

AMENDED IN ASSEMBLY MARCH 22, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

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 amended, 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 or a local trustee, as defined,~~ 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~~ *any activity upon tidelands and submerged lands in the California Coastal Sanctuary* that would result in the increase of oil or natural gas production ~~from from, or facilitate additional development of, or exploration for, oil or natural gas from,~~ federal waters. The bill would ~~apply the~~ *provide that these provisions do not prevent specified activities, including, among others, issuance by the commission of leases pursuant to exceptions applicable to the California Coastal Sanctuary to these provisions: Sanctuary described above.* The bill would authorize the commission to establish ~~guidelines~~ *regulations* 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 *or a local trustee* shall not enter into any new lease
- 5 or other conveyance ~~that authorizes the exploration for, or the~~
- 6 ~~development and production of, oil or natural gas upon lands~~
- 7 ~~owned by the state and under the jurisdiction of the commission~~
- 8 ~~that are located seaward of the ordinary high water mark for tidal~~
- 9 ~~waterways and the ordinary low water mark for navigable nontidal~~
- 10 ~~waterways upon tidelands and submerged lands in the California~~
- 11 *Coastal Sanctuary* that would result in the increase of oil or natural
- 12 gas production ~~from from, or facilitate additional development of,~~
- 13 *or exploration for, oil or natural gas from,* federal waters.

1 (b) Except as provided in subdivision (c), the commission *or a*
2 *local trustee* shall not enter into any lease renewal, extension, or
3 modification that authorizes a lessee to engage in ~~new or additional~~
4 exploration, development, or production of oil or natural gas upon
5 lands ~~owned by the state and under the jurisdiction of the~~
6 ~~commission that are located seaward of the ordinary high water~~
7 ~~mark for tidal waterways and the ordinary low water mark for~~
8 ~~navigable nontidal waterways~~ *any activity upon tidelands and*
9 *submerged lands in the California Coastal Sanctuary* that would
10 result in the increase of oil or natural gas production ~~from from,~~
11 ~~or facilitate additional development of, or exploration for, oil or~~
12 ~~natural gas from,~~ federal waters.

13 (e) ~~Subdivisions (a) and (b) shall not apply if either of the~~
14 ~~following occur:~~

15 (1) ~~The President of the United States has found a severe energy~~
16 ~~supply interruption and has ordered distribution of the Strategic~~
17 ~~Petroleum Reserve pursuant to Section 6241(d) of Title 42 of the~~
18 ~~United States Code, the Governor finds that the energy resources~~
19 ~~subject to subdivision (a) or (b) will contribute significantly to the~~
20 ~~alleviation of that interruption, and the Legislature subsequently~~
21 ~~acts to amend this chapter to allow for the leasing or other~~
22 ~~conveyance or the lease renewal, extension, or modification, as~~
23 ~~applicable.~~

24 (2) ~~The commission determines that oil or gas deposits subject~~
25 ~~to a lease impacted by subdivision (a) or (b) are being drained by~~
26 ~~means of producing wells upon adjacent federal lands and the lease~~
27 ~~or other conveyance, as applicable, is in the best interests of the~~
28 ~~state.~~

29 (c) *Nothing in this section shall prevent any of the following:*

30 (1) *The commission from issuing leases pursuant to Section*
31 *6243 or 6244.*

32 (2) *Any activity undertaken to repair, replace, or maintain any*
33 *pipeline or other infrastructure used to convey oil or natural gas*
34 *or any other activity necessary to ensure the safe operation of*
35 *infrastructure used in the exploration, development, or production*
36 *of oil or natural gas.*

37 (3) *Any activity undertaken to convey oil or natural gas*
38 *produced from state waters.*

39 (d) The commission may establish ~~guidelines~~ *regulations* for
40 the implementation of this section.

1 (e) For the purposes of this section, the following terms have
2 the following meanings:

3 (1) *“California Coastal Sanctuary” means the California*
4 *Coastal Sanctuary described in Section 6242.*

5 ~~(1)~~

6 (2) ~~“Commission” means the State Lands Commission or a local~~
7 ~~trustee of granted public trust lands, as defined pursuant to Section~~
8 ~~6306. Commission.~~

9 ~~(2)~~

10 (3) *“Development” means those activities taking place following*
11 *the discovery of oil and natural gas, including geophysical activity,*
12 *drilling, platform construction, pipeline construction, and operation*
13 *of all onshore support facilities that are performed for the purpose*
14 *of ultimately producing the resources discovered.*

15 ~~(3)~~

16 (4) *“Exploration” means the process of searching for oil and*
17 *natural gas, including any drilling, whether on or off known*
18 *geological structures, including the drilling of a well in which a*
19 *discovery of oil or natural gas is made and the drilling of any*
20 *additional delineation well after the discovery that is needed to*
21 *delineate any reservoir and to enable a lessee to determine whether*
22 *to proceed with the development and production.*

23 ~~(4)~~

24 (5) *“Federal waters” means those waters and submerged lands*
25 *lying seaward to the state waters of California of the three mile*
26 *nautical limit, as set forth by the federal Submerged Lands Act (43*
27 *U.S.C. Sec. 1301), that appertain to the United States and are*
28 *subject to federal jurisdiction and control.*

29 ~~(5) (A) “New or additional exploration, development, or~~
30 ~~production of oil or natural gas” includes any activity undertaken~~
31 ~~to increase the capacity of any pipeline or other infrastructure used~~
32 ~~to convey oil or natural gas from federal waters:~~

