

MINUTE ITEM

4/29/71
ADW

16. EXTENSION OF PRIMARY DRILLING TERM ON STATE OIL AND GAS LEASES THAT HAVE BEEN AFFECTED BY THE COMMISSION'S DRILLING MORATORIUM ON TIDE AND SUBMERGED LANDS - W 9000.

After consideration of Calendar Item 22 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION RECOGNIZES AND CONCURS IN THE EXTENSION OF THE THREE-YEAR PRIMARY DRILLING TERM FOR THOSE LEASES LISTED IN EXHIBIT "A" ATTACHED SO THAT THE LESSEES WILL HAVE A FULL THREE YEARS, UNDER CONDITIONS THAT EXIST WHEN NO DRILLING MORATORIUM IS IN EFFECT, IN WHICH TO MEET THE PRIMARY DRILLING OBLIGATIONS.

Attachment:

Calendar Item 22 (2 pages)

CALENDAR ITEM

4/71
W 9000
ADW

22.

EXTENSION OF PRIMARY DRILLING TERM ON STATE OIL AND GAS LEASES THAT HAVE BEEN AFFECTED BY THE COMMISSION'S DRILLING MORATORIUM ON TIDE AND SUBMERGED LANDS.

On February 1, 1969, the Commission instituted an informal moratorium on drilling wells on tide and submerged lands following the Union Oil Company's oil spill of January 28, 1969, which occurred on a Federal lease on the Outer Continental Shelf. The Commission has indicated that this moratorium on drilling new wells will continue until it is demonstrated that effective spill containment and recovery devices adequate to protect the public interests are available.

Section 6829.1 of the Public Resources Code provides that oil and gas leases issued by the Commission specify a period of not to exceed three years as the drilling term of the lease within which the lessee may commence operations for the drilling of a well and, if such operations are not commenced, that the lease shall terminate.

The statutes provide further that the drilling term may be extended by the Commission only where drilling operations have been delayed because such operations require the installation of and approval by other governmental agencies of an offshore drilling structure. However, the Office of the Attorney General has advised that under the circumstances of the moratorium, the drilling term has been extended as a matter of law.

As a result of the moratorium imposed on February 1, 1969, the State's lessees have been prevented from fulfilling their primary drilling obligations. The leases whose three-year drilling term was interrupted are listed in Exhibit "A".

IT IS RECOMMENDED THAT THE COMMISSION RECOGNIZE AND CONCUR IN THE EXTENSION OF THE THREE-YEAR PRIMARY DRILLING TERM FOR THOSE LEASES LISTED IN EXHIBIT "A" ATTACHED SO THAT THE LESSEES WILL HAVE A FULL THREE YEARS, UNDER CONDITIONS THAT EXIST WHEN NO DRILLING MORATORIUM IS IN EFFECT, IN WHICH TO MEET THE PRIMARY DRILLING OBLIGATIONS.

Attachment: Exhibit "A"

EXHIBIT "A"

<u>PRC</u>	<u>Lessee</u>	<u>Lease Issued</u>
3489	Mobil Oil Corporation - Union Oil Company of California	5-26-66
3498	Standard Oil Company of California - Humble Oil & Refining Company	6-15-66
3833	Standard Oil Company of California	9-25-67
3895	Standard Oil Company of California - Shell Oil Company	1-26-68
4001	Standard Oil Company of California	8-28-68
4002	Standard Oil Company of California	8-28-68