

"8. That all rules and regulations relating to the furnishing of geophysical and core-drilling data by permittees be deferred pending further investigation and recommendations by this sub-committee, and the fixing of specific policy by the legislature.

"We are aware that the further studies and hearings by the sub-committee will suggest certain refinements to the recommendations being made at this time. However, because we are conscious of the urgency of these issues before the Commission and in view of the pressures being exerted, we feel compelled to make these recommendations at this time on these issues in which the people of California have a substantial interest.

"Very truly yours,

"ALLEN MILLER, Chairman"

Following a summation of these findings and recommendations by the Chairman, he asked the Executive Officer if he had any recommendations to make based on them, and was informed that the points brought out in the letter were directly related to an item appearing on the current calendar before the Commission, Item 16, on geological and geophysical survey permits. It was recommended that general discussion be held in abeyance until that item was reviewed.

Mr. Kirkwood pointed out that the problem of the lease application of the St. Anthony Oil Corporation in the Summerland area had been before the Commission for a considerable length of time, and questioned whether it would be possible to adopt the pending regulations which would permit putting that area out for bid immediately. The Executive Officer informed the Commission that there was nothing in the Committee's letter which would affect the proposed rules and regulations, also scheduled for review on the current calendar, but that the proposed St. Anthony lease was dependent on these rules and regulations and suggested that they be discussed first. Therefore, action on the Committee's letter was deferred until later in the meeting.

12. (AMENDMENTS AND ADDITIONS TO TITLE 2, CALIFORNIA ADMINISTRATIVE CODE - W. O. 1855.) The following report was presented to the Commission:

*1956 **
"At its meeting on January 19, ~~1955~~ (Item 15, Minute page 2554), the Commission adopted a resolution authorizing the Executive Officer to initiate procedures under the provisions of Sections 11120 et seq. of the Government Code for the amendment of rules relating to oil and gas development on tide and submerged lands.

"In accordance with this authorization, and with the pertinent provisions of the Government Code, the Executive Officer caused to be published on February 21, 1956 a 'Notice of Proposed Changes in the Regulations of the State Lands Commission'. This notice appeared in daily publications in Los Angeles, San Francisco, and Sacramento. Also, copies of the notice were mailed to all known interested parties. The notice, as published, provided 'that any person interested may present statements, arguments, or contentions in writing relevant to the action proposed,

** Corrected per
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at Room 302 State Building, 217 West First Street, Los Angeles, California, at or before two o'clock p.m. on the 22nd day of March, 1956'. No statements, arguments or contentions respecting the rules proposed to be adopted were received in writing prior to, or as of the time and date specified.

"The proposed changes in regulations were reviewed on March 1, 1956 with representatives of the Western Oil and Gas Association. This conference resulted in a conclusion that certain modifications to those changes would be desirable for the purpose of clarification. These modifications were incorporated by the staff in the rules proposed to be adopted, as submitted to the Commission at its meeting of April 12, 1956. Legally, the Commission could have adopted the then proposed rules at that meeting.

"On April 9, 1956 the staff received proposed revisions of the rules intended to be submitted to the State Lands Commission, these latest proposals being submitted jointly by the Shell Oil Company, the Continental Oil Company, the Superior Oil Company, and the Union Oil Company of California. These revisions were so extensive that they could not be reviewed by the staff in time for the Commission meeting of April 12, 1956. Accordingly, the matter of the adoption of rules by the Commission was put over until the next meeting. Meanwhile the staff has been in conference with representatives of the Western Oil and Gas Association with regard to the rules, and quite recently has been advised by that organization that the suggestions made jointly by the four companies above referred to have received the approval of the Western Oil and Gas Association, this in spite of the results of the conference with representatives of that organization on March 1, 1956.

"Further study has been made by the staff and representatives of the Western Oil and Gas Association of the proposals formerly submitted. Comments with respect to the latest proposed revisions are as set forth below.

