

1 MR. PEIRCE: Are there any other representatives of
2 the industry who would like to discuss the subject that Mr.
3 Kirkwood raised before we come back to the body of the
4 lease form itself?

5 MR. SHAFER: Mr. Chairman -- Shafer of the Texas
6 Company. I think this would be a good time to back away
7 a little from these specific problems and look at the
8 over-all. As Mr. Lower said, some of these things we
9 don't like are not too bad...By this I mean so bad that
10 they would cause us to back away from this problem. But
11 you've got one paragraph that is almost unacceptable, and
12 another one almost unacceptable and on top of that you
13 add something here that is contrary to our operating habits
14 and practices for many, many years -- and one of us is
15 required to bid on these lands. So I suggest that con-
16 sideration be given to the over-all picture as the oil
17 companies have to look at it and see whether by adding
18 these little things here and there that you are not over-
19 loading this thing to the point where it becomes unattractive
20 as a whole.

21 MR. PEIRCE: Mr. Hanna.

22 ASSEMBLYMAN HANNA: Is it my I would like to
23 make a statement. It appears to me if it is a fact that
24 the practice under similar situations in other oil areas
25 of the United States requires the public dissemination of
26 this information we are talking about, that there should

1 be some showing of different circumstances in the State
2 of California, so that we could come to a proper evalua-
3 tion of this historical practice. I don't think we can
4 justify a practice simply because it has been done for a
5 long period of time. We certainly should have substantial
6 evidence of its desirability and I think it is incumbent
7 upon the industry to show that to the Commission, so they
8 can make a proper policy decision -- if this is going to
9 be a policy question. I think it's certainly information,
10 too, for the Legislature, if they were going to contemplate
11 changes -- and I am almost sure there will be some changes
12 contemplated in the 1959 session, related to this whole
13 problem.

14 MR. PEIRCE: Any further discussion?

15 MR. WANENMACHER: I would like to tell you, sir,
16 that all of this is not compulsory -- most of it is
17 voluntary. In other words, not all of the records are
18 submitted to the State and released by the State authorities.
19 For example, electric logs are exchanged and in the old days,
20 twenty years ago, it used to be they would trade. In order
21 to make it convenient, they turned them over to a blueprint
22 company and they print them. In other words, if a man
23 drills a well he may hold that information a few months.

24 MR. HOME: I would like to point out again that it
25 would be totally inconsistent with the regulations relative
26 to core drilling and other types of information such as

1 seismic information -- which under the present lease form
2 anyone may go on to the leased premises and obtain pursuant
3 to permit core information, seismic information, that
4 which is to be treated as such under the statute. Why
5 should it be a different rule with respect to wells drilled
6 by the lessee on ... lands? This information is available
7 to a person if they go on to the premises. I see no
8 justification and certainly a horrible conflict if the
9 lessee is forced to submit all his information and third
10 persons are permitted to go on and obtain information of
11 the same or similar type.

12 MR. PEIRCE: Mr. Horig, what is your comment at this
13 stage of the discussion?

14 MR. HORTIG: Well, with respect to the particular
15 section under consideration at this time relative to the
16 availability of data, I have already reviewed in general
17 the criteria or the factors which the State Lands Division
18 thought were relevant thereto, all except one; and that is,
19 that in the resolution of the conflict, as Mr. Home men-
20 tioned, if data were required to be disseminated and a
21 particular lessee felt he had not achieved by his invest-
22 ment a competitive advantage, I believe it must necessarily
23 follow -- although it cannot be demonstrated precisely --
24 on a lease offer on that basis, a lessee making a critical
25 evaluation would include some insurance for the condition
26 that he no longer had a competitive advantage; and this

1 insurance would be in a lower bid to the State for such
2 a lease.

3 MR. PEIRCE: Mr. Kirkwood, you raised this question
4 of disclosure of information. What is your position at
5 this point with respect to its applicability to the lease
6 form?

7 MR. KIRKWOOD: Let's take a look at whatever else
8 we are putting in the lease. I certainly realize this is
9 one of a series of things that balance each other. I cer-
10 tainly wouldn't want to go beyond the conclusions here,
11 all certainly which would indicate that if the law of
12 regular application were subsequently adopted, making
13 public similar material, this would be covered or sub-
14 sequently developed information would be covered by that
15 law. That would be as far as I would want to go. Let's
16 see where we end up. I judge we have one blank in
17 the lease on the size of the parcels ...

18 MR. HORTIG: If I may suggest, this would follow
19 in the next calendar item which would go to proposed
20 specific application of this lease form as adopted, as a
21 basis for proceeding. Both size of parcels and rental
22 provisions will be discussed in the next calendar item.

23 MR. KIRKWOOD: You are not talking in terms of
24 this exhibit, whatever it is?

25 MR. HORTIG: Yes, it would be ...

26 MR. KIRKWOOD: That does give the rental formula?

1 MR. HORTIG: No. The rental is a blank on page 3
2 of the lease.

3 MR. KIRKWOOD: I would certainly reserve at this
4 point, John I would say let's take a look at the
5 other things; and I am not making any suggestion or
6 proposing any amendment of the lease until I have a
7 chance to look at the other things and have a chance of
8 discussion with the consultants and so forth as to what
9 they are recommending here.

10 MR. PEIRCE: Are there other representatives who
11 wish to be heard with respect to the proposed lease form?
12 If so, we would be delighted to hear from you now.

13 MR. WATSON: Mr. Chairman, for the record my name
14 is Glenn R. Watson. I am appearing today as attorney for
15 Edwin H. Pauley and Associates and Phillips Petroleum
16 Company. We have two points bearing on the proposed lease
17 which we feel should be considered by the Commission.

18 Mr. Hortig just referred to the annual rental
19 figure as still blank. We note that \$1.00 per acre has
20 been recommended by the staff but has not yet been inserted
21 in the lease. We would simply say we support the staff's
22 recommendation of \$1.00 in that respect.

23 With reference to the size of the parcels, we feel
24 it is entitled to great consideration, at least while the
25 terms of the lease are under consideration; and if it is
26 agreeable, I would like to discuss the feeling of these

1 two companies with respect to size of the parcels. That
2 is important to the Commission .. and, well, Edwin Pauley
3 and Phillips Petroleum Company are of the opinion that
4 fixing the size of these wildcat parcels at 5,760 acres
5 would be in the best interests of the State of California.
6 Certainly, parcels of that size would be more attractive
7 to industry and, therefore, should result in high amount
8 of cash bonus bid. We believe that not only would the
9 total bonus per parcel be greater but that the industry
10 would bid more cash bonus per acre on the larger size.
11 The amount of bonus is affected by the probable revenue
12 of the lessee if the parcel is obtained. The size of the
13 parcel will influence the size of expenditure on platforms
14 and other operational requirements. Such expenditures
15 would be greater for a small parcel than for a larger
16 parcel -- which, of course, would result in a smaller net
17 profit on the smaller parcels. The larger parcels should
18 produce the greater dollar return per dollar spent per
19 acre, thus making more dollars available for the payment
20 of a higher cash bonus to the State.