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

35 ~~(i) Any activity undertaken to repair, replace, or maintain any~~
36 ~~pipeline or other infrastructure used to convey oil or natural gas~~
37 ~~or any other activity necessary to ensure the safe operation of~~
38 ~~infrastructure used in the exploration, development, or production~~
39 ~~of oil or natural gas.~~

1 ~~(ii) Any activity undertaken to convey oil or natural gas~~
2 ~~produced from state waters.~~

3 (6) *“Local trustee” means a local trustee of granted public trust*
4 *lands that is a county, city, or district, including water, sanitary,*
5 *regional park, port, or harbor districts, or any other local political*
6 *or corporate subdivision that has been granted public trust lands*
7 *through a legislative grant.*

8 ~~(6)~~

9 (7) *“Production” means those activities that take place after the*
10 *successful completion of any means for the removal of oil and*
11 *natural gas, including that removal, field operations, transfer of*
12 *resources to shore, operation monitoring, maintenance, and*
13 *work-over drilling. “Producing” means undertaking those activities.*

14 ~~(7) “State waters” means the zone in which the United States~~
15 ~~has released to adjacent coastal states title, ownership, and the~~
16 ~~right to manage natural resources, as defined pursuant to Section~~
17 ~~36108.~~

AB 1775

Offshore Oil Drilling (Muratsuchi- Limón)

Assemblymember
Monique Limón
37TH DISTRICT



THIS BILL

AB 1775 prohibits State Lands Commission or a local trustee agency from authorizing new construction of oil and gas infrastructure that would facilitate new exploration, development, or production of oil or natural gas from the Outer Continental Shelf.

An identical measure, SB 834 by Senator Jackson and Lara, has been introduced concurrently in the Senate.

BACKGROUND

Historically, California has fought to protect its coastline and waters from the inherent risks associated with offshore drilling and exploration for oil and natural gas. California's policy to protect our coast and ocean-based economy has traditionally received bipartisan support.

For decades, the federal government has respected California's policy to keep new drilling operations out of state and federal waters off of our coast. However, on January 2018, the Federal administration announced a proposal to open up over 90% of the Outer Continental Shelf (OCS) nationwide to new leasing for oil and gas production, including six new leases in the federal waters off of California's coast.

PURPOSE

Expanded oil and gas development off of our coast significantly increases the risk of oil spills, which endanger the ocean, our environment and wildlife, and our coastline. Additionally, offshore production threatens California's ocean-based economy, which generated \$662 billion in wages and \$1.7 trillion in GDP, according to a report published by National Oceanic and Atmospheric Administration.

By ensuring that new and renewed leases are not granted, California will be able to protect the environment, our coast, and our economy from the risks posed by offshore drilling and production.

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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

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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

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:
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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 workover 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.

Senate Bill 834

Offshore Oil and Gas Development

Senator Jackson and Senator Lara

SUMMARY

This bill prohibits State Lands Commission from approving any new leases, or any lease renewals, extensions, or modifications, in state waters that would result in an increase of oil or natural gas production from federal waters.

BACKGROUND

California has long sought to protect its stunning coasts and oceans from the risks inherent with offshore drilling, beginning with the state's first withdrawal of coastal lands from oil and gas leasing in 1921. Over the years, leaders of both parties have recognized the unacceptably high risk that offshore oil and gas production poses to our environment, our economy, and our coastal communities. In 1994, the Legislature passed the California Coastal Sanctuary Act, which prohibited new oil and gas leases in the state's coastal waters. And, in December 2016, members of the California Senate joined Governor Brown in requesting then-President Obama to permanently withdraw California's coast from oil and gas leasing.

After over 30 years of bipartisan consensus to keep new drilling out of federal waters off California, in April 2017, the Trump administration issued an Executive Order directing federal agencies to seriously consider the production of offshore oil and gas in U.S. waters. Just months later, on January 4th, 2018, the administration announced an aggressive policy to open up over 90% of Outer Continental Shelf (OCS) nationwide to new leasing for oil & gas production, starting in 2019.

In the announcement, Interior Secretary Ryan Zinke made clear his department would push to open drilling at an unprecedented scale. Six of a total seven West Coast leases (excluding Alaska) were proposed off of California alone, along the entire length of the coast.

Additional offshore oil and gas development in California poses a serious risk of oil spills, jeopardizing our air and water quality, as well as our marine resources and wildlife, including threatened species.

Offshore oil development leads to the industrialization of the shoreline, visually degrading coastal areas, creating land use conflicts, and posing potentially life-threatening public safety risks.

Expanded offshore oil and gas production also directly threatens the health of California's ocean-based economy, which produces approximately \$44.5 billion in GDP each year, and employs almost half a million people in the state. According to the National Oceanic and Atmospheric Administration, California's coastal regions generated \$662 billion in wages and \$1.7 trillion in GDP in 2012. We cannot risk harming one of the world's largest economic engines by reversing course on 30 years of bipartisan agreement that has kept California's coast off limits to oil and gas exploration.

SOLUTION - SB 834

SB 834 protects the California coast from new offshore oil and gas development by prohibiting the State Lands Commission from approving any leases of submerged lands that would result in an increase of oil or natural gas production from federal waters.

This bill also prohibits the Commission from approving any lease renewal, extension, or modification – including for the construction of additional pipelines, piers, and wharves – undertaken to increase capacity for the production of oil and gas from federal waters.

An identical measure, AB 1775 (Muratsuchi and Limon), has been introduced concurrently in the Assembly.

STATUS

Expected to be heard at Senate Natural Resources and Water Committee in April 2018.

CONTACT

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