

MINUTE ITEM

This Calendar Item No. 22
was approved as Minute Item
No. 22 by the State Lands
Commission by a vote of 3
to 0 at its 9/23/82
meeting.

MINUTE ITEM

22

9/23/82
W 40350
Willard

POSSIBLE OIL AND GAS DRAINAGE
OF SANTA BARBARA SANCTUARY

During consideration of Calendar Item 22 attached, Mr. Charles Elkins appeared before the Commission to request a negotiated oil and gas lease on a portion of the Santa Barbara Sanctuary. It is Mr. Elkins' contention that oil and gas are being drained from the sanctuary by means of wells located on an adjacent State lease held by Chevron, U.S.A.

Mr. Dick Harris, attorney, appeared to answer questions on behalf of Chevron, but stated that he was not prepared to answer specific questions regarding the possibility of a negotiated lease with Mr. Elkins.

Commission-Alternate Ackerman requested staff comment as to the legalities involved in the Commission's ability to negotiate a lease with Mr. Elkins.

Alan V. Hager, Deputy Attorney General, stated his opinion that the Commission does not appear to have the authority to lease the lands in question.

After much discussion the Commission did not approve the recommendation but directed staff to request an opinion from the Attorney General's Office.

Attachment:
Calendar Item 22

A 35

S 18

CALENDAR PAGE

MINUTE PAGE

2368

CALENDAR ITEM

22

9/23/82
W 40350
Willard

POSSIBLE OIL AND GAS DRAINAGE
OF SANTA BARBARA SANCTUARY

Mr. Charles Elkins, an individual, has inquired of the State Lands Commission regarding an oil and gas lease for a portion of the Santa Barbara Sanctuary (see Exhibit "A").

The Santa Barbara Sanctuary (PRC 6871.2(b)) established in 1955 limited operations of oil and gas development in an effort to preserve the scenic values of certain highly developed areas of our coastline. The statutes provide that this area may be leased only when it appears that such lands are being or may be drained by wells located upon adjacent lands owned by others than the State and only to the extent to offset such drainage.

Mr. Elkins believes that oil and gas are being drained from the sanctuary by means of wells located on State Lease PRC 1824 (Such wells, of course, are subject to the royalty provisions of the lease). Further, he believes that Section 6815 of the PRC provides that in such a situation the Commission may negotiate and enter leases for the protective development of the sanctuary lands provided such development is through wells drilled from adjacent lands.

Under Chevron's lease PRC 1824 the State reserved the right to issue easements and right-of-way upon or through the leased lands. Under such reservation it would be possible to issue drill sites along the common boundary between

A 35

S 18

(Revised 9/15/82)

-1-

CALENDAR PAGE	117
MINUTE PAGE	2369

CALENDAR ITEM NO. 22 (CONTD)

the lease and the sanctuary without the consent of Chevron. Under these conditions, it may be required to offer a lease by competitive public bid rather than negotiation. However, in order to minimize adverse environmental effects it would be desirable to use the existing facilities.

AB 884: N/A.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DIRECT THE STAFF TO ADVISE MR. ELKINS TO DISCUSS THE FEASIBILITY OF USING CHEVRON'S EXISTING PLATFORM FOR HIS PROPOSAL AND SUBMIT A DETAILED GEOLOGIC AND ENGINEERING REPORT INCLUDING THE BASIS FOR DETERMINING DRAINAGE AND THE PROPOSED AGREEMENT FOR OFFSETTING SUCH DRAINAGE.

