

MINUTE ITEM

This Commission

has

only

if necessary

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INFORMATIONAL CALENDAR ITEM

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7/21/83

S 7845

Shimer

W 40351

STATUS OF INDEMNITY SELECTION PROGRAM

In 1981 the Commission authorized entering into a Memorandum of Understanding with the United States Bureau of Land Management setting forth ground rules for satisfying the State's remaining school land entitlement. The Memorandum of Understanding confirmed the acreage still due the State to be approximately 63,000 acres which can be acquired through lieu selection and 52,000 acres (unsurveyed base) which must be acquired through exchange.

Staff began working with BLM in evaluating the State's base land parcels. During this process it was discovered that, although most of the base lands are of low value, two parcels within the Elk Hills Naval Petroleum Reserve have a value of 1½ to 2 billion dollars or more. Staff has been studying alternatives for obtaining equity for this highly valued property lost to the school land grant. The options under existing law do not now appear to be promising for reaching equity. The two principal deterrents are (1) the acreage limitation which would prevent the State from acquiring more land than it has lost, i.e., 63,000 acres; and (2) the inability of the State to select producing mineral lands.

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BLM lands have been studied for parcels having revenue potential including the 35,000 acres under BLM onshore oil and gas leases. Preliminary estimates put the value of these producing lands at less than one-third of the value of the State's lost land at Elk Hills. Possible alternatives include:

- o legislation that would lift the acreage limitation,
- o provide for selection of producing mineral land,
- o make other federal lands such as National Forests available for selection,
- o transfer of the two Elk Hills parcels to the State,
- o allocation of the revenues from the Elk Hills parcels directly to the State.

Staff is continuing to look for a solution to this problem.

In the meantime selections have been processed that recently brought 8,000 acres of geothermal and timber lands to State ownership, reducing the remaining entitlement to 55,000 acres. Also, two additional geothermal selections of 2,900 acres in the Geysers area have been filed and a request for clearance preliminary to a formal selection has been made covering 22,000 acres of timberland in Humboldt and Trinity Counties. In a parallel action staff is preparing a proposal to exchange approximately 20,000 acres of State-owned lands within BLM desert wilderness areas for federal lands with development potential in other areas of the desert.

AB 884: N/A.