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TRANSCRIPT OF
MEETING OF
STATE LANDS COMMISSION
APRIL 8, 1957 -- 10:00 AM

PRESENT:

THE COMMISSION:

Messrs: John M. Peirce, Chairman
Harold J. Powers
Robert C. Kirkwood

STATE LANDS DIVISION:

Messrs: Rufus W. Putnam, Executive Officer
F. J. Hortig, Asst. Ex. Officer
Kenneth C. Smith
Mrs. Elsie Latta

OFFICE OF THE ATTORNEY GENERAL:

Mr. J. Shavelson, Deputy Attorney General

APPEARANCES:

LONG BEACH: Mr. Harold A. Lingle (Did not speak)

ORANGE COUNTY: Mr. Joel E. Ogle

SANTA BARBARA: (In order of appearance)

Assemblyman James L. Holmes

Messrs: Vern Thomas, District Attorney
Oren Sexton (Hope Ranch)
Garrett Van Horne (Goleta)
Milton Duncan (Summerland)
Harrison Ryan (Montecito)

Mayor John T. Rickard

Senator John G. Hollister, Jr.

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1 MONDAY, APRIL 8, 1957 -- 10:00 A.M.

2 *****

3 MR. PEIRCE: The meeting will come to order. First
4 item is the confirmation of the minutes of the meeting
5 which took place on March 11, 1957. Copies have been mailed
6 to members of the Commission. Any objections? Any corrections?

7 MR. PUTNAM: No corrections.

8 MR. POWERS: Move that we approve.

9 MR. KIRKWOOD: Seconded.

10 MR. PEIRCE: Moved and seconded that the minutes be
11 approved and so will be the order. Now, the matter of
12 setting the next Commission meeting.

13 MR. PUTNAM: Should be before the 15th of May.

14 MR. PEIRCE: Before the 15th of May. We can work that
15 out later on.

16 MR. PUTNAM: Yes.

17 MR. PEIRCE: Now, Colonel, shall we proceed with the
18 agenda in order?

19 MR. PUTNAM: We will start with No. 1. We have no
20 appearances. Item 13 on Page 1. Ken, will you take over?

21 MR. SMITH: Yes. That's a sale of vacant school land.
22 An application has been received for the purchase of 322.80
23 acres in Kern County, minimum of \$2 per acre or total of
24 \$645.60. The land was appraised at a value of \$2,582.40
25 and advertised on that basis. Due to noncompliance by the
26 Mojave Desert News with publication instructions, the paper

1 published the first notice of offer of sale on February 21,
2 1957 instead of February 25, 1957 as ordered. Under these
3 circumstances the bid closing date became 4 p.m. March 23,
4 1957. Several bids were submitted on the basis of informa-
5 tion conveyed to the bidders that the date of first publica-
6 tion occurred on February 25, 1957. On this basis the
7 bidding period would have closed 4 p.m. March 27, 1957.
8 The rules and regulations of the Commission provide for
9 submission of bids by 4 p.m. of the 30th day following the
10 date of first publication. Therefore, it is apparent that
11 the bidders submitted their bids in good faith and in due
12 time but based on two different sets of bid information
13 furnished. Applications and bids received are tabulated
14 on the following page.

15 In view of the confusion created by the error in pub-
16 lication, the equitable recourse appears to be a recommenda-
17 tion for rejection of all bids and for authorization for re-
18 publication. It is recommended that the Commission reject
19 all bids and applications received for the 322.80 acres in
20 Kern County set forth in the attached tabulation, direct the
21 return of all bids and applications received, with no release
22 of information with respect to the bid prices, and authorize
23 republication for receipt of new bids.

24 MR. PUTNAM: May I add, Mr. Chairman, that when this
25 was received in my office I conferred with Mr. Shavelson,
26 our deputy down here, and also Mr. Hassler, another deputy

of the attorney general, and they found that we had no

1 proper recourse other than rejecting all bids in view of
2 the confusion.

3 MR. PEIRCE: Any discussion? Objections?

4 MR. POWERS: No, I have no objections.

5 MR. KIRKWOOD: Move for recommendation.

6 MR. PEIRCE: All right, the recommendation is approved.

7 MR. PUTNAM: Now we have appearances from Long Beach
8 and that will be Item 15 on Page 18. Will you take that over,
9 please, Frank.

10 MR. HORTIG: On March 11, 1957 the Commission approved
11 the costs proposed to be expended by the City of Long Beach,
12 including subsidence remedial work, during that month and
13 estimated expenditures during the first portion of this
14 month for payrolls and similar items. The same items of
15 subsidence costs which are to be paid during April account-
16 able under subsidence costs not included in projects approved
17 heretofore by the Commission if credit is to be received by
18 the City of Long Beach for such costs under the provisions of
19 Section 5(a) Chapter 29, Statutes of 1956, and the estimated
20 amount of \$40,000, to be expended by the city during the
21 month of May for payroll force account and voucher payment
22 other than construction, will require approval by the Commis-
23 sion if credit is to be received by the city according to
24 the statutes. The detailed accounts for which the amount
25 will be expended are indicated on the tabulation on Page 19.
26 These have been reviewed by the State Lands Division and are

1 conformable to similar applications made by the city for
2 prior months, heretofore approved by the Commission; and,
3 therefore, it is recommended that the Commission approve
4 the costs proposed to be expended by the City of Long Beach
5 including subsidence remedial work, as shown on Exhibit A
6 hereof, and the estimated expenditures in the month of May
7 1957 in the amount of \$40,000 to cover force accounts and
8 vouchers other than construction, subject to the

9 MR. KIRKWOOD: These are the usual conditions. I'd
10 move the recommendation.

11 MR. POWERS: I second.

12 MR. PEIRCE: Moved and seconded that the recommendation
13 is approved.

14 MR. PUTNAM: Next item -- We have an appearance --
15 Page 17, Item 14 has to do with the Orange County controversy
16 and we have the District Attorney, the County Counsel from
17 Orange County present, Mr. Ogle, who I believe wants to be
18 heard after I make this presentation.

