

MINUTE ITEM

27. MODIFICATION OF OIL AND GAS LEASE FORMS - W.O. 3557.

After consideration of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE AMENDMENT OF PARAGRAPH 22 OF THE COMBINED OIL AND GAS BID-LEASE FORM, APPROVED AND ADOPTED BY THE COMMISSION ON NOVEMBER 15, 1960 (MINUTE ITEM 18, PAGE 6473) TO CONFORM TO THE PROVISIONS OF CHAPTER 1945, STATUTES OF 1963. SAID AMENDED PARAGRAPH 22 IS ATTACHED HERETO AS EXHIBIT "A" AND HEREBY MADE A PART HEREOF.

Attachment

Exhibit "A" (2 pages)

Calendar Item 17 (3 pages)

EXHIBIT "A"

22. (a) Subject to the provisions of Exhibit "A" hereto, each well drilled pursuant to the terms of the lease may be drilled or slant-drilled to and into the subsurface of the tide or submerged lands or beds of navigable rivers or lakes, covered by the lease from upland, riparian or littoral drill sites owned or controlled by the State or owned by or available, at any time, to the lessee, or from drill sites located upon any filled lands heretofore or hereafter filled, whether contiguous or noncontiguous to the riparian or littoral lands or uplands, or from any pier heretofore or hereafter constructed, owned by or available to the lessee and available for such purpose, or from platforms or other fixed or floating structure in, on or over the tide or submerged lands or beds of navigable rivers or lakes, covered by the lease or otherwise available to the lessee.

(b) Pollution and contamination of the ocean, and tidelands, or navigable rivers or lakes, and all impairment of and interference with bathing, fishing or navigation in the waters of the ocean or any bay or inlet thereof, or any navigable river or lake, 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 or any navigable river or lake; provided, however, that this subsection (b) shall not be deemed to apply to deposit on or passage into said waters of water not containing any hydrocarbons or vegetable or animal matter.

(c) If the lessee, as disclosed by information submitted with his bid, proposes to drill one or more wells from filled lands, whether contiguous or noncontiguous to the riparian or littoral lands or uplands, or from any

EXHIBIT "A" (CONTD.)

pier or from platforms or other fixed or floating structures to be constructed for such purpose, and if permission from any federal or state agency is legally required in order to construct any such filled land or structures, the lessee shall be allowed a reasonable time following the execution of the lease within which to secure the necessary permission from such federal and state agencies as shall be legally required, and, upon the securing of such permission, a further reasonable time, determined with regard to the nature of the filled lands or structure or structures to be constructed, within which to commence operations for the drilling of such well or wells. The drilling term of the lease shall be extended by the commission by a period equal to such reasonable time to secure such permission, and, if necessary, so the date to which the time to commence operations for the drilling of such well or wells has been extended.

(d) Any offshore filled lands or structure or structures constructed for the purpose of drilling pursuant to this section shall conform to the rules and regulations of the commission in effect at the time of invitation for bids in pursuance of which the lease is awarded. Drilling, whether from upland, riparian, littoral or offshore locations, shall be conducted in conformance with such rules and regulations in effect at the time of invitation for bids in pursuance of which the lease is awarded.

CALENDAR ITEM

17.

MODIFICATION OF OIL AND GAS LEASE FORMS - W.O.3557.

Section 6834, Public Resources Code, provides in part that: "Whenever the commission determines that lands shall be leased for oil and gas as provided in this chapter and when the form of lease therefor has been prepared by the commission, the commission shall give notice of intention to lease such lands...."

Section 6835, Public Resources Code, requires that bids be submitted in the form of a lease prepared in accordance with this chapter of the code.

The Commission previously approved and adopted a combined bid-lease form for tide and submerged land oil-and-gas-lease offers on November 15, 1960 (Minute Item 18, page 6473), inclusive of operating conditions specified in Exhibit "A" thereto, royalty rate provisions specified in Exhibit "B" thereto, and cash bonus payments specified in Exhibit "C" thereto. The basic form of lease was authorized for use in Orange County on August 29, 1963 (W.O. 4860) for lease offer of Parcel 16.

Paragraph 22 of the bid-lease form includes the provisions of Section 6873 of the Public Resources Code. Chapter 1945 of the 1963 California Statutes (effective September 20, 1963) amended Section 6873. The significant change was made in subsection (c) relating to the drilling term. Pursuant to this amendment, the Commission must extend the drilling term (maximum of 3 years) for a period equal to that required to obtain any required permits from a federal or State agency. Therefore, the bid-lease form should be amended to reflect this statutory change. The proposed amended lease form has been approved by the office of the Attorney General.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE AMENDMENT OF PARAGRAPH 22 OF THE COMBINED OIL AND GAS BID-LEASE FORM, APPROVED AND ADOPTED BY THE COMMISSION ON NOVEMBER 15, 1960 (MINUTE ITEM 18, PAGE 6473) TO CONFORM TO THE PROVISIONS OF CHAPTER 1945, STATUTES OF 1963. SAID AMENDED PARAGRAPH 22 IS ATTACHED HERETO AS EXHIBIT "A" AND HEREBY MADE A PART HEREOF.

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(b) Pollution and contamination of the ocean, and tidal waters, or navigable rivers or lakes, and all impairment of and interference with bathing, fishing or navigation in the waters of the ocean or any bay or inlet thereof, or any navigable river or lake, 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 or any navigable river or lake; provided, however, that this subsection (b) shall not be deemed to apply to deposit on or passage into said waters of water not containing any hydrocarbons or vegetable or animal matter.

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