21 Therefore, we are of the opinion that fixing the
22 size of the original parcels at 5,760 acres is sounder
23 from a business and economic viewpoint, will have the
24 effect of increasing the bonus to the State of California
25 and will decrease the number of platforms and installations
26 and thus be beneficial to Santa Barbara and onshore interests.

1 Further, the Legislature has expressed parcels of 5,760
2 acres in size by the Cunningham Shell Act in 1955 and re-
3 enacted this in 1957. The Legislature apparently contem-
4 plated that parcels not 5,760 acres in size would be
5 appropriate in proper cases. This offer, we feel, is the
6 logical place of following the legislative intent by
7 fixing the size of the parcels at 5,760 acres.

8 The second point which we wish to bring before you,
9 which we are most concerned with and which concerns the
10 Commission, concerns the royalty formula. The staff has
11 recommended a bonus bid and sliding royalty, but there
12 has been publicly little discussion regarding the suitable
13 royalty formula. We believe that the royalty formula
14 proposed in Exhibit B for consideration is not proper for
15 these wildcat lands. In fact, this formula is comparable
16 to the ones on the majority of the State lands in the
17 Santa Barbara lands and Ventura, on which leases have been
18 made on proven lands, except in one case in cash bonus.

19 We would like to submit a formula which, in our
20 opinion is more suitable to wildcat lands. This formula
21 lies somewhere between the extremes that have been advo-
22 cated, one suggesting a flat $16\frac{2}{3}$ and the other a sliding
23 scale up to 50%, which appears on Exhibit B for considera-
24 tion.

25 For the purpose of clarity, I would like to hand the
26 Commission a sheet showing our proposed formula and its

1 effect on proposed production. There is one for about every-
2 one to have one and in about five seconds I can put in on
3 the board so the other gentlemen can see it.

4 Now, you will note that under this formula 16-2/3%
5 royalty remains effective until a production of 196 barrels
6 per well per day has been reached. The royalty then in-
7 creases on a sliding scale up to the maximum to be fixed
8 by the Commission. We recommend a maximum of 25% on
9 this offshore wildcat acreage. In our opinion, this
10 formula would make the lease more attractive, would in-
11 crease the competition, and would result in a higher cash
12 bonus payment to the State. This sliding scale royalty
13 that we are proposing in our formula is higher than the
14 royalties demanded by Louisiana, Texas, the Federal govern-
15 ment in the Gulf of Mexico, and other jurisdictions, with
16 which the oil industry must compete. We feel it is
17 important for California to be in competitive position with
18 other jurisdictions. This formula we propose is a fair
19 one. The company will spend millions of dollars for cash
20 bonus, platforms, exploration and testing. At least, the
21 cash bonus, exploration and drilling costs will be a total
22 loss if drilling is unsuccessful. Every bidder must con-
23 sider these factors in the event production is not obtained,
24 in determining the cash bonus. The potential reward must
25 take care of those losses. The less the potential reward,
26 the less the cash bonus to the State.

1 In our opinion, this should have the careful
2 consideration of the Commission. We trust our recommenda-
3 tions on the size of the parcels and a suitable formula
4 will be considered before final action is taken.

5 MR. PEIRCE: May I ask, Mr. Watson, did you or some-
6 one representing the companies you are representing today
7 present your thinking on this subject to the committee of
8 the Western Oil and Gas Association?

9 MR. WATSON: I don't believe the committee has met
10 since the royalty formula was first proposed by the Lands
11 Commission and came out with a tentative draft in March.
12 To answer you directly, sir, I don't believe it has been
13 discussed with the Commission.

14 MR. PEIRCE: Were your companies represented at the
15 discussion at which members of our staff met with members
16 of the industry here in Sacramento on February 26 and 27,
17 I believe, with the consultants present, discussing various
18 ramifications of this problem?

19 MR. WATSON: The two companies were represented at
20 the hearing and according to the writer, there was no
21 discussion concerning the particular formula. All of the
22 discussions were directed toward cash basis, and so on.
23 This has not received public discussion.

24 MR. PEIRCE: In other words, your presentation today
25 is the first time that this particular proposal has been
26 presented to our staff or to our consultants?

1 MR. WATSON: No, I wouldn't say that. It's the
2 first public discussion. The formula has been presented
3 to Frank, but this is the first opportunity, actually this
4 is the first time the formula has been publicly discussed
5 to our knowledge.

6 MR. PEIRCE: Mr. Hortig, have you any comments to
7 make with regard to this matter?

8 MR. HORTIG: Yes, sir. As Mr. Watson reported,
9 representatives of Phillips Petroleum did discuss with
10 me this proposed royalty formula sometime back. This was
11 one of a multitude of formulas and proposals which have
12 been evaluated against the tests of the Commission's experi-
13 ence, the recommendations of the special board of the
14 consultants to the Commission; and inasmuch as -- I
15 point out, I probably shouldn't admit this -- I am one of
16 the parents or the parent of this particular form back in
17 1938, I felt I had particular familiarity with this formula.

18 The basic problem, making this short, is that the
19 staff has recommended to the Commission, after considera-
20 tion of all aspects, from all aspects, the particular
21 formula which is in the lease form before you today. All
22 other variations are desirable, and supportably desirable,
23 depending upon the particular end desired to be achieved
24 by the specific proponent. You have here today, on one
25 hand, Mr. Lower unqualifiedly stated the royalty formula
26 proposed by the staff is too high; Mr. Watson in behalf

1 of his clients has another one lower, and, therefore, the
2 recommended formula is too high; Senator Allen stated un-
3 qualifiedly the royalty formula is too low.

4 You have, out of the total considerations and the
5 representations made by everyone, the staff's considered
6 recommendation and the considered recommendation of your
7 special board of consultants; and even in the light of the
8 support for the particular formula which Mr. Watson has
9 advanced, that nevertheless the royalty formula that
10 should be adopted by the Commission is that set forth in
11 the lease form before you.

