

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
APRIL 28, 1976

Chairman Kenneth Cory called the regular meeting of the State Lands Commission to order at 10:02 a.m. The other members present were Commissioners Mervyn M. Dymally and Roy M. Bell.

The minutes of the meeting of March 25, 1976, were approved as written.

EXECUTIVE OFFICER'S REPORT

Mr. William F. Northrop, Executive Officer, reported on the status of the Donner Lake pipeline. At this time, the Commission decided that a calendar item should be prepared for the next meeting to advise all parties that the Commission is considering taking action to remove the pipeline.

Other items reported on included the recognition of the State's title and Commission's jurisdiction over the bed of Independence Lake; the public hearing scheduled in Santa Barbara for May 8 concerning Standard Oil Company of California's EIR regarding the resumption of drilling from four platforms in the Santa Barbara Channel; and a status report on the meeting Mr. Northrop attended in Washington, D.C., with representatives of the Federal Energy Administration concerning the gravity price differential of crude oil in California.

Mr. Northrop's report is attached as Exhibit "A" and by reference made a part hereof.

At the end of the meeting Commissioner Bell introduced his new Deputy Director to the Commission, Sid McCausland.

Attachment:
Exhibit "A"

EXECUTIVE OFFICER'S REPORT

BY

WILLIAM F. NORTHROP
EXECUTIVE OFFICER

DONNER LAKE PIPELINE

IN MAY 1972, THE COMMISSION RECEIVED AN INQUIRY CONCERNING PLACING A PIPELINE IN THE BED OF DONNER LAKE. IN SPITE OF STAFF EFFORTS TO HAVE AN APPLICATION PROCESSED, THE PIPELINE WAS INSTALLED WITHOUT PERMIT DURING MAY 1973. IN JULY 1973 THE STATE LANDS COMMISSION FILED SUIT FOR REMOVAL OF THE PIPELINE AND FOR DAMAGES AGAINST THE INSTALLER OF THE PIPELINE, DART INDUSTRIES, AND THE POTENTIAL OWNER OF THE PIPELINE, TRUCKEE-DONNER PUBLIC UTILITY DISTRICT. AFTER THE SUIT WAS FILED, THE PUBLIC UTILITY DISTRICT APPLIED FOR LEASE OF THE BED OF DONNER LAKE AND A DRAFT ENVIRONMENTAL IMPACT REPORT WAS PREPARED AND CIRCULATED IN AUGUST 1974. FOLLOWING A PUBLIC HEARING ON THE EIR, THE DISTRICT REQUESTED AND WAS GRANTED TWO CONSECUTIVE 180-DAY EXTENSIONS OF TIME ON THE PROCESSING OF THE APPLICATION IN ORDER TO CHECK INTO THE POSSIBILITY OF USING GROUND WATER IN LIEU OF DONNER LAKE. THE SECOND EXTENSION EXPIRED APRIL 21. THE DISTRICT HAS NOW REQUESTED A THIRD DEFERRAL OF 6 MONTHS. IT APPEARS THAT PROGRESS IS BEING MADE TOWARDS DEVELOPMENT OF AN ALTERNATE WATER SUPPLY WHICH WOULD ELIMINATE THE NEED FOR

PRESENTED AT THE STATE LANDS COMMISSION MEETING OF APRIL 28, 1976, IN SACRAMENTO, AT 10:00 A.M.

A PIPELINE IN DONNER LAKE, STAFF MET WITH THE DISTRICT AT A SPECIAL MEETING OF THE DIRECTORS ON APRIL 19. STAFF BELIEVES THAT BY THE END OF JULY SUFFICIENT INFORMATION WILL BE AVAILABLE TO MAKE A DETERMINATION OF THE ADEQUACY OF THE ALTERNATE WATER SUPPLY. THEREFORE, IF THE COMMISSION CONCURS, I WILL GRANT AN ADDITIONAL EXTENSION IN THE PROCESSING OF THE DISTRICT'S APPLICATION UNTIL THE END OF JULY 1976. AT THAT TIME, WE WILL BE PREPARED TO MAKE A FIRM RECOMMENDATION TO THE COMMISSION FOR MOVING AHEAD EITHER WITH THE APPLICATION OR FOR REMOVAL OF THE PIPELINE.

COMMENT ON MARINA RENTAL POLICY

AT THE LAST COMMISSION MEETING, MR. DARREL MCCONNELL, REPRESENTING THE MARINA OWNERS ASSOCIATION, ASKED THAT THE COMMISSION SUSPEND ALL LEASING ACTIVITY BECAUSE OF LARGE INCREASES IN RECENTLY SET RENTALS. THIS REQUIRES SOME EXPLANATION.