19 MR. PEIRCE: All right.

20 MR. PUTNAM:

21 As a review of what has happened to date -- Early in
22 1956 the State Lands Division received advice that a contract
23 had been consummated between the County of Orange and the American
24 Marine Exploration Company for the production of oil and gas
25 from all tide and submerged lands lying within Orange County
26 except from those lands granted by the Legislature to the
City of Newport Beach. The State Lands Commission was advised

1 of this situation at its meeting of February 9, 1956. At
2 that meeting the Commission took the following action:

3 "UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, IT
4 WAS RESOLVED AS FOLLOWS: THE EXECUTIVE OFFICER IS
5 AUTHORIZED, WITH THE ASSISTANCE OF THE ATTORNEY GENERAL,
6 TO OPPOSE THE ISSUANCE OF ANY LEASES OR CONTRACTS
7 BY THE BOARD OF SUPERVISORS OF ORANGE COUNTY FOR THE
8 PRODUCTION OF OIL AND GAS IN TIDE AND SUBMERGED LAND
9 AREAS AND TO TAKE SUCH ACTION AS MAY BE ADVISABLE
10 UNDER THE CIRCUMSTANCES."

11 On December 4, 1956 a Complaint for Declaratory Relief
12 was filed by Orange County in the Superior Court for that
13 county. The State Lands Commission was advised to that effect
14 at its meeting on December 5, 1956.

15 On March 22, 1957 a letter was received by the Execu-
16 tive Officer from the County Counsel of Orange County request-
17 ing that a conference be held before extensive litigation
18 was entered into to see whether or not there is a middle
19 ground for discussion. This conference was held in the
20 office of the State Lands Division on March 27, 1957, and
21 was attended by representatives of the office of the
22 Attorney General, and of the State Lands Division, and by
23 Mr. Joel D. Ogle, the County Counsel.

24 I think we got your initial wrong.

25 MR. OGLE: Joel E.

26 MR. PUTNAM: Mr. Ogle suggested that the litigation
might be terminated if arrangements were made so that what-
ever royalties accrued would be distributed on some basis
among the State, the county, and the county's lessee, the

1 American Marine Exploration Company. He was not prepared
2 to state what the basis of distribution might be. He
3 further suggested that future leases should be offered by
4 the county in view of his opinion that the county would have
5 greater latitude than the State in their issuance. It was
6 decided by the State's representatives present to take the
7 matter under advisement.

8 A meeting was held in the office of the Attorney
9 General on March 29, 1957. It was the unanimous decision
10 of all those present that the State had a good case, should
11 not compromise in any manner, and it was suggested that the
12 executive officer be authorized to advise the County Counsel
13 of Orange County that no compromise will be effected and
14 that the case should go to trial.

15 MR. PEIRCE: Mr. Ogle, County Counsel of Orange County.

16 MR. OGLE: Mr. Chairman and gentlemen, you have heard
17 an accurate report up to this point. You have heard the
18 recommendations of the staff. As you know, this is under
19 litigation at the present time and you are well aware that
20 in the Long Beach case, moneys in excess of those usable
21 for harbor purposes, which was the trust, could be recover-
22 able by the State. I agree to that but I want to point out
23 that Orange County has never had 5% from oil moneys or har-
24 bor purposes which come from off the coast of Orange
25 County. I want to further point out, leaving out Long
26 Beach, that between 80 and 90 percent -- you'll correct me,

1 Mr. Horig, if I am in error --- between 80 and 90 percent
2 of the entire State revenue, leaving out Long Beach, comes
3 from off the coast of Orange County. I merely want to go
4 on record at this time in indicating where we go from here,
5 and if you will bear with me for just one moment I would
6 like to review it.

7 In the year 1919 a grant was made from the State of
8 California to the County of Orange for all tide and sub-
9 merged lands bordering upon and under Newport Bay, except
10 that granted to the City of Newport Beach. Pursuant to
11 that grant and in reliance upon that grant, the County of
12 Orange did build into the ocean, in the unincorporated area
13 I mean, outside the city, on a bond issue voted by the
14 county of a half million dollars. A half million does not
15 sound like much today, but I believe the population -- and
16 I am not sure of that -- was somewhere around 30 to 35,000,
17 maybe less, in the year 1919. It was a pretty good, sizeable
18 bond issue, so that I contend in reliance upon that grant
19 we did do something out there to the limit of our then
20 ability. I understand no oil was ever under consideration
21 in 1919, not a thing.

22 The City of Newport Beach was likewise granted in the
23 year 1919, the same year, title to submerged lands bordering
24 upon land then owned by the City of Newport Beach, which was
25 very, very small. The City of Newport Beach, recognizing
26 that fact, came back into the State Legislation in 1927,

1 got another grant from the State to the tide and submerged
2 lands in the inner bay not heretofore granted. Then, in
3 1929, they came back to the State Legislature again and
4 asked the State Legislature for the submerged lands in the
5 ocean. That dealt only with the ocean. In that grant, in
6 1929, they granted to the City of Newport Beach such lands
7 out in the ocean as were not theretofore granted to the
8 County of Orange. Again that legislative confirmation.

9 Gentlemen, we are not, we believe, greedy in wanting
10 to rest upon our grant and have some moneys for the develop-
11 ment of harbors within our county where they are entitled
12 to it under the law and we think they are entitled to it
13 equitably. Our records show that our recreation and harbor
14 facilities in Orange County are used by -- that is, 90 per-
15 cent of the use, approximately, comes from people outside
16 of Orange County. I, therefore, say that we are not selfish
17 in that respect. It's just too bad that we have one of the
18 most beautiful coast lines in Southern California -- or, in
19 fact in California, I don't care which -- and we want to
20 develop it.

21 Now, I realize the recommendation of your staff; and
22 if we are forced to that recommendation, gentlemen, we are
23 not going to give up. We are going forward to the last
24 court of the land, believe me; and if we do, we will be
25 compelled to ask the State of California for an accounting for
26 every barrel of oil or royalty taken by the State since the

9
1 year 1919 if we are forced to that position. I leave it
2 in your hands, gentlemen.

3 MR. PEIRCE: Thank you, Mr. Ogle. Colonel Putnam?

4 MR. PUTNAM: No further reply, sir.

5 MR. KIRKWOOD: Mr. Chairman, as I understand it, the
6 recommendation made by the staff is concurred in by the
7 Attorney General's office and it is their request also
8 that we pass it. I move the recommendation.

9 MR. POWERS: I'd like to ask the Attorney General's
10 office -- is it your conception that you have a case here
11 that you can definitely win? Is the State in the right on
12 this?

13 MR. SHAVELSON: That's the consensus of opinion in our
14 office.

15 MR. POWERS: The Attorney General feels that the State
16 is absolutely in the right and Newport Beach is in the
17 wrong?

18 MR. SHAVELSON:
Orange County, yes sir.

19 MR. POWERS: Orange County. That's all I have.

20 MR. PEIRCE: Mr. Kirkwood moves ...

21 MR. POWERS: O.K. with me.

22 MR. PEIRCE: And Governor Powers seconds the motion,
23 that the recommendation of the staff with regard to this
24 matter be approved, and so will be the order.

