

1 DR. KAVELER: Mr. Kirkwood and gentlemen of the  
2 Commission: When Mr. Mattson referred to us as reasonable  
3 men, some flattery runs very deep, we can hardly refuse to  
4 follow his suggestion, but I think the matter comes down  
5 pointedly to what Mr. Mattson said. I think he made a fair  
6 statement when he said that \$770,000 is a fair bid for tract  
7 "B" on the basis of what is known about it today, and I think  
8 even before we have the conference the consultants would  
9 readily agree with him on that point. Now, he would probably  
10 submit some information that the bidders have that perhaps  
11 have not been heretofore placed before the consultants or  
12 the staff--how little or how much, I don't know--nevertheless  
13 the conference wouldn't wash out the basic point, as I see  
14 it, and that is whether or not in the best interests of the  
15 State we shouldn't go forward and say, "Well, we will take  
16 our chance with the future. Seven hundred seventy in our  
17 opinion is insufficient for this tract, and we would like to  
18 reserve some future time to take another look at it, and  
19 even the present bidders might come in, after doing additional  
20 work, with a larger amount."

21 MR. KIRKWOOD: What is your comment on the deviation  
22 from the policy of developing by checkerboard, and in effect  
23 taking another policy of developing our offshore area  
24 in the fact that here with a ten-mile spread from one parcel  
25 to another we have departed from checkerboard development?

26 DR. KAVELER: Mr. Kirkwood, I don't believe there is

1 any deviation from that policy. The five tracts were  
2 offered from two viewpoints, the first would be to develop  
3 interest in the exploration of the offshore areas--you are  
4 getting exploration offshore in the development of the four  
5 tracts--the second objective was to get a bonus considera-  
6 tion, which in the opinion of the Commission was deemed to  
7 be sufficient for lands that lay in that particular petroleum  
8 province. Now, everyone I think expected that the  
9 Commission would exercise its legal right to reject any bid  
10 if it found in its own mind that the bid was insufficient.  
11 Now, tract "B" is being rejected for insufficiency.

12 MR. KIRKWOOD: Is this hindsight or foresight, though?

13 DR. KAVELER: This is foresight, for the purpose of  
14 my statement.

15 CHAIRMAN MUGFORD: I will have to confess I am getting  
16 a little confused now. Mr. Miller, did you want to make an  
17 observation here?

18 ASSEMBLYMAN MILLER: Mr. Mugford, since we have just  
19 talked about hindsight and foresight, I don't want to be in  
20 a position here as observer of second-guessing the  
21 Commission as far as a member of the Legislature is con-  
22 cerned, so I thought probably I owe it to myself, to you  
23 and to everyone to express my individual viewpoints on it  
24 for what it may be worth. The recommendation of the staff  
25 and consultants on this appear to me, if I were sitting on  
26 the Commission, I would feel I would accept their

1 recommendations and I wouldn't want to second-guess you  
2 later on on a bum guess, if it proved wrong. So, for what  
3 it might be worth, as I say, I would follow their recommenda-  
4 tions, because I note that on Parcel "A" which was just  
5 awarded on the thirteen million dollar bonus on one side of  
6 this parcel and Parcel "C" on the other side, a twelve  
7 million dollar bonus, it certainly demonstrated to me that  
8 the parties bidding felt those parcels were very attractive  
9 and that this parcel that we only had a seven hundred  
10 seventy thousand dollar bid on lies right between those two,  
11 and it certainly makes sense to me that we should hold that  
12 back.

13 CHAIRMAN MUGFORD: One point that isn't clear to me,  
14 and I understand that the consultants are giving as an  
15 important reason for their recommendation the lack of much  
16 information as to this tract. Well, that was known when  
17 this plan for bidding was recommended to the Commission;  
18 if there was such great doubt as to bidding on this parcel  
19 because of the lack of information, why wasn't that parcel  
20 withheld in the first place?

