## Introduced by Senators Jackson and Lara (Principal coauthor: Senator McGuire)

(Principal coauthor: Assembly Member Muratsuchi) (Coauthors: Senators Allen, Stern, and Wiener) (Coauthor: Assembly Member Bloom)

January 4, 2018

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

## LEGISLATIVE COUNSEL'S DIGEST

SB 834, as introduced, Jackson. 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

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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:

SECTION 1. Section 6245 is added to the Public Resources Code, to read:

6245. (a) Except as provided in subdivision (c), the commission shall not enter into any new lease or other conveyance that authorizes the exploration for, or the development and 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.

(b) Except as provided in subdivision (c), the commission shall not enter 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

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

- (c) Subdivisions (a) and (b) shall not apply if either of the following occur:
- (1) The President of the United States has found a severe energy supply interruption and has ordered distribution of the Strategic Petroleum Reserve pursuant to Section 6241(d) of Title 42 of the United States Code, the Governor finds that the energy resources subject to subdivision (a) or (b) will contribute significantly to the alleviation of that interruption, and the Legislature subsequently acts to amend this chapter to allow for the leasing or other conveyance or the lease renewal, extension, or modification, as applicable.
- (2) The commission determines that oil or gas deposits subject to a lease impacted by subdivision (a) or (b) are being drained by means of producing wells upon adjacent federal lands and the lease or other conveyance, as applicable, is in the best interests of the state.
- (d) The commission may establish guidelines for the implementation of this section.
- (e) For the purposes of this section, the following terms have the following meanings:
- (1) "Commission" means the State Lands Commission or a local trustee of granted public trust lands, as defined pursuant to Section 6306.
- (2) "Development" means those activities taking place following the discovery of oil and natural gas, including geophysical activity, drilling, platform construction, pipeline construction, and operation of all onshore support facilities that are performed for the purpose of ultimately producing the resources discovered.
- (3) "Exploration" means the process of searching for oil and natural gas, including any drilling, whether on or off known geological structures, including the drilling of a well in which a discovery of oil or natural gas is made and the drilling of any additional delineation well after the discovery that is needed to delineate any reservoir and to enable a lessee to determine whether to proceed with the development and production.
- (4) "Federal waters" means those waters and submerged lands lying seaward to the state waters of California that appertain to the United States and are subject to federal jurisdiction and control.

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

- (B) "New or additional exploration, development, or production of oil or natural gas" does not include either of the following:
- (i) Any activity undertaken to repair, replace, or maintain any pipeline or other infrastructure used to convey oil or natural gas or any other activity necessary to ensure the safe operation of infrastructure used in the exploration, development, or production of oil or natural gas.
- (ii) Any activity undertaken to convey oil or natural gas produced from state waters.
- (6) "Production" means those activities that take place after the successful completion of any means for the removal of oil and natural gas, including that removal, field operations, transfer of resources to shore, operation monitoring, maintenance, and workover drilling. "Producing" means undertaking those activities.
- (7) "State waters" means the zone in which the United States has released to adjacent coastal states title, ownership, and the right to manage natural resources, as defined pursuant to Section 36108.