25 MR. POWERS: This was 14, wasn't it?

26 MR. PEIRCE: Page 17, yes.

1 MR. PUTNAM: I think we might go back then. You have
2 no appearances, have you, Frank?

3 MR. HORTIG: No sir.

4 MR. PUTNAM: To Page 4, where we begin -- a number
5 of land sales items which are all standard, advertised,
6 highest bid been taken, and we recommend the authorization
7 for sale of the land as listed in this tabulation.

8 MR. KIRKWOOD: I'd move the recommendation on Page 4.

9 MR. SMITH: That carries through 15.

10 MR. PEIRCE: 4 through 15?

11 MR. PUTNAM: Yes, the details are on the following
12 pages.

13 MR. POWERS: That's a big group of land sales, isn't
14 it? MR. PUTNAM: Doing a land office business.

15 MR. POWERS: This is going to slow down some day,
16 isn't it?

17 MR. PUTNAM: Yes, there won't be any left. If you
18 will recall, a couple of years ago I asked for authority
19 to employ two new appraisers to appraise school lands. I
20 have them busy on current sales.

21 MR. KIRKWOOD: O. K. with me.

22 MR. POWERS: That's O.K. with me. Everything is in order?

23 MR. PEIRCE: It has been moved and seconded that the
24 sales be approved and so will be the order.

25 MR. SMITH: One more item on Page 16. I'll read the
26 recommendation. It is recommended that the Commission deter-
mine it is to the advantage of the State to select 840 acres

1 in Mendocino County; that the Commission find that said
2 Federal land is not suitable for cultivation, and that the
3 Commission approve such selection and authorize the sale
4 to Ray L. Spillers at the appraised cash price of \$8,400
5 subject to all statutory reservations including minerals.

6 MR. PEIRCE: Any questions?

7 MR. POWERS: That's O. K. I move.

8 MR. KIRKWOOD: Second.

9 MR. PEIRCE: Moved and seconded. Recommendation is
10 approved.

11 MR. PUTNAM: We covered 17, 18 and 19. We get down
12 to Page 20.

13 MR. HORTIG: To 33.

14 MR. PUTNAM: To 33 inclusive. They are minor trans-
15 actions which were consummated by the executive officer.

16 MR. KIRKWOOD: Those have been reviewed by my office.

17 MR. PEIRCE: I have looked them over and they seem to
18 be in order.

19 MR. KIRKWOOD: Is there a recommendation there?

20 MR. PUTNAM: Yes, it is recommended that the Commission
21 confirm the action of the executive officer.

22 MR. POWERS: That's O.K. MR. KIRKWOOD: I will second.

23 MR. PEIRCE: All right. Moved and seconded and so
24 will be the order.

25 MR. POWERS: The State retains the mineral rights to
26 most of these lands?

1 MR. PUTNAM: Yes. Now, it is left to you for legisla-
2 tion. You've got a final supplement?

3 MR. HORTIG: Between Pages 34 and 65 are a tabulation
4 of those bills that were heretofore suggested for legisla-
5 tive consideration by the staff, with the Commission's
6 approval. These appear on pages 34 and 35

7 MR. POWERS: Mine runs out at 33.

8 MR. HORTIG ... you have a new calendar there, Governor.
9 ... and the following pages cover those bills that are pending
10 which -- starting on Page 37 -- which could affect the
11 administrative cognizance of the Commission. These are a
12 repetition and status report on the bills considered by the
13 Commission at the last meeting, with the exception, as indi-
14 cated on Page 65, that Senate Bills 978 and 2220 and Assem-
15 bly Bills 2400, 3831, 3154 and 3812 were not previously
16 reported and have been included in this tabulation. There-
17 fore, it is recommended that, in conformance with the approval
18 at the last meeting, the Commission authorize the staff to
19 discuss all measures as tabulated hereinbefore with the
20 authors and attend the committee meetings for the purpose of
21 presentation of reports of facts and existing Commission
22 administrative procedure and regulations pertinent thereto.

23 MR. PEIRCE: You have heard the recommendation.

24 MR. POWERS: That's O.K. MR. KIRKWOOD: Second.

25 MR. PEIRCE: All right. Moved and seconded that the
26 recommendation be approved and so will be the order.

1 MR. PEIRCE: Now, Mr. Hortig, are there any highlights
2 of bills pending before the Legislature that should be
3 called to our particular attention?

4 MR. HORTIG: I believe this appears in particular, Mr.
5 Peirce, this morning on the last page of the supplement
6 which we haven't come to yet, which also refers to legisla-
7 tion and on which possible Commission action is required --
8 approval. And interpolating at that point the four bills
9 introduced by Assemblyman Miller, two by Assemblyman Shell
10 and one by Assemblyman Bruce Allen, which relate to the
11 phase of setting royalty rates under the Cunningham-Shell
12 Act and which will be heard by the Assembly Committee of
13 Manufacturing, Oil and Mining Industry on the evening of
14 April 16th. All bills proposing to change those phases of
15 the act are to be heard in a series and this, of course,
16 will be of specific and primary interest to the Commission.

17 MR. PUTNAM: Well, it is proposed, Mr. Chairman, that
18 Mr. Hortig and I attend that session on the evening of the
19 16th and discuss the matter factually, because we haven't
20 Commission approval in any form.

21 MR. KIRKWOOD: Mr. Chairman, I would think that at our
22 next meeting if possible -- that will be subsequent to this
23 first public hearing on these bills and when we know a little
24 more as to what the attitudes are -- that we have an agenda
25 item that would explore the possibility of a recommendation
26 by this Commission on the subject of amendment to the Shell-

1 Cunningham Act. It seems to me that we, as a Commission,
2 should take a position as to whether the bill or the act
3 needs amendment and some guidance, at least, as to the type
4 of amendment we think would be satisfactory. We did go
5 on record two years ago with the Assembly as supporting and
6 asking for legislation and I think they are entitled to
7 know whether we are satisfied with it and, if not, what
8 changes should be proposed. So I would like to see included
9 a calendar item. My own thinking is that we can't be satis-
10 fied with the existing law. My reaction to it has been that
11 it is too restrictive. I can't see that the classification
12 between wild cat areas and proven areas -- that isn't the
13 definition used in the act but that's what they are essen-
14 tially talking about -- if it has proved helpful, it's a
15 difficult one for us to administer; and I don't think the
16 way the act is set up it is of any benefit to the State.
17 I would think if we are left with the present provision,
18 the only way to protect the State would be to restrict wild
19 cat areas to three miles and checkerboard them. I think we
20 ought to explore that.