"SECTION 2121

"Staff Proposal:

2121. SUSPENSION OF OPERATIONS - THE LESSEE SHALL SUSPEND ANY DRILLING AND PRODUCTION OPERATIONS, EXCEPT THOSE WHICH ARE CORRECTIVE, PROTECTIVE, OR MITIGATIVE, IMMEDIATELY IN THE EVENT OF ANY DISASTER OR OF CONTAMINATION OR POLLUTION CAUSED IN ANY MANNER OR RESULTING FROM OPERATIONS UNDER A LEASE. SUCH DRILLING AND PRODUCTION OPERATIONS SHALL NOT BE RESUMED UNTIL ADEQUATE CORRECTIVE MEASURES HAVE BEEN TAKEN AND AUTHORIZATION OF RESUMPTION OF OPERATIONS HAS BEEN MADE BY THE COMMISSION.

"W.O. & G.A. Proposal:

"Suspension of Operations. In the event of any disaster or of contamination or pollution, the Commission may require the lessee to suspend immediately any drilling or production operations, which, in the opinion of the Commission, are or may be contributing to such condition."

"Comments:

The proposed change requires that the Commission take action to initiate suspension, rather than making it mandatory upon the lessee in each case to suspend operations, and the proposed change eliminates required Commission action for resumption of operations. This will not accomplish the purposes intended, and is not recommended by the staff.

"SECTION 2122 (b)

"Staff Proposal:

(B) IN THE DISCRETION OF THE COMMISSION, ALL PERMANENT OPERATING SITES SHALL BE LANDSCAPED WITH SHRUBBERY, OR FENCED, SO AS TO SCREEN FROM PUBLIC VIEW AS FAR AS POSSIBLE THE TANKS, PUMPS OR OTHER PERMANENT EQUIPMENT. SUCH LANDSCAPING AND SHRUBBERY, OR FENCING, ARE TO BE KEPT IN GOOD CONDITION.

"W.O. & G.A. Proposal:

The proposal is to eliminate this requirement from the rules and have it inserted as a term of the lease wherever applicable.

"Comment:

It is the intention of the Commission to keep all operations under State leases, wherever they may be, as clean and as inoffensive as possible. Being a matter of general application, this should be the subject matter of a rule. For this reason the suggestion by the W.O. & G.A. is not recommended by the staff.

"SECTION 2122 (c)

"Staff Proposal:

OIL, TAR, OR OTHER RESIDUARY PRODUCTS OF OIL, OR ANY REFUSE OF ANY KIND FROM ANY WELL OR WORKS, SHALL BE DISPOSED OF ON SHORE IN A DUMPING AREA IN CONFORMANCE WITH LOCAL REGULATORY REQUIREMENTS.

"W.O. & G.A. Proposal:

Elimination of this section is suggested with reliance by the State on the provisions of the statute as quoted in Section 2122 (f) of the rules.

"Comment:

Section 2122 (c) has to do with the possible onshore disposal of wastes resulting from offshore operations, none of which wastes may be dumped into the ocean. It is in conformance with arrangements made with the State Water Pollution Board in order that there be no overlapping of jurisdiction between that body and the State Lands Commission. The staff does not recommend this change.

"SECTION 2122 (e)

"Staff Proposal:

(E) ALL DRILLING AND PRODUCTION OPERATIONS SHALL BE CONDUCTED IN SUCH MANNER AS TO ELIMINATE AS FAR AS PRACTICABLE, DUST, NOISE, VIBRATION, OR NOXIOUS ODORS.

"W.O. & G.A. Proposal:

The proposal is for elimination of the rule, the same as that for Section 2122 (b).

"Comments:

The comments of the staff are the same as those made for Section 2122 (b).

"SECTION 2122 (g)

"Staff Proposal:

