

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
David Ackerman, 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
Robert C. Hight, Chief Counsel
W. M. Thompson, Chief, Long Beach Operations
D. J. Everitts, Chief, Extractive Development - State
Leases
Dwight Sanders, Chief, Planning and Environmental
Coordination Unit

Representing the Office of the Attorney General:

Jan Stevens, Assistant Attorney General, Sacramento

Representing the Office of Lobel, Novins & Lamont:

William J. Lamont, Esquire

Executive Officer's Report:

Charles Fryxell, Air Pollutions Control Officer,
Great Basin Air Pollution Control District
Dennis Meyers, Deputy District Attorney,
County of Inyo

Re Minute Item 24:

Suzanne Rogalin, representing SFBCDC
John Diepenbrock, Attorney representing
Wickland Oil Company
Roy Wickland, representing Wickland Oil Company

Re Minute Item 36:

Bruce McDonough, representing Northern California
Power Agency
David Tuttleman, Staff Counsel representing Northern
California Power Agency
Joseph Padilla, representing SAI Engineers
C. E. Woods, representing Aminoil, Inc.

APPEARANCES CONT...

Re Minute Item 38:

John Bannister, Vice President, Geothermal
Kinetics, Inc.

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MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
SEPTEMBER 26, 1979

The regular meeting of the State Lands Commission was called to order by Acting Chairman, Roy M. Bell, at 10:00 a.m. in Room 217, State Capitol. Also present were Commission-Alternates David Ackerman, representing Lieutenant Governor Mike Curb; and John Jervis representing Chairman, Kenneth Cory, State Controller, in a non-voting capacity.

Mr. Bell called the roll.

The minutes of the meeting of August 23, 1979 were approved as presented.

EXECUTIVE OFFICER'S REPORT:

During Mr. Northrop's report, Mr. John Lamont, Special Counsel for the Commission, represented the law firm of Lobel, Novins and Lamont, appeared and summarized the recent events concerning the President's decontrol of 16.0° API gravity and below of crude oil. He stated that there is indication the President may decontrol gravity up to between 20 and 25°, more likely 20°. However, this order would be accompanied by a refusal to give an exemption from the windfall profits tax for the oil which is above 16° or above. Mr. Lamont reported that if the windfall profits tax is passed by Congress, there is likelihood that all state oil income will be exempted.

He stated that arguments are still pending with regard to the 1974 decision by the Federal Energy Administration's withdrawing the state exemption retroactively. It is the State's argument that the Tenth Amendment does accord to a state of the United States a rather substantial amount of sovereign power in its own right and that in operating with respect to the public lands and the resources thereon, the State is exercising that right.

OWENS LAKE

Mr. Northrop summarized the current status of the fugitive dust problem at Owens dry lakebed in Inyo County. He stated that a task force was created to solve the most critical problems created by the situation, the one affecting the health of the people of Inyo County.

Mr. Northrop further stated the Great Basin Unified Air Pollution Control District and the Southeast Desert Basin Unified Air Pollution Control Council contend that since the State Lands Commission is the owner of the bed of the lake, the Commission has primary responsibility to resolve the problems.

OWENS CONT...

Mr. Northrop read portions of letters into the record from:
1) Gene Tackett, Supervisor of Kern County, to Mr. Cory, dated September 14, 1979 and 2) Chairman Trice Harvey of the Kern County Board of Supervisors dated September 18, 1979, to Mr. Cory, both urging the support of the Commission in controlling the dust from the lakebed. These letters are on file in the Office of the State Lands Commission.

Mr. Charles Fryxell, Air Pollution Control Officer from the Great Basin Unified Air Pollution Control District, appeared. Mr. Fryxell stated it is the District's contention that before there can be a resolution to the problem, the State Lands Commission will have to accept primary responsibility.

Mr. Robert C. Hight, Chief Counsel, stated that even though it is the staff's opinion that the Commission is not legally responsible for this situation, it is willing to work with the task force in resolving this problem. However, any admission of liability would be inappropriate at this time.

Mr. Dennis Myers, Deputy District Attorney, County of Inyo, appeared. He indicated that the County disagrees with the staff's position and stated it is their feeling the Commission is liable.

Attachments: Exhibit "A".

EXHIBIT "A"

EXECUTIVE OFFICER'S REPORT

By

WILLIAM F. NORTHROP

DOE HEARINGS

LB. ADMIN.

HEARINGS WERE HELD BY THE DEPARTMENT OF ENERGY IN LONG BEACH ON SEPTEMBER 6-7 AS TO WHETHER THE DEFINITION OF "HEAVY OIL" SHOULD BE CHANGED. THE AUGUST 17, 1979, DECONTROL OF 16° API AND BELOW WAS LOWER THAN THAT FOR WHICH WE HAD HOPED. IF THERE IS ANY CHANGE WHICH WOULD RAISE THE DECONTROL OF GRAVITY, IT SHOULD BE ANNOUNCED BY MID-OCTOBER.

THE PRESENT DECONTROL OF "HEAVY OIL" WILL GENERATE SOME ADDITIONAL REVENUES, AND IT IS PROPOSED TO PLOW-BACK A PORTION OF THAT FOR ADDITIONAL PRODUCTION ACCELERATION. THIS WILL BE DISCUSSED IN CONJUNCTION WITH CALENDAR ITEM 34.

