STATE OF CALIFORNIA

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

APPEARANCES

Commissioners Present:
Roy Bell, Acting Chairman, representing
Commissioner Mary Ann Graves, Director of Finance
Sheldon Lytton, Commission-Alternate, representing
Commissioner Mike Curb, Lieutenant Governor
John Jervis, Commission-Alternate, representing
Chairman, Kenneth Cory (Non-Voting Member)

Staff Members in Attendance:
William F. Northrop, Executive Officer
James F. Trout, Assistant Executive Officer
R. C. Hight, Chief Counsel
R. S. Golden, Chief, Division of Land Management
and Conservation
D. J. Everitts, Chief, Extractive Development - State
Leases
W. M. Thompson, Chief, Long Beach Operations
L. H. Grimes, Deputy Chief, Division of Land Management
and Conservation
A. D. Willard, Supervisor, Mineral Resources Engineer

Representing the Office of the Attorney General:
Jan Stevens, Assistant Attorney General
Bruce Flushman, Deputy Attorney General
Rick Frank, Deputy Attorney General

Re Minute Item C4:
Robert Mapes, Department of Fish & Game

Re Minute Item 28:
B. R. Swanson, representing Tosco Corp.

Re Minute Item 33:
Walter Bailey, President, Tahoe Resource Conservation
District

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MINUTE PAGE

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
AUGUST 23, 1979

The regular meeting of the State Lands Commission was called to order by Acting Chairman Roy Bell at 10:02 a.m. in Room 2170, State Capitol. Also present were Sheldon Lytton, Commission-Alternate representing Commissioner Mike Curb; and Commission-Alternate John Jervis representing Chairman Kenneth Cory - Mr. Jervis was present in a non-voting capacity.

The minutes of the meeting of July 17, 1979 were approved as presented.

EXECUTIVE OFFICER'S REPORT:

Mr. William F. Northrop's written report is attached as Exhibit "A".

ASSISTANT EXECUTIVE OFFICER'S REPORT:

Mr. R. S. Golden's written reports are attached as Exhibits "B" & "C".
Chief, Division of Land Management and Conservation.

Mr. D. J. Everitt's written report on the Oil and Tar Seep Task Force is attached as Exhibit "D".
Chief, Division of Extractive Development - State Leases.

Attachments: Exhibits "A", "B", "C" and "D".

EXECUTIVE OFFICER'S REPORT
BY
WILLIAM F. NORTHROP

AUGUST 23, 1979

"HEAVY OIL" DECONTROL/LONG BEACH TIDELANDS (LB ADMIN)

BY EXECUTIVE ORDER EFFECTIVE AUGUST 17, 1979, CRUDE OIL BELOW 16° API WAS DECONTROLLED. IN THE LONG BEACH TIDELANDS ABOUT 6,000 BARRELS PER DAY OF PRODUCTION IS AFFECTED, MOST OF IT LOWER TIER OIL. THIS WILL LEAD INITIALLY TO INCREASED EXPENDITURES FOR THE REDRILLING OF SOME EXISTING WELLS AND INCREASED WELL PULLING ACTIVITY. THE LONGER RANGE PLANNING FOR NEW WELLS AND INITIATING TERTIARY RECOVERY PROJECTS WILL BE DEPENDENT UPON THE EXCISE TAX PASSED BY CONGRESS THIS FALL. THIS DECONTROL COULD ADD $20 MILLION TO THE STATE TIDELANDS OIL REVENUE IN THE 1979-1980 FISCAL YEAR IF NO EXCISE TAX WERE IMPOSED.

