

ASSEMBLY BILL

No. 1775

Introduced by Assembly Members Muratsuchi and Limón
(Principal coauthor: Senator Jackson)

January 4, 2018

An act to add Section 6245 to the Public Resources Code, relating to state lands.

LEGISLATIVE COUNSEL'S DIGEST

AB 1775, as introduced, Muratsuchi. State lands: leasing: oil and gas.

Existing law vests exclusive jurisdiction over ungranted tidelands and submerged lands owned by the state to the State Lands Commission. Existing law confers the powers of the commission as to leasing or granting of rights or privileges to lands owned by the state upon a local trustee of granted public trust lands to which those lands have been granted. Existing law authorizes the commission to let leases for the extraction of oil and gas from coastal tidelands or submerged lands in state waters and beds of navigable rivers and lakes within the state in accordance with specified provisions of law.

Existing law, notwithstanding those provisions or any other provision of law, prohibits a state agency or state officer from entering into any new lease for the extraction of oil or gas from the California Coastal Sanctuary, which includes certain state waters subject to tidal influence, unless either (1) the President of the United States has found a severe energy supply interruption and has ordered distribution of the Strategic Petroleum Reserve, the Governor finds that the energy resources of the sanctuary will contribute significantly to the alleviation of that interruption, and the Legislature subsequently acts to amend the law to

allow the extraction, or (2) the commission determines that the oil or gas deposits are being drained by means of producing wells upon adjacent federal lands and the lease is in the best interest of the state.

This bill would prohibit the commission and the local trustees of granted public trust lands from entering into any new lease or other conveyance or from entering into any lease renewal, extension, or modification that authorizes a lessee to engage in new or additional exploration, development, or production of oil or natural gas upon lands owned by the state and under the jurisdiction of the commission that are located seaward of the ordinary high water mark for tidal waterways and the ordinary low water mark for navigable nontidal waterways that would result in the increase of oil or natural gas production from federal waters. The bill would apply the exceptions applicable to the California Coastal Sanctuary to these provisions. The bill would authorize the commission to establish guidelines for the implementation of these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. Section 6245 is added to the Public Resources
- 2 Code, to read:
- 3 6245. (a) Except as provided in subdivision (c), the
- 4 commission shall not enter into any new lease or other conveyance
- 5 that authorizes the exploration for, or the development and
- 6 production of, oil or natural gas upon lands owned by the state and
- 7 under the jurisdiction of the commission that are located seaward
- 8 of the ordinary high water mark for tidal waterways and the
- 9 ordinary low water mark for navigable nontidal waterways that
- 10 would result in the increase of oil or natural gas production from
- 11 federal waters.
- 12 (b) Except as provided in subdivision (c), the commission shall
- 13 not enter into any lease renewal, extension, or modification that
- 14 authorizes a lessee to engage in new or additional exploration,
- 15 development, or production of oil or natural gas upon lands owned
- 16 by the state and under the jurisdiction of the commission that are
- 17 located seaward of the ordinary high water mark for tidal
- 18 waterways and the ordinary low water mark for navigable nontidal

1 waterways that would result in the increase of oil or natural gas
2 production from federal waters.

3 (c) Subdivisions (a) and (b) shall not apply if either of the
4 following occur:

5 (1) The President of the United States has found a severe energy
6 supply interruption and has ordered distribution of the Strategic
7 Petroleum Reserve pursuant to Section 6241(d) of Title 42 of the
8 United States Code, the Governor finds that the energy resources
9 subject to subdivision (a) or (b) will contribute significantly to the
10 alleviation of that interruption, and the Legislature subsequently
11 acts to amend this chapter to allow for the leasing or other
12 conveyance or the lease renewal, extension, or modification, as
13 applicable.

14 (2) The commission determines that oil or gas deposits subject
15 to a lease impacted by subdivision (a) or (b) are being drained by
16 means of producing wells upon adjacent federal lands and the lease
17 or other conveyance, as applicable, is in the best interests of the
18 state.

19 (d) The commission may establish guidelines for the
20 implementation of this section.

21 (e) For the purposes of this section, the following terms have
22 the following meanings:

23 (1) "Commission" means the State Lands Commission or a local
24 trustee of granted public trust lands, as defined pursuant to Section
25 6306.

26 (2) "Development" means those activities taking place following
27 the discovery of oil and natural gas, including geophysical activity,
28 drilling, platform construction, pipeline construction, and operation
29 of all onshore support facilities that are performed for the purpose
30 of ultimately producing the resources discovered.

31 (3) "Exploration" means the process of searching for oil and
32 natural gas, including any drilling, whether on or off known
33 geological structures, including the drilling of a well in which a
34 discovery of oil or natural gas is made and the drilling of any
35 additional delineation well after the discovery that is needed to
36 delineate any reservoir and to enable a lessee to determine whether
37 to proceed with the development and production.

38 (4) "Federal waters" means those waters and submerged lands
39 lying seaward to the state waters of California that appertain to
40 the United States and are subject to federal jurisdiction and control.

1 (5) (A) “New or additional exploration, development, or
2 production of oil or natural gas” includes any activity undertaken
3 to increase the capacity of any pipeline or other infrastructure used
4 to convey oil or natural gas from federal waters.

5 (B) “New or additional exploration, development, or production
6 of oil or natural gas” does not include either of the following:

7 (i) Any activity undertaken to repair, replace, or maintain any
8 pipeline or other infrastructure used to convey oil or natural gas
9 or any other activity necessary to ensure the safe operation of
10 infrastructure used in the exploration, development, or production
11 of oil or natural gas.

12 (ii) Any activity undertaken to convey oil or natural gas
13 produced from state waters.

14 (6) “Production” means those activities that take place after the
15 successful completion of any means for the removal of oil and
16 natural gas, including that removal, field operations, transfer of
17 resources to shore, operation monitoring, maintenance, and
18 work-over drilling. “Producing” means undertaking those activities.

19 (7) “State waters” means the zone in which the United States
20 has released to adjacent coastal states title, ownership, and the
21 right to manage natural resources, as defined pursuant to Section
22 36108.