12 I might add, additionally, for those proponents
13 of the situation who feel that potential high cash bonus
14 bids are restrictive and undesirable in connection with a
15 State lease, that adoption of the royalty formula proposed
16 to the Commission would be more desirable in the royalty
17 form here proposed, in that I think it is recognized as
18 axiomatic that with the high royalty formula, the cash
19 bonus bids would be lower.

20 MR. PEIRCE: Dr. Kaveler, would you like to comment
21 on Mr. Watson's statement?

22 DR. KAVELER: Mr. Chairman, I don't believe I could
23 add anything over what Mr. Nortig has said. There is no
24 basis for determining what a royalty should be. It is a
25 matter of business judgment. As you have discussed ex-
26 tensively from time to time in this hearing, Mr. Nortig

1 calls attention to the fact that the lease is a thing in
2 sum total. If the royalty is higher, the bonus will be
3 lower. I think Mr. Wanenmacher joins me. Both as to the
4 size of the lease and the royalty to be applied, they have
5 unto themselves a policy problem. The diverse opinion
6 what exists in this State, I think, would drive the Commis-
7 sion to a compromise position. I think you should derive
8 a great deal of satisfaction out of the fact that if both
9 sides are dissatisfied with the result that equity has
10 probably been done. It would be fatal, in my opinion, that
11 either side walked out of here satisfied. Then, I think,
12 equity would not be done.

13 One has to weigh his words in this ticklish
14 situation . . . but I am persuaded . . . the statement I
15 made to Mr. Allen, the statement I made in respect to the
16 statutes on minerals in the State of California has under-
17 gone transition. At the last meeting we had, it was all
18 understood that what we decided today is not fixed -- it
19 is in an evolutionary process. I think what the staff has
20 recommended today is as good a middle-of-the-road lease
21 that you could have. I would recommend that the staff's
22 recommendations on lease size and other things be approved.

23 MR. PEIRCE: Mr. Wanenmacher?

24 MR. WANENMACHER: I concur.

25 MR. PEIRCE: You concur. Now, we have been here
26 for nearly two hours. I would observe that this matter

1 has been studied for many, many months. We have tried
2 to bring into our considerations of a very difficult
3 problem every possible viewpoint and, as Dr. Havelar has
4 observed, perhaps it is too much to expect that everyone
5 shall be entirely satisfied either from the State's view-
6 point or the industry's viewpoint. We have a law under
7 which we are operating and we have endeavored to interpret
8 that law, with the advice of the Attorney General and
9 our consultants, in a manner that will protect the inter-
10 ests of the State and yet to give recognition to proper
11 inducements which will cause the industry to explore for
12 and find oil such as may exist under the tidelands of
13 this State. Now, Mr. Kirkwood and Governor Powers, I
14 believe we have, at least, exhausted in a preliminary
15 fashion the testimony that is offered by those present.
16 What is your pleasure with regard to the staff's recommen-
17 dation that we approve the lease form as amended?

18 MR. KIRKWOOD: Could I ask a question, please, first,
19 John? Mr. Watson, I would be curious on one thing. You
20 are Senator Richards' partner?

21 MR. WATSON: I am.

22 MR. KIRKWOOD: Have you had opportunity to discuss
23 with him the point he raised with reference to possible
24 operation of AB 5?

25 MR. WATSON: I have not read AB 5 and I have inquired
26 of him what effect it would have; but I am not otherwise

1 familiar.

2 MR. KIRKWOOD: Do you feel, after the discussion
3 you heard this morning, that it is proper for us to go
4 ahead with this lease, with the provision of 10 of the
5 exhibit; that we are not getting into a problem there?
6 Is that anything you can express a view on?

7 MR. WATSON: No, it is not. Phillips Petroleum
8 and Pauley have no position on that. The only ones we
9 wish to comment on are the ones within our presentation.

10 MR. PEIRCE: Mr. Shavelson.

11 MR. SHAVELSON: I'd like to point out that Section
12 5 reserves to the State the right to exercise a power.
13 In other words, it's not something that is automatically
14 operative.

15 MR. KIRKWOOD: You mean AB 5?

16 MR. SHAVELSON: Excuse me, I meant Section 10 of
17 Exhibit A; and for that reason it is not, it does not
18 have a head-on sort of conflict with the statute. I have
19 a statement, a one-sentence proviso, which really says
20 no more than would be implied anyway, but it might be a
21 good idea just to clarify this matter saying "The rights
22 reserved and retained by the State under this Section 10
23 shall be exercisable to the extent and only to the extent
24 that such exercise is permitted by law at the time of such
25 exercise." I think that would certainly eliminate -- if
26 by minute study of AB 5 there should be some question, we should

1 conclude there is . legal conflict between this retained
2 power in Section 10 -- then I believe this would make it
3 clear that we are not trying to do anything inconsistent
4 with the law and, of course, that would be the thing anyway.
5 We don't like to have any provision of doubtful validity --
6 even though it is undoubtedly severable, it doesn't affect
7 the validity of the lease.

8 MR. PEIRCE: Mr. Hutchins.

9 MR. HUTCHINS: My name is J. Barton Hutchins. I
10 represent Edwin Pauley. I am not trying to cut the ground
11 down under a lawyer. It is true that Phillips and Pauley
12 have not had a discussion about this, but I discussed it
13 with Pauley last night and he is very apprehensive that
14 down the road there is probably going to be a head-on
15 collusion ... (laughter) ... my apologies, collision. (I
16 am glad you are listening to me anyway.) I have discussed
17 this with the Senator himself; I have read the act. I am
18 not a lawyer but it seems to me you have got two sets of
19 rules to go by. Looking at this -- it doesn't have to
20 take a month, a year, but I think more detail should be
21 gone into than Mr. Shavelson remarks. I feel like Mr.
22 Lower. I believe we ought to take a good look at this
23 thing.

24 MR. KIRKWOOD: Did Mr. Lower make that statement?

25 MR. PEIRCE: Mr. Kirkwood has asked, did you make
26 that statement that was referred to by Mr. Hutchins -- that

1 is, that we delay action on the approval?

2 MR. LOWER: I didn't ask that the Commission delay
3 action. What I said was that I thought there was a con-
4 flict in AB 5 and Section 10 as previously written.

5 MR. KIRKWOOD: Wouldn't this insertion of Mr.
6 Shavelson take care of any possible conflict?

7 MR. LOWER: I think it would, yes. If it makes
8 Section 10 subject to the effect of AB 5 and the rights
9 of the Commission to act thereunder subject to any legis-
10 lative enactment which might be contrary to its provisions,
11 I think it would.

12 GOVERNOR POWERS: That is the part I would be
13 interested in. We certainly don't want to pass a rule in
14 conflict of the law.