A MUCH LARGER IMPACT DECONTROLLING 4 OR 5 TIMES AS MUCH PRODUCTION WOULD HAVE OCCURRED IN THE TIDELANDS IF THE DECONTROL GRAVITY HAD BEEN 1° HIGHER. ACTUALLY ONE VERY LARGE PROPERTY, RANGER VI IN THE LONG BEACH UNIT, MISSED BEING DECONTROLLED BY 0.3° API AS ITS GRAVITY FOR JUNE 1979 WAS 16.2°. THIS IS A VERY LARGE PROPERTY AND A LOGICAL CANDIDATE FOR EXTENSIVE REDRILLING OF ADDITIONAL WELLS AND DRILLING OF ADDITIONAL WELLS AND THE APPLICATION OF ALKALINE WATERFLOOD TERTIARY RECOVERY PROCESS. DEVELOPMENT HAS BEEN RESTRICTED IN THE PAST AS IT HAS BEEN A LOWER TIER PROPERTY SINCE 1972. WE NOW HAVE TWO DRILLING RIGS DOING REMEDIAL AND REDRILL

WORK AS A RESULT OF THE START OF THE LOWER TIER RELEASE IN JUNE 1979. TWO ADDITIONAL DRILLING RIGS WOULD HAVE BEEN ACTIVATED IF THE DECONTROL GRAVITY HAD BEEN 1° HIGHER.

STAFF REPORT ON STATE COASTAL COMMISSION ACTIVITIES

BY R. S. GOLDEN

TWO ITEMS ARE SUBMITTED FOR YOUR INFORMATION RELATING TO STATE LANDS COMMISSION INTERFACE WITH THE STATE COASTAL COMMISSION.

1. TOMALES BAY (W 20441)

FOR OVER A YEAR, STAFF HAS WORKED WITH THE COASTAL COMMISSION, COUNTY OF MARIN, AND OTHER STATE AGENCIES TO DEVELOP A LAND USE PLAN FOR TOMALES BAY. AS YOU WILL RECALL, YOU EARLIER DECIDED THAT UNTIL THIS PLAN IS COMPLETED, NO DEVELOPMENT OVER THE BAY'S TIDELANDS SHOULD BE PERMITTED. THIS TOMALES BAY PLAN IS ALSO INTENDED TO SATISFY THE REQUIREMENTS OF MARIN COUNTY'S LCP BEING PREPARED PURSUANT TO THE CALIFORNIA COASTAL ACT OF 1976.

A DRAFT PLAN FOR TOMALES BAY HAS BEEN PREPARED. THE FIRST IN A SERIES OF PUBLIC WORKSHOPS ON IT WAS HELD ON JULY 31, 1979. A GOOD TURNOUT YIELDED MUCH CONSTRUCTIVE DISCUSSION AND EXPRESSION OF COMMUNITY CONCERNS. OF PRIMARY INTEREST TO THE STATE LANDS COMMISSION WERE QUESTIONS REGARDING THE FUTURE OF EXISTING AND PROPOSED PRIVATE RESIDENTIAL DEVELOPMENT ON STATE LANDS. STAFF IS NOW CONSIDERING THE LEGAL AND POLICY ISSUES REGARDING SUCH DEVELOPMENT. WE EXPECT TO BRING THIS ISSUE FORMALLY BEFORE YOU FOR DIRECTION AND/OR DECISION IN THE NEAR FUTURE.

(W 9601)
(W 21008)

2. LANCE KILEY, SUPERVISOR OF THE TIDELANDS INVENTORY UNIT, GAVE A SHORT PRESENTATION AT THE STATE COASTAL COMMISSION MEETING ON AUGUST 1 ON THE STATUS OF OUR TIDELANDS INVENTORY PROJECT. HE EXPLAINED THE NATURE AND EXTENT OF OUR EXISTING DATA BANK AND SUGGESTED POSSIBLE USES OF IT BY THE COASTAL COMMISSION AND ITS STAFF. WE ALSO DISTRIBUTED TO THE COMMISSIONERS COPIES OF OUR PRIORITY SETTING MECHANISMS FOR BOUNDARY DETERMINATION AND SUGGESTED SPECIFIC AREAS WHERE BOUNDARY DETERMINATIONS MAY HAVE A HIGH PRIORITY FOR BOTH COMMISSIONS.

