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## CHAPTER 1847

*An act relating to the pending case of United States of America v. Anchor Oil Corporation, et al., United States District Court for the Southern District of California, Central Division, No. 800-58 HW Civil and in connection therewith authorizing a settlement thereof by defendants State of California and City of Long Beach; prescribing the terms of such settlement insofar as it relates to the defendants State of California and City of Long Beach; authorizing the Attorney General, on behalf of the State, and the City of Long Beach, each to effectuate such settlement for these defendants; authorizing the City of Long Beach to use a designated portion of its revenues from tide and submerged*

*lands, and to withhold a similar amount from such revenues otherwise due or to become due to the State, and to pay each of these sums to the United States; authorizing, as a part of said settlement, the City of Long Beach as trustee of certain tide and submerged lands, and the State of California as the owner of the State's reversionary interest therein, to transfer by deed or condemnation certain lands to the United States of America excepting therefrom the mineral estate, and authorizing the preparation and execution of the necessary instrument or instruments to accomplish such transfers or conveyances; authorizing the City of Long Beach to take action to maintain underground fluid pressures; authorizing the waiver of possible claims for indemnification against the City of Long Beach's drilling and operating contractors; and authorizing the State and the City of Long Beach to execute and exchange with codefendants in the Anchor case mutual releases from liability for damages attributable to subsidence.*

[Approved by Governor July 17, 1963. Filed with Secretary of State July 19, 1963.]

*The people of the State of California do enact as follows:*

**SECTION 1. Legislative Recitals**

It is hereby found and determined:

(a) In August 1958, the United States filed the case of *United States v. Anchor Oil Corp., et al.* (hereinafter referred to as the Anchor case) No. 800-58 HW in the United States District Court for the Southern District of California, Central Division, naming as defendants the City of Long Beach, the State of California, and numerous past and present private producers of oil and gas from the Wilmington Oil Field. Therein, plaintiff sought an injunction against further oil production from the Wilmington Oil Field unless and until such field was adequately repressured. In said case the United States also seeks to recover approximately \$54,000,000 in damages to the Long Beach Naval Shipyard and other federal installations in or near Long Beach Harbor. It is the plaintiff's claim that such damages resulted from subsidence allegedly attributable to oil production. The United States further contends that each of the defendants is jointly and severally liable for the claimed damages.

(b) Defendants State of California and City of Long Beach specifically deny any legal liability to the plaintiff United States in the Anchor case. These defendants do not admit, indeed they specifically deny, any causal relationship between any subsidence damages and oil production.

(c) It is in the public interest that the Anchor case now pending between governmental entities, to wit: the United States of America, the State of California, and the City of Long Beach, be terminated, and that possible contingent lia-

bility for substantial damages against the State and the city be removed. There is great uncertainty as to the ultimate disposition of the respective claims of the parties in the Anchor case and the determination of their rights cannot be made except by extensive, complicated, prolonged and costly litigation, in the absence of a negotiated settlement. So long as the amount of liability, if any, to be borne by the defendants State of California and City of Long Beach remains contingent and uncertain, substantial state and municipal funds are likely to remain idle. A disposition of the Anchor litigation by negotiated settlement will permit the early utilization of such moneys for proper and urgently needed public purposes and will avoid the public detriment incidental to protracted litigation between the United States of America and the State of California together with one of its major municipalities.

(d) Settlement of the Anchor case also is deemed to be in the public interest of this State and the City of Long Beach, and in the interest of national defense, in that such disposition is calculated to induce the retention of the Long Beach Naval Shipyard in its present location, and to encourage further expansion and enlarged operation of such facility.

#### SEC. 2. Settlement Terms

To effectuate a settlement of the Anchor case, and to enable the defendants State of California and City of Long Beach to obtain a dismissal, with prejudice of the plaintiff's claims therein, the following authorizations are hereby given:

(a) The State of California and the City of Long Beach each is authorized to pay the sum of one million two hundred thousand dollars (\$1,200,000) to the United States of America; if, and only if, the private defendants in the Anchor case also contribute and pay over to the United States an additional sum of three million six hundred thousand dollars (\$3,600,000), thereby making a total cash settlement of six million dollars (\$6,000,000) from all defendants to be paid to the plaintiff. Notwithstanding any provision of Chapter 29, Statutes of 1956, First Extraordinary Session, the City of Long Beach hereby is authorized: (1) to use one million two hundred thousand dollars (\$1,200,000) of its revenues from tide and submerged lands in payment of its share of the aforementioned cash settlement; and (2) to withhold a similar sum of one million two hundred thousand dollars (\$1,200,000) from oil and dry gas revenues from tide and submerged lands otherwise due or to become due to the State, and to remit this amount to the United States in payment of the State's share of the aforementioned cash settlement.