15 MR. KIRKWOOD: I can't see there is any conflict.
16 I think this would take care of it.

17 MR. HORTIG: If I may, Mr. Chairman, I should like
18 to add something that isn't generally advised. AB 5 or
19 not, and assume AB 5 is a panacea for Long Beach, which
20 it is designed to be, Section 10 of the lease form is still
21 going to be desirable for the control of operations on any
22 State lands, particularly from the standpoint that there
23 cannot be extensive damage resulting from operation of a
24 State lease, which extensive damage could otherwise still
25 result under the criteria of AB 5 long before AB 5 can be
26 triggered into action.

1 MR. KIRKWOOD: Might I ask, Frank, what is our
2 agenda here? You say the lease parcel size doesn't come
3 up until items later in the agenda?

4 MR. HORTIG: The item succeeding this.

5 MR. KIRKWOOD: Is it calendered?

6 MR. HORTIG: Yes, it follows immediately behind.
7 If you gentlemen wish preferentially to consider them
8 together

9 MR. KIRKWOOD: I think that gives us the whole
10 picture of what we are talking about and what we haven't
11 gotten into discussion of. Wouldn't you say that, John?

12 MR. PEIRCE: I think we ought to take them together.
13 Mr. Watson links them together.

14 MR. KIRKWOOD: Are we suggesting five parcels be
15 put out?

16 MR. HORTIG: Yes sir.

17 MR. KIRKWOOD: And each one is 3,840 acres?

18 MR. HORTIG: Yes sir.

19 MR. KIRKWOOD: \$1.00 per acre per year?

20 MR. HORTIG: Yes sir.

21 MR. PEIRCE: And the lease form we are discussing
22 would apply.

23 MR. KIRKWOOD: And the royalty also.

24 MR. HORTIG: Here is a map with the geographical
25 locations. (Short discussion off-the-record, looking at
26 map)

1 MR. PEIRCE: All right. The meeting will then
2 come to order. Before we conclude on Agenda Item No. 1,
3 Mr. Hortig, will you now pass to Item No. 2, which involves
4 five proposed lease offerings?

5 MR. HORTIG: Yes, Mr. Chairman. On September 13,
6 1957, the Commission initiated consideration of offering
7 oil and gas leases pursuant to Division 6, Public Resources
8 Code, in an area of approximately 54,000 acres of tide and
9 submerged lands extending from westerly of the Elwood area
10 to Point Conception, Santa Barbara County. The County
11 of Santa Barbara was notified pursuant to Section 6873.2
12 Public Resources Code of the pending consideration of
13 lease offers. The county did not request a public hearing.
14 Time required for filing such request expired November 15,
15 1957. Recommendations as to royalty rates, lease sizes
16 and lease locations were presented to the Commission by a
17 special board of consultants on February 3, 1958. The
18 following staff recommendations are within the scope of
19 the consultants' recommendations:

20 It is recommended that the Commission authorize the
21 Executive Officer to offer parcels of tide and submerged
22 land in Santa Barbara County for oil and gas lease pursuant
23 to Division 6 of the Public Resources Code. The lease
24 award is to be made to the qualified bidder offering the
25 highest cash bonus payment in consideration of the issuance
26 of an oil and gas lease. The bid lease to be offered for

1 the parcels shall be the form authorized pursuant to
2 Item 1 of this calendar. The areas are not within the
3 geological structure of any known oil or gas field, there-
4 fore they are in the areas listed by the consultants as
5 wildcat and exploratory.

6 There follows three parcels of 3,840 acres each, the
7 parcels being approximately two miles along shore three
8 miles into the sea. The specific map coordinates, so
9 these parcels can be precisely located on the earth, are
10 listed. The three parcels under discussion all lie easterly
11 of Gaviota and extend to approximately $1\frac{1}{2}$ miles west of
12 the westernmost lease of the existing Elwood Oil Field.
13 The landward and northerly boundary of each parcel is the
14 ordinary high water mark of the Pacific Ocean. The seaward
15 or southerly boundary would be parallel to the ordinary
16 high water mark and seaward three miles.

17 The lease rental is to be set at \$1.00 per acre
18 per year.

19 As provided in the lease form, no permanent filled
20 lands, platforms or other fixed or floating structures for
21 well sites or other operations for operating oil and gas
22 development from the area leased shall be constructed, used
23 or operated at any location less than one mile seaward of
24 the ordinary high water mark of the Pacific Ocean.

25 The bid lease form to be offered for the next fol-
26 lowing described parcels shall be the same form, of course

1 omitting any limitations as to location, placement or use
2 of pier structures or filled lands by deleting the appropriate
3 restrictive language from the lease form -- which
4 provides for the restriction of these operations in the
5 lease form -- for these two parcels westerly of Gaviota
6 and easterly of Pt. Conception. Parcel description follows.
7 There are two parcels, 3,840 acres each. Again, the
8 northerly boundary is to the ordinary high water mark and
9 the seaward boundary or southerly boundary to be parallel
10 to the ordinary high water mark seaward three miles; with
11 the ordinary rental \$1.00 per acre per year.

12 For the record, if I may, Mr. Chairman, at this
13 point note that in the lease form which has been discussed
14 this morning -- on page 19 we should like to have the
15 record reflect that page 19, line 5, should read "at
16 least" rather than "lease" -- with a "t"; and page 19,
17 line 10, should read "at least."

18 MR. PEIRCE: We have before us the recommendation
19 of the staff that the Executive Officer be authorized to
20 offer for lease five parcels of tide and submerged lands
21 in Santa Barbara County. Are there any questions on the
22 part of the members of the Commission?

23 MR. KIRKWOOD: Well, to get the matter formally
24 before us, I move the recommendation of the staff.

25 GOVERNOR POWERS: I'll second.

26 MR. PEIRCE: Does that apply to both recommendations?

1 MR. KIRKWOOD: Well, yes, I think if we adopt this
2 we are accepting the form.

3 MR. HORTIG: For this particular lease only.

4 MR. KIRKWOOD: But I want to ask the consultants
5 before I vote on that.

6 MR. PEIRCE: If I understand correctly, Mr.
7 Kirkwood has moved that the State Lands Commission approve
8 the two recommendations of the staff -- first, with respect
9 to the lease form as amended; and, secondly, with respect
10 to offering of these five parcels of tide and submerged
11 lands. Those are the two recommendations before us, is
12 that not right, Mr. Hortig?

13 MR. HORTIG: That is correct. At this point, may I
14 ask that the record show that the lease form as amended,
15 referred to, includes on page 21, line 24, after the word
16 "lands" the addition of the phrase "or other shoreline
17 properties" as was suggested by Mr. Kirkwood.