IN 1966 AND 1967, SEVERAL MARINA OPERATIONS CAME BEFORE THE COMMISSION FOR SETTING A RENT UNDER PROVISIONS OF PERIODIC REVIEW WITHIN THE VARIOUS LEASES. BECAUSE THE LEASES HAD RUN A PERIOD OF 15 YEARS OR BETTER, THE NEW RENTS WERE SUBSTANTIALLY ABOVE THE RENTS THEY HAD BEEN PAYING.

OTHER MARINAS HAD LEASES RUNNING TO THE MID 1970'S AT RATHER LOW RENTAL RATES. THE MARINA OWNERS APPEALED TO THE COMMISSION, ASKING THAT NO NEW RENTALS BE FIXED UNTIL THE RENTS

WERE RE-FIXED FOR ALL LEASES WITHIN THE DELTA. THIS POLICY, THE MARINA OWNERS ARGUED, WOULD PREVENT ONE OWNER FROM HAVING AN ECONOMIC ADVANTAGE OVER OTHERS.

IN MARCH 1968, BY MINUTE ITEM 35, THE COMMISSION ADOPTED THIS POLICY.

DURING 1975, MANY OF THESE LEASES BECAME ELIGIBLE FOR RENT REVIEW, AT WHICH TIME THE STAFF MADE PRESENT FAIR MARKET VALUE APPRAISALS. BY LATE THIS YEAR, ALL THESE MARINAS WILL BE ELIGIBLE FOR RENT REVIEWS.

RENTALS ON MARINAS MAY NOT HAVE BEEN RESET IN 20 TO 25 YEARS; THEREFORE A LARGE INCREASE SHOULD BE EXPECTED BY THE MARINA PEOPLE WHO MADE THE PLEA TO THE COMMISSION IN 1963.

IF THE RENTAL IS EVER TO BE BROUGHT CURRENT, THE MATTER SHOULD BE PURSUED AT THIS TIME.

INDEPENDENCE LAKE

BY RESOLUTION ADOPTED AT ITS OCTOBER 29, 1975, MEETING, THE COMMISSION AUTHORIZED THE DIVISION AND/OR THE OFFICE OF THE ATTORNEY GENERAL TO TAKE ALL ACTION NECESSARY, INCLUDING LITIGATION, TO HAVE THE STATE'S TITLE TO AND THE COMMISSION'S JURISDICTION OVER THE BED OF INDEPENDENCE LAKE RECOGNIZED.

ON NOVEMBER 7, 1975, THE COMMISSION, BY AND THROUGH THE STATE LANDS DIVISION, MADE APPLICATIONS TO THE BOARDS OF SUPERVISORS OF NEVADA AND SIERRA COUNTIES PURSUANT TO REVENUE AND TAXATION CODE SECTION 5026 TO HAVE ALL ASSESSMENTS FOR TAXES LEVIED ON THE BED OF INDEPENDENCE LAKE CANCELLED AND TO REQUEST THAT THIS LAKE BE LISTED IN THE COUNTY ASSESSMENT RECORDS AS OWNED BY THE STATE OF CALIFORNIA. NO ACTION WAS TAKEN BY EITHER COUNTY; CONSEQUENTLY, THE DIVISION RENEWED ITS APPLICATIONS BY LETTERS ON MARCH 11, 1976. SINCE THEN, BOTH COUNTIES HAVE EXPRESSLY REFUSED TO HONOR THE COMMISSION'S APPLICATIONS WITHOUT A COURT INTERPRETATION OF THE MATTER.

IN ORDER TO HAVE THE MATTER FINALLY RESOLVED, PETITIONS FOR WRIT OF MANDATE WILL BE FILED IN BOTH COUNTIES TO COMPEL THE BOARDS OF SUPERVISORS TO COMPLY WITH THE CODE PROVISIONS.

PUBLIC HEARING - SOCAL EIR

A PUBLIC HEARING HAS BEEN SCHEDULED ON MAY 3 AT 10:00 A.M. IN THE SANTA BARBARA COUNTY ADMINISTRATION BUILDING IN SANTA BARBARA CONCERNING RESUMPTION OF DRILLING FROM FOUR EXISTING PLATFORMS IN THE SANTA BARBARA CHANNEL AT CARPINTERIA AND SUMMERLAND ON STATE OIL AND GAS LEASES PRC 1824, 3150 AND 4000. LESSEES ARE SOCAL, ARCO AND EXXON. I WILL CONDUCT THAT HEARING.

