

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
JANUARY 15, 1976

Chairman Kenneth Cory called the meeting to order at 10:10 a.m., noting the absence of Governor Dymally, who later arrived at 10:15 a.m., and the presence of Mr. Bell.

The minutes of the December 1, 1975, meeting were confirmed as presented.

EXECUTIVE OFFICER'S REPORT:

New Format

Mr. William F. Northrop, Executive Officer, explained that a new calendar format for preparing and presenting the monthly summary, calendar and minutes of each Commission meeting was being instituted at this meeting.

Tower Bridge Restaurant

Mr. Northrop gave a brief description of a project being handled by Caltrans to construct a restaurant on the upper portion of the Tower bridge in Sacramento. The restaurant would essentially be over the Sacramento River, and Caltrans requested a conceptual approval of the project from the Commission.

Mr. James F. Trout, Manager, Land Operations, explained the lease rental terms, and Chairman Cory questioned how the rental was to be split between Caltrans and the Commission. Mr. Linson Patton, Supervising Land Agent, replied the rental would be split one-quarter to the State Lands Commission and three-quarters to Caltrans. Conceptual approval was given by the Commission, and Mr. Northrop stated a lease agreement for formal consent should be before the Commission in the near future.

Standard Oil EIR

Mr. Northrop gave a progress report on the preparation of an EIR by Woodward-Clyde Consultants on Standard Oil Company's application to resume drilling operations offshore Summerland and Carpinteria in the Santa Barbara Channel. A preliminary draft of the report has been completed and is being revised by staff. Upon completion of staff review, a draft EIR with proposed revisions will be presented to the Commission, probably sometime in March.

Cession of Jurisdiction Legislation

Mr. Northrop described a draft of proposed legislation to amend Government Code Section 126 concerning jurisdiction over federally owned lands in California. This legislation was drafted by the Office of the Attorney General. The staff will

be working with legislative staff on introduction of a bill to accomplish the Commission's objectives in this regard.

SOHIO Pipeline Analysis

In response to the Commission's request for an analysis of the SOHIO proposal to transport Alaskan Crude oil from Long Beach to Midland, Texas, Mr. Northrop gave an explanation on a preliminary report prepared by staff.

Chairman Cory clarified the Commission's request for such a report, with respect to including all proposals by various oil companies, rather than limiting the report only to SOHIO. Mr. Northrop responded the more comprehensive report, which should be ready for Commission approval next month, would include all proposals.

Mr. Northrop concluded his report by stating he would like to make preliminary statements when the Commissioners reached Calendar Items 4, 5, 6, and 7.

Before the Commission started the Energy and Mineral Resources Statewide section of the Calendar, Mr. Northrop responded to a request from Commissioner Dymally on the current situation with Mr. Zarb and the FEA.

Since the last Commission meeting, Mr. Northrop met once with Mr. Zarb in Washington, D.C., and three times with FEA staff in California. Congressman Mark Hannaford has been helpful in these meetings, and informed Mr. Northrop that he felt California had a good opportunity to get a favorable parity ruling from the FEA, since the State could lose production if it does not receive parity.

Another meeting with the FEA has been scheduled in Washington, D.C., for January 22, 1976, which Mr. Northrop plans to attend. An informal ruling could be expected on or about February 1, 1976.

Mr. Northrop went on to say that crude oil pricing in the 40-month decontrol period will also be discussed at the January 22, 1976, hearing. Commissioner Dymally inquired about new and old oil, and it was explained that the definition of new oil has been changed from a 1972 base period to a 1974 base period. The State, therefore, cannot expect a large increase in income if the State should achieve the parity ruling as requested.

Mr. Northrop then described the new legislative formula whereby the President has authority to decontrol oil on a graduated basis until, at the end of 40 months, all oil would be decontrolled including Long Beach oil. He further stated that Mr. W. M. Thompson, Manager, Long Beach Operations, is presently taking severe steps to keep Long Beach expenditures in line with revenue received during the next 40 months of graduated control.

The date for the next Commission meeting was confirmed for February 26, 1976.

Mr. Northrop's written comments are attached as Exhibit "A".

EXHIBIT "A"

EXECUTIVE OFFICER'S REPORT
STATE LANDS COMMISSION MEETING
January 15, 1976

by

William P. Northrop

NEW FORMAT

Adm.
SLC Calendars

This meeting will inaugurate a new format for preparing and presenting the monthly summary, calendar, and minutes of each Commission meeting. The new methods provide a more orderly calendar, and one in which the numbers of the summary items correspond to the numbers of the calendar items -- making it a simpler process for all to follow. In addition, we have been able to achieve significant savings in postage, labor, and paper materials.

TOWER BRIDGE RESTAURANT

WP 442

The California Department of Transportation is in the process of finalizing a lease with Sunstone International, Ltd., to construct a restaurant building on the upper portion of the Tower Bridge in Sacramento. Because the restaurant would be, essentially, over the Sacramento River, CALTRANS has approached staff for consideration of such an arrangement.

