

STATE OF CALIFORNIA

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

APPEARANCES

Commissioners Present:

Kenneth Cory, State Controller, Chairman
Roy M. Bell, Director of Finance, Commissioner
Betty Jo Smith, Staff Counsel, alternate for
Commissioner Mervyn M. Dymally, Lieutenant Governor

Staff Members in Attendance:

William F. Northrop, Executive Officer
R. S. Golden, Assistant Executive Officer
Robert C. Hight, Chief Counsel
James F. Trout, Manager, Land Operations
W. M. Thompson, Manager, Long Beach Operations
A. D. Willard, Supervising Mineral Resources
Engineer
Mathew V. Brady, Legal Counsel
Brian Sway, Legislative Coordinator
Donald Hoagland, Geothermal Unit

Representing the Office of the Attorney General:

Jai Stevens, Assistant Attorney General

Re Minute Item 10 - Amendment and Assignment of PRC 4945.1; General
Use, Right of Way; California Blue Valley, Inc.
(Assignor); and Donner Lake Utility Company (Assignee):

Harold Christian, representing Weeks Tract at
Donner Lake

Jack Marquette, property owner at Donner Lake

Re Minute Item 11 - Authorization to Reject Application; City
of Stockton:

Jack Laven, Administrative Assistant to City
Manager, City of Stockton

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
OCTOBER 27, 1977

The regular meeting of the State Lands Commission was called to order at 10:02 a.m. by Chairman Kenneth Cory in Room 2170, State Capitol, Sacramento. Other members present included Commissioner Roy M. Bell, Director of Finance; and Commission-
alternate Betty Jo Smith, Staff Counsel representing Com-
missioner Mervyn M. Dymally, Lieutenant Governor.

The minutes of the meeting of September 29, 1977, were approved as written.

EXECUTIVE OFFICER'S REPORT

W 9738

During Mr. William F. Northrop's report during the discussion of natural gas pricing, the following resolution was approved by the Commission by a vote of 3-0:

THE COMMISSION: 1. APPROVED THE REOPENING OF THE RECORD CONCERNING THE DETERMINATION OF THE REASONABLE MARKET VALUE FOR ROYALTY GAS PRODUCED UNDER THE STATE LEASES IN NORTHERN CALIFORNIA TO OBTAIN ADDITIONAL EVIDENCE ON THIS MATTER. 2. INSTRUCTED STAFF OF THE STATE LANDS DIVISION TO NOTIFY ALL PARTIES CONCERNED THAT THE RECORD HAD BEEN REOPENED.

Mr. Northrop's written statement is attached as Exhibit "A".

ASSISTANT EXECUTIVE OFFICER'S REPORT

Mr. R. S. Golden's written statement is attached as Exhibit "B".

Mr. W. M. Thompson, Manager, Long Beach Operations, reported on the Long Beach tax appeal before the Los Angeles County Assessment Appeals Board. He indicated that the Board still did not know what the tax bill is. He pointed out they have to split one of the parcels in two in order for them to calculate the tax bill. He stated that by next month, he should be able to report what the actual increased taxes will be.

Attachment: Exhibits "A" and "B"

EXHIBIT "A"

EXECUTIVE OFFICER'S REPORT

By

WILLIAM F. NORTHROP
EXECUTIVE OFFICER

OCTOBER 27, 1977

BOGGS MOUNTAIN STATE FOREST

W 6893

LAST MONTH YOU CONSIDERED AN ITEM FOR ISSUANCE OF GEOTHERMAL PROSPECTING PERMITS ON BOGGS MOUNTAIN STATE FOREST IN LAKE COUNTY. BECAUSE OF QUESTIONS RELATIVE TO POSSIBLE IMPACTS ON ARCHAEOLOGICAL VALUES AND ABOUT THE SIZE OF THE PERMIT AREA, THE COMMISSION DIRECTED STAFF TO MEET WITH ALL CONCERNED PARTIES TO RESOLVE THE ISSUES RAISED. MEETINGS HAVE BEEN HELD WITH MR. CLYDE KUHN WHO RAISED THE ISSUE OF ARCHAEOLOGICAL IMPACT; A REPRESENTATIVE OF THE OFFICE OF HISTORIC PRESERVATION, DEPARTMENT OF PARKS AND RECREATION; THE EXECUTIVE SECRETARY OF THE NATIVE AMERICAN HERITAGE COMMISSION; AND THE APPLICANT. STAFF HOPES TO HAVE COMPLETED ITS REVIEW SOON AND HAVE THIS MATTER BACK BEFORE THE COMMISSION NEXT MONTH.