(b) Defendants State of California and City of Long Beach are authorized to dismiss, with prejudice, their counterclaims heretofore asserted in the Anchor case.

(c) The City of Long Beach is authorized to accept a nominal consideration as just compensation from the United States, upon condemnation by the United States, of fee simple title

to an area not to exceed the hereinafter described tide and submerged lands now occupied by the Long Beach Naval Shipyard and United States Naval Station and located seaward of that portion of the shipyard and naval station which was acquired by the United States in the 1940 condemnation case of "United States of America v. 333.6 Acres of Land, etc.," case No. 1102-BH-Civil, United States District Court for the Southern District of California, Central Division. The condemnation decree shall reserve to the City of Long Beach, in trust for the State of California, the entire mineral estate, including the oil, gas and other hydrocarbon substances therein contained, together with the right to withdraw and recover said minerals; provided, however, that the lands so transferred shall be free and clear of all easements or rights to use the surface of the same for the purposes of exploring, mining, and/or removing oil, and other minerals therefrom. The tide and submerged lands herein authorized to be conveyed, or condemned, are in the City of Long Beach, County of Los Angeles, State of California, are part of the tide and submerged lands heretofore conveyed in trust to the City of Long Beach by the State of California, and are more specifically described as follows:

Beginning at the northeast corner of that certain land known as Parcel No. 2 taken in eminent domain by the United States from the City of Long Beach in that certain condemnation action entitled United States of America vs. 333.6 Acres of Land, etc., No. 1102 BH-Civil, filed in the District Court of the United States for the Southern District of California, Central Division; thence South  $19^{\circ} 16' 25''$  East to the southeast corner of Parcel No. 2 which is the true point of beginning of this description;

Thence South  $19^{\circ} 16' 25''$  East 834.61 feet more or less to a point distant South  $19^{\circ} 16' 25''$  East 1699.61 feet from northeast corner of Parcel No. 2;

Thence South  $19^{\circ} 10' 45''$  East 100.00 feet;

Thence South  $70^{\circ} 43' 01''$  West 150.00 feet;

Thence South  $19^{\circ} 10' 45''$  East 1603.55 feet;

Thence South  $36^{\circ} 07' 59''$  East 3537.36 feet;

Thence South  $70^{\circ} 43' 01''$  West 4705.28 feet;

Thence North  $79^{\circ} 16' 25''$  West 3266.51 feet;

Thence North  $49^{\circ} 16' 25''$  West 755.50 feet to the boundary line between the City of Long Beach and the City of Los Angeles;

Thence North  $19^{\circ} 16' 25''$  West along the boundary line between the City of Long Beach and the City of Los Angeles to the southwest corner of Parcel No. 2;

Thence along the south boundary of Parcel No. 2 to the true point of beginning.

The approximate acreage of the above described area is 951.

The State Lands Commission is hereby authorized and empowered to convey to the United States of America, following condemnation by the United States for a nominal consideration, the reversionary and possessory right, title and interest of the State of California in and to an area not to exceed the above described tide and submerged lands lying within the city limits of the City of Long Beach, County of Los Angeles, State of California, which property is a part of the tide and submerged lands heretofore conveyed in trust to the City of Long Beach by the State of California. Such conveyance by the State shall provide that the lands so transferred shall be free and clear of all easements or rights to use the surface of the same for the purposes of exploring, mining, and/or removing oil and other minerals therefrom, but shall be made upon and subject to the condition that all oil, gas and other mineral deposits and oil, gas and other mineral rights of and appertaining to the lands conveyed shall be reserved to the State of California and its grantee, the City of Long Beach. The conveyance by the State hereby authorized shall be made simultaneously with the dismissal, with prejudice, of the claims of the United States of America in the Anchor case as against the defendants State of California and the City of Long Beach. The State's deed or other instrument necessary to pass the said title to the United States of America shall be in the name and by the authority of the people of the State of California and, upon receipt of a resolution of the State Lands Commission and a report from the Attorney General each approving such conveyance, shall be executed by the Governor, countersigned by the Secretary of State and sealed with the Great Seal of the State

(d) The City of Long Beach is authorized to accept a nominal consideration as just compensation from the United States, upon condemnation by the United States, of fee simple determinable title to the following tide and submerged lands, consisting of a portion of Pier E, hereinafter referred to as the Pier E lands, situate in the City of Long Beach, County of Los Angeles, State of California, and more particularly described as follows:

The northeast corner of that certain land known as Parcel No. 2 taken in eminent domain by the United States from the City of Long Beach in that certain condemnation action entitled United States of America vs. 333.6 Acres of Land, etc., No. 1102 BH-Civil, filed in the District Court of the United States for the Southern District of California, Central Division, is the true point of beginning;

Thence North 19° 16' 25" West 80 00 feet;

Thence North 66° 32' 34" East 43.56 feet;

Thence South 75° 27' 54" East 164.01 feet;

Thence North 66° 32' 34" East 830.31 feet;

Thence South 23° 36' 46" East 1483.13 feet;

Thence South 00° 03' 27" East 575.63 feet;

Thence South 19° 09' 20" East 684.72 feet ;  
Thence North 70° 50' 40" East 77.97 feet ;  
Thence South 19° 09' 20" East 450.48 feet ;  
Thence North 70° 49' 39" East 200.22 feet ;  
Thence South 54° 37' 59" East 368.34 feet ;  
Thence South 70° 49' 51" West 1572.40 feet ;  
Thence North 19° 10' 45" West 1603.55 feet ;  
Thence North 70° 43' 01" East 150.00 feet ;  
Thence North 19° 10' 45" West 100.00 feet ;  
Thence North 19° 16' 25" West 1699.61 feet ;

to the point of beginning.

The approximate acreage of the above described area is 88, for so long as said lands shall be used as part of the Long Beach Naval Shipyard or for purposes of national defense, or other federal purposes, and for no other uses or purposes whatsoever; provided that said lands shall not be leased or otherwise disposed of to private persons or entities for uses not substantially involving a federal function. In the event said lands or any portion thereof, are used for any other than the above specified purposes, or are not used for such specified purposes for a period in excess of two years, or if said lands or any portion thereof are determined by the United States to be no longer necessary for use as a naval shipyard or for purposes of national defense, or other federal purposes, then title to said lands or such portions thereof shall automatically revert to the grantor City of Long Beach, in trust for the State of California; provided, however, that no reversion for nonuse shall occur within 10 years immediately following the United States' acquisition of title to the Pier E lands or, as to lands included within present leases within 10 years after expiration of such leases; provided further that substantial use of said Pier E lands shall preserve the right to use all of such lands except as proper federal officials may from time to time determine unused portions to be excess to the federal need. The condemnation decree shall reserve to the City of Long Beach in trust for the State of California the entire mineral estate, including the oil, gas and other hydrocarbon substances therein contained, together with the right to withdraw and recover said minerals; provided that the city's right to occupy and use the surface of the Pier E lands shall be limited to so much of the surface thereof as reasonably may be required for operation and maintenance of its presently existing oil wells, water injection wells and oil production and water injection facilities on said lands, and the city shall have the right to drill, install, operate and maintain, at surface sites on the Pier E lands acceptable to the United States, such new oil or water injection wells or facilities as reasonably may be necessary. The tide and submerged lands herein authorized to be conveyed, or condemned, are part of the tide and submerged lands heretofore conveyed in trust to the City of Long Beach by the State of California.

The State Lands Commission is hereby authorized and empowered to convey to the United States of America, following condemnation by the United States for a nominal consideration, the reversionary and possessory right, title and interest of the State of California in and to the above described tide and submerged lands, lying within the city limits of the City of Long Beach, County of Los Angeles, State of California, which property, designated as the Pier E lands, is a part of the tide and submerged lands heretofore conveyed in trust to the City of Long Beach by the State of California. This conveyance of the State's interest in the Pier E lands also shall be for so long as said lands shall be used as part of the Long Beach Naval Shipyard or for purposes of national defense, or other federal purposes, and for no other uses or purposes whatsoever; provided that said lands shall not be leased or otherwise disposed of to private persons or entities for uses not substantially involving a federal function. In the event said lands or any portion thereof, are used for any other than the above-specified purposes, or are not used for such specified purposes for a period in excess of two years, or if said lands or any portion thereof are determined by the United States to be no longer necessary for use as a naval shipyard or for purposes of national defense, or other federal purposes, then title to said lands or such portions thereof shall automatically revert to the grantor City of Long Beach, in trust for the State of California; provided, however, that no reversion for nonuse shall occur within 10 years immediately following the United States' acquisition of title to the Pier E lands or, as to lands included within present leases within 10 years after expiration of such leases; provided further that substantial use of said Pier E lands shall preserve the right to use all of such lands except as proper federal officials may from time to time determine unused portions to be excess to the federal need. The conveyance by the State shall be made upon and subject to the condition that the entire mineral estate, including the oil, gas and other hydrocarbon substances therein contained, together with the right to withdraw and recover said minerals, shall be reserved to the State of California and its grantee, the City of Long Beach; provided that the city's right to occupy and use the surface of the Pier E lands shall be limited to so much of the surface thereof as reasonably may be required for operation and maintenance of its presently existing oil wells, water injection wells and oil production and water injection facilities on said lands, and the city shall have the right to drill, install, operate and maintain, at surface sites on the Pier E lands acceptable to the United States, such new oil or water injection wells or facilities as reasonably may be necessary. The conveyance by the State hereby authorized shall be made simultaneously with the dismissal, with prejudice, of the claim of the United States of America as against the defendants State of California and the City of Long Beach in the Anchor case. The State's deed or

