

MINUTE ITEM

4/26/73
DJE

29. REVIEW OF OIL AND GAS DRILLING AND PRODUCING PROCEDURES ON STATE LANDS - W 9502.

During consideration of Calendar Item 27 attached, the Acting Executive Officer read into the record a telegram from Ross A. McClintock, President, Fluor Drilling Services, Inc., in support of the proposed hearing. The telegram is on file in the office of the State Lands Commission and by reference made a part hereof.

Upon motion duly made and carried, the following resolution was adopted:

THE STATE LANDS COMMISSION AUTHORIZES THE EXECUTIVE OFFICER, OR HIS DESIGNEE, TO CONDUCT A PUBLIC HEARING FOR THE PURPOSE OF REVIEWING THE PRESENT STATE OF GOVERNMENT CONTROLS OVER DRILLING AND PRODUCING OPERATIONS AND THE STATE OF THE ART RELATIVE TO PROCEDURES AND TECHNIQUES USED CURRENTLY BY THE INDUSTRY.

Attachment:

Calendar Item 27 (1 page)

CALENDAR ITEM

4/73

DJE

W 9502

27.

REVIEW OF OIL AND GAS DRILLING AND
PRODUCING PROCEDURES ON STATE LANDS

The State Lands Commission has conducted a highly successful program of oil leasing and production over the last thirty-five years involving the drilling of more than 1,300 wells on over sixty separate leases, all without any incident similar to the 1969 blowout, and subsequent ocean floor leakage within the Federal lease area offshore Santa Barbara. Because of the tremendous public impact of that spill, the State Lands Commission felt it necessary to impose a ban on offshore drilling, stipulating, however, that recommendations for drilling wells on existing leases might be brought to the Commission for consideration on a well-by-well basis if there were unique circumstances that justify and require such drilling. That ban has continued and the Commission is clearly on record that it must remain in effect until the technological limitations in oil-spill containment, and recovery systems have been overcome by the oil industry.

As a step towards the possible resumption of offshore drilling operations, on July 6, 1972, the Western Oil and Gas Association gave a presentation to the Commission covering advances that have been made in the capability to contain and recover effectively an oil spill resulting from an offshore accident. The report concluded that industry now has the tools and developed capabilities, and that the drilling ban has thus served its purpose. Before the Division can recommend on the true effectiveness of any industry program, however, further study is necessary on not only containment and recovery, but preventative measures, as well as mitigating measures, to prevent the spill occurring.

The State Division of Oil and Gas, and other regulatory bodies, have significantly strengthened their controls since 1969, both through legislative procedures and administrative procedures; the State Lands Division has developed its own more stringent procedures; and it is felt that it is now desirable to review the present state of the art, relative to drilling and producing procedures at a public forum.

IT IS RECOMMENDED THAT THE STATE LANDS COMMISSION AUTHORIZE THE EXECUTIVE OFFICER, OR HIS DESIGNEE, TO CONDUCT A PUBLIC HEARING FOR THE PURPOSE OF REVIEWING THE PRESENT STATE OF GOVERNMENT CONTROLS OVER DRILLING AND PRODUCING OPERATIONS AND THE STATE OF THE ART RELATIVE TO PROCEDURES AND TECHNIQUES USED CURRENTLY BY THE INDUSTRY.