

MINUTE ITEM

39. APPROVAL OF RESOLUTION, DRILLING AND OPERATING CONTRACT, BOARD OF RECREATION AND PARK COMMISSIONERS, CITY OF LOS ANGELES, SANTA MONICA BAY, LOS ANGELES COUNTY - W.O. 5362, W.O. 6000, A.A.T.S. No. 3.

Following presentation of Calendar Item 40 attached, Mr. Alan Sieroty read for the record a letter addressed to Commissioner Anderson by the President of the Marina Area Chamber of Commerce, reporting on a resolution passed by the Marina Area Chamber of Commerce Executive Committee calling for protection of the esthetic and recreational attributes of the beach areas where tidelands oil drilling is permitted.

The Executive Officer reported that a letter also had been received from Mr. Kurt Simon, a member of the Oil Committee and Venice Planning Committee, asking for protection of the esthetics of the State's beaches and suggesting that all land installations be underground, silent, odorless, and landscaped. The Executive Officer stated that the procedures recommended to the Commission for approval fully met the guarantees and tests proposed by Mr. Simon, but, for the record, asked for verification and comments from the Petroleum Administrator for the City of Los Angeles with respect to the proposed method of development.

Mr. Arthur Spaulding, Petroleum Administrator for the City of Los Angeles, presented photographs showing that the City was, in fact, enforcing the type of requirements called for by Mr. Simon to protect the esthetic values of the City.

Commissioner Champion, on behalf of the entire Commission, expressed satisfaction with the City's protective planning, and complimented the City of Los Angeles for its work in this regard.

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 RECREATION AND PARK COMMISSIONERS OF THE CITY OF LOS ANGELES TO LEASE FOR THE PURPOSE OF DRILLING FOR, PRODUCING, EXTRACTING, AND REMOVING OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBON SUBSTANCES FROM THOSE CERTAIN LITTORAL, TIDE AND SUBMERGED LANDS LYING IN SANTA MONICA BAY, LOS ANGELES COUNTY, GRANTED TO THE CITY OF LOS ANGELES BY LEGISLATIVE GRANT DESCRIBED IN CHAPTER 77, PAGES 88-90, OF THE STATUTES OF 1917 AS AMENDED BY CHAPTER 1513, STATUTES OF 1945, AND MORE PARTICULARLY DESCRIBED AS EXHIBIT "A", PARCEL 2, OF THE RESOLUTION SUBMITTED.

Attachment  
Calendar Item 40 (2 pages)

CALENDAR ITEM

40.

APPROVAL OF RESOLUTION, DRILLING AND OPERATING CONTRACT, BOARD OF RECREATION AND PARK COMMISSIONERS, CITY OF LOS ANGELES, SANTA MONICA BAY, LOS ANGELES COUNTY - W.O. 5362.

The City of Los Angeles has submitted for approval by the Commission, in accordance with Section 7060 and Section 7061 of the Public Resources Code, a proposed resolution of intention to enter into an oil and gas lease for the exploration for and production of oil, gas, and other hydrocarbons from 1,045 acres more or less of littoral, tide and submerged lands in Santa Monica Bay, under the jurisdiction of the Board of Recreation and Park Commissioners. Except for a strip of littoral lands the property was granted to the City in trust by the State. The littoral strip is used by the City for recreational purposes.

In addition to the aforesaid resolution proposed to be adopted by the Board of Harbor Commissioners, the following documents were submitted:

1. Proposed Petition for Approval of Proposed Resolution Respecting Leasing of Littoral Lands, Tidelands and Submerged Lands of the City of Los Angeles. Under the Jurisdiction and Control of the Department of Recreation and Parks for the Production of Oil, Gas, and Other Hydrocarbon Substances (Public Resources Code 7060 and 7061);
2. Proposed Ordinance Approving Resolution of the Board of Recreation and Park Commissioners Respecting an Oil and Gas Lease of Littoral Lands, Tidelands and Submerged Lands (Venice Area); and
3. Proposed Oil and Gas Lease No. 135 relating to subject area, including a legal description of the parcel for which an oil and gas lease is being sought.

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,

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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 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.

Drillsites will be restricted to not more than four acres of uplands to be designated by the City and the Board of Recreation and Harbor Commissioners, or from other lands owned or controlled by lessee.

After a review of the material submitted, the office of the Attorney General has advised that the proposed resolution submitted by the City of Los Angeles complies with Chapter 5, Part 2, Division 6 of the Public Resources Code, and will be reviewed by the 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 RECREATION AND PARK COMMISSIONERS OF THE CITY OF LOS ANGELES TO LEASE FOR THE PURPOSE OF DRILLING FOR, PRODUCING, EXTRACTING, AND REMOVING OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBON SUBSTANCES FROM THOSE CERTAIN LITTORAL, TIDE AND SUBMERGED LANDS LYING IN SANTA MONICA BAY, LOS ANGELES COUNTY, GRANTED TO THE CITY OF LOS ANGELES BY LEGISLATIVE GRANT DESCRIBED IN CHAPTER 77, PAGES 88-90, OF THE STATUTES OF 1917 AS AMENDED BY CHAPTER 1513, STATUTES OF 1945, AND MORE PARTICULARLY DESCRIBED AS EXHIBIT "A", PARCEL 2, OF THE RESOLUTION SUBMITTED.