(G) NO PERMANENT FILLED LANDS, PIERS, PLATFORMS, OR OTHER FIXED OR FLOATING STRUCTURES IN, ON, OR OVER THE TIDE AND SUBMERGED LANDS COVERED BY THE LEASE OR OTHERWISE AVAILABLE TO THE LESSEE SHALL BE PERMITTED TO BE CONSTRUCTED, USED, MAINTAINED, OR OPERATED WHERE SERVICE OF LESS THAN 20 WELLS IS PROVIDED FOR, WITHOUT SPECIFIC AUTHORITY BY THE COMMISSION. OPERATING WELLS NOT MEETING THE FOREGOING REQUIREMENT SHALL BE COMPLETED BELOW SUCH ELEVATION AS MAY BE REQUIRED IN EACH CASE BY THE UNITED STATES, THE STATE, OR OTHER COMPETENT AUTHORITY, WITH THE PRODUCTION PIPED ALONG OR BELOW THE FLOOR OF THE OCEAN TO SUCH RECEIVING POINTS AS THE COMMISSION MAY DETERMINE OR APPROVE. FOR NON-OPERATIVE WELLS THE STRUCTURES OR FACILITIES USED FOR THEIR DRILLING SHALL BE REMOVED TO THE SATISFACTION OF THE COMMISSION WITHIN NINETY (90) DAYS' TIME AFTER SUCH WELLS HAVE BEEN DETERMINED TO BE NONOPERATIVE UNLESS A LONGER PERIOD IS APPROVED BY THE COMMISSION.

"W.O. & G.A. Proposal:

'(g) Unless otherwise specifically authorized by the Commission, the drilling of development wells from permanent filled lands, piers, platforms or other fixed structures in, on, or over the tide and submerged lands covered by the lease, or otherwise available to the Lessee, shall be conducted in such manner as to require the surface location of not less than twenty wells on each filled land drill site, pier, platform or other fixed structure; provided that, where a producing oil or gas field or the undeveloped portion thereof, can be adequately developed with less than twenty wells then such development drilling operations shall be conducted so as to require the surface location of such number of wells on the filled land drill site, pier, platform or other fixed structure as are necessary to develop such field or the undeveloped portion thereof; and provided further that when the directional drilling of twenty or more wells from a particular drill site or location cannot be accomplished in accordance with sound and efficient drilling and engineering practices, then such development drilling operations shall be conducted so as to require the surface location of such number of wells on each filled land drill site, pier, platform or other fixed structure as can be directionally drilled therefrom in accordance with sound and efficient drilling and engineering practices. Producing wells not having their surface locations on filled lands, piers, platforms, or other fixed structures in accordance with the foregoing requirement may be completed below such elevation as may be required in each case, by the United States, the State, or other competent authority, with the production piped along or below the floor of the ocean to such receiving points as the Commission may determine or approve. Unless otherwise authorized by the Commission, operations for the removal of any filled land, pier, platform, or other fixed or floating structure, shall be commenced by the Lessee within 90 days after the permanent abandonment of operations therefrom, and such operations shall thereafter be diligently prosecuted until such filled land, pier, platform or other fixed or floating structure has been removed to the satisfaction of the Commission.'

"Comment:

This change spells out in detail criteria by which the Commission will be governed in granting departures from the 20-well requirement and from that relating to removal of structures. The staff opinion is that there should be no restrictions on the Commission in the rules and regulations that are not in the law. Therefore, this proposal is not recommended by the staff.

"SECTION 2123 (b)

"Staff Proposal:

(B) IN THE DISCRETION OF THE COMMISSION, ALL PERMANENT OPERATING SITES SHALL BE LANDSCAPED WITH SHRUBBERY, OR FENCED, SO AS TO SCREEN FROM PUBLIC VIEW AS FAR AS POSSIBLE THE TANKS, PUMPS, OR OTHER PERMANENT EQUIPMENT. SUCH LANDSCAPING AND SHRUBBERY, OR FENCING, ARE TO BE KEPT IN GOOD CONDITION.

"W.O. & G.A. Proposal:

The proposal with regard to this section is the same as that for Section 2122 (b).

"Comments:

These are the same as those made for Section 2122 (b).

"SECTION 2123 (c):

"Staff Proposal:

(C) ALL DRILLING AND PRODUCTION OPERATIONS SHALL BE CONDUCTED IN SUCH MANNER AS TO ELIMINATE, AS FAR AS PRACTICABLE, DUST, NOISE, VIBRATION, OR NOXIOUS ODORS.

"W.O. & G.A. Proposal:

The proposal is the same as that for Sections 2122 (b) and 2123 (b).

"Comments:

The staff's comments are the same as for Sections 2122 (b) and 2123 (b).

