

STATE OF CALIFORNIA

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

APPEARANCES

Commissioners Present:

Kenneth Cory, State Controller, Chairman  
Sid McCausland, Deputy Director of Finance,  
Alternate for Commissioner Roy M. Bell,  
Director of Finance  
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  
R. C. Hight, Chief Counsel  
James F. Trout, Chief, Division of Land Management  
and Conservation  
D. J. Everitts, Chief, Extractive Development--  
State Leases  
W. M. Thompson, Chief, Extractive Development--  
Long Beach Operations  
Dr. James Rote, Consultant  
Stephen H. Mills, Staff Counsel  
Diane Jones, Secretary

Representing the Office of the Attorney General:

Allan Goodman, Deputy Attorney General

Representing Tanker Regulations:

Retired Rear Admiral Frank Higbee

Representing Minute Item 24:

Rosemary Daniels, Resident  
Ed Taaffe, representing Chevron USA, Inc.

MINUTES OF THE STATE LANDS COMMISSION  
MEETING OF  
May 31, 1978

The regular meeting of the State Lands Commission was called to order by Chairman Kenneth Cory at 10:06 in Room 2170, State Capitol, Sacramento. Also present were Commission Alternates Sid McCausland, representing Commissioner Roy M. Bell; and Betty Jo Smith, representing Commissioner Mervyn M. Dymally.

The minutes of the meeting of April 27, 1978 were approved as presented by a vote of 2-0 with one abstention. The minutes of the special meeting of May 10, 1978 were approved by a vote of 3-0.

W 9800.1

EXECUTIVE OFFICER'S REPORT:

With the Federal Government continuing to take steps to lease oil in the outer continental shelf off the West Coast, and at the same time the West Coast is faced with a glut of heavy crude oil, Mr. Northrop asked the Commission whether they should send a letter to the Department of Interior indicating their concern.

Chairman Kenneth Cory was not sure whether a letter should be sent, but voiced his objections to the Federal Government using bonus bidding in the OCS lease sales rather than net profits bidding. He questioned the Federal Government's ability to use this type of bidding because in his opinion it was a gift of public funds. Mr. Robert C. Hight, Chief Counsel, advised that the staff was researching this question and will report their findings to the Commission in the near future.

Dr. James Rote, Special Consultant to the staff of the Commission, appeared. In response to Mr. Cory's question concerning the Federal Government bidding process, Dr. Rote stated two bills are in Congress which allow for alternative bidding schemes -- HR 1614 and S9. He stated they have passed their respective houses and are presently in Conference Committee. In addition to changing the bidding process, it is the staff's hope there will also be a separation of exploration and development. As stated above, the problem is that the Department of Interior is proceeding with their leasing schedule and at the same time the West Coast is trying to dispose of 500,000 barrels of oil per day. He further stated it is the staff's feeling this disposition problem should first be resolved before more oil is added to that glut.

Dr. Rote also indicated that following Lease Sale 35, a post audit was prepared by the General Accounting Office. The Commission requested that a copy be sent to them.

TANKER TERMINAL REGULATIONS

W 30001

Mr. Northrop introduced Rear Admiral Frank Higbee. He stated Admiral Higbee has indicated a willingness to assist the Commission in preparing its tanker terminal regulations.

Dr. Rote gave a brief status report on the draft regulations. He stated that he is revising them to reflect the Supreme Court's ruling in *APCO v. Ray* and he is also incorporating comments from the oil companies and the Coast Guard. It is his intent to hold another public hearing in late July and schedule the regulations for the Commission's consideration in August. Commission-Alternate Betty Jo Smith requested a copy of the draft regulations.

Rear Admiral Higbee commented on the hearing he attended in Long Beach which was sponsored by the Coast Guard on their advanced notice of proposed rule-making on his subject.

ASSISTANT EXECUTIVE OFFICER'S REPORT:

Mr. R. S. Golden's written report is attached as Exhibit "A".