21 As far as the royalty setup is concerned, I can't feel
22 that we have adequate discretion. I'd like to see us have
23 exactly the same discretion as the Federal government has
24 and have some leeway here. I think this ought to be explored
25 and the Legislature and the people of the State of California
26 should know a little of our thinking as a Commission on these

1 different problems. So I would ask that we do put it on the
2 agenda for the next meeting.

3 MR. POWERS: Well, we can look it over. I don't know,
4 Bob, I don't want to go in and tell the Legislature what
5 to do.

6 MR. KIRKWOOD: I don't think it is a question of
7 telling the Legislature what to do, but I do think that we
8 found in administering the law that there are certain dif-
9 ficulties and I think they are entitled to know what those
10 difficulties are and to know whether with revisions in the
11 law we would feel that we could do a better job on behalf
12 of the State; and that was what they asked us two years ago
13 and at that time we said "we do want this law" and that's
14 why I think we're under some obligation

15 MR. POWERS: I would be willing to look them over. I
16 don't know how far I would be willing to go and tell them;
17 but I would be willing to look them all over.

18 MR. PEIRCE: Well, I have no objection. I believe it
19 would be a good idea for us to review this legislation care-
20 fully and surely, if we are invited to comment thereon, it
21 should be our duty - if we have anything to say - to speak
22 up, so that the Legislature may have the benefit of our views.
23 As I recall, two years ago all three of us appeared before
24 the Senate Committee and expressed our support of the
25 legislation.

26 MR. KIRKWOOD: That's right.

1 MR. PUTNAM: You wish specific reference to those
2 four bills without having to plow through this?

3 MR. KIRKWOOD: That's what I would think.

4 MR. HORTIG: Separate review of what the results are
5 from the hearing, which will take place on the 16th, and
6 suggestions for further consideration by the Commission?

7 MR. KIRKWOOD: That's right.

8 MR. PUTNAM: Can't you put in the record, then, Frank,
9 the numbers of those bills -- the designations of them?

10 MR. HORTIG: Yes, I can.... A. B. 40, 47, 2237 and
11 3869.

12 MR. PEIRCE: Why can't you give us a progress report
13 with respect to this matter as soon as the legislative
14 hearing is completed on April 16th and in advance of the next
15 meeting of the Commission?

16 MR. HORTIG: I can do that, sir.

17 MR. PEIRCE: Any further discussion? All right.

18 MR. PUTNAM: Is the resolution approved? We are
19 authorized to continue

20 MR. PEIRCE: Yes, that was approved.

21 MR. HORTIG: Then, the very last page of the calendar,
22 gentlemen, the typed page ... Assembly Bill 2073, to be
23 heard by the Committee on Governmental Efficiency and
24 Economy on April 16. Would add Section 6109 to the Public
25 Resources Code, to require that all meetings of the State
26 Lands Commission be public; and 6110, to make all records of

1 the Commission open to public inspection. You gentlemen have
2 a copy of the bill before you. While all sessions of the
3 Commission have been held heretofore as public meetings, the
4 necessity for prompt action in a few instances has not per-
5 mitted the giving of substantial advance notice as to such
6 meetings, therefore it is suggested that consideration might
7 be given in the proposed addition of 6109 to the occasional
8 necessity for Commission action without complete public
9 advance notice.

10 Proposed Section 6110 would open State oil, gas and
11 other mineral lease accounting records to public inspection.
12 Oil, gas and other bid and lease documents have been consid-
13 ered as public records at the State Lands Division. However,
14 the operating records are required by Division 3 of the Pub-
15 lic Resources Code to be filed as confidential information
16 with the Division of Oil and Gas. Such records cannot be
17 obtained from that division even by subpoena. Lease account-
18 ing records have been made public in the form of total activ-
19 ity in a specific oil and gas field, or total activity as
20 to a particular mineral. It is not felt to be of interest
21 to the public (including the State's lessees) to publicize
22 financial data on individual competitive lessees.

23 It is recommended that the Commission authorize the staff
24 to inform Assemblyman Brown of the Assembly Committee on
25 Governmental Efficiency and Economy of the following recom-
26 mendations on 2073: (1) In proposed 6109 Public Resources

1 Code, consideration should be given to the occasional
2 necessity for States Lands Commission action without complete
3 advance public notice; (2) Individual oil, gas and other
4 mineral lease and exploration permit operating and account-
5 ing records should be excluded from the records to be made
6 available for public inspection under Section 6110 Public
7 Resources Code.

8 MR. PEIRCE: Now, on Item No. 1, the bill says all meet-
9 ings of the Commission shall be open and public.

10 MR. HORTIG: Right, sir.

11 MR. PEIRCE: And all persons shall be permitted to
12 attend any meeting of the Commission. Now, we have always
13 followed this rule so far as I know, and the only question
14 is publication of notice or giving of notice with respect
15 to meetings, so that the general public may have some advance
16 notice of such meetings.

17 MR. HORTIG: That's correct.

18 MR. PEIRCE: What if this section remains as is? There
19 is no other requirement in the law that advance notice be
20 given?

21 MR. HORTIG: No sir, the current requirements of the
22 law are simply that the Commission shall meet on due notice
23 to all members thereof, at such times and places in the
24 State for the proper transaction of the business committed
25 to it. Our problem, as we see it, Mr. Peirce, is one not
26 as stated specifically in the law, but simply the practice

1 that has been followed. As you have indicated, current and
2 past Commission action has accomplished exactly what this
3 law says in words. Seemingly, therefore, the addition of
4 this section shouldn't change anything, as you have indi-
5 cated. However, in practice the only objection we have
6 to it is that in some few instances it had been necessary
7 to have prompt Commission action and there had not been
8 full scale broadcasting of advance notice, statewide, that
9 the meeting was to be held. So, therefore, it is felt that
10 simply as a matter of forestalling further objections in the
11 future, if this is now to be spelled out in the law, that
12 possibly that point should be covered. Admittedly, we could
13 proceed with the addition of this feature without apparently
14 a single necessary change in administrative procedure or
15 action by the Commission.

16 MR. POWERS: Mr. Chairman, let me ask this -- this
17 would prohibit us from resolving into an executive session?

18 MR. PUTNAM: I believe that is the intent.

19 MR. POWERS: Personally, I think that is wrong. To go
20 back, every committee of the Legislature has the right on
21 specific occasions to resolve into an executive session.
22 The Legislature itself has that. The Senate has the right
23 to resolve into an executive session. It's usually been
24 very rarely, because the press usually takes care of it to
25 see there are no private meetings. So I don't think there
26 is any violation of anything that's in confidence or that any

1 bad could come from retaining that privilege. I wouldn't
2 want to take it away from the legislative committees or the
3 Legislature itself, and I do not think, speaking personally,
4 I don't think it should be taken away from any duly author-
5 ized committee. There may be occasions, and I have seen it
6 in the Senate, where the Senate has resolved itself into an
7 executive session. So I think you are taking something here
8 that is uncalled for. There has never been an executive
9 session so far, maybe there never will be; but we should
10 always retain that right, in my opinion.