EXECUTIVE SESSION

WE WOULD LIKE A VERY SHORT EXECUTIVE SESSION AFTER THE COMMISSION MEETING TO DISCUSS OIL PRICING LITIGATION.

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OWENS LAKE

W 40174

IN MAY, I RECEIVED A LETTER FROM THE GREAT BASIN UNIFIED AIR POLLUTION CONTROL DISTRICT (ALPINE, MONO AND INYO COUNTIES) DISCUSSING PARTICULATE EMISSIONS (DUST) EMANATING FROM THE OWENS DRY LAKE BED. THE LETTER STATED THAT THE EMISSIONS HAVE HAD AN ADVERSE EFFECT ON THE HEALTH OF RESIDENTS IN INYO COUNTY, AND PORTIONS OF KERN COUNTY, AS WELL AS HAVING A SEVERE EFFECT ON VISIBILITY AT THE CHINA LAKE NAVAL WEAPONS CENTER. THE DISTRICT CONTENDED THAT SINCE THE STATE LANDS COMMISSION IS THE OWNER OF THE BED OF THE LAKE, THE COMMISSION HAS PRIMARY RESPONSIBILITY FOR CONTROL OF DUST FROM THE LAKEBED. MORE RECENTLY, THE SOUTHEAST DESERT BASIN AIR POLLUTION CONTROL COUNCIL HAS SUPPORTED GREAT BASIN'S POSITION. ALTHOUGH STAFF DOES NOT AGREE THAT THE COMMISSION HAS LIABILITY, WE HAVE COOPERATED WITH THE APCD, AND HAVE JOINED IN A TASK FORCE TO REVIEW THE PROBLEM IN MORE DETAIL TO DETERMINE IF IT IS REASONABLY POSSIBLE TO CONTROL THE DUST. THE TASK FORCE INCLUDES REPRESENTATIVES FROM:

THE AIR POLLUTION CONTROL DISTRICT
STATE LANDS COMMISSION
COUNTY OF INYO
LOS ANGELES DEPARTMENT OF WATER AND POWER
BUREAU OF LAND MANAGEMENT
CHINA LAKE NAVAL WEAPONS CENTER

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U.S. SOIL CONSERVATION SERVICE
INLAND COUNTIES HEALTH SYSTEMS AGENCY
LAKE MINERALS CORPORATION (OUR LESSEE)

TO DATE, THE TASK FORCE HAS HELD TWO MEETINGS. A VARIETY OF "SCENARIOS" HAVE BEEN DISCUSSED, VARYING FROM NO ACTION TO COMPLETE REFLOODING OF THE LAKE. INTERMEDIATE PROPOSALS CONSIDER SELECTIVELY STABILIZING AREAS OF THE LAKE BED WITH VARIOUS CHEMICALS OR VEGETATION. COMMISSION STAFF HAS REPEATEDLY CAUTIONED THE TASK FORCE, THAT REGARDLESS OF WHOSE RESPONSIBILITY THE ABATEMENT IS (IF ABATEMENT IS EVEN FEASIBLE), LARGE SUMS OF MONEY WILL BE REQUIRED. OBVIOUSLY, THE ONLY SOURCE OF SUCH FUNDS IS THROUGH LEGISLATION. IN SUPPORT OF THAT CONCEPT, STAFF MET IN MY OFFICE YESTERDAY WITH SUPERVISOR MACDONALD FROM INYO COUNTY; DENNIS MEYERS, DEPUTY DISTRICT ATTORNEY; AND CHARLES FRYXELL, GREAT BASIN AIR POLLUTION CONTROL OFFICER, TO DISCUSS FUNDING. PRESENT ALSO WERE REPRESENTATIVES FROM SENATOR STIERN'S OFFICE, AND ASSEMBLYMAN WYMAN'S OFFICE, AND FROM THE AIR RESOURCES BOARD.

WE PROPOSE TO CONTINUE TO WORK WITH THE TASK FORCE, AND IN FACT HAVE ALREADY AGREED TO PARTICIPATE INFORMALLY IN A PROPOSED FIELD INVESTIGATION WITH THE NAVAL WEAPONS CENTER AND THE DEPARTMENT OF WATER AND POWER TO IDENTIFY AND EVALUATE POTENTIAL MITIGATION MEASURES. FIELD STUDIES TO IDENTIFY AREAS MOST SENSITIVE TO WIND EROSION WOULD BE COMPLETED AT THE SAME TIME, AND EXPERIMENTAL STABILIZATION

PLOTS WILL BE ESTABLISHED. THIS COULD LEAD TO ULTIMATE
MANAGEMENT OF THE DUST PROBLEM.

REPRESENTATIVES FROM THE DISTRICT WISH TO MAKE A
BRIEF PRESENTATION TO THE COMMISSION

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF SEPTEMBER 26, 1979

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12, C13, C14, C15, C16, C17, C18, C19, C20, C21, C22, C23, 25, 26, 28, 29, 30, 31, 32, 33, 34, 37, 39, 40, 41 and 42 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 24, 35, 36, 38 and 45 is set forth on pages 1789, 1865, 1872, 1901, 1927.

Calendar Items 27, 43 and 44 were withdrawn from the agenda prior to the meeting (see pages 1836, 1921, 1923)

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