21 MR. HORTIG: Mr. Chairman, if I may press the point  
22 on that, there has been available to the bidders and to the  
23 staff of the State Lands Commission and to the consultants  
24 the results of certain core drilling explorations which were  
25 concentrated in the other bid areas for various reasons,  
26 rather than Parcel "B", during the time when the core drilling



1 activity was undertaken. The data indicated a possible  
2 greater acceptability or desirability for Parcels "A",  
3 "C", "D" and "E" as against "B." On the other hand,  
4 neither is there any affirmative or definite determination  
5 that these other parcels for which there has been a tre-  
6 mendous interest expressed in terms of large cash bonuses,  
7 that they will actually produce and that they will actually  
8 return the money to the particular individual bidder. There-  
9 fore, there was no way to forecast what the range of bids  
10 would be as between the various parcels. We did have a  
11 pre-analysis prior to receiving bids on the probabilities  
12 of where the highest bids would be received and where the  
13 lowest bids would be received, but as to the comparative  
14 spread, it was utterly impossible--and I believe every  
15 bidder will concur--it was utterly impossible to predict in  
16 advance what that spread of bids would be. Therefore, there  
17 was no reasonable basis for withholding Parcel "B" from the  
18 bidding on the initial offer. I might point out that this  
19 factor available to the Commission is one that was urged  
20 by industry in connection with reasons why the original  
21 Cunningham-Shell Tidelands Act with the bonus bidding should  
22 be adopted and why Assembly Bill 47 should not modify the  
23 procedure, in that it was pointed out that under the exist-  
24 ing statute one of the great advantages of bonus bidding as  
25 against royalty bidding was that if industry made cash  
26 bonus offers and any of them were found to be inadequate,

1 the Commission had the authority to reject, whereas,  
2 conversely, on straight royalty bidding, whereas the  
3 results were going to be prospective and not capable of  
4 evaluation at the time that the bids were received, this  
5 put the Commission in a disadvantageous position. We  
6 are now right at the point--that is, the Commission, to  
7 considering whether or not to utilize one of the alternatives  
8 in the present statute in the bidding procedure, which was  
9 urged as an advantage by industry.

10 CHAIRMAN MUGFORD: I am confused on one further point  
11 here; the consultants say this is a fair offer in view of  
12 the information that is known, and then I get the impres-  
13 sion that the recommendation is that the bids should be  
14 rejected because of the inadequacy of the bonus bid.

15 MR. HORTIG: I believe I can clarify that, Mr. Director,  
16 in this sense: I believe that the statement has been made  
17 that the bid is considered a fair bid and a fair representa-  
18 tion of the value of the tract insofar as that tract can be  
19 evaluated from data which are available today, but that in  
20 the estimation of the consultants, and they may wish to  
21 amplify this, the probabilities and the possibilities as  
22 they foresee them are such that with further development in  
23 the future which is going to take place from the other  
24 leases which the Commission has already awarded today, the  
25 value of the tract "B" may well be enhanced at a time of  
26 a future re-offer.

1       MR. KEPLINGER: I think maybe I confused Commissioner  
2       Mugford on that fair value. I wanted the Commission to  
3       know, just as Mr. Pauley told you, that he bid as high as  
4       he thought he could bid, his hundred and some thousand  
5       dollars. This seven hundred seventy thousand dollar bid  
6       is a fair bid and I think you should know that. Now, in  
7       our original recommendations when the Commission hired us,  
8       Mr. Kirkwood and Mr. Powers were present before, we made a  
9       recommendation No. 14 to the Commission with reference to  
10      leasing this land, some 54,000 acres, and in that we  
11      recommended that you lease, and it states right in our  
12      report to you, and that is important, not more than five  
13      tracts, and we recommended that after reviewing the  
14      geological situation and the great hopes for California.  
15      And, as Mr. Miller stated to the Commission, that he was  
16      pleasantly surprised with the results, we think that you  
17      are running no risk and that you will be pleasantly sur-  
18      prised if this tract is put up three years hence, when more  
19      data is known, and the idea that we are having an area here  
20      of some ten miles in length, a little less than ten,  
21      actually, which would not be explored since the bids were  
22      made, the Sunray Mid Continent right to the northeast of  
23      tract "B", I was out there Wednesday and visited the well,  
24      they have what may be a discovery. That is within the last  
25      few weeks. So from that you see we will get for the State  
26      of California development inshore and we will have additional