Under the plan, lease rental terms to the State are being discussed in the amount of \$450 per year minimum for the commercial lease, plus 1/2 percent of the restaurant's gross receipts.

If you have no objection to the concept of having a public restaurant on the Tower Bridge, I will instruct staff to continue negotiations with CALTRANS -- in the hope that we can come back to

you soon for approval on lease terms. If you approve the concept, a proposed lease agreement could be brought before you within the near future for formal consent in compliance with all rules and regulations.

STANDARD OIL EIR

W 9732

Last July the Commission authorized staff to enter into a contract with Woodward-Clyde Consultants for preparation of an EIR on Standard Oil Company's application to resume drilling operations offshore Summerland and Carpinteria in the Santa Barbara Channel.

A preliminary draft of the report has been completed and staff is currently reviewing the material. Upon completion of staff review, revisions will be made and the draft Environmental Impact Report submitted for your consideration. This should be sometime in March. The document would then be circulated in accordance with CEQA requirements. We would propose to hold a public hearing on the matter in late Spring.

CESSION LEGISLATION

W 1163.8

We have received from the Office of the Attorney General a draft of proposed legislation to amend Government Code Section 126 concerning jurisdiction over federally owned lands in California.

The proposed amendment would allow the State to change its exclusive jurisdiction over such lands to a jurisdiction that would be concurrent with the Federal Government, except in certain cases. Authority is also provided for the State Lands Commission to limit cessions of concurrent jurisdiction. Such limitations would be specified and made a part of the Commission's orders and resolutions.

Our staff will be working with legislative staff on introduction of a bill to accomplish these purposes.

SOHIO PIPELINE ANALYSIS

W 4300

In response to the Commission's request for an analysis of the SOHIO proposal to transport Alaskan crude oil from Long Beach to Midland, Texas, staff has prepared a preliminary report (which you have before you).

This document is the initial portion of a more comprehensive report which considers California's total ability to import, refine, and transport crude oil and natural gas coming into the State from Alaska and foreign sources. The more comprehensive report will be submitted to you next month.

GRANTED LANDS

Mr. Chairman, when the Commissioners reach Calendar Item 4 I would like to make a preliminary statement concerning that item as well as Items 5, 6 and 7.

STATE OF CALIFORNIA

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

APPEARANCES

Present: Kenneth Cory, State Controller, Chairman
Roy W. Bell, Director of Finance, Commissioner
Mervyn M. Dymally, Lieutenant Governor,
Commissioner (arrived at 10:15 a.m.)

Staff Members in Attendance:

William P. Northrop, Executive Officer
Robert C. Hight, Staff Counsel
James F. Trout, Manager, Land Operations
Donald J. Everitts, Manager, Energy and Mineral
Resources Development
Diane Jones, Secretary

Also in Attendance:

Representing the Office of the Attorney General

N. Gregory Taylor, Assistant Attorney General
Katherine E. Stone, Deputy Attorney General

Re Minute Item 1 - Reconsideration of Commission Action Relative
to the Issuance of a Dredging Permit to
Antone Dowrelto

Honorable John A. Nejedly, Seventh
Senatorial District, California State
Legislature
Antone Dowrelto, in pro per (did not speak)
Frank C. Boerger, Consulting Engineer,
representing Dowrelto Yacht Harbor
(did not speak)

Re Minute Item 2 - Amendment of Commercial Lease PRC 2052;
Anona Dunbar Perry, dLa Perry's Boat Harbor
Anona Dunbar Perry, in pro per

Re Minute Item 8 - Authorization to Terminate, by Notice, of
Application (Bid) to Purchase State Land
(Application SA 5577) County of Lassen
L. J. Bingham, County Supervisor, County of
Lassen
Dick Uptegrove, Deputy Road Commissioner,
County of Lassen

Re Minute Item 22 - Approval of Proposed Drilling of New Wells
"State 392" OJ-264 and "State 392" OJ-265;
Exchange Oil and Gas Lease E 392; Burmah
Oil and Gas Company
C. E. (Bill) Woods, representing Burlah
Oil and Gas Company

Re Minute Item 24 - Quitclaim of Oil and Gas Lease PRC 2207;
Phillips Petroleum Company and Exxon
Corporation, et al.
James Arthur Dink, in pro per

RECORD OF ACTIONS TAKEN AT JANUARY 15, 1976, STATE LANDS COMMISSION
MEETING

During the meeting, the recommendations of the staff relative to Calendar Items 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 25, 26, 27, 28, 29, 31, 32, 33, 34, and 36 were adopted as the resolutions of the Commission by unanimous vote.

With regard to Calendar Items 1, 2, 3, 4, 8, 22, 23, 24 and 37, the resolutions of the Commission are as set forth on pages

Calendar Items 30 and 35 were informative only with no Commission action being necessary.