

2. (OIL AND GAS LEASE APPLICATION, SECTION 6871.3, PUBLIC RESOURCES CODE, SANTA BARBARA COUNTY - N. O. 2241.) The following is a part of the report that was presented to the Commission:

"Section 6871.3, Public Resources Code, provides in part that 'Whenever it appears to the commission that it is for the best interests of the State to lease land subject to the provisions of Section 6871.1 of this Code for the production of oil or gas therefrom, or whenever a person who possesses the qualifications provided in this chapter makes written request therefor, the commission may, subject to the provisions of Section 6871.4, offer the same for bidding at such times and in such parcels as the commission shall determine to be in the best interests of the State'.

"An application has been received from the Union Oil Company of California on behalf of Union Oil Company of California, Shell Oil Company, Continental Oil Company, and The Superior Oil Company requesting that the Commission consider offering for oil and gas leases under the Public Resources Code approximately 52,000 acres of tide and submerged lands offshore in Santa Barbara County, to be leased pursuant to competitive public bidding.

"The area proposed for consideration extends from approximately one mile west of the westernmost existing State oil and gas lease in the Elwood Field, Santa Barbara County, to a distance approximately one mile west of Point Conception, Santa Barbara County, extending seaward not to exceed three statute miles.

"The letter request also states that in the opinion of the Union Oil Company of California the described lands are not within the known geologic structure of a producing oil or gas field, and therefore it is the understanding of the Union Oil Company of California that such lands will be offered for bid at a flat oil royalty rate of 12½ per cent and with a primary drilling term of five years as provided by the Public Resources Code.

"A letter request has also been received from Standard Oil Company of California requesting that the Commission consider offering for oil and gas lease two areas in Santa Barbara County, the first area extending from the Coal Oil Point area to the westerly side of the Elwood tideland oil field, subject to existing oil and gas leases, the second extending from the westerly side of the Elwood oil and gas field to Point Conception. This second area designation covers, in general, the same area suggested for consideration by Union Oil Company, et al., but would eliminate any buffer zone adjoining the west end of the Elwood oil field reserved for future determination of the extent of the known geologic structure of the field. It is suggested

that the first area designation surrounding the Elwood oil field not be considered for lease review at this time, pending further development in existing Elwood tide and submerged land oil and gas leases and the determining of the lateral extent under adjoining lands of the known geologic structure of the producing oil and gas field. It is also suggested that lease consideration under the second area designation be limited to conform to the area description submitted by Union Oil Company of California, et al., as described above."

Mr. Hortig presented a map showing the entire area in Santa Barbara, Ventura, Los Angeles and Orange Counties on which there have been nominations for oil and gas leases, and also showing the existing leases.

Mr. Paul K. Home spoke on behalf of the Standard Oil Company of California with reference to the area extending from Point Arguello to Coal Oil Point. He stated that it was the viewpoint of his company that the lands to be put up for lease should extend to at least the three-mile limit, and should be inclusive of the area nominated by the Standard Oil Company. His company realizes that there are existing State leases in a portion of that area, and is willing to work out proper corridors around such leases. He cited the Summerland offer as an instance where time and effort might have been saved by including a larger area originally, and indicated that in view of the Attorney General's ruling that there is no commitment of any nature whatsoever by merely holding an initial hearing, it is in the interest of all concerned to include the maximum area when holding the original hearing, after which the staff can make its recommendations to the Commission on the terms of the lease offer. He felt that for the Commission to ignore his company's nomination would be denying its rights to a hearing, and seriously recommended that the Commission proceed in the initial step by considering the maximum areas which have been nominated.

The Executive Officer disagreed with Mr. Home, feeling that recognition should be given immediately to the fact that existing leases should have buffer zones around them.

Mr. Home responded that his company is satisfied that there should be buffer zones around existing leases and is prepared to work out such zones, but that it did not feel that the area which it had nominated should be held back. He pointed out that the mere notice of hearing at this time would not in any way impair the staff's right to work out a buffer zone.

The Chairman questioned why there was disagreement if the staff advocated buffer zones and Mr. Home was in agreement with this proposal.

The Executive Officer informed the Commission that it was just a question of timing; that if the objective of the staff to have buffer zones is fully understood, and if by proceeding as Mr. Home suggested, the staff would have the opportunity to obtain information from those interested with respect to the category the buffer zones should fall into, and thereupon the entire area could be processed with one hearing, with the staff later presenting

to the Commission its recommendations for changes, deletions or whatever might be necessary to protect the interests of the State; that with the full understanding that the State would get cooperation on buffer zones from the companies applying, the staff was willing to consider the entire area.

Mr. A. C. Rubel of the Union Oil Company of California stated that he recognized the problem and the time element involved. He indicated that his company attempted to secure from the staff of the Commission their ideas, and that the request put in by his company conformed, as they understood it, with the ideas outlined by the staff, stating that it was done entirely as a matter of expedition, and that while the proposal made would make no difference in the final outcome, he believed it would save time providing it did not bind the Commission.