Attachment: Exhibit "A"

EXHIBIT "A"

ASSISTANT EXECUTIVE OFFICER'S REPORT

BY

R. S. GOLDEN

MAY 31, 1978

STATE COASTAL COMMISSION

W 21533

THE STATE COASTAL COMMISSION, ACTING PURSUANT TO LEGISLATIVE DIRECTIVE RANKED AND PLACED IN PRIORITY ORDER POSSIBLE ONSHORE LIQUEFIED NATURAL GAS (LNG) TERMINAL LOCATIONS. SUBSEQUENT TO MANY OPEN PUBLIC HEARINGS IN ADDITION TO TWO FINAL DAYS OF EXTENSIVE EVALUATIONS IN MAY, THE COASTAL COMMISSION SELECTED THE HORNO CANYON SITE ON THE CAMP PENDLETON MARINE CORPS BASE AS ITS TOP CHOICE. THE SECOND SELECTION WAS RATTLESNAKE CANYON IN SAN LUIS OBISPO COUNTY. THE OTHER SITES, INCLUDING POINT CONCEPTION, WERE RELEGATED TO A LOWER RANKING DUE TO THEIR GEOLOGIC INSTABILITY OR ENVIRONMENTAL SENSITIVITY. VARIOUS GENERAL AND SITE SPECIFIC CONDITIONS WERE PLACED ON THESE SITES.

THESE CONDITIONS SPECIFIED THAT STATE LANDS STAFF SHOULD BE REPRESENTED ON A NUMBER OF CONSULTANT GROUPS. STATE LANDS STAFF WAS SPECIFICALLY TO BE CONSULTED WITH REGARD TO:

1. A REVIEW OF THE OFFSHORE FACILITIES CONSTRUCTION PLAN AND SCHEDULE FOR THE BERTHING AND TRESTLE FACILITIES;

2. APPROVAL OF AN OIL SPILL PREVENTION AND CONTINGENCY PLAN;
3. THE TERMINATION OF LNG FACILITY OPERATIONS; AND
4. ASSISTING THE CONSTRUCTION AND OPERATIONS MONITORING PROCESS.

THE STATE LANDS COMMISSION STAFF SUBMITTED SEVERAL LETTERS TO THE COASTAL COMMISSION EXPRESSING OUR CONCERNS RELATIVE TO THE NOMINATED LAND SITES. THE POTENTIAL FOR OIL AND GAS DEVELOPMENT EXISTS IN THE VICINITY OF SOME OF THE SELECTED SITES. FOR INSTANCE, UNION OIL COMPANY HAS APPLIED FOR AN EXPLORATORY TEST WELL LEASE OFF POINT CONCEPTION. STAFF CONCERNS WERE EXPRESSED BY LETTERS TO THE COASTAL COMMISSION CITING PROBLEMS OF TANKER VESSEL ROUTING AND THESE IMPACTS ON OIL AND GAS DEVELOPMENT. IN RESPONSE TO OUR CONCERNS, THE LNG TANKER OFFSHORE ROUTING TASK FORCE WAS PROPOSED BY SPECIAL RESOLUTION. THE COASTAL COMMISSION BY THIS RESOLUTION REQUESTED THE U S. COAST GUARD TO CONSULT WITH THE COASTAL COMMISSION, STATE LANDS, AND OTHER APPROPRIATE AGENCIES ON MATTERS OF SAFETY AND OTHER ROUTING IMPLICATIONS.

RECORD OF ACTION TAKEN BY THE  
STATE LANDS COMMISSION  
AT ITS MEETING OF MAY 31, 1978

During the meeting, the recommendation of the staff relative to Calendar Items 1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12, C13, C14, C15, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29, 31, 32, 33, 34, and 35 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 16, 17, 24, and 30 is set forth on pages 818, 821, 856 and 906.

Calendar Item 23 was withdrawn from the agenda prior to the meeting (see page 850.)

Status of Major Litigation is set forth on page 923.