(Revised 9/15/82)

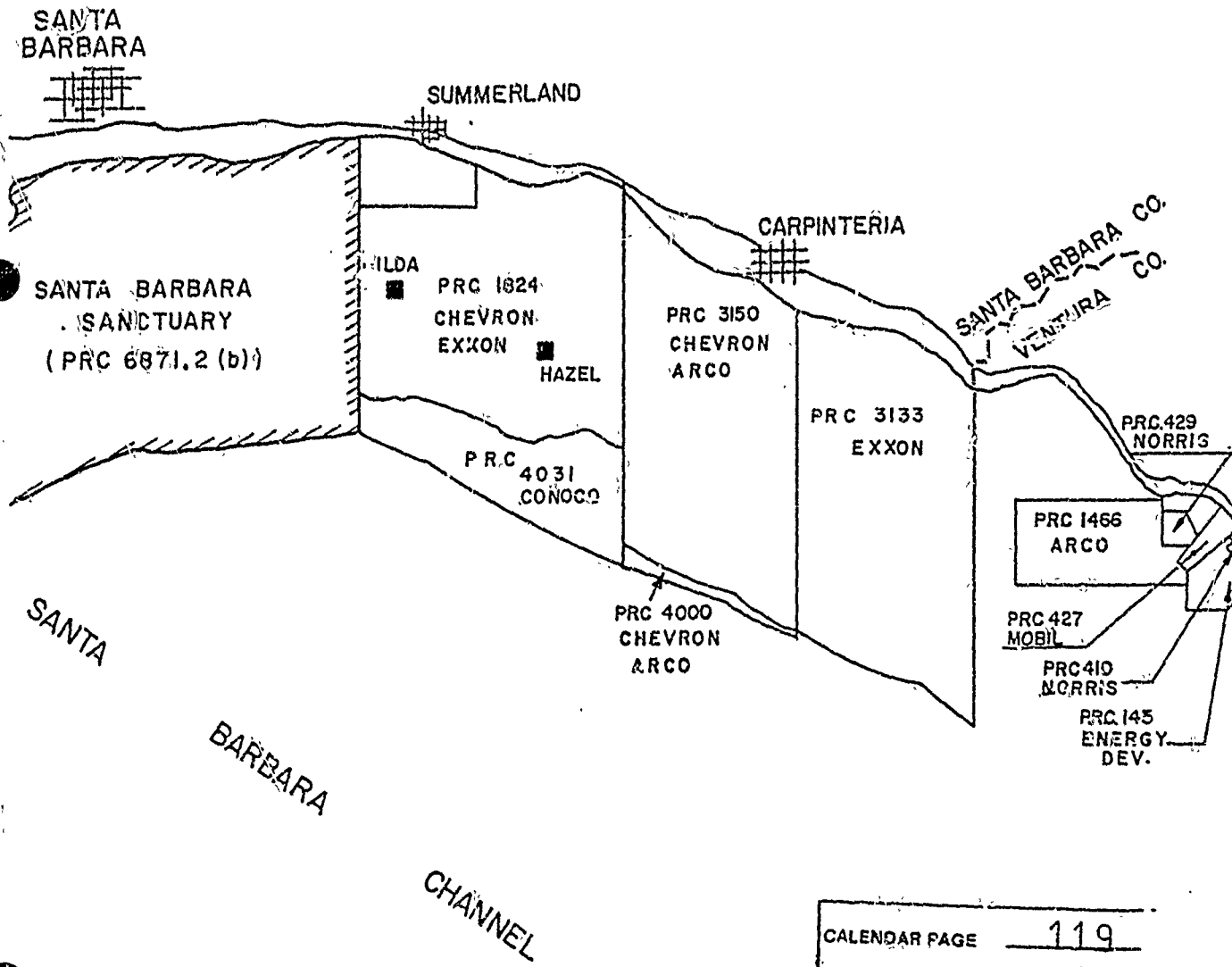
-2-

CALENDAR PAGE	118
MINUTE PAGE	2370

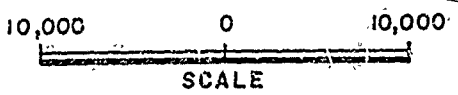
EXHIBIT "A"
W 40350
STATE LANDS COMMISSION

POSSIBLE OIL & GAS DRAINAGE OF
SANTA BARBARA SANCTUARY

SANTA BARBARA COUNTY



CALENDAR PAGE	119
MINUTE PAGE	2371



KL 82