1 information from seismic data down the line, which the  
2 companies will have. It was on the basis of Recommendation  
3 14 and our feeling when we visited with the Commission  
4 before you sent the bid sheets out, that the bid on tract  
5 "B" should be rejected, although I would be happy and,  
6 definitely, as Mr. Kaveler said, we hope we are reasonable  
7 people, and if there was any question we would be happy to  
8 visit with the other parties and see more data. But the  
9 data that we know, we knew before, and we know now, and the  
10 only change has been this well which has been drilled by  
11 Sunray Mid Continent northeast of tract "B".

12 MR. MATTSON: I think the State has nothing to lose  
13 by allowing us to confer before action is taken on this  
14 matter, confer with the consultants. For instance, one  
15 matter is brought up of this Sunray well. We think we can  
16 show that has absolutely nothing to do with this parcel.  
17 There are dry holes between that well and this parcel. But  
18 those are things for geologist and not for lawyers to  
19 discuss, and I would like to have the opportunity of having  
20 our geologists present that phase of the thing, the  
21 geological part of it.

22 CHAIRMAN MUGFORD: Just speaking for myself as a brand  
23 new member of this Commission, although, as Mr. Kirkwood  
24 has indicated, I have had some knowledge over the years of  
25 the province of the Commission, I would like more time to  
26 become more fully familiar with the background on this.

1 MR. KIRKWOOD: What technically do we need then in  
2 the way of a motion?

3 CHAIRMAN MUGFORD: That the matter be continued to the  
4 next meeting; would that be an appropriate action?

5 MR. HORTIG: Direct the staff to arrange for the  
6 necessary reviews by the staff consultants and the high  
7 bidder.

8 CHAIRMAN MUGFORD: With a report at the next meeting  
9 of the Commission?

10 MR. HORTIG: And to report to the next meeting of the  
11 Commission or at a reasonable time in the future.

12 GOV. POWERS: I think that is all right. That is  
13 agreeable to me. I was just going to say that I think one  
14 of the things we shouldn't overlook is that when we had  
15 Assembly Bill 43, it was brought out in arguing that bill  
16 that this type of bidding gave the Commission the right to  
17 reject. Of course, then we come back to our original  
18 purpose in hiring consultants, and it is kind of like going  
19 to the doctor, if you don't take his advice there is not  
20 much use going. We have these consultants and should give  
21 them every consideration, and it is my opinion that we should  
22 follow their recommendations; however, if you want to delay  
23 it in order to go into it more thoroughly with the consult-  
24 ants, that is agreeable to me, but I certainly feel we owe  
25 a little debt to the consultants here, and I might say  
26 loyalty. We have asked them for their opinion, and I don't



1 think we should just cast it aside without definite reason  
2 and sound basis.

3 MR. KIRKWOOD: I would go this far, Lieutenant  
4 Governor, that I agree with you. I would certainly--my  
5 inclination is to back up the consultants and the staff  
6 in a recommendation of this sort. I do think that basically  
7 the three of us are faced here with a governmental problem  
8 which is a pretty rugged one, and as was expressed earlier,  
9 in a sense we are being asked to gamble, and all three of  
10 us are, I suspect, a little conservative in the handling of  
11 State funds, and that word is one we don't like to think  
12 about, but I suspect it is gambling either way. That we  
13 are in a position where in a sense we are gambling whether  
14 we want to or not, it is an unavoidable problem of this  
15 Commission, unfortunately, and what we are trying to do is  
16 to weigh the situation as carefully as we can, and do what  
17 would be sound business practice, I would say, as close as  
18 we can come to it.