"SECTION 2123 (g)

"Staff Proposal:

OIL, TAR, OR OTHER RESIDUARY PRODUCTS OF OIL, OR ANY REFUSE OF ANY KIND FROM ANY WELL OR WORKS, SHALL BE DISPOSED OF ON SHORE IN A DUMPING AREA IN CONFORMANCE WITH LOCAL REGULATORY REQUIREMENTS.

"W.O. & G.A. Proposal:

W.O. & G.A. proposes to eliminate this section for the reasons stated with respect to Section 2122 (c).

"Comments:

The staff's comments are the same as those made for Section 2122 (c).

"SECTION 2124

"Staff Proposal:

2124. SURRENDER OF LEASED PREMISES - EACH LEASE SHALL PROVIDE THAT AT THE EXPIRATION OF THE LEASE OR SOONER TERMINATION THEREOF THE LESSEE SHALL SURRENDER THE PREMISES LEASED, WITH ALL PERMANENT IMPROVEMENTS THEREON, IN GOOD ORDER AND CONDITION, OR, AT THE OPTION OF THE COMMISSION AND AS SPECIFIED BY THE COMMISSION, THE LESSEE SHALL REMOVE SUCH STRUCTURES, FIXTURES AND OTHER THINGS AS HAVE BEEN PUT ON THE LEASE BY THE LESSEE, ALL REMOVAL COSTS TO BE BORNE BY THE LESSEE, SUBJECT TO THE LESSEE'S RIGHT TO REMOVE HIS EQUIPMENT AS PROVIDED IN THE STATUTES.

"W.O. & G.A. Proposal:

'2124. Surrender of leased premises. Each lease shall provide that at the expiration of the lease or sooner termination thereof the lessee shall surrender the premises leased in good order and condition. The lessee shall remove all structures, fixtures and other things as have been put on the lease by the lessee, if requested so to do by the State, all removal costs to be borne by the lessee, provided that the lessee at the option of the State may be required to leave in place permanent filled lands, piers, platforms or other fixed structures as may be required by the State, upon the release of the lessee of and from all further liability with respect to such improvements and payment by the State to the lessee of the reasonable salvage value thereof.'

"Comments:

The principal change proposed by W.O. & G.A. is to require the State to pay to the lessee a reasonable salvage value of permanent filled lands, piers, platforms, or other fixed structures as may be required by the State. This is contrary to the general leasing policies of the State Lands Commission and perhaps to general statutes, which are to the effect that fixed structures on lands under lease become the property of the lessor. It is not intended that the State acquire a liability such as a platform or a pier, but there may be instances where a filled island may have some State use and value which could be transferred to the State upon termination or quitclaim without disadvantage to the lessee."

The Chairman asked if a representative of the Western Oil and Gas Association desired to speak on this subject, whereupon Mr. A. C. Ruble appeared as Chairman of the Committee on Offshore Operations, and informed the Commission that the proposed changes outlined in the report just presented had been submitted to his committee at a meeting held about a month earlier, after which certain recommendations were made, some of which were considerably different from those being made by the staff to the Commission. However, his committee did not wish

to take issue with any of the proposals of the staff, since they were largely matters of administration, except on Section 2124, covering surrender of leased premises. On this he asked for some clarification, inasmuch as in the discussions with the staff it was his impression that there was no great difference of ideas, but he did not see that his committee's ideas were incorporated in the staff's proposal. He believed that the companies should have the right, on abandonment, to remove such structures as platforms which might be erected in the ocean, and was under the impression that the staff had agreed on this point. Also, he asked for a better definition of permanent improvements, because of the many items such as pumping units and pipe lines which might be involved.

The Executive Officer asked Mr. Ruble if he had any definite suggestions to make to accomplish clarification of Section 2124, in response to which Mr. Ruble, after due consideration, submitted the following suggested wording:

"Notwithstanding any provision of these regulations, the Lessee shall have the right to remove any and all drilling and producing platforms and other oil field development and producing equipment having a re-use or salvage value."

The Executive Officer stated he was willing to recommend specific exemption of platforms and piers from the items which could not be removed upon abandonment of a lease, but asked that the definition of permanency be left to the discretion of the staff, whereupon Mr. Ruble requested a better definition of what is meant by permanent; and it was brought out upon questioning by the Executive Officer that Mr. Ruble wanted the privilege of removing all salvageable material, and the Executive Officer indicated that the staff had no objections to such a provision.

