

AMENDED IN ASSEMBLY APRIL 20, 2017

AMENDED IN ASSEMBLY APRIL 4, 2017

AMENDED IN ASSEMBLY MARCH 14, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1472

Introduced by Assembly Member Limón

February 17, 2017

An act to amend Section 6804 of the Public Resources Code, relating to public lands.

LEGISLATIVE COUNSEL'S DIGEST

AB 1472, as amended, Limón. Public lands: assignments and transfers: oil, gas, and mineral leases.

Existing law vests with the State Lands Commission control over certain public lands. Existing law authorizes, with respect to oil, gas, and mineral leases, the assignment, transfer, or sublet as to all or any part of certain leased or permitted lands, as prescribed, subject to approval by the commission, to any person, association of persons, or corporation, who at the time of the proposed assignment, transfer, or sublease, possesses certain qualifications.

This bill would authorize the commission, in considering an approval of an assignment, transfer, or sublet of a lease under those provisions, to consider whether the proposed assignee, as defined, is likely to comply with all provisions of the assigned lease for the duration of the lease term, as determined by specified factors.

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 6804 of the Public Resources Code is
2 amended to read:
3 6804. (a) A lease or permit issued under this chapter may be
4 assigned, transferred, or sublet as to all or any part of the leased
5 or permitted lands, and as to either a divided or undivided interest
6 therein, or as to any separate and distinct zone or geological horizon
7 or portion thereof, subject to approval by the commission, to any
8 person, association of persons, or corporation, who at the time of
9 the proposed assignment, transfer, or sublease, possesses the
10 qualifications provided in this chapter. Any assignment, transfer,
11 or sublease shall take effect as of the first day of the month
12 following the approval by the commission and filing with the
13 commission of an executed counterpart thereof, together with any
14 required bond and proof of the qualification, under this act and the
15 rules and regulations of the commission, of the assignee, transferee,
16 or sublessee to take or hold that lease, permit, or interest therein.
17 Unless approved by the commission no assignment, transfer, or
18 sublease shall be of any effect. Upon approval of any assignment,
19 transfer, or sublease the assignee, transferee, or sublessee shall be
20 bound by the terms of the lease or permit to the same extent as if
21 that assignee, transferee, or sublessee were the original lessee or
22 permittee, any conditions in the assignment, transfer, or sublease
23 to the contrary notwithstanding. Any assignment or transfer of a
24 separate portion of any lease or permit or of a separate and distinct
25 zone or geological horizon, or a portion thereof, shall segregate
26 the assigned, transferred, or subleased portion thereof from the
27 retained portion thereof, and that approval shall release and
28 discharge the assignor or transferor from all obligations thereafter
29 accruing under that lease or permit with respect to the assigned or
30 transferred lands, zones, or horizons, and those segregated leases
31 or permits shall continue in full force and effect for the primary
32 term of the original lease or permit, but, in the case of any lease,
33 for not less than two years after the date of discovery of oil or gas
34 in paying quantities, or commercially valuable deposit of minerals,
35 upon any segregated portion of the lands, zones, or horizons
36 originally subject to that lease, and so long thereafter as oil or gas
37 is produced in paying quantities. Assignments or transfers under
38 this section may also be made with the approval of the commission

1 of parts of leases that are in their extended term because of
2 production, and the segregated lease of any undeveloped lands,
3 zones, or horizons shall continue in full force and effect for two
4 years and so long thereafter as oil or gas or minerals are produced
5 in paying quantities from the segregated lease lands, zones, or
6 horizons.

7 (b) (1) In considering the approval of an assignment, transfer,
8 or sublet of a lease under subdivision (a), the commission may
9 consider whether a proposed assignee is likely to comply with the
10 provisions of the assigned, transferred, or sublet lease for the
11 duration of the lease term, as determined by all of the following
12 factors:

13 (A) The proposed assignee's prior experience with ~~offshore oil~~
14 ~~production.~~ *offshore or onshore oil or gas production or mineral*
15 *extraction, as applicable.*

16 (B) Any financial or economic considerations that may affect
17 a proposed assignee and its ability to comply with the terms of a
18 lease.

19 (C) Any information concerning the proposed assignee's
20 compliance or noncompliance with other contractual obligations
21 to the state or any other party.

22 (D) Any record of noncompliance with any other laws or
23 regulations.

24 (2) For purposes of this section, "proposed assignee" means the
25 person or entity in whose name the lease will be held after
26 assignment, transfer, or sublet of a lease, or any person or entity
27 that makes managerial decisions for or exercises managerial control
28 over the assignee.