August 23, 1979
Given by R. S. Golden, Chief
Division of Land Management and
Conservation

(W 22208)

UNAUTHORIZED SALVAGE OF STATE-OWNED ABANDONED PROPERTY IN THE PACIFIC OCEAN AT FISK MILL COVE, SONOMA COUNTY

ON JULY 25, 1979, MR. CURTIS CARLEY, A RESIDENT AND DEEP SEA DIVER FROM THE SALT POINT AREA, ADVISED THE STAFF OF THE COMMISSION THAT HE HAD REMOVED AN ANCHOR FROM THE OCEAN BOTTOM AT FISK MILL COVE LOCATED ADJACENT TO STATE PARKS PROPERTY.

DURING THE PROCESS OF TRANSPORTING THE ANCHOR TO THE UPLANDS, MR. CARLEY WAS CONFRONTED BY A PARK RANGER WHO ADVISED HIM OF THE STATE LANDS COMMISSION'S JURISDICTION OVER THE REMOVAL AND DISPOSAL, AS WELL AS THE OWNERSHIP, OF ABANDONED PROPERTY FROM STATE TIDELANDS. THE ANCHOR WAS SUBSEQUENTLY CONFISCATED BY THE PARK RANGERS.

THE DEPARTMENT OF PARKS AND RECREATION HAS ADVISED THE STAFF OF THE COMMISSION THAT THEY DO NOT WANT TO RETAIN THE ANCHOR PERMANENTLY. THE ANCHOR HAS THEREFORE BEEN RELEASED TO MR. CARLEY WITH THE UNDERSTANDING THAT IT IS STATE PROPERTY AND CANNOT BE SOLD UNTIL THE COMMISSION HAS REVIEWED AND APPROVED THE SALE.

THERE HAS BEEN CONSIDERABLE PUBLIC INTEREST IN THE LOCALITY GENERATED BY THIS SITUATION. STAFF IS RESEARCHING REGULATORY AND STATUTORY MEANS OF PROMPTLY RESOLVING THE ISSUE.

August 23, 1979
Given by D. J. Everitts, Chief,
Division of Extractive Development/
State Leases

(W 9016)

STATUS REPORT ON OIL AND TAR SEEP STUDY

THE COMMISSION'S STUDY GROUP ON OIL AND TAR SEEPS HAS CONTINUED ITS REGULAR MEETINGS. AS REPORTED PREVIOUSLY, WE HAVE IDENTIFIED A LARGE SEEP ONE MILE OFFSHORE COAL OIL POINT THAT IS CURRENTLY EMITTING 4.9 TONS/DAY OF NON-METHANE HYDROCARBONS. THE SEEP WAS FIRST DOCUMENTED BY STATE LANDS INSPECTORS IN 1970, AND HAS BEEN UNDER CONSTANT SURVEILLANCE SINCE 1973.

SEVERAL CORPORATIONS HAVE INDICATED STRONG INTEREST IN COLLECTING THE EMISSIONS FOR PURPOSES OF OFFSETTING EMISSION INCREASES FROM NEW OR MODIFIED SOURCES. AT LEAST ONE COMPANY IS DOING ADDITIONAL PRELIMINARY DESIGN AND COSTING INDEPENDENTLY.

COMMISSION STAFF HAS SUBMITTED A GRANT PREAPPLICATION TO THE CALIFORNIA COASTAL COMMISSION FOR $200,000 FOR DESIGN OF A COLLECTION SYSTEM. THE PREAPPLICATION HAS BEEN APPROVED BY THE CCC, AND THEY HAVE ASKED FOR A FORMAL APPLICATION.

ONE OF THE MORE INTERESTING DEVELOPMENTS INVOLVES WESTERN LNG TERMINAL ASSOCIATES, A SUBSIDIARY COMPANY FORMED BY SOUTHERN CALIFORNIA GAS CO. AND PADIFIC GAS AND ELECTRIC CO. TO IMPORT LIQUID NATURAL GAS FROM INDONESIA AND ALASKA.