19 GOV. POWERS: Correct.

20 MR. KIRKWOOD: In that I would feel that the advice and  
21 counsel of the consultants and the staff would be most  
22 helpful, and that I wouldn't ordinarily depart from that  
23 advice and counsel.

24 CHAIRMAN MUGFORD: Do I understand that you two move  
25 that the matter be continued to the next meeting, with the  
26 understanding that in the interim the staff will arrange

1 for a conference with the bidders and the consultants, and  
2 we will get a report at the next meeting?

3 GOV. POWERS: That is agreeable with me.

4 MR. KIRKWOOD: Yes.

5 CHAIRMAN MUGFORD: That is the order of the Commission.

6 MR. HORTIG: Mr. Chairman, may we have approximately  
7 a one-minute recess, that I may confer with the Commissioners  
8 on a procedural matter before we proceed with the rest of  
9 the agenda?

10 CHAIRMAN MUGFORD: Yes, we will take a one-minute  
11 recess.

12 (Short recess.)

13 CHAIRMAN MUGFORD: Let us get on with our agenda, then,  
14 if we are going to try to finish by noon. Mr. Kirkwood has  
15 a speaking engagement.

16 MR. HORTIG: If the Commission please, page 1 of the  
17 second session agenda, which is the thick edition. If you  
18 have the second session agenda, if you will refer to the  
19 cover sheet, we have the confirmation of the minutes of the  
20 meeting of the Commission held in San Diego on June 11, 1958.

21 CHAIRMAN MUGFORD: Do I hear a motion?

22 GOV. POWERS: I so move.

23 MR. KIRKWOOD: Second.

24 CHAIRMAN MUGFORD: The minutes are approved.

25 MR. HORTIG: Page 1. Turning to page 1, the  
26 Commission has heretofore issued a lease to the Tidewater

1 Oil Company, which was subsequently assigned in part to the  
2 Standard Oil Company of California. Request has been re-  
3 ceived to reassign the Standard Oil Company portion of the  
4 lease to Tidewater Oil Company.

5 It is recommended that the Commission authorize the  
6 Executive Officer to approve the assignment. This is an  
7 original lease of 500 acres issued pursuant to competitive  
8 public bidding in accordance with Division 6 of the Public  
9 Resources Code, at Summerland in Santa Barbara County.

10 GOV. POWERS: I see no objection.

11 CHAIRMAN MUGFORD: Is there a second?

12 MR. KIRKWOOD: Seconded.

13 CHAIRMAN MUGFORD: The recommendation is adopted.

14 MR. KORTIG: Page 3. Reference is to the same lease  
15 on which the assignments were just approved. There is a  
16 requirement to continue drilling operations in view of the  
17 completion of reassignment to Tidewater Oil Company today.  
18 Tidewater has requested a deferment of drilling requirements  
19 under the lease to January 1, 1959, to determine whether or  
20 not it is feasible to drill additional wells for development.

21 It is recommended by the staff that this deferment of  
22 drilling and operating requirements be granted subject to  
23 the express condition that during the period of deferment  
24 the lessee will perform one of the following actions:  
25 Initiate development on the lease, or quitclaim the lease  
26 area, or present new adequate bases for any further con-



1 sideration of the deferment of the drilling and operating  
2 requirements under the lease. The area is not currently  
3 subject to drainage by any other wells to any extent,  
4 therefore the request for deferment is reasonable.

5 MR. KIRKWOOD: No objection.

6 GOV. POWERS: O.K.

7 MR. TOM ROBERTS: May I ask Mr. Hortig a question?  
8 Why has our request, which was for a deferment of a six-  
9 month period, which would start running July 31st--I was  
10 wondering why it was changed from January 31st to January  
11 1st, if you would have any specific reason for that?

