TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
MAY 28, 1959 - 9:00 A.M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Bert W. Levit, Director of Finance, Chairman
Glenn M. Anderson, Lieutenant Governor
Alan Cranston, Controller

F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL

Leonard M. Friedman, Deputy Attorney General

and
in the order of their appearance:-

RE: SPECIAL ORDER OF BUSINESS
Long Beach tide and submerged lands boundary determination:

Senator Richard Richards

Assemblyman Bruce F. Allen

Mayor Raymond C. Kealer, City of Long Beach

Mr. H. A. Hansen

Reporter: Louise H. Lillico
Division of Administrative Procedure

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1 MR. LEVIT: The meeting will please come to order.
2 This is a regularly called meeting of the Lands Commission.
3 The first item of business is confirmation of the
4 minutes of the meeting of April 30th. If there are no cor-
5 rections or additions the minutes will be approved as sub-
6 mitted.
7 The next item is the special order of business
8 relating to the boundary determination in the case of the
9 Long Beach tide and submerged lands, pursuant to Chapter
10 2000 of the Statutes of 1957. Is there anything that you
11 have to present in summary, Mr. Hortig?
12 MR. HORTIG: Not from the staff, Mr. Chairman. As
13 reflected on page 1 of the calendar, this has been calendared
14 as a special order of business pursuant to the directive of
15 the Commission at the last meeting, for further consideration
16 at this time.
17 MR. LEVIT: All right. I think I might point out,
18 as you are all aware, that at the last meeting the Commis-
19 sion received and filed a communication from the Attorney
20 General dated April the 24th, 1959, advising that legally
21 the boundary studies had been conducted in connection with
22 this boundary determination matter by the Attorney General
23 and through private counsel as well; and he concludes that
24 letter by saying:
25 "Upon careful examination of the results of these
26 studies, we have concluded that the State has

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"litigable rights against the City of Long Beach and in the event you so direct us we are ready to commence proceedings for the purpose of attempting to establish these rights. We have concluded also that no actions relating to this question should be commenced against any other persons at this time."

Now, about the same time or shortly after that, we received another letter from the Attorney General in which he discusses the question of the extent of discretion available to the Lands Commission in connection with this matter. He quotes Chapter 2000 of the Statutes of 1957 in point of that, which states that the State Lands Commission shall determine the boundary of the tide and submerged lands conveyed in trust, and so forth; and it says the Commission may bring any actions necessary to determine such boundaries and for that purpose may employ special counsel. He expresses the opinion in this letter that the Commission is required to bring any actions it deems to be necessary to determine these boundaries; and he then says that an action is necessary, as he deems it, for this purpose where there exists the possibility that such action would successfully establish that lands presently claimed to be uplands are in fact tide and submerged lands subject to the trust.

He states that the effect of the statute is to make mandatory the determination by the Commission of the

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1 boundaries of the Long Beach tidelands and where proceedings
2 are deemed necessary he says the statute does not appear to
3 vest any discretion in the Commission as to whether or not
4 proceedings should be brought. However, the Commission must
5 exercise its discretion in deciding whether or not proceed-
6 ings are necessary for this purpose; that while the Commis-
7 sion does not have any mandate to bring an action which has
8 no reasonable prospect of success, that does not apply in
9 the case where the Commission is advised or makes a finding
10 that there is a reasonable prospect of success.
11 Of course he then concludes by saying that where the
12 Commission finds proceedings to be necessary, the statute
13 does not take away from the Commission and the Attorney
14 General the normal discretion to follow legal tactics that
15 would be most likely to preserve, or serve, the best inter-
16 ests of the State; so that, of course, it is up to the Com-
17 mission to determine when the action should be filed and to
18 determine and consider related matters with respect to the
19 desirability of filing litigation at a particular time.
20 Now, I think that summarizes the situation as it has
21 been presented to the Commission up to this point. I might
22 repeat what I said at the last meeting -- and which you, of
23 course, know also -- that the Commission has received from the
24 Attorney General and from private counsel detailed briefs
25 and analyses of the boundaries problem -- which we were
26 advised and which I personally as a lawyer feel very strongly --