Mr. Kirkwood asked if with this one change the industry would be in agreement with the recommendations of the staff, and was informed by the Chairman that some of the companies were willing to accept the rules as proposed, even without this change.

Mr. Paul K. Home appeared on behalf of the Standard Oil Company of California, and indicated that, speaking for that company only, they were prepared to accept the rules and regulations as they appeared on the calendar item of the Commission's meeting of April 12, 1956; however, they have no objections to the amendments suggested by Mr. Ruble.

Mr. Vern B. Thomas, District Attorney of Santa Barbara County, asked if the proposed rules and regulations provide that for good cause the Commission may exempt or prevent drilling from any piers in certain areas, and was informed by the Executive Officer that they do not for the reason that to do so would be contrary to the provisions of Chapter 1724 of the Statutes of 1955, which authorizes the use of piers. Mr. Thomas thereupon indicated that he thought there was adequate provision in the statutes to permit the Commission to prevent drilling from piers if it should find that within certain localities conditions exist whereunder beaches, inhabited areas, or esthetic values would be adversely affected by such drilling; for instance, in the Summerland area, his county has previously indicated that such conditions exist and urged the

Commission that in issuing that particular lease measures be taken to prevent drilling from piers, and he feels that there will be many other areas along the coast that will be detrimentally affected if drilling from piers is permitted. It was his thought that the regulations should acknowledge that this problem exists, and that the Commission has authority under the statutes to exercise the right to include a provision in the regulations to cover this point.

The Executive Officer cleared up Mr. Thomas' question by explaining that his statement about Chapter 1724 was too broad, because where the Commission finds upon investigation that drilling from piers would be detrimental, it has general authority to consider this problem as it arises and to limit the operations as required.

Mr. Kirkwood asked if, in the absence of specific language in the rules and regulations, the Commission would in a particular lease have the right to say that no structures shall be placed within a certain fixed distance of the shore. Assistant Attorney General Walter S. Rountree answered that the Commission would be bound by the provisions of the statute, and in turn asked Mr. Kirkwood if he correctly understood his question to mean that the lease would contain a provision preventing operation within a certain distance of shore, without a specific prohibition in the regulations. Mr. Kirkwood replied in the affirmative.

The Executive Officer pointed out that at the time of issuing a lease last summer the Commission had received an informal opinion from the Attorney General to the effect that operations could be required to be one mile offshore. The Chairman thereupon asked Mr. Thomas if, instead of including this point in the rules and regulations, the Commission exercised its authority in individual leases, it would be satisfactory to him. Mr. Thomas assured the Commission that he was not seeking to oppose the regulations being proposed, but wanted to focus the attention of the Commission upon the fact that the problem of not permitting drilling from piers would be arising constantly in certain areas, and that it was inconsistent with modern drilling techniques, such as slant drilling, to allow drilling from piers in some areas, and that if it was necessary to go beyond the distances that could be handled by slant drilling, this could be done by means of barges, platforms, or islands. Mr. Kirkwood asked if the Attorney General's opinion was that it was an enforceable restriction, without being spelled out. Mr. Rountree said that it was, and was covered by the Cunningham-Shell Tidelands Act of 1955. Section 6873.2 provides in part that "within thirty days after such hearing the Commission shall determine to offer the lands for lease, ... unless the Commission shall determine that the issuing of a lease as to all or a part of such land would result in impairment or interference with the developed shoreline ... or the Commission may determine to offer such land for lease as to all or a part thereof and include in the offer for lease such reasonable rules and regulations" and restrictions as are necessary "... in a manner which will not impair or interfere with ... recreational or residential areas;" Mr. Rountree pointed out that the present lease form was drawn up with the foregoing in mind. He stated that he and Mr. Mattoon had been discussing the matter for several weeks, and felt that this was separate and apart from references to rules and regulations that are contemplated under the Government Code and which were currently up before the Commission for consideration.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IN PURSUANCE OF AUTHORITY SET FORTH IN SECTION 6108 OF THE PUBLIC RESOURCES CODE, AND AFTER PROCEEDINGS HAD IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 11420, ET SEQ. OF THE GOVERNMENT CODE, THE FOLLOWING ACTIONS ARE TAKEN WITH RESPECT TO THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION, AS CODIFIED IN THE CALIFORNIA ADMINISTRATIVE CODE, TITLE 2, DIVISION 3, CHAPTER 1:

- (a) THE TITLE OF ARTICLE 3, DIVISION 3, CHAPTER 1, IS AMENDED TO READ AS FOLLOWS:

OIL AND GAS LEASES, EXPLORATION PERMITS, AND
OPERATING REQUIREMENTS

- (b) NEW SECTIONS ARE HEREBY ADDED TO ARTICLE 3, DIVISION 3, CHAPTER 1, TO BE NUMBERED 2120 THROUGH 2124, TO READ AS FOLLOWS:

2120. CONFORMANCE TO RULES - ANY OFFSHORE FILLED LANDS OR PIERS OR OTHER STRUCTURE OR STRUCTURES CONSTRUCTED FOR OPERATIONS ON A STATE OIL AND GAS LEASE AND ALL OPERATIONS INCLUDING DRILLING, WHETHER FROM UPLAND, LITTORAL OR OFFSHORE LOCATIONS, SHALL CONFORM WITH THE RULES AND REGULATIONS OF THE COMMISSION IN EFFECT AT THE TIME OF INVITATION FOR BIDS, IN PURSUANCE OF WHICH THE LEASE MAY BE AWARDED, AND WITH THE CONDITIONS AS SPECIFIED IN THE BID-LEASE FORM.

2121. SUSPENSION OF OPERATIONS - THE LESSEE SHALL SUSPEND ANY DRILLING AND PRODUCTION OPERATIONS, EXCEPT THOSE WHICH ARE CORRECTIVE, PROTECTIVE, OR MITIGATIVE, IMMEDIATELY IN THE EVENT OF ANY DISASTER OR OF CONTAMINATION OR POLLUTION CAUSED IN ANY MANNER OR RESULTING FROM OPERATIONS UNDER A LEASE. SUCH DRILLING AND PRODUCTION OPERATIONS SHALL NOT BE RESUMED UNTIL ADEQUATE CORRECTIVE MEASURES HAVE BEEN TAKEN AND AUTHORIZATION OF RESUMPTION OF OPERATIONS HAS BEEN MADE BY THE COMMISSION.

2122. LEASE OPERATION OFFSHORE - FOR ALL WELLS DRILLED FROM FILLED LAND OR OTHER DRILLSITES OR STRUCTURE OR STRUCTURES LOCATED SEAWARD OF THE ORDINARY HIGH WATER MARK, OPERATIONS THAT MAY BE CONDUCTED SHALL CONFORM WITH THE FOLLOWING:

(A) THE LESSEE SHALL REMOVE THE DERRICK FROM EACH WELL WITHIN SIXTY (60) DAYS AFTER LESSEE HAS CEASED MAKING USE OF SUCH DERRICK IN ITS OPERATIONS ON AND WITH RESPECT TO SUCH WELL.

(B) IN THE DISCRETION OF THE COMMISSION, ALL PERMANENT OPERATING SITES SHALL BE LANDSCAPED WITH SHRUBBERY, OR FENCED, SO AS TO SCREEN FROM PUBLIC VIEW AS FAR AS POSSIBLE THE TANKS, PUMPS OR OTHER PERMANENT EQUIPMENT. SUCH LANDSCAPING AND SHRUBBERY, OR FENCING, ARE TO BE KEPT IN GOOD CONDITION.

(C) OIL, TAR, OR OTHER RESIDUARY PRODUCTS OF OIL, OR ANY REFUSE OF ANY KIND FROM ANY WELL OR WORKS, SHALL BE DISPOSED OF ON SHORE IN A DUMPING AREA IN CONFORMANCE WITH LOCAL REGULATORY REQUIREMENTS.

(D) SUITABLE AND ADEQUATE SANITARY TOILET AND WASHING FACILITIES SHALL BE INSTALLED AND MAINTAINED IN A CLEAN AND SANITARY CONDITION AT ALL TIMES FOR THE USE OF LESSEE'S PERSONNEL.

