

STATE OF CALIFORNIA

Minutes of the Meeting of the
State Lands Commission
Sacramento, California

July 24, 1975

A regular meeting of the State Lands Commission was called to order by Chairman Kenneth Cory in Room 2170, State Capitol, Sacramento, California, at 10:15 a.m. on Thursday, July 24, 1975.

Present: Kenneth Cory, State Controller, Chairman
Mervyn M. Dymally, Lieutenant Governor, Commissioner --
left after his presentation on the block consolidation of state school lands and was replaced by
Walter McGuire, Deputy to the Lieutenant Governor
Roy M. Bell, Director of Finance, Commissioner

Staff Members in Attendance:

William F. Northrop, Executive Officer
Robert C. Hight, Staff Counsel
Steven Lindfeldt, Staff Counsel
James F. Trout, Manager, Land Operations
Diane Jones, Secretary

Also in Attendance:

Representing the Office of the Attorney General

Jay L. Shavelson, Assistant Attorney General
N. Gregory Taylor, Deputy Attorney General

Appearances:

After the meeting was called to order, Chairman Kenneth Cory acknowledged a letter from Commissioner Mervyn M. Dymally appointing Walter McGuire to serve as his Deputy on the Commission, pursuant to new legislation enacted into law (SB 277--Kennick)

Mr. John Lamont, attorney, representing the law firm of Lobel, Novins, and Lamont, Washington, D.C., presented a status report on the pending Federal Energy Administration's proceedings for a revision of the gravity price penalty which is currently imposed on California crude oil.

Re Minute Item 4 - Ceding of Concurrent Jurisdiction

A. Rex Victor, Assistant District Attorney,
San Bernardino County

Captain Jay D. Hughes, representing Frank Bland,
Sheriff, San Bernardino County

Ralph G. Mihan, attorney at law, representing
the Department of Interior, National Parks
Service

Re Minute Item 21 - Termination of Noncommercial Lease

PRC 3376; Decon Corporation

Winfield D. Wilson, attorney at law, representing
Nossaman, Waters, Krueger, Marsh & Riordan

Westcott Griswold, attorney, representing the
Ford Foundation

EXECUTIVE OFFICER'S REPORT

During the Executive Officer's report, Mr. William F. Northrop reported on the following items:

1. Geysers Geothermal Inspection of Union Oil Company's well "GDC" 65-28. W 6325
2. Oil well sample library at the California State University at Bakersfield. W 9793
3. New Division brochure describing the duties and responsibilities of the State Lands Commission.
4. Gravity price differential on crude oil. At this time, Mr. Northrop introduced Mr. John Lamont, attorney, representing the law firm of Lobel, Novins & Lamont, who gave a status report on the pending Federal Energy Administration proceedings for a revision of the gravity price penalty which is currently imposed on California crude oil. W 9603

Mr. Northrop's written comments are attached as Exhibit "A" and by reference made a part hereof.

Attachment:
Exhibit "A" (4 pages)

EXHIBIT "A"

STATE LANDS COMMISSION MEETING
July 24, 1975

EXECUTIVE OFFICER'S REPORT
by
William F. Northrop

1. GEYSERS GEOTHERMAL INSPECTION

Chairman Cory inspected the Geysers geothermal operation late last month and visited Union's Well "GDC" 65-28, which had blown out on March 31st. The well was apparently damaged by a landslide, but the casing remained intact. The blowout could have been prevented had the casing been set at a depth of 1500 feet in the serpentinite rock, rather than at 750 feet. It is also felt that the problems which led to the blowout could have been detected at an early date if the well had been inspected on a routine basis.

It is the staff's opinion that this type of blowout could not occur on State leases because State wells are cased through serpentinite to a depth of at least 2900 feet.

Because the Union blowout did occur at the Geysers, the State Lands Division has stepped up its well inspection program. All State wells are being inspected now.

During each inspection, a review of the geologic features in the vicinity of each well will be made. Particular attention will be paid to such features as creep phenomena, tension cracks, alteration zones, slide scars, colluvial soils, springs and seeps, ponded water and vegetation. The condition of the drill pad will also be determined, along with inspection of the well head itself.

2. OIL WELL SAMPLE LIBRARY

Last year the State Lands Division committed, subject to budget restraints, a sum of \$2,000 per year for 3 years as its share of a library for storing oil well cores and other samples. I would like the Commission to ratify that commitment. Additionally, funds have been committed by the U. S. Geological Survey (\$12,000 per year for 3 years), the California Division of Oil and Gas (\$5,000 per year for 3 years), the California Division of Mines and Geology (\$2,000 per year for 3 years), and the Western Oil and Gas Association (\$42,000 for erection of a building).