11 MR. PUTNAM: If that were followed, we would change
12 Item 1 in the recommendation so as to oppose this.

13 MR. POWERS: I am just speaking personally. I think
14 the Legislature and every committee and every commission --
15 and I assume that they will -- exercise a great deal of
16 judgment in calling an executive session. I think, as I
17 mentioned a moment ago, I think they have to; as I said, the
18 press has always taken care of that.

19 MR. KIRKWOOD: This is the provision which Brown is taking
20 up with each of the Commissions, isn't it?

21 MR. PUTNAM: That's right.

22 MR. PEIRCE: Seventy of them.

23 MR. POWERS: None of them have been resolved in
24 executive session.

25 MR. HORTIG: I note that with the Committee on Fish
26 and Game, that an agreement was reached according to the

1 press, between the Commission and Assemblyman Brown, to
2 to accept such exceptions where executive sessions can be
3 held on special occasions for certain examinations and
4 personnel hearings.

5 MR. KIRKWOOD: He is not including that kind of an
6 exception generally?

7 MR. HORTIG: No sir. Each one of the bills has started
8 out in this general, all-inclusive form, and then being
9 amended as a result of discussion as to the full operating
10 problems. It is my feeling that in this instance we have,
11 unfortunately, so many unique problems that we do not fall
12 into the general hopper and this should be considered by
13 the committee - on the basis of Commission approval.

14 MR. PEIRCE: Well, so far as I am concerned, I can't
15 recall any instance where the State Lands Commission has
16 found it either desirable or necessary to go into executive
17 session and I gain certain comfort out of having representa-
18 tives of the public and other interested groups present, so
19 that we may have the benefit of their counsel whenever we
20 consider matters that involve the public interest. While
21 I am mindful of what Mr. Hortig has pointed out, that if we
22 are required to give, we will say, two weeks' notice or
23 thirty days' notice or something of that character, so that
24 the general public may know of our anticipated meetings, we
25 may be precluded from taking care of emergency matters
26 which do arise from time to time. Now the law, or rather the

1 bill as it is written in this record, apparently does not
2 require any public notice or written notice, so that may
3 not be a problem unless it comes about by some inference
4 that is not readily apparent.

5 MR. HORTIG: Certainly there is an inference. How
6 public is a meeting on which there wasn't a certain extensive
7 amount of notice? As long as it isn't defined, it is always
8 subject to attack. On the other hand, we don't have to
9 borrow trouble. We have operated effectively and, as you
10 say, with public meetings up to now. As to that phase -
11 why the bill does not appear to do anything beyond the
12 points as raised by Governor Powers - that it should pre-
13 clude executive sessions if ever there should become a
14 necessity

15 MR. KIRKWOOD: Well, I can't see any occasion when,
16 from the standpoint of the Commission, there would be occa-
17 sion for executive, non-open sessions. The only thing would
18 be where it was from the standpoint of protection of indi-
19 viduals dealing with the Commission, that perhaps there
20 should be confidential relationship.

21 MR. POWERS: Well, Bob, that isn't the theory. I
22 probably would be the last one -- I've always voted for
23 open sessions -- I probably would be the last one to want
24 to go into an executive session, but in cases of hiring
25 personnel and so forth it might be possible. I don't want
26 to sacrifice a right. There probably has never been a

1 violation of this rule. We never had one, so we haven't
2 violated, so why sacrifice it? The Senate in twenty-two
3 years has only gone into executive session once, so I think
4 it is very right that they did do it at that particular
5 time. I don't see any use of sacrificing a right when you
6 haven't violated it. It could be in the hiring of personnel
7 we would go into executive session. It could be to the
8 benefit of everybody concerned.

9 MR. KIRKWOOD: Butch, I just don't see how we can run
10 into trouble by moving along with the spirit of this law.
11 I do think there should be exploration with Brown on the
12 notice of the thing and as to what he has developed as to
13 other commissions. But I can't see anything unique about
14 this commission as far as our meetings are concerned, the
15 subject matter that is brought to our attention at those
16 meetings. I would feel that the same protection should be
17 set up for people appearing here that would be granted in
18 other cases. Now, that might be true in personnel, although
19 personnel records are available to the public.

20 MR. PUTNAM: We have had occasions, gentlemen, the
21 present Commission and the prior one, where an emergency
22 came up about a very important lease of some kind or other
23 and I would contact you gentlemen by phone, you would hold
24 a quickie session and there was no notice given, and action
25 was taken. Now, that's almost equivalent to executive action.
26 But the action thus taken is confirmed at the next open meeting

1 of the Commission. That's happened a few times.

2 MR. KIRKWOOD: Well, the problem of notice of a meet-
3 ing is something different from being open and I think that
4 they do contemplate ... I hadn't heard that they had not
5 contemplated that you couldn't put supplemental matter on
6 the agenda or things of that sort, or even, if occasion
7 arose, call a meeting. My reaction would be that this
8 No. 1 part of the recommendation is O.K. and that you
9 should explore and adjust. I don't feel we should be
10 treated differently from any other commission and we should
11 be just as fully compatible with the provision that our
12 information should be fully public.

13 MR. PEIRCE: Isn't there a distinction between the three
14 members of this Commission sitting down for lunch to discuss
15 a delicate matter involving personnel, where no action is
16 taken, and a meeting where we are acting as a Commission
17 under the law?

18 MR. PUTNAM: I think there is. You could have a con-
19 ference that wouldn't be an executive session -- that
20 luncheon meeting.

21 MR. PEIRCE: But is it a meeting that --- in other
22 words, if we have lunch together, discuss informally some
23 rather delicate matter concerning the personnel, such as
24 drunk driving, that's not a meeting of the Commission. We
25 merely discuss the facts informally and later on, if it is
26 necessary to take action, the meeting of the Commission is

1 called, the meeting is open to the public, and if the
2 general public is concerned protests can be submitted, and
3 the thing is right out in the open. I don't see any prac-
4 tical difficulty to Section 1; but Section 2 is a very
5 serious matter, with respect to these records which are
6 confidential or semi-confidential, and would upset the
7 entire tideland development program if those records with
8 respect to core drilling and samples and so on would be
9 made public, because the various oil companies are competi-
10 tors and they don't want their information to get into the
11 hands of their competitors, as I understand it.