(E) ALL DRILLING AND PRODUCTION OPERATIONS SHALL BE CONDUCTED IN SUCH MANNER AS TO ELIMINATE AS FAR AS PRACTICABLE DUST, NOISE, VIBRATION, OR NOXIOUS ODORS.

(F) POLLUTION AND CONTAMINATION OF THE OCEAN AND TIDE LANDS AND ALL IMPAIRMENT OF AND INTERFERENCE WITH BATHING, FISHING, OR NAVIGATION IN THE WATERS OF THE OCEAN OR ANY BAY OR INLET THEREOF 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.

(G) NO PERMANENT FILLED LANDS, PIERS, PLATFORMS, OR OTHER FIXED OR FLOATING STRUCTURES IN, ON, OR OVER THE TIDE AND SUBMERGED LANDS COVERED BY THE LEASE OR OTHERWISE AVAILABLE TO THE LESSEE SHALL BE PERMITTED TO BE CONSTRUCTED, USED, MAINTAINED, OR OPERATED WHERE SERVICE OF LESS THAN 20 WELLS IS PROVIDED FOR, WITHOUT SPECIFIC AUTHORITY BY THE COMMISSION. OPERATING WELLS NOT MEETING THE FOREGOING REQUIREMENT SHALL BE COMPLETED BELOW SUCH ELEVATION AS MAY BE REQUIRED IN EACH CASE BY THE UNITED STATES, THE STATE, OR OTHER COMPETENT AUTHORITY, WITH THE PRODUCTION PIPED ALONG OR BELOW THE FLOOR OF THE OCEAN TO SUCH RECEIVING POINTS AS THE COMMISSION MAY DETERMINE OR APPROVE. FOR NONOPERATIVE WELLS THE STRUCTURES OR FACILITIES USED FOR THEIR DRILLING SHALL BE REMOVED TO THE SATISFACTION OF THE COMMISSION WITHIN NINETY (90) DAYS' TIME AFTER SUCH WELLS HAVE BEEN DETERMINED TO BE NONOPERATIVE UNLESS A LONGER PERIOD IS APPROVED BY THE COMMISSION.

2123. LEASE OPERATIONS ON UPLANDS - FOR ALL WELLS DRILLED FROM AN UPLAND OR LITTORAL DRILLSITE LANDWARD OF THE ORDINARY HIGH WATER MARK, OPERATIONS THAT MAY BE CONDUCTED SHALL CONFORM WITH THE FOLLOWING:

(A) THE LESSEE SHALL REMOVE THE DERRICK FROM EACH WELL WITHIN SIXTY (60) DAYS AFTER LESSEE HAS CEASED MAKING USE OF SUCH DERRICK IN ITS OPERATIONS ON AND WITH RESPECT TO SUCH WELL.

(B) IN THE DISCRETION OF THE COMMISSION, ALL PERMANENT OPERATING SITES SHALL BE LANDSCAPED WITH SHRUBBERY, OR FENCED, SO AS TO SCREEN FROM PUBLIC VIEW AS FAR AS POSSIBLE THE TANKS, PUMPS, OR OTHER PERMANENT EQUIPMENT. SUCH LANDSCAPING AND SHRUBBERY, OR FENCING, ARE TO BE KEPT IN GOOD CONDITION.

(C) ALL DRILLING AND PRODUCTION OPERATIONS SHALL BE CONDUCTED IN SUCH MANNER AS TO ELIMINATE, AS FAR AS PRACTICABLE, DUST, NOISE, VIBRATION OR NOXIOUS ODORS.

(D) SUITABLE AND ADEQUATE SANITARY TOILET AND WASHING FACILITIES SHALL BE INSTALLED AND MAINTAINED IN A CLEAN AND SANITARY CONDITION AT ALL TIMES FOR THE USE OF LESSEE'S PERSONNEL.

(E) NO SIGN SHALL BE CONSTRUCTED OR ERECTED, MAINTAINED OR PLACED ON THE PREMISES EXCEPT THOSE REQUIRED BY LAW OR ORDINANCE TO BE DISPLAYED IN CONNECTION WITH THE DRILLING OR MAINTENANCE OF THE WELL.