The oil industry is presently disposing of much of its inventory of such samples and this material could be lost forever. California is the only major oil producing state without a commercial or government sponsored well sample facility.

An advisory committee composed of representatives from industry, professional societies, college faculty, college administration, private education, the Division of Oil and Gas, the Division of Mines and Geology and the State Lands Division is to be formed to frame bylaws for operations. The library will be available to all interested parties with bona fide students given free access.

Proposed equipment would include microscopes, ultra-violet lamps, rock saws and other tools. A site for the library has been chosen at the California State College, Bakersfield, for the reasons of availability of land and central location to the oil fields of the State. The facility will consist of a prefabricated steel storage building 60 feet by 100 feet, erected on a concrete slab with electrical outlets and fresh water. The facility will be the property of the College.

3. BROCHURES

In response to many public inquiries, the staff has prepared a small, folded brochure describing the duties and responsibilities of the State Lands Commission and has ordered a printing of 10,000. These brochures will be used to respond to hundreds of requests from schools, organizations and private citizens asking for information on the Commission's activities. We expect to receive the

the order next week and will distribute copies to your separate offices for distribution as well as having a supply available from the State Lands Division.

4. GRAVITY DIFFERENTIAL

Mr. John Lamont, who is the Commission's legal consultant in Washington, D. C., is with us today and is prepared to report to you on the status of the pending Federal Energy Administration proceedings for change of price freeze rules on the gravity penalty being imposed on California state-owned crude oil.

REPORT BY THE LIEUTENANT GOVERNOR ON THE
BLOCK CONSOLIDATION OF STATE SCHOOL LANDS

Commissioner Mervyn M. Dymally made a presentation endorsing the block consolidation of state school lands in California by the State Lands Commission and its staff, with the aid of the California Congressional delegation. His written statement is attached as Exhibit "A" and by reference made a part hereof. Commissioner Dymally left the meeting immediately after his presentation.

Attachment:
Exhibit "A" (3 pages)

EXHIBIT "A"

Statement by

Lieutenant Governor Mervyn M. Dymally

to State Lands Commission

on July 24, 1975

Concerning Block Consolidation

With the help of the State Lands Commission ~~and its staff~~, and hopefully with the aid of the California Congressional delegation, I am today beginning an effort that I hope can resolve a hundred year old problem that has held up development and use of over 700,000 acres of state land.

This land was given to California by the federal government in 1853. It consists of 640-acre parcels scattered that were supposed to be sold or used by the state to raise revenue for schools. The Commission presently has jurisdiction of over approximately 600,000 acres of their school lands and has an entitlement to an additional 100,000 acres which have never been turned over to the State.

Unfortunately, much of this land is virtually unusable due to its location or quality. The parcels are located throughout the state in a checkerboard fashion, making it almost impossible to use the land for any valuable purpose. However, we can consolidate these parcels into usable land by making trades with the federal government.

There are many uses for such land once the state could obtain it. Instead of possessing virtually unusable land, we could obtain land that could be utilized for recreation, timber harvesting, camping, open space, wildlife protection, and natural areas--at little or no cost.

Perhaps more importantly would be the utilization of such land for the development of alternative energy sources. For example, I have

been pursuing with great interest the need for expanding the state's efforts to develop geothermal energy. The State of California is one of the few states in the country with natural deposits suitable for the development of geothermal energy. Not only could California lead the way in easing our dependence upon fossil fuels, we could also begin to obtain some revenue from the land owned by the state. That revenue would then go for the purpose the federal government gave this state the land in the first place -- to provide money for education.

The State of California cannot now benefit from the hundreds of parcels of land scattered around the state as they are. However, if we can consolidate our holdings by trading with the federal government much greater use could be made of the land. This is not a new problem and the federal government will need some prodding and some gentle persuasion. Previous efforts at consolidation through trade with the Bureau of Land Management have been hampered by budgetary restrictions and complicated by federal statutes.

The first step is for California to complete a final inventory of all lands under state possession, and to formulate suggestions for what land should be exchanged. This task is currently being performed by the Commission staff and I am confident that their report will be completed by the 1st of September. The next step will be to secure the approval of the legislature here in California and the Congressional delegation in Washington. I am confident that if all the elected representatives of California work together, we will be able to accomplish a great benefit for this State.

Since becoming a member of the commission, I have been troubled by our inability to make the best use of literally millions of acres of state-owned land. This is one step in that direction.