

MINUTE ITEM

This Calendar Item No. 34  
was approved as Minute Item  
No. 34 by the State Lands  
Commission by a vote of 3  
2 at its 9/23/82  
meeting.

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CALENDAR ITEM

34

9/23/82  
W 40341  
Tanner  
AAU 7

EXEMPTION OF OIL AND GAS LEASE  
FROM COMPETITIVE BIDDING REQUIREMENTS

APPLICANT: Los Angeles County Flood Control District  
P. O. Box 2418, Terminal Annex  
Los Angeles, California 90051

AREA, TYPE OF LAND, AND LOCATION  
12.47 acres of land owned by the Los Angeles  
Flood Control District located in Los Angeles  
County near the City of Pacoima in the  
San Fernando Valley. (T2N, R15W, SBB&M).

SUMMARY: The Los Angeles County Flood Control District  
intends to enter into an oil and gas lease  
with Chevron U.S.A., Inc. The District  
has requested that the Commission exempt  
the lease from the procedural requirements  
of competitive public bidding as specified  
by Sections 7052 and 7053 of the P.R.C.

AB 884: N/A.

PERTINENT INFORMATION:  
Drilling District U-184, in the Pacoima  
area, approved by the City of Los Angeles  
on December 27, 1979, gave Chevron U.S.A.,  
Inc. the exclusive right to drill and operate  
the lands within the drilling district  
for oil and gas. Prior to the formation  
of Drilling District U-184, the District,  
through its Board of Supervisors, in compli-  
ance with the Public Resources Code, offered

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for bid and awarded to Chevron U.S.A., Inc., the highest bidder, an oil and gas lease covering 195.43 acres, all within Drilling District U-184 (see Exhibits "A" and "B").

The District owns an additional 12.47 acres within Drilling District U-184 that are not under lease. Chevron has requested a lease on the 12.47 acres of District-owned land adjacent to their present holdings. The Los Angeles County Flood Control District has determined that it would be impractical to submit the 12.47-acre parcel for public competitive bid since Chevron U.S.A., Inc. has been awarded exclusive drilling rights in the Drilling District.

In accordance with the provisions of the City of Los Angeles Comprehensive Zoning Plan, the only obligation Chevron has to those property owners within the drilling district that have not joined in a lease is to offer them a right to share in the proceeds of production from wells bottomed in said District upon the same basis as those property owners that have joined in lease, which is a right to share in royalty payments, at a fixed rate, determined by existing leases.

Chevron has offered to pay the District a yearly rental of \$60 per acre and a 1/6th royalty on any hydrocarbons found and produced from this lease. Staff has reviewed and determined that the rates negotiated by the Los Angeles County Flood Control District and Chevron U.S.A., are adequate.

The 12-acre parcel can be economically developed by Chevron and it would be impractical for the District to follow the competitive bidding procedures as outlined in Sections 7052 and 7053 of the Public Resources Code. The parcel is small in size and the potential for drainage from adjacent Chevron lands appear imminent.

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In accordance with Section 7052 of the Public Resources Code, the State Lands Commission may, in its discretion, exempt particular leases from the procedures of public bidding if it deems that such procedures are impractical by reason of the small size of the property or drainage from surrounding lands.

OTHER PERTINENT INFORMATION:  
This action by the Commission is not a project as defined by CEQA and the resources guidelines under P.R.C. Section 21065 and Title 14, Cal. Adm. Code, Sections 15037 and 15060.

EXHIBITS:           A. Lease Map.  
                      B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THIS EXERCISE OF DISCRETION IS NOT A PROJECT UNDER THE PROVISIONS OF P.R.C. 21065, 14 CAL. ADM. CODE 15037 AND 15060.
2. EXEMPT THE PROPOSED LEASE BETWEEN CHEVRON USA, INC., AND THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FROM THE PROCEDURAL REQUIREMENTS OF P.R.C. SECTIONS 7052 AND 7053.

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LEGEND

- 1 DRILLING DISTRICT U-184 BOUNDARY.
- 2 LOS ANGELES COUNTY FLOOD CONTROL DISTRICT 12.47 ACRE UNLEASED PARCEL.
- 3 LOS ANGELES COUNTY FLOOD CONTROL DISTRICT 195 ACRE PARCEL LEASED TO CHEVRON.
- 4 LOCATION OF CHEVRON DRILLSITES.