12 MR. HORTIG: The additional practical difficulty is
13 that there are so many interested percentage holders in
14 various leases, who seize upon any opportunity to acquire
15 records to serve as a basis for litigation, that we would
16 probably need considerable additional office space simply
17 to give them a place to sit while we give the public a
18 place to investigate these records, to no advantage of the
19 State or the general public.

20 MR. PEIRCE: Well, gentlemen, we have before us these
21 two recommendations of the staff, one relative to Section
22 1 of the bill ----

23 MR. KIRKWOOD: Is there any bill which removes the
24 confidentiality from these records so far as the Division
25 of Oil and Gas is concerned?

26 MR. HORTIG: No sir.

1 MR. KIRKWOOD: So if the argument for confidentiality
2 there is good, it ought to be in our position, too.

3 MR. HORTIG: It would seem to be an untenable position,
4 to have the same records confidential in Oil and Gas and
5 not confidential with State Lands, yet we need these records
6 too, pursuant to

7 MR. PEIRCE: Well, let us dispose of Section 1 first.
8 What shall be our advice to the staff with regard to
9 Section 1? The recommendation deals with the advance pub-
10 lic notice.

11 MR. POWERS: Well, my objection -- I am just going to
12 retain it, because we have never held an executive session,
13 we probably never will, we haven't violated anything on that;
14 so I oppose a law to prohibit us from doing something we
15 have never done.

16 MR. PEIRCE: You recommend a "no" vote?

17 MR. POWERS: That's my personal opinion. I would
18 retain for every commission, every committee and every
19 commission, the same rights.

20 MR. PEIRCE: Bob?

21 MR. KIRKWOOD: I would recommend as the staff has
22 recommended on No. 1 -- would so move.

23 MR. PEIRCE: All right, I concur in Mr. Kirkwood's
24 recommendation.

25 MR. POWERS: And mine is no.

26 MR. PEIRCE: And Governor Powers is voting no. Now,

1 on Recommendation No. 2, which deals with Section 2 of the
2 bill, which reads: "All records of the Commission shall be
3 open to inspection to the public during regular office
4 hours", recommendation is that the individual oil, gas and
5 other mineral lease and exploration permit operating and
6 accounting records should be excluded from the records to
7 be made available for public inspection under Section 6110
8 Public Resources Code.

9 MR. PUTNAM: May I suggest here, Mr. Peirce, that per-
10 haps there ought to be a line drawn a little more closely.
11 I don't see why there should be public records of our pre-
12 liminary negotiations with a potential lessee for a pier or
13 something of that kind. The burden on the office to dig
14 out those records for any, I'll call them snoopers, and
15 that's what they are, would be terrific.

16 MR. PEIRCE: Do you have much trouble with people
17 coming it?

18 MR. PUTNAM: We have had several who give us plenty of
19 headaches and we have refused to let them see the records.

20 MR. PEIRCE: I can't recall any instance in the Depart-
21 ment of Finance where that is truly a problem; and when any
22 newspaper man or any citizen comes in and asks to see a
23 certain file or certain record, I have found it quite con-
24 venient to make that information available and it has not
25 created any problem. Now, there may be other instances
26 with which I am not familiar...

1 MR. POWERS: Well, does this go beyond the point?
2 We have this confidential information regarding the explora-
3 tion that you have made on certain tidelands that should not
4 be made public; but the other -- I don't see why not make
5 that public to the press or anybody else. In Kirkwood's
6 office the press has the right to go and see all the records.
7 They should have the same with the Land Commission, with the
8 exception of the bidding.

9 MR. KIRKWOOD: This thing gets awfully complicated
10 where you are talking of confidential papers of an individual
11 citizen and something where you are talking about our action.
12 Isn't this the same thing they have been discussing on the
13 superintendent of banks? And I would think the same line
14 of distinction should be observed here? In your discussion
15 with Brown, it would be on that basis -- to the extent that
16 matters are obtainable because of their confidentiality
17 we should be able to reasonably keep in confidence; but
18 anything that is a working paper, in effect, of this agency
19 should be a public record.

20 MR. POWERS: You just have to put up with snoopers.

21 MR. HORTIG: As a practical matter, I think we should
22 present to the Commission that while it has been a burden
23 we have had no real operational difficulty proceeding exactly
24 in the manner that would be accomplished if these recommen-
25 dations were adopted. I think that probably should be as
26 good an argument to Assemblyman Brown why the statutory

1 can't do with, for instance, the Franchise Tax Board,
2 there again we would have something incongruous -- its
3 being unobtainable through the Franchise Tax but obtainable
4 through State Lands as a public record.

5 MR. KIRKWOOD: I would think the staff should explore
6 that with Mr. Brown -- the problems that are raised and
7 what his understanding is as to the records of the Commission
8 as against records that are records actually of the indi-
9 vidual who is dealing with the Commission and which are on
10 file with us for specific purposes and which would not be
11 available if they weren't to be kept confidential; and be
12 sure that there is no misunderstanding on this section.
13 It may be that some definition there should be included.
14 I think that is basically what they are asking us.

15 MR. POWERS: Let me ask you this -- what records do you
16 have that are strictly confidential besides the data on
17 State lands prior to being leased to an oil company?

18 MR. HORTIG: All the data on actual lease operations
19 during the period that there is development and production
20 of oil and gas. Now, the development records with respect
21 to the individual wells are filed with the Division of Oil
22 and Gas under Division 3 as a confidential record, not even
23 available to subpoena. The same data, naturally, we must
24 have if we review the engineering and give advance approval
25 as a part of lease operations.

26 MR. POWERS: Let me ask you one further question then.

1 What confidential data do we have other than our oil lands?

2 MR. SMITH: I might mention our school land applications,
3 where competitive bidding might occur -- applications prior
4 to advertising. As a general matter and practice, we don't
5 give out that information even though we have requests, as
6 to who the prior applicants are. I do not think it's good
7 practice to give it out because individuals could band to-
8 gether and refuse to bid if they know who prior applicants
9 were.

10 MR. KIRKWOOD: I don't think there is any intention on
11 the part of this legislation to ...

12 MR. POWERS: I don't think the intent is to get things
13 like that.

14 MR. KIRKWOOD: I don't think that would be considered
15 as a record.

16 MR. POWERS: I don't think it pertains to executive
17 sessions, either.

18 MR. PEIRCE: Well, on this Item No. 2 it would seem
19 that Mr. Hortig or Mr. Putnam should discuss with Assembly-
20 man Brown the practical problems involved so that this won't
21 be enacted as it is and make these records public, which I
22 don't think is the intent.