WASHINGTON, D.C. MEETING

AT A REQUEST BY MEL GOLDSTEIN MADE TO JOSIAH BEEMAN, A CONFERENCE WITH STATE LAND'S STAFF WAS SCHEDULED IN WASHINGTON, D.C. ALLEGEDLY TO DEAL WITH THE LETTER THE GOVERNOR WROTE TO MR. ZARB. IT WAS NOT UNTIL WE ARRIVED AT THE MEETING AND THE GROUND RULES WERE STATED BY MR. GOLDSTEIN THAT WE BECAME AWARE THIS WAS, IN FACT, NOT A CONFERENCE TO DISCUSS GRAVITY DIFFERENTIAL AS WAS REPRESENTED BY MR. GOLDSTEIN PREVIOUSLY, BUT RATHER A DISCUSSION OF HARDSHIP IN THE EXEMPTION CASE SUBMITTED BY THE CITY OF LONG BEACH. TRANSLATED, THIS MEANS THE FEA HAS NO INTENTION OF TAKING THE NECESSARY STEPS TO TURN AROUND OUR PLUMMETING PRODUCTION DECLINE IN LONG BEACH, BUT RATHER PROPOSES TO OFFSET THIS DECLINE OVER THE NEXT 36 MONTHS BY THE FUTURE DEPENDENCE ON IMPORTED FOREIGN OIL, WHICH WILL GET THE CONSUMER AT THE GAS PUMP, BY OUR BEST ESTIMATE OF APPROXIMATELY 60 MILLION DOLLARS. ANY ATTEMPT TO CONVINCING MR. GOLDSTEIN, MR. TOM WICKER OR MR. LARRY TERREL OF THE FEA OF THIS PROBLEM WAS REBUFFED BY "THAT'S NO MY JOB". WE CAN ONLY HELP AFTER THE FIELD IS TOTALLY UNECONOMICAL.

STATE OF CALIFORNIA

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

APPEARANCES

Present: Kenneth Cory, State Controller, Chairman
Roy M. Bell, Director of Finance, Commissioner
Walter McGuire, Executive Assistant to the
Lieutenant Governor, alternate

Staff Members in Attendance:

William F. Northrop, Executive Officer
Robert C. Hight, Staff Counsel
R. S. Golden, Assistant Executive Officer
J. F. Trost, Manager, Land Operations
W. M. Thompson, Manager, Long Beach Operations
D. J. Everitts, Manager, Energy and Mineral
Resources Development
Linson Patton, Supervising Land Agent
Matthew Brady, Legal Counsel
Diane Jones, Secretary

Representing the Office of the Attorney General:

N. Gregory Taylor, Assistant Attorney General
Dennis Eagan, Deputy Attorney General

Re Minute Item 12 - Amendment of regulations in Title 2,
Division 3 of the California Administrative
Code

Greg McClintock, attorney with firm of McCutchen,
Black, Verleger and Shea representing the
Western Oil and Gas Association
Robert E. Shaw, attorney representing Mobil
Oil Corporation
Paul Hughey, General Manager, Contra Costa
County Economic Development Association
Henry W. Simonson, in pro per

Re Minute Item 13 - Industrial Lease; Shell Oil Company
William Holliman, attorney representing Shell
Oil Company

Re Minute Item 14 - Commercial Lease; Walter M. Harvey and
F. Brett Stauffer
Chris Dolgado, architect, representing the
City of Sacramento
Bill Gentry, City Engineering Office, City
of Sacramento
Walter M. Harvey, developer for the project
Brett Stauffer, co-developer for the project

Re Minute Item 18 - Extension of drilling requirements;

Atlantic Oil Company

Terry Boone, representing Atlantic Oil Company

Re Minute Item 20 - Prospecting Permit for Minerals Other Than
Oil and Gas and Geothermal Resources;

4M Company

Stan Gordon with firm of Tuohey, Barton and
McDermott, representing 4M Company

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF APRIL 28, 1976

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, 15, 16, 17, 19, 22, 23, 24, 25, 26, 27, 28, 29, 30, and 31 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 12, 13, 14, 18, 20, and 21 are set forth on pages 523-528, 529-539, 540-545, 553-555, 559-567, and 568-570.

Calendar Item 32 was informative only, no action thereon being necessary.