18 MR. PEIRCE: Mr. Shavelson:

19 MR. SHAVELSON: I was just wondering also if we
20 want to include that little phrase at the end of Section
21 10 that I suggested.

22 MR. PEIRCE: Will you read it aloud, please?

23 MRS. STAHL: The rights reserved and retained by
24 the State under this Section 10 shall be exercisable to the
25 extent and only to the extent that such exercise is per-
26 mitted by law at the time of such exercise.

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1 MR. SHAVELSON: That would follow the words
2 "Section 10" on line 33, page 22.

3 MR. KIRKWOOD: Won't the same -- shouldn't the
4 same addition that's made on page 21 be made on page 22,
5 line 9?

6 MR. SHAVELSON: That's right.

7 MR. HORTIG: Exactly.

8 MR. KIRKWOOD: All of the amendments we are adopt-
9 ing are in this one section?

10 MR. HORTIG: Yes. Page 22, line 9 -- actually it
11 should go in line 8, Mr. Kirkwood, after "residential
12 areas" -- ... "or other shoreline properties."

13 MR. KIRKWOOD: That one, we want to be sure is the
14 exact language. I am a little bothered in the reading of
15 that.

16 MR. LEOVY: I wonder if we could read the language
17 of that change a little louder?

18 MR. PEIRCE: Can you read that, Mr. Hortig?

19 MR. HORTIG: Which one?

20 MR. LEOVY: The one at Section 10.

21 MR. HORTIG: The rights reserved and retained by
22 the State under this Section 10 shall be exercisable to the
23 extent and only to the extent that such exercise is permitted
24 by law at the time of such exercise.

25 MR. LEOVY: I was wondering if it would be better
26 to say "shall be exercised by the State Lands Commission

1 only to the extent" In other words, the State is
2 still going to do it.

3 ASSEMBLYMAN HANNA: It's in the lease, it would
4 have the same in other words, the conflict here is
5 going to be by the State -- the D.O.G. or State Lands
6 Commission.

7 MR. PEIRCE: Are we all of the same mind with
8 respect to the text of these changes in the lease form?

9 MR. KIRKWOOD: Now, I might ask. then, John, of
10 the consultants whether you are in a position to recommend
11 this and having particularly in mind the discussion on
12 Section 18, whether you feel with these other provisions
13 and with the balance we have, that you are prepared to
14 recommend this as appropriate.

15 DR. KAVELER: Yes, Mr. Chairman. In response to
16 Mr. Kirkwood's question, yes, I would recommend the lease
17 adoption as now written.

18 MR. PEIRCE: Mr. Wanenmacher?

19 MR. WANENMACHER: Our firm will also recommend the
20 lease as changed and amended.

21 MR. PEIRCE: The motion has been made

22 GOVERNOR POWERS: I seconded it, yes.

23 MR. PEIRCE ... and it has been seconded. Is there
24 any further discussion on the part of the members of the
25 Commission? (No response) Has anyone else anything to
26 say before we take action with respect to these two

1 of the Public Resources Code was amended, providing more
2 flexible operating and developing conditions for leases
3 thereafter, and with the option in the Commission to include
4 any such conditions in any pre-existing lease by amendment.
5 Such amendment may be included in pre-existing leases also
6 in the opinion of the Attorney General.

7 Application has been received from Standard, as
8 operator, requesting approval of the amendments to provide
9 for the additional operating conditions and it is recom-
10 mended that the Commission approve such modification.
11 This is identical with the modifications approved by the
12 Commission heretofore in upwards of twelve existing leases.

13 MR. PEIRCE: Any questions? (No response).

14 MR. PEIRCE: Recommendation is approved.

15 MR. HORTIG: Page 24, gentlemen. The staff is
16 happy to report that with respect to the calendar item on
17 page 24 this represents a consolidated report of the
18 closing of certain projects which have been completed
19 pursuant to prior authorization by the Commission for
20 expenditure of subsidence funds. The determination of
21 the allowable subsidence deductions in the light of the
22 operations that have been conducted has been completed in
23 accordance with the requirements that there be an engineer-
24 ing review and final audit at the time the items are com-
25 pleted. The results of the final engineering review and
26 audit are tabulated on page 26 and represent only four

1 projects, show for four projects in the final column
2 "Credit Due State" the amount of funds heretofore withheld
3 by the City of Long Beach on an estimated subsidence basis,
4 which have now become due to the State, in view of the
5 fact that allowable deductions are found to be less than
6 those paid the City of Long Beach. So, for the projects
7 as listed, the amounts due the State are indicated in the
8 right hand column and it is recommended that the Commission
9 determine that the subsidence costs in these respective
10 fund designations be authorized on the basis of this
11 determination, and that the Executive Officer be authorized
12 to execute appropriate written instruments requiring that
13 appropriate adjustments on the accounts considered herein
14 be made to the State of California as necessary and indi-
15 cated on Exhibit A on page 26.

16 MR. PEIRCE: Does this meet with the approval of
17 the City of Long Beach?

18 MR. SPENCE: Meets the approval of the City of
19 Long Beach.

20 MR. KIRKWOOD: How does this happen? Are these
21 all under the original estimates?

22 MR. HORTIG: This will be the situation in the
23 majority of instances.

24 MR. KIRKWOOD: We are not closed from our original
25 finding from adjusting upward?

26 MR. HORTIG: No sir, we are not. As we have gone

1 along, you gentlemen have approved additional amounts and
2 ultimately it could well be that. As the tabulation was
3 originally set up, it reflected "Credit due State or
4 Long Beach" and it can go either way, but in this particu-
5 lar instance, since the credits are due the State only,
6 the column was omitted for clarity.

7 MR. KIRKWOOD: We don't have any further documenta-
8 tion on this except this?

9 MR. HORTIG: Solely the working papers.

10 MR. KIRKWOOD: Those are in the hands of the staff?

11 MR. HORTIG: They are in the files of the State
12 Lands Division. Copies are in the files of the Long Beach
13 Harbor Department, and the results here are also the final
14 determination after rather extensive reviews and agreement
15 and determination with the Long Beach Harbor Department
16 staff. In other words, these are not unilateral deter-
17 minations.

18 MR. KIRKWOOD: Jay, in your opinion is this
19 sufficient documentation to act on without in effect
20 delegating someone to go into it? Should we have some
21 sort of outline from the staff as to their procedure?
22 This is the first one we have done?

