

MINUTE ITEM

3. (CONTROVERSY WITH ORANGE COUNTY OVER OWNERSHIP OF TIDE AND SUBMERGED LANDS - W. O. 2274.)

Mr. Joel E. Ogle appeared on behalf of Orange County, and pointed out that between 80 and 90 percent of the entire State oil and gas revenue, leaving out Long Beach, comes from off the coast of Orange County. He then reviewed the history of the grants of tide and submerged lands from the State of California to the County of Orange, and to the City of Newport Beach, and indicated that the interest of Orange County was in obtaining revenue to develop its beautiful coast line which is largely used and enjoyed by people from outside that County. He stated that, if the State was not willing to cooperate with Orange County and instead proceeded to act on the recommendation of the staff of the Commission, Orange County would be forced to fight its case to the last court of the land, and in doing so would be compelled to ask the State of California for an accounting for every barrel of oil and every cent of royalty taken by the State since the year 1919.

Mr. Kirkwood moved for adoption of the recommendation of the staff, on the understanding that it was concurred in by the office of the Attorney General, and Lieutenant Governor Powers seconded this motion after being assured by Deputy Attorney General Shavelson that the State is absolutely in the right.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ADVISE THE COUNTY COUNSEL OF ORANGE COUNTY THAT NO COMPROMISE WILL BE EFFECTED AND THAT THE CASE SHOULD GO TO TRIAL.

Attachment

Calendar Item 14 (1 page)

CALENDAR ITEM

MISCELLANEOUS

14.

(CONTROVERSY WITH ORANGE COUNTY OVER OWNERSHIP OF TIDE AND SUBMERGED LANDS - W. O. 2274.)

Early in 1956 the State Lands Division received advice that a contract had been consummated between the County of Orange and the American Marine Exploration Company for the production of oil and gas from all the tide and submerged lands lying within Orange County except from those lands granted by the Legislature to the City of Newport Beach. The State Lands Commission was advised of the situation at its meeting of February 9, 1956. At that meeting the Commission took the following action:

"UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT WAS RESOLVED AS FOLLOWS: THE EXECUTIVE OFFICER IS AUTHORIZED, WITH THE ASSISTANCE OF THE ATTORNEY GENERAL, TO OPPOSE THE ISSUANCE OF ANY LEASES OR CONTRACTS BY THE BOARD OF SUPERVISORS OF ORANGE COUNTY FOR THE PRODUCTION OF OIL AND GAS IN TIDE AND SUBMERGED LAND AREAS AND TO TAKE SUCH ACTION AS MAY BE ADVISABLE UNDER THE CIRCUMSTANCES."

On December 4, 1956 a Complaint for Declaratory Relief was filed by Orange County in the Superior Court for that County. The State Lands Commission was advised to that effect at its meeting on December 5, 1956.

On March 22, 1957 a letter was received by the Executive Officer from the County Counsel of Orange County requesting that a conference be held before extensive litigation was entered into to see whether or not there is a middle ground for discussion. This conference was held in the office of the State Lands Division on March 27, 1957, and was attended by representatives of the office of the Attorney General, and of the State Lands Division, and by Mr. Joel D. Ogle, the County Counsel.

Mr. Ogle suggested that the litigation might be terminated if arrangements were made so that whatever royalties accrued would be distributed on some basis among the State, the County, and the County's lessee, the American Marine Exploration Company. He was not prepared to state what the basis of distribution might be. He further suggested that future leases should be offered by the County in view of his opinion that the County would have greater latitude than the State in their issuance. It was decided by the State's representatives present to take the matter under advisement.

A meeting was held in the office of the Attorney General on March 29, 1957. It was the unanimous decision of those present that the State had a good case, should not compromise in any fashion, and that the case should go to trial.

IT IS RECOMMENDED THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO ADVISE THE COUNTY COUNSEL OF ORANGE COUNTY THAT NO COMPROMISE WILL BE EFFECTED AND THAT THE CASE SHOULD GO TO TRIAL.