(F) POLLUTION AND CONTAMINATION OF THE OCEAN AND TIDE LANDS AND ALL IMPAIRMENT OF AND INTERFERENCE WITH BATHING, FISHING, OR NAVIGATION IN THE WATERS OF THE OCEAN OR ANY BAY OR INLET THEREOF 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.

(G) OIL, TAR, OR OTHER RESIDUARY PRODUCTS OF OIL, OR ANY REFUSE OF ANY KIND FROM ANY WELL OR WORKS, SHALL BE DISPOSED OF ONSHORE IN A DUMPING AREA IN CONFORMANCE WITH LOCAL REGULATORY REQUIREMENTS.

2124. SURRENDER OF LEASED PREMISES - EACH LEASE SHALL PROVIDE THAT AT THE EXPIRATION OF THE LEASE OR SOONER TERMINATION THEREOF THE LESSEE SHALL SURRENDER THE PREMISES LEASED, WITH ALL PERMANENT IMPROVEMENTS THEREON, IN GOOD ORDER AND CONDITION, OR, AT THE OPTION OF THE COMMISSION AND AS SPECIFIED BY THE COMMISSION, THE LESSEE SHALL REMOVE SUCH STRUCTURES, FIXTURES AND OTHER THINGS AS HAVE BEEN PUT ON THE LEASE BY THE LESSEE, ALL REMOVAL COSTS TO BE BORNE BY THE LESSEE, SUBJECT TO THE LESSEE'S RIGHT TO REMOVE HIS EQUIPMENT AS PROVIDED IN THE STATUTES. NOTWITHSTANDING ANY PROVISIONS OF THESE REGULATIONS, THE LESSEE SHALL HAVE THE RIGHT TO REMOVE ANY AND ALL DRILLING AND PRODUCING PLATFORMS AND OTHER OIL FIELD DEVELOPMENT AND PRODUCING EQUIPMENT HAVING A RE-USE OR SALVAGE VALUE.

THE STATUTORY AUTHORITY FOR THESE REGULATIONS IS DIVISION 6 OF THE PUBLIC RESOURCES CODE, INCLUDING THE FOLLOWING SECTIONS THEREOF: 6103, 6105, 6108, 6216, 6301, 6873 AND 6873.1.

(c) THE COMMISSION FINDS THAT THE FOLLOWING EMERGENCY EXISTS WITH RESPECT TO THE ADOPTION OF THE FOREGOING AMENDMENT AND THE ADDITION OF NEW REGULATIONS:

CHAPTER 1724 OF THE STATUTES OF 1955 ESTABLISHES, AMONG OTHER THINGS, NEW CONDITIONS RELATING TO OPERATIONS TO BE CONDUCTED UNDER A STATE OIL AND GAS LEASE IN TIDE AND SUBMERGED LANDS. THE COMMISSION HAS NO PRESENT RULES OR REGULATIONS APPLICABLE TO SUCH NEW CONDITIONS OR ADEQUATE TO CARRY OUT THESE PARTICULAR PROVISIONS OF THE STATUTE. THE ENACTMENT OF ADEQUATE REGULATIONS FOR THIS PURPOSE IS ESSENTIAL IN ORDER THAT THERE BE AN ORDERLY AND CONTINUOUS DEVELOPMENT OF THE STATE'S RESOURCES CONTAINED IN THESE LANDS:

- (d) THE COMMISSION FINDS AND DECLARES THAT THE ADOPTION OF THE AMENDMENT AND THE ADDING OF THE NEW REGULATIONS HEREIN SET FORTH ARE NECESSARY FOR THE IMMEDIATE PRESERVATION OF THE GENERAL WELFARE, AND DIRECTS THAT THIS FINDING AND SAID AMENDMENT AND THE NEWLY ADDED REGULATIONS BECOME EFFECTIVE IMMEDIATELY UPON THEIR BEING FILED WITH THE SECRETARY OF THE STATE. THE EXECUTIVE OFFICER IS DIRECTED TO FILE THIS FINDING AND THE SAID AMENDMENT AND THE NEWLY ADDED REGULATIONS WITH THE SECRETARY OF STATE FORTHWITH.