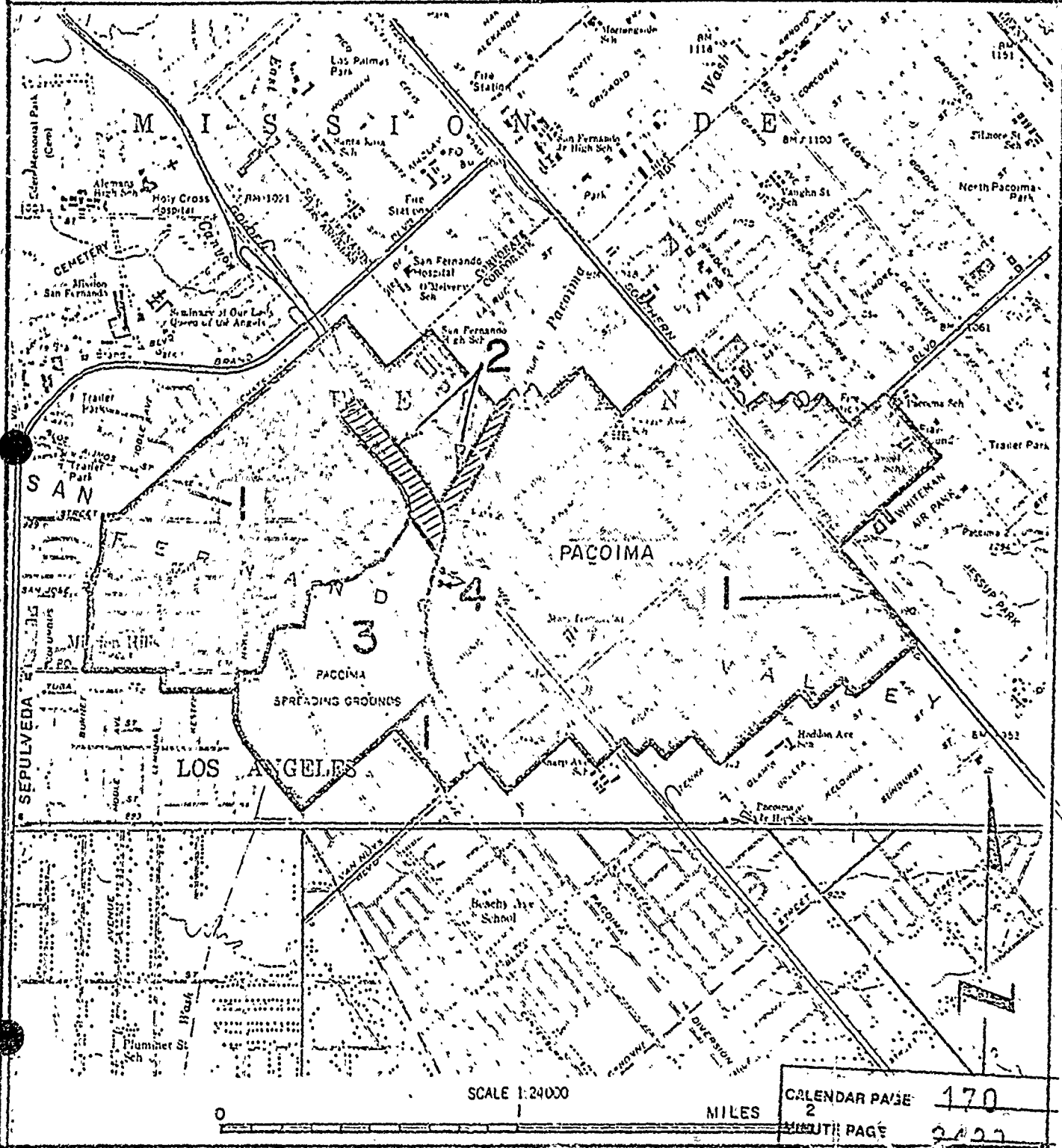
EXHIBIT "A"

W 40341

LOCATION OF L.A. COUNTY FLOOD CONTROL DISTRICT PARCELS IN DRILLING DISTRICT U-184

SEPTEMBER 1982

JJT



(Added 9/14/82)

EXHIBIT "B"

W 40341

LOCATION OF L.A. COUNTY  
DRILLING DISTRICT U-184

SEPTEMBER 1982

JJT

SAN GABRIEL MOUNTAINS

CHATS WORTH



CITY OF LOS ANGELES  
DRILLING DISTRICT U-184

VAN NUYS



BURBANK



PASADENA

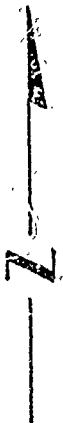


SANTA MONICA

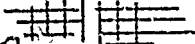
LOS ANGELES



SANTA MONICA BAY



LONG BEACH



SAN PEDRO



SAN PEDRO BAY

HUNTINGTON HARBOR



PACIFIC OCEAN

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0 2 4 6 8 10 12 14 16 18 20 MILES

MIDITE PAGE

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(Added 9/14/82)