23 MR. HORTIG: Yes.

24 MR. SHAVELSON: The Commission has, of course,
25 given its prior approval to these expenses subject to
26 subsequent engineering and accounting review. I don't

1 know what would be intermediate between this general
2 summary and actually going into the tabulation of the
3 working papers. I don't think that

4 MR. KIRKWOOD: You think this is sufficient as a
5 basis for us to determine that this is the proper division?

6 MR. SHAVELSON: In this instance, where it doesn't
7 go above your original estimate, I feel pretty comfortable
8 with it. As far as the future, if the costs do exceed it,
9 it's quite possible we ought to formulate a procedure under
10 which, when the City sees that it is going to exceed the
11 estimated cost, that the Commission is informed so that it
12 may, if possible, act before the excess funds are spent.

13 MR. HORTIG: That has been our

14 MR. SHAVELSON: That has been. I think you have
15 given your prior approval of the expenditure of up to this
16 amount at least and under these circumstances I think it
17 is satisfactory.

18 MR. HORTIG: I may have complicated this unduly, if
19 I may suggest -- I did not read the full calendar, but the
20 calendar item itself outlines the steps that were taken
21 and including the final review with the Harbor Department.
22 This, I believe, was something in the nature of something
23 intermediate, as Jay has suggested.

24 MR. KIRKWOOD: None of these are particularly
25 controversial areas -- they are not ones where we would
26 get into serious problems?

1 MR. HORTIG: No, they were clearly within the
2 Harbor Commission, so we have no difficulty as to loca-
3 tion. They were definitely in an area that has and is
4 continuing to subside and the funds were clearly spent
5 for the purpose of subsidence remedial work. Many dis-
6 cussions were necessary to clear up how you subsidize a
7 portion of a project, and, as a matter of fact, the reason
8 these are all credits due the State was the fact that
9 there had been considerable difference of opinion in the
10 City's estimate as to what were subsidence items and our
11 determination arrived at subsequently.

12 MR. KIRKWOOD: M-m-mhm.

13 MR. PEIRCE: Any further questions?

14 MR. KIRKWOOD: No.

15 MR. PEIRCE: The recommendation is approved.

16 MR. HORTIG: Page 27 is a continuation of the
17 month-to-month program, or the program analogous to and
18 necessary in conjunction with those programs approved
19 heretofore by the Commission on a month-to-month basis
20 because the total program data are not yet sufficiently
21 developed in order to permit the particular segment to
22 be included on a fiscal year basis; and in this instance
23 additional subsidence studies are deemed to be critically
24 necessary in connection with evaluation of subsidence work
25 planned for the future; and while there has been prior
26 approval of this type of project in principle and for a

1 limited time and funds, it has developed that additional
2 costs will have to be incurred by the Harbor Department
3 for the sub-project "Consultants and Contingencies" which
4 is outlined at an estimated total of \$10,000 on page 28;
5 and it is recommended that the Commission approve such
6 costs to be expended by the City of Long Beach, subject
7 to the standard reservations for determination of allow-
8 ability upon engineering review and final audit subsequent
9 to the time when these operations have actually been com-
10 pleted.

11 MR. KIRKWOOD: H-m-mhm.

12 MR. PEIRCE: Any questions? (No response)

13 Recommendation is approved.

14 MR. HORTIG: Page 29 -- an ^{item}/analogous to the pre-
15 ceding item. This is also a request for approval for
16 additional funds for a project heretofore approved under
17 the title of "Subsidence Maintenance" and this request is
18 being made to insure that emergency repairs can be made
19 to terminal facilities if required prior to the end of
20 this fiscal year, June 30, 1958.

21 MR. KIRKWOOD: M-m-mhm.

22 MR. PEIRCE: The recommendation is approved.

23 MR. HORTIG: Again ... the Commission heretofore
24 approved on a fiscal year basis a project under the title
25 of "Roads and Streets". It has now developed that addi-
26 tional unforeseen costs will be incurred by the Harbor

1 Department for work on the sub-project of the pontoon
2 bridge relocation. The west approach to the Pontoon
3 Bridge remains low and the request is made to obtain
4 prior approval for raising the site of Seaside Boulevard
5 and the surrounding area which will be necessary to meet
6 the Pontoon Bridge. No approvals are being requested in
7 connection with work on the bridge as such, which is not
8 qualified. It is recommended the additional costs be
9 approved as detailed on

10 MR. KIRKWOOD: Move the approval.

11 MR. HORTIG: page 32, subject to the standard
12 limitations.

13 MR. PEIRCE: O.K.?

14 GOVERNOR POWERS: Yes, that's O.K.

15 MR. PEIRCE: Recommendation is approved.

16 MR. HORTIG: The Commission has also approved
17 (page 33) the Pier E area project for the 1957-58 fiscal
18 year, but it has been determined from proceeding with the
19 project that additional costs will have to be incurred
20 for earth filling the area between bulkheads and the road
21 in the center of the pier, which were not clearly foreseen
22 at the time of presentation of the original Pier E project
23 estimates to the Commission. It is recommended that con-
24 ditional authorization or approval be given for expendi-
25 ture of the additional funds.

26 MR. KIRKWOOD: O. K.

1 MR. PEIRCE: Any questions? (No response)

2 Recommendation is approved.

3 MR. HORTIG: Page 35 is strictly the monthly
4 continuation of the Town Lot project which still is not
5 processed sufficiently to be proposed in its entirety and
6 therefore the Harbor Department is again

7 MR. KIRKWOOD: Approved.

8 MR. HORTIG: ... submitting a request on a monthly
9 basis.

10 MR. PEIRCE: Any questions? (No response) The
11 recommendation is approved. That takes care of Long
12 Beach?

13 MR. HORTIG: I believe that takes care of all
14 personal appearances, if you would care to raise the
15 question.

16 MR. PEIRCE: Does anybody have any matter before
17 the Commission upon which you would like to be heard?
18 Otherwise, we will return to the agenda and consider it
19 in order. (No response)

20 MR. HORTIG: Page 6, then. Mineral Extraction
21 Lease P.R.C. 1498.2 was issued in anticipation of the
22 development and shipment of commercial grade uranium ore.
23 The lessee has labored diligently to develop such a process
24 that would be economically feasible but has been unable to
25 meet the specifications of the Atomic Energy Commission,
26 who have since also curtailed purchases of uranium oxide

1 from new mills. There are no royalties due on the lease
2 and advance rental for the year 1957 has been paid.