12 MR. HORTIG: Yes. In general the attempt has been to  
13 co-ordinate these general deferments to a specific calendar  
14 time, and we have been recommending to the Commission  
15 limitations generally either on an annual basis, where  
16 justified, or six-month basis, and to simplify control on  
17 these as a matter of calendar there has been an attempt, I  
18 should say, to have the deferment periods coincide with  
19 either the six-month period of the calendar year or at the  
20 year's end, as this one has been recommended. If there is  
21 a specific, valid basis why the other thirty days is  
22 important, we would be happy to modify the recommendation,  
23 but we were not aware that thirty days was of importance.

24 MR. ROBERTS: I see. Thank you.

25 CHAIRMAN MUGFORD: There being no objection then to  
26 the adoption of the recommendation, the recommendation is

1 deemed to be adopted.

2 MR. HORTIG: Page 4. May be unnumbered, it is in my  
3 copy of the agenda.

4 Similarly, a request for deferment of certain drilling  
5 and operating requirements has been received from Signal  
6 Oil & Gas Company as operator under Lease P.R.C. 1551  
7 at Huntington Beach. That lease was granted by the  
8 Commission pursuant to competitive public bidding in 1955.  
9 Development in the area to date has not resulted in the  
10 establishment of any production, and the lessee has re-  
11 quested a deferment to June 1, 1959, in order to permit  
12 the staffs of the co-lessees to continue their studies  
13 and evaluation of data and correlation of well results  
14 with data from other wells in the area and with seismic  
15 information, in order to permit further analysis of all  
16 available data in the area, for the purpose of establishing  
17 justification for any further exploratory drilling.

18 Therefore, it is recommended that the Commission  
19 authorize the Executive Officer to grant to Signal Oil &  
20 Gas Company, operator, under State oil and gas Lease P.R.C.  
21 1551, a deferment of drilling and operating requirements  
22 under the subject lease to June 1, 1959, subject to the  
23 same conditions established previously, that the lessee  
24 shall within the period of deferment initiate the develop-  
25 ment on the lease, or quitclaim the undeveloped lease area,  
26 or present new and adequate bases for consideration as to

1 any further deferment of drilling and operating requirements  
2 under the lease.

3 CHAIRMAN MUGFORD: What is the pleasure of the  
4 Commission?

5 GOV. POWERS: I would say it is agreeable to me.

6 MR. KIRKWOOD: Yes.

7 CHAIRMAN MUGFORD: The recommendation is unanimously  
8 adopted.

9 MR. HORTIG: Page 5. The Commission has authorized the  
10 preparation of a plat of the survey of the "Ordinary high  
11 water mark and mean high tide line along the Klamath River  
12 north of and including Taylor Island" in Del Norte County,  
13 indicating the water potentially available in connection  
14 with the quiet-title action now pending, to be processed  
15 by the Attorney General.

16 It is recommended that the Executive Officer be  
17 authorized to approve and have recorded the plat entitled  
18 "Ordinary High Water Mark and Mean High Tide Line along  
19 the Klamath River North of and Including Taylor Island,"  
20 dated April, 1955.

21 CHAIRMAN MUGFORD: Is that agreeable with you?

22 MR. KIRKWOOD: Yes.

23 GOV. POWERS: Yes, that is agreeable.

24 CHAIRMAN MUGFORD: Adopted.

25 MR. HORTIG: Page 6. The Commission has authorized  
26 for sale, pursuant to specific statute, certain lands in



1 Guadalupe Canal to high bidder, Crocker Estate Company.  
2 Crocker Estate Company also holds leases issued in 1953  
3 for a 15-year term on the same property. To perfect the  
4 title to the land being sold, these two leases should be  
5 canceled on the effective date of the conveyance and the  
6 unearned portion of the current year's rental should be  
7 refunded in accordance with the established policy of the  
8 Commission. It is recommended that the Executive Officer  
9 be so authorized--