23 MR. KIRKWOOD: Just looking at this bill, it doesn't
24 look that way to me.

25 MR. HORTIG: This is the sum total of what is proposed
26 to be done to the Public Resources Code as such.

1 MR. PEIRCE: Are you ready to indicate your desires
2 with respect to Recommendation No. 2?

3 MR. KIRKWOOD: It seems to me to come close enough to
4 what we have been talking about.

5 MR. POWERS: O. K.

6 MR. PEIRCE: The second part of the recommendation is,
7 therefore, approved unanimously by the Commission.

8 MR. PUTNAM: That leaves us with Santa Barbara.

9 MR. PEIRCE: Now, the Santa Barbara question was set
10 to be heard at 11:30, which is almost twenty-five minutes
11 from now. Senator Hollister of Santa Barbara desires to be
12 present. There are several people here already. I am
13 reluctant to suggest that we proceed with this hearing in
14 view of the fact that we set 11:30 as the time to hear it,
15 assuming that by that time we would be through with our
16 regular agenda. Colonel, would you suggest a recess?

17 MR. PUTNAM: I would suggest one to 11:30.

18 MR. PEIRCE: Ladies and gentlemen, the State Lands Com-
19 mission will be in recess until 11:30, at which time we are
20 going to consider certain testimony from people from the
21 Santa Barbara area in regard to annexing certain tide and
22 submerged lands along the coast of that vicinity.

23 (RECESS)

24

25

26

MONDAY, APRIL 8, 1957 -- 11:30 A.M.

MR. PEIRCE: All right, the meeting will come to order and, as I indicated previously, this is to discuss a question involving a proposed annexation to the City of Santa Barbara. Several local citizens are present who desire to be heard, in order to give us background information. Colonel Putnam, will you supply us with whatever information you desire.

MR. PUTNAM: Yes. We have on Page 66 of the calendar an item entitled PROPOSED ANNEXATIONS BY THE CITY OF SANTA BARBARA. On March 22, 1957, this office -- that is the State Lands office - received advice that the City of Santa Barbara had indicated that it proposed to extend its boundaries to the east and the west along the coast so as to include all of the tide and submerged lands in the so-called "sanctuary area" as set forth in the Cunningham-Shell Act. Upon consultation with the office of the Attorney General, a telegram was sent on March 23, 1957 by Deputy Attorney General John F. Hassler to the Chairman of the County Boundary Commission, which was to investigate and report as to its recommendations with respect to the change in boundaries.

It was learned that the County Boundary Commission had the matter in hand and was expected to render a report to the City Council of Santa Barbara at its meeting April 11, 1957 -- to interpose at this point, I understand that the

1 County Boundary Committee has been meeting this morning in
2 connection with this matter --

3 It was further learned that upon receipt by the City
4 Council of recommendations from the County Boundary Commission
5 the Council would set a date in the future, 40 to 60 days
6 ahead, at which time a hearing would be held by the Council.
7 Following that hearing, the Council would probably take
8 such action as it would deem legal and appropriate.

9 The question of the authority of the State Lands Com-
10 mission in cases of this character is presently under con-
11 sideration by the office of the Attorney General. This
12 office has been the recipient of telegrams and letters from
13 residents of uplands communities such as Summerland and
14 Goleta, protesting the proposed annexation, which covers
15 tide and submerged lands adjoining these communities.
16 It is understood that representatives of these communities
17 are in attendance at this meeting and desire to be heard.

18 On April 1, 1957, the Board of Supervisors of the
19 County of Santa Barbara passed and adopted a resolution
20 opposing the proposed annexation and requesting that the
21 Governor of the State, the members of the State Lands Com-
22 mission and the Attorney General of the State of California
23 protest before the Council of the City of Santa Barbara at
24 such time as the public hearings on this matter may be held,
25 inclusion of any of the tidelands beyond the east and west
26 limits of the boundaries of the City of Santa Barbara. If

1 the Commission agrees, it is proposed to have this resolu-
2 tion incorporated in the transcript of this meeting.

3 MR. PEIRCE: Before we proceed, Senator Hollister and
4 Assemblyman Holmes of Santa Barbara are here. Do either
5 or both of you want to say anything by way of introducing
6 the other people from Santa Barbara? Mr. Holmes.

7 ASSEMBLYMAN HOLMES: Mr. Peirce and members of the
8 Land Commission, I would like to have this opportunity to
9 introduce my friends from Santa Barbara County who are here.
10 I think first I will introduce Mr. Vern Thomas, who is
11 District Attorney of Santa Barbara County, and next to him
12 is Mr. Harrison Ryan, who I understand is the Counsel; Mr.
13 Duncan of Summerland, and, I believe, the Secretary. And
14 next to her is Mayor Rickard of Santa Barbara and Mr.
15 Kleveland, who represents the Santa Barbara News-Press.

16 We have here as an interested visitor too, my County
17 Auditor, Albert Eaves, and Mr. Sexton from Hope Ranch; and
18 my good friend, Mr. Garrett Van Horne from the Goleta area,
19 and, of course, Senator Hollister.

20 VOICE: Russell Williams.

21 ASSEMBLYMAN HOLMES: I am sorry -- Mr. Williams.
22 Have I missed anyone else? I would like to make this
23 statement to the Commission -- that as a representative of
24 Santa Barbara and the Assembly, I am not taking sides pro
25 or con on this because I feel it is a little family fight
26 among those down there, and I am very grateful that you

1 have set up the hearing through the work of Jack (phonetic)
2 so that they can at least present their views; and I am
3 thanking you very much now for the hearing and the fairness
4 I know you will give both sides in this hearing.

5 MR. PEIRCE: Thank you, Mr. Holmes. Now, Mr. Thomas,
6 would you care to lead off please?

7 MR. THOMAS: Yes. Members of the Commission, I didn't
8 expect that I would be back before this Commission so soon.
9 As I recall the tidelands matter, the sanctuary, and coop-
10 erative work between the Commission and the City and County
11 of Santa Barbara and the oil industry, there was a full
12 exchange of data and information, so that this Commission
13 had the advantage of knowing the position of the various
14 parties; and consequently, out of that discussion, finally
15 came a law which ^{created *} ~~perioded~~ the sanctuary, which represented
16 the joint efforts of everybody to try to solve a rather
17 pressing problem.