3 MR. PEIRCE: Recommendation is approved.

4 MR. KIRKWOOD: Are all of those dates right in
5 there? Some of those are subsequent, but I guess that's
6 C. K.

7 MR. HORTIG: Well, the next one that comes up is
8 May 31, 1958. We are not there yet, and the Commission's
9 prior approval of deferment was for the preceding year
10 rather than the advance year.

11 The Commission has heretofore approved a prospect-
12 ing permit covering certain areas in San Luis Obispo
13 County, initiated for the development of chrome ore. It
14 has been found that commercially valuable deposits of
15 minerals have been developed under the prospecting permit.
16 The prospecting permittees have requested that a prefer-
17 ential mineral extraction lease be issued as provided for
18 in the permit. The royalty rates were also set forth in
19 the prospecting permit at the time of issuance and are
20 repeated here. It is recommended that the Commission
21 authorize issuance of a preferential mineral extraction
22 lease to Carl Pierce, Ferec Pierce and Frank Pierce
23 covering Lots 1 and 7, in accordance with those sections
24 of the prospecting permit that are delineated in Prospecting
25 Permit 1899.2, subject to the deposit of performance bond
26 in the amount of \$1,000.00.

1 MR. KIRKWOOD: O. K., I guess.

2 GOVERNOR POWERS: M-m-mhm.

3 MR. PEIRCE: All right. The recommendation is
4 approved.

5 MR. HORTIG: Ken, Page 9.

6 MR. SMITH: Page 9 -- Sale of vacant school land.
7 Application has been received for the purchase of 40 acres
8 in San Diego County. The appraisal is established at
9 \$500.00 or \$12.50 an acre. Under the competitive bidding
10 seven separate bids were received, ranging from a low of
11 \$520 to a high of \$1001.20. Two of those bids were faulty --
12 that by Esther Bradberry, since it was not submitted on the
13 form prescribed by the Commission in the public notice,
14 and also the bid of James G. Ronis -- the envelope did not
15 contain the notation "School Land Bid - Offer No. 183" as
16 specified in the public notice. The first applicant, who
17 had the right to meet the highest bid, indicated he did
18 not wish to do so.

19 It is recommended that the Commission find that
20 the 40 acres in San Diego County are not suitable for
21 cultivation without irrigation, reject the following bids
22 for failure to comply with the regulations set forth
23 and required: The bid of Esther Bradberry -- form of bid
24 not submitted on the form prescribed by the Commission;
25 bid of James Ronis -- sealed bid did not contain the
26 notation on the outside thereof "School Land Bid - Offer

1 No. 183;" and by reason of the first applicant having
2 relinquished his right to meet the highest bonafide bid,
3 authorize the sale to the highest bidder -- authorize the
4 sale to the next highest bidder, Samuel M. Caplin, at
5 \$1,000, with all usual reservations.

6 MR. PEIRCE: Recommendation is approved.

7 MR. SMITH: Page 11 -- sale of vacant school land.
8 It is recommended that the Commission authorize the sale
9 of school land for cash at the highest offer, in accordance
10 with the following tabulations, such sales to be authorized
11 according to all standard reservations including minerals.

12 MR. PEIRCE: Any question? (No response) The
13 recommendation is approved.

14 MR. SMITH: Page 18. This is a sale of vacant
15 Federal land, where the applicant to the State has cancelled.
16 It is recommended that the Commission determine it is to
17 the advantage of the State to select 80 acres in San Ber-
18 nardino County; that the Commission authorize the sale of
19 said land and authorize sale thereof in accordance with
20 the rules and regulations governing the sale of vacant
21 school lands.

22 MR. PEIRCE: Any questions? (No response)n
23 Recommendation is approved.

24 MR. SMITH: Page 19. Sale of vacant Federal land.
25 It is recommended that the Commission determine it is to
26 the advantage of the State to select 40 acres in Los Angeles

1 County; that the said Commission find the said land is
2 not suitable for cultivation without artificial irrigation;
3 that the Commission authorize the sale for cash to Wesley
4 P. Beans at the appraised price of \$600, subject to all
5 statutory reservations including minerals, upon the
6 conveyance of the land to the State.

7 MR. PEIRCE: Any questions?

8 GOVERNOR POWERS: O. K.

9 MR. PEIRCE: The recommendation is approved.

10 MR. HORTIG: Page 20. An application has been
11 received for permit to conduct seismic surveys in San
12 Francisco Bay off Candlestick Point, which is the same
13 area that the Legislature has authorized the Commission to
14 sell to San Francisco, and such lands will be used for
15 utilization as a parking lot for the Giants' baseball
16 stadium. Inasmuch as these shots will be jetted in un-
17 occupied lands, in other words holes in the Bay, permit
18 will be authorized by Fish and Game, who will have an
19 inspector on the site, the only thing that will be hurt
20 by this operation. It is recommended that permit be
21 issued for the seismic

22 MR. KIRKWOOD: O.K.

23 MR. PEIRCE: Recommendation is approved.

24 MR. HORTIG: Page 37. Sorry -- back to 23.....

25 MR. PEIRCE: Page 23?

26 MR. HORTIG: ... which represents what was done by

1 the State Lands Division in cooperation with and at the
2 request of the City of Santa Barbara and Division of
3 Beaches and Parks, because an upland owner decided to
4 grade his lot and pour his excess fill material on the
5 beach, to the alleged detriment of Arroyo Burro Beach
6 Park; and in order to determine the equities and the
7 rights, it was necessary that we know the boundaries of
8 the State lands, and so our staff recorded the survey
9 of the high water mark and it was necessary that this map
10 be recorded as future evidence of the boundary of the
11 tidelands.

12 MR. KIRKWOOD: O.K.

13 MR. PEIRCE: Recommendation is approved.

14 MR. HORTIG: Now, we will try 37. There follows,
15 from 37 through 50, tabulation of the actions taken by
16 the Executive Officer under delegation of authority and
17 issuance of standard permits, easements and rights of way.

18 MR. PEIRCE: It has been moved and seconded that
19 these items be approved. So will be the order.

20 MR. HORTIG: Following, on page 51, a supplementary
21 calendar item -- Ken?

22 MR. SMITH: That involves a sale of sovereign lands
23 pursuant to Chapter 1437 of the Statutes of 1957. The
24 Commission is authorized to sell a parcel of sovereign land
25 in Arcata Bay consisting of 3.27 acres. The act provides
26 that the owner or owners of the land abutting the described

1 parcel shall, upon application, be the preferred purchaser
2 for a period of one year from the act. The Commission on
3 August 8, 1957 authorized the Executive Officer to proceed
4 with the sale at the appraised market value, subject to
5 all statutory reservations, except that mineral rights
6 shall be conveyed with the surface rights and subject to
7 final approval by the Commission.