10 MR. KIRKWOOD: Move the recommendation be approved.

11 GOV. POWERS: O.K.

12 CHAIRMAN MUGFORD: It has been moved and seconded.

13 The recommendation is adopted.

14 MR. HORTIG: Page 7. The Commission previously  
15 authorized leases to the San Francisco Port of Embarkation,  
16 and in consolidation of these leases and surrender of other  
17 areas, it is recommended that the Executive Officer be  
18 authorized to amend Lease P.R.C. 1452, issued to the Port  
19 of Embarkation, by changing the description to include  
20 those State sovereignlands formerly covered by P.R.C. 868,  
21 the consideration being national defense and public safety.

22 MR. KIRKWOOD: So move.

23 CHAIRMAN MUGFORD: Any objection?

24 GOV. POWERS: No objection.

25 CHAIRMAN MUGFORD: Be adopted.

26 MR. HORTIG: Page 8. On December 12, 1957, the

1 Commission authorized an amendment to Lease P.R.C. 835  
2 and the issuance of a lease to the City and County of San  
3 Francisco for that portion of the tide and submerged lands  
4 to be deleted from the subject lease as well as the lease  
5 of approximately 27 acres of underwater streets. This  
6 amendment and the new lease were not executed, because by  
7 Chapter 2, Statutes of 1958, First Extra Session, the  
8 Legislature authorized the Commission to sell the particular  
9 lands and others to the City and County of San Francisco.

10 To proceed with the sale, the action taken by the  
11 Commission on December 12, 1958, should be rescinded, and  
12 new action taken to authorize the amendment of existing  
13 leases to delete approximately 12.26 acres of land which  
14 are to be sold to the City and County of San Francisco  
15 and to reduce the annual rental of the lessees by \$621.07.

16 The lessee has requested further that the lease be  
17 amended to include an additional parcel of State land not  
18 previously leased, containing 0.68 of an acre, for an  
19 annual rental at established rates established by the  
20 Commission of \$163.20 based on the appraised value, making  
21 the total annual rental \$501.53.

22 MR. KIRKWOOD: I move the adoption.

23 MR. HORTIG: It is also recommended the bond require-  
24 ment be reduced proportionately.

25 GOV. POWERS: Agreeable.

26 CHAIRMAN MUGFORD: If there is no objection, the

1 recommendation will be adopted.

2 MR. HORTIG: Page 10.

3 MR. SMITH: Sale of vacant State school lands. I will  
4 read the recommendation. It is recommended that the Commis-  
5 sion authorize the sale of vacant State school land, for  
6 cash, at the highest offer, in accordance with the following  
7 tabulation, such sales to be subject to all statutory  
8 reservations, including minerals, and there follows three  
9 tabulations.

10 CHAIRMAN MUGFORD: Any objection?

11 MR. KIRKWOOD: No.

12 GOV. POWERS: I guess they are all right. I will so  
13 move.

14 CHAIRMAN MUGFORD: The recommendation is adopted.

15 MR. HORTIG: Page 14.

16 MR. SMITH: Filing of exchange applications, Trinity  
17 County and Siskiyou County. The Commission, at its meeting  
18 held September 13, 1957, adopted a resolution relating to  
19 the suspension of the filing of indemnity selections and  
20 exchanges on behalf of individual applicants as follows,  
21 and just briefly in effect that confirmed the action of  
22 the Executive Officer suspending for an indefinite period  
23 the filing of those applications. In April, 1954, well  
24 before the suspension of these filings was ordered by the  
25 Executive Officer and confirmed by the aforesaid resolution  
26 at the request of the State and County officials, the staff



1 undertook an investigation of the status of all Federal  
2 lands in the vicinity of the townsite of Weaverville,  
3 particularly for the purpose of determining what lands were  
4 available from the Federal government for expansion and  
5 development of the townsite. A complete investigation and  
6 report thereon was made by the staff, which resulted in  
7 several exchange applications being filed by the State on  
8 behalf of various individuals and the County of Trinity  
9 for the acquisition of an airport site. The filing of  
10 these exchange applications was highly desirable from the  
11 State's standpoint, since considerable acreage of isolated  
12 school sections within the national forests in Trinity  
13 County and Siskiyou County was available, for which there  
14 was no market. The acquisition of other lands on an equal-  
15 value basis will place in State ownership lands which are  
16 salable, for which a ready market exists, and which will  
17 result in placement of the lands on the tax rolls in the  
18 respective counties. In addition, the isolated State lands  
19 available for exchange were at one time embraced in the  
20 Mountain Home Forest Exchange, but were eliminated at the  
21 request of the Boards of Supervisors of Siskiyou and Trinity  
22 counties. In view of renewed public interest in this  
23 project, which was initiated in 1954, prior to the suspension  
24 on the filing of indemnity selection and exchange applications,  
25 it would appear desirable and in the public interest to  
26 request an amendment to the resolution adopted by the

1 Commission on September 13, 1957, in that at the time of  
2 preparing the recommendation which resulted in that action,  
3 the staff was under the impression that all applications  
4 for expansion of the Weaverville townsite, in particular,  
5 had been filed.

6 It is recommended that the resolution adopted by the  
7 Commission at its meeting of September 13, 1957, suspending  
8 the filing of State indemnity and exchange applications on  
9 behalf of applicants, be amended to provide for the State  
10 to file exchange applications with the United States on  
11 behalf of applicants to acquire Federal lands in Trinity and  
12 Siskiyou counties.

13 CHAIRMAN MUGFORD: Your pleasure?

14 MR. KIRKWOOD: I so move.

15 GOV. POWERS: O.K.

16 CHAIRMAN MUGFORD: The recommendation is adopted.

17 MR. HORTIG: Page 16.

18 MR. SMITH: On page 16 is the exchange application  
19 which has been filed with the Federal government to select  
20 14,818.85 acres. The exchange application has been  
21 approved by the United States Bureau of Land Management  
22 and it is now proper for the State to execute its deed for  
23 conveying the offered lands to the United States. It is  
24 recommended that the Commission authorize the Executive  
25 Officer to certify to the Governor that it is to the ad-  
26 vantage of the State to exchange with the United States

1 government unsurveyed lands containing 14,818.85 acres in  
2 Imperial County for Federal lands of approximately equal  
3 acreage and value; and that the Executive Officer be  
4 authorized to execute on behalf of the State Lands Commis-  
5 sion a certificate provided for in Section 6444 of the  
6 Public Resources Code; and that the State, upon acquisition  
7 from the Federal government of these selected lands, offer  
8 said lands for sale at competitive bidding in accordance  
9 with the Rules and Regulations governing the sale of State  
10 school lands, under the application filed by Harry Pon  
11 and R. A. Ellsworth.

12 GOV. POWERS: These are practically acre for acre?

13 MR. SMITH: That is correct, Governor; equal value,  
14 also.

15 MR. KIRKWOOD: I so move.

16 GOV. POWERS: It is O.K.

17 CHAIRMAN MUGFORD: It has been moved and seconded.  
18 Recommendation adopted.

19 MR. HORTIG: Page 18.

20 MR. SMITH: It is recommended that the Commission  
21 determine that it is to the advantage of the State to  
22 select the Federal lands embraced in the following cases;  
23 that the Commission find that said Federal lands are not  
24 suitable for cultivation; that the Commission select and  
25 authorize the sale of lands, for cash, at the total  
26 appraised value, in accordance with the following tabulation,

1 such sales to be subject to all statutory reservations,  
2 including minerals. There are two sales tabulated.

3 MR. KIRKWOOD: Move approval.

4 GOV. POWERS: O.K.

5 CHAIRMAN MUGFORD: It has been moved and seconded,  
6 and the recommendation is adopted.

7 MR. HORTIG: Page 21, gentlemen. On June 11, 1958,  
8 the Commission conditionally approved the costs to be  
9 expended in the current fiscal year by the Harbor Department  
10 of the City of Long Beach, including subsidence remedial  
11 work, for the "Channel 2 Properties" area project. It has  
12 now developed that there will be additional unforeseen  
13 costs incurred by the Harbor Department, and which were  
14 unforeseen at the time of the prior approval. It is  
15 recommended the Commission approve the expenditure of  
16 additional costs as indicated on Exhibit A, during the  
17 fiscal year under the subject project.

18 CHAIRMAN MUGFORD: That is \$30,000?

19 MR. HORTIG: Maximum.

20 CHAIRMAN MUGFORD: Any question?

21 GOV. POWERS: So move.

22 CHAIRMAN MUGFORD: If there is no objection, so  
23 ordered.

24 MR. HORTIG: The same type of problem arises on  
25 page 23 in that, in connection with the 1958-59 Fiscal Year  
26 approval for expenditures for the "Town Lot" area project.



1 It has developed that there will be additional costs  
2 for purchase of additional plots of ground and from in-  
3 creases in cost of previously approved parcels.

4 MR. KIRKWOOD: I so move.

5 GOV. POWERS: O.K.

6 MR. HORTIG: Approval is recommended.

7 CHAIRMAN MUGFORD: And unanimously adopted.

8 MR. HORTIG: Once more, on page 25, in connection  
9 with the "Roads and Streets" area project, additional work  
10 has been found necessary to be done in connection with  
11 relocating the Kaiser Gypsum Company railroad spur and of  
12 completion of payments for the Pontoon Bridge relocation  
13 in excess of those amounts previously approved. It is  
14 recommended that the Commission approve such costs--

15 MR. KIRKWOOD: Move approval.

16 GOV. POWERS: O.K.

17 CHAIRMAN MUGFORD: If there is no objection, the  
18 recommendation is approved.

19 MR. HORTIG: From pages 27 to 56 there follow a  
20 tabulation of actions taken by the Executive Officer under  
21 delegation of authority in the completion of routine  
22 prospecting permits, right of way easements, licenses, et  
23 cetera. The recommendation is on page 56 that the Commis-  
24 sion confirm the actions of the Executive Officer as  
25 reported.

26 GOV. POWERS: I think that is O.K. I so move.

1 MR. KIRKWOOD: Seconded.

2 CHAIRMAN MUGFORD: It has been moved and seconded,  
3 and unanimously adopted.

4 MR. HORTIG: Page 57 is the first supplemental item,  
5 if you have the complete revised calendar.

6 CHAIRMAN MUGFORD: Page 57?

7 GOV. POWERS: For the San Francisco Giants' stadium?

8 MR. HORTIG: That is correct. If you gentlemen  
9 recall, and it was mentioned in an earlier item in connection  
10 with cancellation of authorization to lease, this, we trust,  
11 is the final required action by the Commission to authorize  
12 the sale to the City and County of San Francisco of certain  
13 underwater streets and 200-foot railroad right of way  
14 pursuant to Chapter 2, Statutes of 1958. The Act requires  
15 that the lands be conveyed at a value substantially their  
16 appraised market value as of December 31, 1957. An  
17 appraisal report completed by an independent appraiser,  
18 which also coincides with prior appraisals in the area  
19 that the Commission had received for other purposes,  
20 establishes a value of the total area to be conveyed at  
21 \$22,427.30. What does not appear in this agenda item, and  
22 I must bring it to the attention of the Commission, is that  
23 I received information this morning from a Deputy Attorney  
24 General who is concerned in San Francisco with the establish-  
25 ing of values for other similar State lands, that it would  
26 be felt conveyance at this appraised price might establish