

22. DISAPPROVAL OF RESOLUTION, OIL AND GAS LEASE NO. 137, BOARD OF RECREATION AND PARK COMMISSIONERS, CITY OF LOS ANGELES, SANTA MONICA BAY, LOS ANGELES COUNTY - W.O. 5993.

During consideration of Calendar Item 11 attached, Mr. A. W. Spaulding, Petroleum Administrator for the City of Los Angeles, appeared and read a letter from the Mayor of the City of Los Angeles, giving reasons why it was felt that the State Lands Commission should approve the proposed Oil and Gas Lease No. 137 in Santa Monica Bay. Mr. Spaulding, after reading the Mayor's letter, then outlined his own reasons as to why he felt the City should be permitted to go ahead with the proposed lease.

Upon a request by the Commission for amplification of the staff's negative recommendation, the Executive Officer explained that sufficient factual data had not been reported to permit making a positive finding by the Commission as required by statute, inasmuch as the State Legislature has stated that there shall be no oil and gas development of the subject lands unless there is drainage therefrom. The Executive Officer then recommended that, upon the basis of the Mayor's letter and the statement made by Mr. Spaulding, a request be made to the City for additional factual information before making a decision.

In response to a specific question by Commissioner Anderson, it was explained that all wells to be drilled in connection with the proposed lease would be drilled from upland drillsites.

Deputy Attorney General Warren J. Abbott informed the Commission that it must find that it believes oil exists in the area and have some evidence more than a belief that the lands are being drained before approving the proposed lease.

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

THE PROPOSED RESOLUTION OF INTENTION OF THE CITY OF LOS ANGELES, BOARD OF RECREATION AND PARK COMMISSIONERS, TO ENTER INTO OIL AND GAS LEASE NO. 137 IN SANTA MONICA BAY, LOS ANGELES COUNTY, IS TO BE REFERRED TO THE OFFICE OF THE ATTORNEY GENERAL TO CONSIDER THE LEGAL POINTS INVOLVED, WITH A REPORT TO BE MADE BACK TO THE COMMISSION AS EARLY AS POSSIBLE. ADDITIONALLY, THE PROPOSED PROJECT IS TO BE RE-REFERRED TO THE STATE LANDS DIVISION FOR REVIEW OF ANY TECHNICAL DATA THE CITY OF LOS ANGELES MAY HAVE TO SUBSTANTIATE ITS POSITION THAT THE PROPOSED RESOLUTION SHOULD BE APPROVED AND THAT THE NECESSARY STATUTORY REQUIREMENTS FOR SUCH APPROVAL HAVE BEEN MET.

Attachment

Calendar Item 11 (2 pages)

11.

DISAPPROVAL OF RESOLUTION, OIL AND GAS LEASE NO. 137, BOARD OF RECREATION AND PARK COMMISSIONERS, CITY OF LOS ANGELES, SANTA MONICA BAY, LOS ANGELES COUNTY - W.O. 5993.

The City of Los Angeles, a charter city, 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 purpose of exploring for and extracting and producing oil, gas and other hydrocarbon substances from 1,330 acres more or less of littoral and tide and submerged lands in Santa Monica Bay, under the jurisdiction of the Board of Recreation and Park Commissioners. Except for the strip of littoral lands including approximately 18 acres, the property was granted to the City in trust by the State without reserving the minerals to the State.

Section 7060 of the Public Resources Code 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..."

Section 6878(a) of the Public Resources Code provides that no city to which the State has granted tide and submerged lands without reserving minerals shall enter into any lease or agreement for the extraction of oil or gas from such tide and submerged lands in the area lying between Point Fermin and the Los Angeles-Ventura County Line, unless the State Lands Commission shall have made the determinations required under Section 6872; i.e., (1) that oil and gas deposits are believed to be contained in such lands, (2) that the same are being drained by means of wells upon adjacent lands, and (3) that the leasing of the same for the production of oil and gas will be in the best interests of the State.

After a review of all available geologic and engineering data developed in this area, the staff has concluded that there is no basis at the present time upon which the determinations required under Section 6872 relative to the subject lands can be made.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT IT CANNOT MAKE THE DETERMINATIONS REQUIRED BY SECTION 6872 OF THE PUBLIC RESOURCES CODE, WHICH ARE NECESSARY BEFORE THE AREA OF TIDE AND SUBMERGED LANDS INCLUDED IN PROPOSED OIL AND GAS LEASE NO. 137 MAY BE OFFERED FOR LEASE.
2. DENY THE PETITION FOR THE APPROVAL OF THE PROPOSED RESOLUTIONS SUBMITTED BY THE BOARD OF RECREATION AND PARK COMMISSION OF THE CITY OF LOS ANGELES TO LEASE, FOR THE PURPOSE OF EXPLORING AND EXTRACTING AND PRODUCING OIL, GAS AND OTHER HYDROCARBON SUBSTANCES FROM THOSE CERTAIN

CALENDAR ITEM 11 (CONTD)

TIDE AND SUBMERGED LANDS LYING IN SANTA MONICA BAY, LOS ANGELES COUNTY, DESIGNATED OIL AND GAS LEASE NO. 137, GRANTED TO THE CITY OF LOS ANGELES BY LEGISLATIVE GRANT DESCRIBED IN CHAPTER 77, STATUTES OF 1917, AS AMENDED BY CHAPTER 1513, STATUTES OF 1945, AND IN CHAPTER 651, STATUTES OF 1929, AS AMENDED BY CHAPTER 443, STATUTES OF 1951.