8 In view of the fact that the act is silent on
9 mineral rights, the reservation of all minerals by the
10 State under any sale is considered mandatory pursuant to
11 applicable sections of the Public Resources Code.

12 An application to purchase has been received from
13 Bracut Lumber Company. A review of the records indicates
14 that A and F Lands Company, Inc. is an abutting landowner
15 to the extent of 300 feet on the northerly portion of the
16 parcel to be sold. This parcel is approximately half a
17 mile in length. A waiver of the preferred right to pur-
18 chase by reason of being an abutting landowner has been
19 obtained on March 17, 1958.

20 The appraisal of the land is \$75.00 an acre, and
21 it is recommended that, in accordance with the provisions
22 of Chapter 1437, Statutes of 1957, the Commission authorize
23 the sale to the abutting landowner at a cash price of
24 \$245.25, subject to including all statutory reservations
25 including minerals, of the land described; and it is
26 further recommended

1 MR. KIRKWOOD: O. K.

2 MR. PEIRCE: Recommendation is approved.

3 MR. KIRKWOOD: Isn't that a different type of
4 setup than we have had?

5 MR. HORTIG: Yes sir, this is one that is unusual.
6 We have had others like it scattered over the years.
7 What occurred was -- two different surveyors surveyed two
8 supposedly adjoining parcels and actually left a space
9 between the parcels, where there shouldn't have been a
10 space. Fifteen years later, under a title report, people
11 who thought they owned it and had paid taxes on it, found
12 out they didn't own it. And through this legislation
13 we have the authority to sell the equitable interest in it.

14 MR. PEIRCE: Does that conclude the agenda?

15 MR. HORTIG: It does except one point. Shall we
16 proceed as usual with your secretaries to arrange for a
17 meeting early in May?

18 MR. PEIRCE: I think you should proceed in the
19 usual way. Mr. Hortig, I don't think we concluded our
20 discussion this morning -- or did we -- on the matter of
21 your suggestion with respect to our future employment of
22 our consultants. Do you want to discuss that now or is
23 this something that should be taken up at a later time?

24 MR. HORTIG: I can discuss it now because I also have
25 had the advantage of a conference during the luncheon
26 recess with the consultants, so I know on what basis things

1 can be recommended to the Commission. We are not com-
2 pletely certain whether the existing service contracts
3 with the consultants are going to require modification
4 at this time in terms of funds allotted to those contracts.
5 It is anticipated there may be a necessity for augmenting
6 those contracts and I would propose at that time that
7 that augmentation also approve -- subject to the approval
8 of the Commission and yours as the Director of Finance --
9 a revision in those contracts to extend to the end of
10 this fiscal year, with the anticipation then that should
11 it be desirable for the Commission to have a consultant
12 review of bids, if a basis for evaluation of rejection
13 ever arose, that we have the contract for services of
14 these gentlemen -- and they have evinced a willingness to
15 continue with the contract on that basis.

16 MR. PEIRCE: Now, Dr. Kaveler and Mr. Wanenmacher,
17 in behalf of myself -- and I am sure I speak for my two
18 fellow members of the Commission -- I want to express to
19 you our deep appreciation of the services you have
20 rendered to us under circumstances that could otherwise
21 have been very, very difficult. We have been wrestling
22 with this problem for several years, as a matter of fact,
23 and to have had the advice and counsel of two men nationally
24 recognized, as you two are, and your respective firms, has
25 been a source of great comfort to us; and I am sure your
26 counsel will have proved invaluable to us as time goes on

1 and we proceed with our leasing operations. I, personally,
2 feel most comfortable with regard to your looking over
3 our shoulders during these difficult times, and I am sure
4 that the results will greatly benefit the people of the
5 State of California; and yet I am sure that your counsel
6 has given equal importance to the interests of the oil
7 industry in having those inducements that are necessary
8 for them to go out there and risk their capital and find
9 oil, if oil is to be found.

10 I want to pay special tribute to Mr. Kirkwood for
11 having originated the idea of employing special consultants.
12 It has worked out wonderfully well and I am glad he thought
13 of it originally.

14 We are grateful to you and, as Mr. Hortig has
15 indicated, with the passing of time we can determine the
16 extent to which we will need further advice from the two
17 of you. Have you any comments, Mr. Kirkwood?

18 MR. KIRKWOOD: Yes. I'd like to join with you in
19 your expression of gratitude to the consultants. I cer-
20 tainly feel they have been extremely helpful and I know
21 I have had a great deal out of the discussions I have had
22 with them and feel it has been very helpful to me. I do
23 want to ask one question of Mr. Kaveler off-the-record --
24 I think this is something we are going to need on evalua-
25 tion. I think it does point to our problem. This sort of
26 thing is going to be tough on us, I am sure, at the time

1 these bids in and I think we want as much support for our
2 action as we can get.

3 DR. KAVELER: I might say, on behalf of Mr.
4 Wanenmacher and myself, that we appreciate the words of
5 the Chairman of the Commission. Seldom do our clients
6 tell us our work is beneficial, so we appreciate it.
7 Of course, we found here an extreme courtesy on the part
8 of the Commission and the staff, so we found everything
9 to facilitate our work. We appreciate the courtesies
10 extended us by the staff.

11 MR. PEIRCE: Is there any further business?

12 MR. KIRKWOOD: Let's find out now on this staffing
13 thing. Is that ready for review?

14 MR. HORTIG: Not completely. We have Keplinger
15 and Wanenmacher's recommendations in hand in my office in
16 Los Angeles. I have to review further what is to come
17 from Dr. Kaveler, which he expects to be here some time
18 next week. We will make additional copies and get them
19 to you gentlemen for additional discussion and review with
20 you.

21 MR. KIRKWOOD: The other thing is this Kraft thing.

22 MR. HORTIG: In view of the change in geography,
23 I was unable to arrange to have him present here today, so
24 with the high hope that you gentlemen will meet in Los
25 Angeles in May

26 MR. KIRKWOOD: It can be deferred until then?

1 MR. PEIRCE: It doesn't complicate things to
2 defer it?

3 MR. HORTIG: Not for him -- just that much longer
4 I don't have an assistant.

5 MR. PEIRCE: All right. I guess that concludes
6 the meeting.

7
8 MEETING ADJOURNED 3:22 P.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing ninety-two pages contain a full, true and correct transcript of the shorthand notes taken by me at the meeting of the STATE LANDS COMMISSION held in Sacramento, California, on April 14, 1958.

Dated at Sacramento, California April 30, 1958.

Louise H. Lillico