

MINUTE ITEM

8/28/68

46. PROPOSED SUBMERGED LAND OIL AND GAS LEASES, PARCEL 35A AND PARCEL 36A -
W.O. 6970 AND W.O. 6975.

Precedent to consideration of the award of State oil and gas leases covering
Parcels 35A and 36A, the Executive Officer reviewed in detail the information
in Calendar Item 63 attached.

Attachment

Calendar Item 63 (1 page)

63.

PROPOSED SUBMERGED LAND OIL AND GAS LEASES, PARCEL 35A AND PARCEL 36A -
W.O. 6970 AND W.O. 6975.

On February 6, 1968, the U. S. Department of the Interior held an oil and gas lease sale on Outer Continental Shelf lands in Santa Barbara Channel. The Department of Defense succeeded in interjecting certain operating and restrictive terms in a portion of those leases (see Exhibit "A").

The State Lands Commission, on April 25, 1968, authorized offering for oil and gas lease those parcels of submerged land in Santa Barbara County designated as Parcel 35A and Parcel 36A (see Exhibit "A").

On May 8, 1968, and on May 15, 1968, the prescribed Notices of Intention to offer these lands were published in the Santa Barbara News Press and in the Los Angeles Daily Journal. Bids were received on July 17, 1968. The bids have been reviewed and approved as to technical and legal sufficiency by the staff and by the Office of the Attorney General.

Subsequent to the authorization and the published Notices of Intention to receive bids, the Department of Defense on May 21, 1968, requested the State Lands Division to include in the proposed leases restrictions holding the United States harmless from damage to persons or to property as a result of the military offshore missions of the Air Force Western Test Range (Vandenberg, California), and of the Pacific Missile Range (Point Mugu, California). Such restrictions would devalue the State parcels but have been requested within the context of the "national interest". The necessity for the effective implementation of military missions in this area has not been established.

The State already has been forced into economic losses from offshore oil development by reason of the Danger Zones established for the Vandenberg and Point Mugu military installations (Exhibit "A"). Approximately 118,000 acres of State-owned tide and submerged lands contained in those Danger Zones have been foreclosed from State management and development of potential natural resources.

In the event of an oil and gas discovery on the proposed small leases (780 and 600 acres), the economics of offshore development and the extreme depth of waters in the area would in all probability dictate that these leases be developed using ocean-floor completion techniques. In addition, adjoining leases P.R.C. 2206.1 and P.R.C. 2199.1 (Exhibit "A"), which were issued on July 25, 1958, do not contain the requested restrictions, and development of the proposed leases could be accomplished by drilling from locations on the existing leases. Such procedures should in no way interfere with or pose potential liabilities to the offshore military missions of the Department of Defense.