Mr. Hortig suggested holding a hearing covering all lands in Santa Barbara County which have been nominated to date or which might be nominated within the next thirty days, and Mr. Kirkwood suggested including all remaining area in the county.

Mr. Lower raised the point that if the whole coastline (in Santa Barbara County) is to be considered, with the idea of avoiding further public hearings, this might not have merit because the State might not be in a position to follow up with the leasing of the areas within the time limit required by law, and that after 30 days had gone by and the Commission wanted to entertain another offer a new hearing would probably have to be held. He thought this was a point the Attorney General might want to consider.

The Executive Officer referred to the second paragraph of Section 6873.2 of the Public Resources Code which states that "within 30 days after such hearing the Commission shall (no discretion) determine to offer the land for lease," but that this section provides an out for the Commission because it goes on to state "unless the commission shall determine that the issuance of a lease would result in an impairment or interference with the developed shore line recreational or residential areas adjacent to the proposed leased acreage, ..." However, he felt that Mr. Lower's thought was pertinent in that if the entire coastline was included, 30 days would be too short a time in which to take action, as there would be too much to do.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO PROCEED WITH THE PUBLICATION OF THE NOTICE 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 THE FOLLOWING DESCRIBED TIDE AND SUBMERGED LANDS:

- (A) APPROXIMATELY 54,000 ACRES LYING BETWEEN THE WESTERLY BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 208.1, SANTA BARBARA COUNTY, AND A LINE APPROXIMATELY ONE MILE WESTERLY OF POINT CONCEPTION, SANTA BARBARA COUNTY, AND BETWEEN THE ORDINARY HIGH WATER MARK AND A LINE THREE MILES SEAWARD AND PARALLEL TO THE ORDINARY HIGH WATER MARK.

(B) APPROXIMATELY 9,000 ACRES LYING BETWEEN THE WESTERLY BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 208.1, SANTA BARBARA COUNTY, AND THE WESTERLY BOUNDARY OF STATE OIL AND GAS LEASE P.R.C. 308.1 AND BETWEEN THE ORDINARY HIGH WATER MARK AND A LINE THREE MILES SEAWARD AND PARALLEL TO THE ORDINARY HIGH WATER MARK, EXCEPT FOR SUCH AREAS AS ARE INCLUDED IN CURRENT STATE OIL AND GAS LEASES IN THE ELWOOD OIL FIELD.

3. (OIL AND GAS LEASE APPLICATION, SECTION 6871.3, PUBLIC RESOURCES CODE, ORANGE COUNTY - W, O. 2242.) The following is a part of the report that was presented to the Commission:

"An application has been received from the Union Oil Company of California on behalf of Union Oil Company of California, Shell Oil Company, Continental Oil Company and The Superior Oil Company requesting that the Commission consider offering for oil and gas lease under the Public Resources Code approximately 5,500 acres of tide and submerged lands offshore in Orange County, to be leased pursuant to competitive public bidding.

"The area proposed for consideration extends from approximately one mile west of the westernmost existing State oil and gas leases in the Huntington Beach field in Orange County to approximately $1\frac{1}{2}$ miles easterly of the easterly limit of the existing State oil and gas lease in Seal Beach, Orange County.

"The letter request also states that in the opinion of the Union Oil Company of California the described lands are not within the known geologic structure of a producing oil or gas field, and therefore it is the understanding of the Union Oil Company of California that such lands will be offered for bid at a flat oil royalty rate of $12\frac{1}{2}$ per cent and with a primary drilling term of five years as provided by the Public Resources Code.

"A letter request has also been received from the Standard Oil Company of California requesting consideration on the leasing of approximately 7,120 acres of tide and submerged land overlapping the above-described parcel and extending to within one-half mile of existing Oil and Gas Lease P.R.C. 186.1, Seal Beach, on the west and within one-half mile of existing Leases P.R.C. 163.1 and P.R.C. 426.1, Huntington Beach, on the east. It is suggested that the area to be considered for lease be limited to that previously described pending determination of the lateral extent on adjoining lands of the known geologic structures of the producing Huntington Beach and Seal Beach tideland oil and gas fields."

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS:

THE EXECUTIVE OFFICER IS AUTHORIZED TO PROCEED WITH THE PUBLICATION OF THE NOTICE REQUIRED BY SECTION 6873.2 OF THE PUBLIC RESOURCES CODE THAT THE COMMISSION INTENDS TO CONSIDER OFFERING A LEASE FOR THE EXTRACTION OF OIL AND GAS FROM APPROXIMATELY 7,200 ACRES OF TIDE AND SUBMERGED LANDS IN ORANGE COUNTY, BOUNDED AS FOLLOWS: