

MINUTE ITEM

34. APPROVAL OF RESOLUTION, DRILLING AND OPERATING CONTRACT, BOARD OF HARBOR COMMISSIONERS, CITY OF LOS ANGELES, SAN PEDRO BAY, LOS ANGELES COUNTY - W.O. 5030.

After consideration of Calendar Item 28 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO THE PROVISIONS OF SECTION 7060 OF THE PUBLIC RESOURCES CODE, APPROVES THE PROPOSED RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LOS ANGELES TO ENTER INTO AGREEMENT NO. 646 (DRILLING AND OPERATING CONTRACT) FOR THE EXPLORATION AND PRODUCTION OF OIL, GAS, AND OTHER HYDROCARBONS FROM CERTAIN TIDE AND SUBMERGED LANDS LYING IN SAN PEDRO BAY, LOS ANGELES COUNTY, GRANTED TO THE CITY OF LOS ANGELES BY LEGISLATIVE GRANT DESCRIBED IN CHAPTER 656, STATUTES 1911, AS AMENDED BY CHAPTER 115, STATUTES OF 1917, AND CHAPTER 651, STATUTES OF 1929, AS AMENDED BY CHAPTER 443, STATUTES OF 1951, AND MORE PARTICULARLY DESCRIBED UNDER SECTION 1. OF PROPOSED RESOLUTION NO. 2683 OF THE BOARD OF HARBOR COMMISSIONERS, CITY OF LOS ANGELES, ON FILE IN THE CITY HALL RECORDS.

Attachment

Calendar Item 28 (2 pages)

CALENDAR ITEM

28.

APPROVAL OF RESOLUTION, DRILLING AND OPERATING CONTRACT, BOARD OF HARBOR COMMISSIONERS, CITY OF LOS ANGELES, SAN PEDRO BAY, LOS ANGELES COUNTY - W O. 5030.

The City of Los Angeles, acting by and through its Board of Harbor Commissioners, has submitted for approval by the Commission, in accordance with Section 7060 and Section 7061 of the Public Resources Code, a proposed resolution No. 2663 of intention to enter into an Agreement (drilling and operating contract), for the exploration for and production of oil, gas, and other hydrocarbons, from tide and submerged lands granted to the City in San Pedro Bay, under the jurisdiction of the Harbor Department (see Exhibits "A", "B" and "C").

In addition to the aforesaid resolution proposed to be adopted by the Board of Harbor Commissioners the following documents were also submitted: Resolution No. 2662 adopted by the Board of Harbor Commissioners June 3, 1964, approving the form of proposed Resolution of intention to enter into an Agreement (drilling and operating contract) for the exploration and the production of oil and gas and other hydrocarbons, notice inviting bids, proposal, form of bidder's bond, and proposed City of Los Angeles Harbor Department Agreement No. 646 (drilling and operating contract). The Resolution adopted authorized and directed the general manager of the Harbor Department to present the Resolution to the State Lands Commission for approval.

Section 7058.5 of the Public Resources Code provides in part:

"Before a lease or any operating agreement or other type of agreement for the production of oil, gas, or other hydrocarbons is entered into, ...the governing body of the city shall in open meeting adopt a resolution declaring its intention to take such action. The resolution shall describe the property involved in such manner as to identify it, specify the minimum rental, royalty, or other consideration, and the term of the lease or agreement, the form of the lease or agreement, and one variable, biddable factor, on which bids will be received, and fix a time not less than 30 days thereafter and place for a public meeting of said governing body, at which meeting sealed proposals to lease or contract will be received and considered. The resolution shall, before the date of such meeting, be published once a week for four successive weeks in one or more newspapers of general circulation in the city where the property is situated, or, if there is no newspaper of general circulation in such city, in one or more newspapers of general circulation in the county where the property is situated...."

Section 7060 provides in part:

"No such lease or agreement shall be effective unless prior to adopting the resolution provided for by Section 7058.5 the city

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shall have petitioned the State Lands Commission for approval of the proposed resolution, and the proposed resolution shall have been approved by the State lands Commission...."

The proposed resolution, which has been reviewed by the staff, includes the substantive contents required under Section 7058.5 of the Public Resources Code. There is specified a payment to the City of a reserve share of 16-2/3% of the sale value of oil, gas and other hydrocarbons except extracted gasoline, plus the percent of the net profits that the proposed contractor offers to pay, and a maximum lease term of 30 years.

After a review of the material submitted, the office of the Attorney General has advised that the proposed resolution submitted by the Harbor Department of the City of Los Angeles complies with Chapter 5, Part 2, of the Public Resources Code, and may be approved by the State Lands Commission pursuant to applicable statutes.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO THE PROVISIONS OF SECTION 7060 OF THE PUBLIC RESOURCES CODE, APPROVE THE PROPOSED RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LOS ANGELES TO ENTER INTO AGREEMENT NO. 646 (DRILLING AND OPERATING CONTRACT) FOR THE EXPLORATION AND PRODUCTION OF OIL, GAS, AND OTHER HYDROCARBONS FROM CERTAIN TIDE AND SUBMERGED LANDS LYING IN SAN PEDRO BAY, LOS ANGELES COUNTY, GRANTED TO THE CITY OF LOS ANGELES BY LEGISLATIVE GRANT DESCRIBED IN CHAPTER 656, STATUTES 1911, AS AMENDED BY CHAPTER 115, STATUTES OF 1917, AND CHAPTER 651, STATUTES OF 1929, AS AMENDED BY CHAPTER 443, STATUTES OF 1951, AND MORE PARTICULARLY DESCRIBED UNDER SECTION 1. OF PROPOSED RESOLUTION NO. 2663 OF THE BOARD OF HARBOR COMMISSIONERS, CITY OF LOS ANGELES, ON FILE IN THE CITY HALL RECORDS.