18 Similarly, with respect to other areas of the coast
19 line, in which Santa Barbara was interested, you will recall
20 that unincorporated areas of the county were represented
21 before your Commission hearing in an attempt -- and the
22 oil industry -- as an attempt to devise a system of reason-
23 able regulations which would enable this Commission to exploit
24 the tidelands and areas where they should be exploited in the
25 interests of the people of California; and I think that as
26 a result of that cooperation the Commission has set up a

1 system of rules and regulations that are reasonable and
 2 as viewed from the standpoint of the County of Santa Barbara --
 3 I don't know how the city feels about it, because they
 4 didn't have any representative that participated in any
 5 way, shape or form in those regulations -- but as far as
 6 we were concerned, we were satisfied with the powers that
 7 reside in this Commission in order to protect interests on
 8 shore -- protect against ~~cellusion~~ *pollution* * and all the multiple
 9 problems that can arise from exploitation of the tidelands.

10 I regret the necessity of appearing here before you
 11 today. Ordinarily, annexation matters involving cities
 12 are purely a local matter in which the county does not
 13 take any active participation. The local communities are
 14 allowed to work out their own problems -- it is self-
 15 determination, it is democracy -- any action under ordinarily
 16 annexation procedure. But this is not a family feud, as it
 17 were, solely and exclusively a family dispute. We sincerely
 18 and honestly believe that the State interests of California
 19 and the powers and duties of this Commission are involved
 20 in this matter.

21 Now, with respect to this proposed annexation at Santa
 22 Barbara -- different from the procedures that I have hereto-
 23 fore mentioned, where there was cooperation, discussion and
 24 understanding and attempting to work out a sensible,
 25 rational program -- along comes out, without this discussion,
 26 without this interchange of information, a sudden attempt to

1 annex certain boundaries, including the entire sanctuary
2 area beyond to the east and to the west of the boundaries
3 of Santa Barbara.

4 Now, certainly, as the county -- officially, I think,
5 I represent the thinking of most of the Board of Supervisors
6 and other officials interested in planning -- we are only
7 too anxious to see that the City of Santa Barbara will in
8 time expand ^{on *} ~~in~~ land and take over certain areas which may
9 be in need of city services. We hope that, for example,
10 by creating a city growth which creates understanding, which
11 creates a public reputation for ability to solve the prob-
12 lems and to handle them efficiently and capably, that there
13 will be an expansion in certain areas of the city limits.
14 I think that it's inevitable in time, but they have got to
15 demonstrate it before unincorporated areas are going to
16 permit annexation of their areas to the City of Santa Barbara.

17 There is not in this proceeding, gentlemen, an over-
18 whelming demand by the unincorporated areas who are directly
19 affected by this annexation. They are not asking for the
20 benefit of these services which some day Santa Barbara might
21 be in a position to give them. They prefer to work out their
22 own destiny and it's for that reason principally that I
23 appear here today.

24 The City of Santa Barbara has suddenly, without an
25 interchange of thought and public dissemination of information,
26 sought to annex all the tidelands involving the sanctuary.

1 They certainly materially contributed to its creation, but
2 this Commission can certainly vouch for the fact that I
3 appeared as the sole representative from Santa Barbara in
4 order to try to do something about this problem. Then
5 later there was regular attendance by the City of Santa
6 Barbara. So it cannot be claimed from the history of this
7 legislation that they should be regarded as the paramount
8 protector of the tidelands area -- the unincorporated area.

9 The County of Santa Barbara as a whole is willing and
10 anxious that this Commission have full discretion with
11 respect to the tidelands and as an administrative body
12 that's where this power resides.

13 Now, why are we concerned? Why is this a matter of
14 State interest? And why are you men directly concerned
15 about this matter? I think the answer is very, very obvious.
16 This annexation, involving some fifteen miles way beyond
17 the easterly and westerly boundaries of the City of Santa
18 Barbara, creates a precedent, creates a practice which
19 could very well set up a chain reaction in this State up
20 and down the coast, where cities would be attempting to
21 take in the tidelands for many purposes. Certainly, as far
22 as the tidelands are concerned, gentlemen, they cannot
23 render the municipal service which is the basic motivating
24 force behind annexation of land -- police protection, fire
25 protection, better water development, and all the numerous
26 advantages that sometimes follow from municipal annexations.

1 But with respect to the tidelands, how can it be remotely
2 claimed, particularly when the area is to be far removed
3 from their land area, (at least in this case most of it)
4 how can it be claimed that there is any reasonable benefit
5 that the tidelands area involved here would receive from
6 this annexation? Other cities along the coast could very
7 well, if an annexation of this kind is permitted to go
8 through without protest by the State, why wouldn't it be
9 natural for them and in order to annex tidelands which may
10 involve possible oil activities in the tidelands. It will
11 mean a burdensome matter, I am sure, for the oil industry,
12 considering the fact that if bids are to be secured the
13 oil industry is certainly going to take cognizance of the
14 matter as to whether or not the area is within city boun-
15 daries and whether city taxes will be imposed in the event
16 they get a particular lease.

17 Isn't the State interest directly affected when, under
18 that situation, if there is to be exploitation, isn't it
19 possible that the royalty interests would be affected --
20 of course depending on what action is taken by the Legis-
21 lature, what royalty interest would be offered to the State
22 of California for the exploitation of these resources?
23 It would seem obvious. The answer I would offer to every
24 representative that is here is that under those circumstances
25 the royalty that the State would receive would be less than
26 if such territory was not in city boundaries. I think that

1 this thing can set up a vicious cycle of competition among
2 cities along the coastline to be sure and grab tidelands
3 areas which may offer a possible oil resource in the future
4 or which can be exploited; and it's a vicious circle. We
5 will have cities up and down this coast controlling to some
6 extent every inch of tidelands territory.

7 What is to stop Santa Maria, for example, now that
8 Santa Barbara is seeking to go fifteen miles, what's to
9 stop Santa Maria from seeking to immediately go to the coast
10 and stretch twenty or thirty miles down the coastline?

11 I think this matter is important from the State's
12 interests. It is not purely a local squabble. It is a
13 matter where vital State interests are involved and I think
14 as trustees of this property, charged with the duty of ex-
15 ploiting the tidelands, that where cities are seeking to go
16 beyond their easterly and westerly boundaries to an unreason-
17 able degree and where the particular unincorporated areas
18 that abut these lands, where they are frankly opposed to
19 such annexation, that the Commission could very well take
20 their grievances into consideration and, along with the
21 paramount interests of the State, protest annexations of
22 this type.

23 You will recall the difficulty that was created when
24 the United States claimed paramount interests in the tide-
25 lands and the resultant long litigation dispute that occurred
26 as a result of it; and when one city, without interchange of