistent with the action of the Legislature. Mr. Peirce asked if it would be agreeable to divide the recommendation into two parcels, which was agreed to. Thereupon,

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO PROCEED WITH AN OFFER FOR AN OIL AND GAS LEASE, PURSUANT TO THE PUBLIC RESOURCES CODE, OF PARCEL W.O. 1864(A) AS APPROVED FEBRUARY 3, 1955 (MINUTE ITEM 3, PAGES 2258-63), SUBJECT TO THE APPROVAL BY THE COMMISSION OF THE LOCATION OF ANY OFFSHORE DRILLSITES, WHICH SHALL NOT BE PLACED LESS THAN ONE STATUTE MILE SEAWARD OF THE ORDINARY HIGH WATER MARK.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED DEFERRING, FOR THE TIME BEING OR UNTIL A CLEARER PICTURE IS EVIDENT OF THE LEGISLATIVE POLICY, ANY ACTION TO PROCEED WITH THE OFFERS FOR OIL AND GAS LEASES FOR PARCELS W.O. 1864(B) AND W.O. 1809.

In regard to Chairman Kirkwood's suggestion that the Commission employ a consultant to analyze and report on the engineering and legal problems involved in the development of tide and submerged lands for oil, Mr. Peirce stated that he had complete faith in the staff and in their recommendations, and that the employing of outside assistance would be just to assist the staff and the Commission, and to make sure that the conclusions reached were in the best interests of the State. Mr. Peirce inquired as to budget provisions for such special consultants, and how much money might be involved. The Executive Officer suggested that a minimum of \$5,000 might be required. After full discussion,

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, A RESOLUTION WAS ADOPTED AUTHORIZING THE EXECUTIVE OFFICER TO MAKE AN INQUIRY INTO THE MATTER OF EMPLOYMENT OF EXPERTS, AND REQUESTING THAT HE REPORT BACK AT THE NEXT MEETING OF THE COMMISSION, OR EARLIER IF POSSIBLE, WITH SPECIFIC RECOMMENDATIONS, AFTER WHICH THE PROPRIETY OF THE REPORT WOULD BE CONSIDERED.

The Executive Officer was directed to request from the Attorney General a formal opinion embracing the propositions upon which the informal opinions of February 23, 1955, and of March 8, 1955 (re bidding requirements, and re filled land drillsites) were submitted.