

MINUTE ITEM

10/26/67

38. MODIFICATION OF RESOLUTION, OFFSHORE OIL AND GAS LEASE, SAN PEDRO BAY, LOS ANGELES COUNTY; CITY OF LOS ANGELES - W.O. 6704.

After consideration of Calendar Item 7 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO THE PROVISIONS OF SECTION 7060 OF THE PUBLIC RESOURCES CODE, APPROVES THE MODIFICATION OF THE PROPOSED RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES TO ENTER INTO AN OFFSHORE OIL AND GAS LEASE IN SAN PEDRO BAY, TO PROVIDE THAT IN THE EVENT LESSEE SHALL ELECT TO COMMENCE DRILLING OPERATIONS ON OR IN THE LEASED LANDS WITHIN THREE (3) YEARS FROM THE EFFECTIVE DATE OF THE ORDINANCE APPROVING THIS LEASE AND IS DENIED PERMISSION TO DO SO BY AGENCIES OF THE UNITED STATES OF AMERICA, THE STATE OF CALIFORNIA, THE CITY OF LOS ANGELES, OR ANY OTHER PUBLIC AGENCY HAVING JURISDICTION THEREOF, THIS LEASE SHALL BE OF NO FORCE OR EFFECT, AND ANY CONSIDERATION PAID TO THE CITY THEREFOR SHALL BE RETURNED. THE PROVISIONS OF THIS PARAGRAPH SHALL APPLY ONLY TO THE FIRST EXPLORATORY WELL DRILLED ON OR IN THE LEASED LANDS.

Attachment

Calendar Item 7 (1 page)

7.

## MODIFICATION OF RESOLUTION, OFFSHORE OIL AND GAS LEASE, CITY OF LOS ANGELES, SAN PEDRO BAY, LOS ANGELES COUNTY - W.O. 6704. A.A.T.S#7

On September 25, 1967, the Commission approved the proposed resolution of the City Council of the City of Los Angeles to enter into an offshore oil and gas lease in San Pedro Bay. Subsequent to the approval of the proposed resolution, the City was informed that the United States Coast Guard, together with other federal agencies, is considering the establishment of shipping lanes and other restricted areas over the land proposed for lease. It is conceivable that the successful bidder for the lease may be prohibited by public agencies from drilling on the lease area.

In order to render the proposed lease more attractive to potential bidders with reference to the establishment of shipping lanes within the lease area, the City proposes to add the following paragraph to Section 4 of the lease:

"In the event Lessee shall elect to commence drilling operations on or in the leased lands within three (3) years from the effective date of the ordinance approving this lease and is denied permission to do so by agencies of the United States of America, the State of California, the City of Los Angeles, or any other public agency having jurisdiction thereof, this lease shall be of no force or effect and any consideration paid to the City therefor shall be returned. The provisions of this paragraph shall apply only to the first exploratory well drilled on or in the leased lands."

Section 7060(b) of the Public Resources Code provides: "No City shall consent to the modification or amendment of any such lease or agreement without the advance consent of the State Lands Commission to such modification or amendment."

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO THE PROVISIONS OF SECTION 7060 OF THE PUBLIC RESOURCES CODE, APPROVE THE MODIFICATION OF THE PROPOSED RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES TO ENTER INTO AN OFFSHORE OIL AND GAS LEASE IN SAN PEDRO BAY, TO PROVIDE THAT IN THE EVENT LESSEE SHALL ELECT TO COMMENCE DRILLING OPERATIONS ON OR IN THE LEASED LANDS WITHIN THREE (3) YEARS FROM THE EFFECTIVE DATE OF THE ORDINANCE APPROVING THIS LEASE AND IS DENIED PERMISSION TO DO SO BY AGENCIES OF THE UNITED STATES OF AMERICA, THE STATE OF CALIFORNIA, THE CITY OF LOS ANGELES, OR ANY OTHER PUBLIC AGENCY HAVING JURISDICTION THEREOF, THIS LEASE SHALL BE OF NO FORCE OR EFFECT, AND ANY CONSIDERATION PAID TO THE CITY THEREFOR SHALL BE RETURNED. THE PROVISIONS OF THIS PARAGRAPH SHALL APPLY ONLY TO THE FIRST EXPLORATORY WELL DRILLED ON OR IN THE LEASED LANDS.