other instrument necessary to pass the said title to the United States of America shall be in the name and by the authority of the people of the State of California and, upon receipt of a resolution of the State Lands Commission and a report from the Attorney General each approving such conveyance, shall be executed by the Governor, countersigned by the Secretary of State and sealed with the Great Seal of the State.

The city is authorized to bind itself, by contract, stipulated judgment, or other instrument, providing that in the event the title of the United States government to the Pier E lands shall be terminated, in whole or in part, the city may, within six months following said termination, purchase from the plaintiff, at the then fair market value, any or all of the facilities and other improvements heretofore or hereafter constructed by the plaintiff, or under its authority, on such Pier E lands. Any such facilities or improvements which are not so purchased by the city may be removed from the premises by the plaintiff within 18 months after termination or, in its discretion, may be abandoned by it without liability for such abandonment. The plaintiff shall not be obligated to restore any portion of said Pier E lands to their condition at the time of acquisition by the plaintiff.

The city shall retain its present ownership and possession of and access to the water injection plant and all oil production and water injection facilities and connecting pipelines that are located on Pier E as long as they remain in use. When the water injection plant and other facilities and pipelines are no longer maintained in use, the city shall take all necessary steps to cause them to be removed promptly from the area without cost to the United States.

(e) Although the State of California and the City of Long Beach deny any causal relationship between subsidence and oil production, in order to effect a settlement of the Anchor case, the city is authorized to bind itself, by contract, stipulated judgment or other instrument, to take every appropriate action reasonably directed toward arresting and preventing subsidence of the ground surface at the Long Beach Naval Shipyard and the United States Naval Station including, but not limited to, making all reasonable efforts to maintain and, if necessary, increase the underground fluid pressures, even to the extent of restoring original reservoir pressures, in the oil zones that the city owns beneath and adjacent to the shipyard and naval station during the remaining productive life of such zones. The city also is authorized to assume the following obligations: (1) to assure that the aforesaid city-owned oil zones are adequately repressured at the time production therefrom ceases; (2) to properly seal, plug and shut in all wells producing from the aforesaid city-owned oil zones at the time of their abandonment in order to avoid pressure loss; and (3) to make thereafter periodic tests to verify that adequate zonal pressures are being maintained, and if necessary to take all reasonable steps to restore stable pressures in said zones,



provided however, that the city shall not obligate itself to restore pressure dissipation attributable to tectonic movements or earthquakes. This authorization to maintain and increase underground pressure in the oil zones is in the interest of increasing the ultimate recovery of oil or gas from such lands, or the protection of oil or gas in such lands from unreasonable waste, or possibly arresting or ameliorating the subsidence of such lands and abutting lands without regard as to the causation thereof. Nothing herein contained shall limit or affect the rights, obligations and responsibilities of the State and the city pursuant to the provisions of Chapter 29, California Statutes of 1956, First Extraordinary Session.

### SEC. 3. Authorization for Waivers and Releases

(a) The City of Long Beach is authorized to waive, and the State is authorized to join in such waiver of, any and all possible claims against its drilling and operating contractors for contribution, subrogation and indemnification (expressed or implied) under the city's respective drilling and operating contracts in the Wilmington Oil Field with respect to all moneys and other considerations paid by the city and the State to the plaintiff United States of America in the course of settlement of the Anchor case, for the reason that, at all times material to the Anchor case, said contractors operated in the manner prescribed by the city and without negligence; provided, however, that said municipal contractors waive any and all rights to seek reimbursement or recovery back from the city and the State, by way of contribution, subrogation and indemnification, or otherwise, for any amounts paid by said contractors to the United States in the course of settlement of said Anchor case.

(b) The State of California and the City of Long Beach may execute and exchange with codefendants in the Anchor case mutual releases from liability for damages attributable to subsidence.

### SEC. 4. Authorization to Sign Stipulations and Agreements

The Attorney General of this State and the City of Long Beach are empowered to enter into such stipulations, agreements, or other assurances as may be necessary to effect the settlement herein authorized and approved.

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