W 9738

NATURAL GAS PRICING

ON SEPTEMBER 29 THE COMMISSION, IN CONSIDERATION OF CALENDAR ITEM 19, DEFERRED ACTION ON THIS ITEM UNTIL THE COMMISSION HAD AN OPPORTUNITY TO THOROUGHLY REVIEW THE RECORD. AS A RESULT OF THIS REVIEW AND CERTAIN QUESTIONS RAISED, IT HAS BEEN DETERMINED THAT THERE MAY BE ADDITIONAL EVIDENCE AVAILABLE WHICH WOULD BE OF SIGNIFICANCE TO THE COMMISSION IN THEIR DELIBERATION OVER THE REASONABLE MARKET VALUE FOR GAS IN NORTHERN CALIFORNIA. THEREFORE, IN ORDER TO OBTAIN ADDITIONAL

EVIDENCE ON THIS SUBJECT, THE DIVISION IS REOPENING THE RECORD UNTIL FURTHER NOTICE SO THAT ANY NEW EVIDENCE MAY BE SUBMITTED. ALL INTERESTED PARTIES IN THIS MATTER WILL BE NOTIFIED REGARDING THE REOPENING OF THE RECORD.

DAVIS LAKE PROJECT

W 20693.1

IN OCTOBER 1976, THE COMMISSION CONSIDERED THE DAVIS LAKE PROJECT FOR A PORTION OF THE COLORADO RIVER AND APPROVED ADMINISTRATIVE MAPS. EFFORTS WERE THEN INITIATED TO HAVE THE STATE OF ARIZONA AND THE UNITED STATES AGREE AS TO THE LAST NATURAL LOCATION OF THE RIVER IN THIS AREA. THESE EFFORTS HAVE FAILED. AT THE JUNE MEETING THIS YEAR, THE COMMISSION AUTHORIZED STAFF TO PROCEED TO QUIET THE STATE'S TITLE TO ITS LANDS IDENTIFIED ON THE MAPS. STAFF INTENDS TO ADVISE THE LAND COMMISSIONER OF ARIZONA THAT THE STATE OF CALIFORNIA IS PROCEEDING TO FILE THE APPROPRIATE LEGAL ACTION IN THE NEAR FUTURE. THE ATTORNEY GENERAL'S OFFICE WILL PETITION THE U. S. SUPREME COURT FOR CONSIDERATION OF THE ACTION IN THAT VENUE.

EXHIBIT "B"

ASSISTANT EXECUTIVE OFFICER'S REPORT

During the month of October, the State Coastal Commission had a lengthy discussion of the Port of Long Beach's application to expand their oil terminal capabilities by constructing three berths. Two of these berths would be for the purpose of off-loading SOHIO's Alaskan Oil production. The other berth would be open to all other traffic although MacMillan Ring-Free Oil Company has been regarded as the chief user. They proposed their own berth in another area of the Port.

A permit was finally approved with many conditions. Primary of these was that the permit was conditional on the Port's receiving clearance from the Air Resources Board and the Southern California Air Quality Management District. Another major condition imposed was that oil holding tanks which were to be constructed on Pier J would not be permitted. These tanks were objected to as being unsightly and that because of seismic problems of placing them on filled lands, an extraordinary hazard to public safety was posed. The Port is now faced with the dilemma that without the Pier J tanks, the tankers will have to stay in port longer to pump their cargo to inland tanks (located some ten miles away). Since tanker pumps are fuel oil operated, this will significantly increase air emissions. Undoubtedly the Port of Long Beach will have to have a rehearing of this decision since it was not clear that all alternatives had been explored.

Another issue raised as a condition may have implications for the State Lands Commission. Because of the increased tanker traffic involved in moving Alaskan oil, the Coastal Commission required that a simulated test of an oil spill in the 40,000 to

50,000 barrel order of magnitude must be run to evaluate the ability of present oil clean-up equipment to handle such a problem. The parameters of such a test were not discussed.

This project points up yet other areas of interface between State Lands Commission concerns and State Coastal Commission concerns. These areas are tanker terminal safety and oil spill containment capability, along with the public access and public trust matters already identified.

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF OCTOBER 27, 1977

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C5, C6, C7, C8, C9, 12, 13, 17, 19, 21, 22, 23, and 24 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items C4, 10, 11, 15, 16, 18 and 20 are set forth on pages 1161, 1180, 1188, 1204, 1207, 1212, and 1216.

Calendar Item 14 was pulled from the agenda prior to the meeting.

Status of Major Litigation is set forth on page 1229.