ON AUGUST 13, 1979, ADMINISTRATIVE LAW JUDGE SAMUEL Z. GORDON OF THE FEDERAL ENERGY REGULATORY COMMISSION APPROVED WESTERN LNG'S PROPOSED TERMINAL AT POINT CONCEPTION. I HAVE BEEN ADVISED BY WESTERN THAT A TWENTY-DAY PERIOD MUST NOW LAPSE

FOR EXCEPTIONS TO BE FILED AND NOTED, AND THE DECISION MUST FINALLY BE RATIFIED BY THE SECRETARY OF ENERGY.

ALTHOUGH THE SITE HAS BEEN OPPOSED BY ENVIRONMENTAL GROUPS, AS WELL AS INDIAN GROUPS AND CERTAIN LANDHOLDERS (BIXBY AND HOLLISTER RANCHES), WESTERN IS HOPING FOR FINAL APPROVAL IN OCTOBER OR NOVEMBER.

SUCH APPROVAL WOULD MEAN THAT WESTERN FINALLY WOULD HAVE ALL THE NECESSARY PERMITS, INCLUDING STATE PERMITS, TO COMMENCE CONSTRUCTION.

OF PARTICULAR INTEREST IS PERMIT CONDITION 19 OF 22 CONDITIONS, ISSUED BY THE CALIFORNIA AIR RESOURCES BOARD, WHICH CONDITIONS ARE TO "ASSURE THE ESTIMATED PROFILES ARE NOT EXCEEDED".

SPECIFICALLY, CONDITION 19 STATES THAT:

"WESTERN SHALL REDUCE EMISSIONS FROM EXISTING STATIONARY SOURCES ADEQUATELY TO DEMONSTRATE A NET AIR QUALITY BENEFIT IN THE AREA AFFECTED BY THE PROJECT'S EMISSIONS. IN ORDER TO SATISFY THI CONDITION, WESTERN SHALL FUND THE INSTALLATION OF EQUIPMENT FOR THE STATE LANDS COMMISSION'S PROGRAM TO CAPTURE UP TO 40 BARRELS OF OIL DAILY FROM THE NATURAL OIL SEEP LOCATED OFF COAL OIL POINT IN SANTA BARBARA COUNTY AND IDENTIFIED MORE PRECISELY AS BEING THAT NATURAL OIL SEEP LOCATED 5,570 FEET 112° (TRUE) FROM ARCO'S PLATFORM HOLLY (LAMBERT GRID ZONE 5, X COORDINATE = 1,425,174 AND Y COORDINATE = 329,251).

"BY SATISFYING THE ABOVE CONDITION, WESTERN SHALL BE JUDGED TO HAVE SATISFIED THE NET AIR QUALITY BENEFIT REQUIREMENT WHEN THIS PROGRAM IS VIEWED IN CONJUNCTION WITH THE AIR QUALITY BENEFIT EXPECTED TO RESULT FROM THE INTRODUCTION OF ADDITIONAL NATURAL GAS SUPPLIES IN SOUTHERN CALIFORNIA AND, IN PARTICULAR, IN SOUTHERN SANTA BARBARA COUNTY."

THERE IS NO COST CEILING ON THE CONDITION, WHICH DOES NOT SEEM TO BE UNREASONABLE. EVEN IF CAPITAL COSTS EXCEEDED $1 MILLION, THAT REPRESENTS A SMALL PORTION OF THE ESTIMATED $3 BILLION THAT THE TOTAL PROJECT WILL COST. WESTERN HAS NOT YET APPROACHED US WITH ANY SPECIFIC-FUNDING PROPOSALS, BUT WE WILL CONTINUE TO MONITOR THE PROGRESS OF THEIR APPLICATION.

RECORD OF ACTION TAKEN BY THE

STATE LANDS COMMISSION

AT ITS MEETING OF AUGUST 23, 1979

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C11, C12, C13, C14, C15, C16, C17, C18, C19, C20, C21, C22, C23, C24, 25, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 48, 49, 50, 51, 52 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Item 33 is set forth on page 1548

Calendar Items C10, and 47 were withdrawn from the agenda prior to the meeting (see pages 1385 and 1614).