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1 are documents that should not be made public so long as
2 litigation is a likelihood; and therefore these documents,
3 on the suggestion of the Attorney General and by action of
4 the Commission, have been placed in a secret file of the
5 Commission pending conclusion of whatever litigation might
6 ensue, if any does ensue; and we have also met on, I think,
7 two or possibly three occasions in all with the Attorney
8 General and his staff -- not in a formal meeting of the Com-
9 mission in any way, but merely to discuss the various legal
10 problems involved in an attorney-client relationship.
11 Now, I think that focuses the problems that are
12 facing us today and unless some member of the Commission
13 wishes to speak at this particular moment, I'll ask if any-
14 body in the room wants to address the Commission on this
15 subject. Senator Richards.
16 SENATOR RICHARDS: Mr. Chairman, members of the Com-
17 mission, I am seeking the floor first before you get into
18 the matter, if you do, of additional technical information --
19 which is in more capable hands than my own and there are
20 those here who know this picture, as I believe does the Com-
21 mission, more thoroughly than do I; but I wanted to add what
22 little weight I could to the consideration of the matter the
23 Commission now has before it in regard to the Long Beach pic-
24 ture.
25 As you know, I am the senator from Los Angeles County
26 and Long Beach is an important portion of the constituency

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1 I represent and also an important portion of the State,
2 particularly as far as the tidelands are concerned, because
3 the people of the State have a stake in these tidelands of
4 their own, as does the State of California; and it is com-
5 pounded by public drilling, private drilling, repressuriza-
6 tion, and all the problems which surround these, in which
7 the public has an interest and the private persons have an
8 interest, and it is important that these interests be pursued
9 from an economic point of view in an expeditious manner.
10 It seems to me litigation should be and ought to be
11 avoided if it can be -- which I think it can be. The burden
12 of my presentation is merely this -- having worked for some
13 five years here, in which not a single month of that five
14 years has been without some problem of Long Beach and the
15 tidelands and the drilling situation there, -- I know what
16 difficulty we have gone through as each problem has almost
17 inevitably arisen. This is one more of those problems.
18 If I understand the Attorney General's opinion just
19 commented upon by the Chairma, we have a question of boundary
20 determination. Certainly it must be settled. He has pointed
21 out the Commission must bring any necessary action to estab-
22 lish boundaries. However, item one, the issue of time is
23 not settled entirely as to when the Commission has to do so
24 and I think the word "necessary" is awfully important.
25 If litigation is not necessary, the Commission would
26 not go into litigation nor do I think the Attorney General

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1 would advise they should. I believe the best way to settle
2 litigation is by negotiation between the parties. I think,
3 certainly, we cannot overlook the necessity for prior nego-
4 tiation, especially if we contemplate unitization, the avoid-
5 ance of further subsidence, the difficulties which would in-
6 evitably result from the governmental entities and the local
7 entities and the private entities involved in these operations.
8 I would suggest respectfully if the matter can be
9 delayed in regard to litigation, even if litigation seems
10 necessary at this point, that delay should be achieved --
11 that delay should be taken advantage of by the State and all
12 parties involved through negotiations concentrated if need
13 be in an effort to reach a negotiated settlement of the
14 boundary dispute; and then to pack that settlement in ice
15 in any way short of litigation. Once that be done, even if
16 a court then be required to confirm the result of such a
17 negotiated settlement, I believe such a result could be
18 reached without a threat of the discontinuance of the State's
19 advantages through the tidelands and the private ones -- and
20 without danger of the private companies holding back, as
21 some of them would feel they must, in the cooperation they
22 have heretofore given and have given for some time and are
23 continuing to do as a result of legislation a couple years
24 ago leading to a successful effort so far to slow down and
25 prevent further loss of public and private property result-
26 ing from subsidence.

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1 Each of these factors lead to the emphasis being
2 placed upon the favorable potential that can be gained
3 through negotiations now, rather than litigation now; and I
4 would hope the Commission would give every consideration to
5 the suggestion.
6 MR. LEVIT: Thank you very much.
7 ASSEMBLYMAN ALLEN: Gentlemen, Assemblyman Allen.
8 On this boundary question I'd like to have about two minutes...
9 MR. LEVIT: Certainly. Take all the time you wish.
10 ASSEMBLYMAN ALLEN: .... to make a statement. As I
11 understand the boundary question in the Wilmington Oil Field
12 area, there are lands in the areas of Long Beach inner harbor
13 which are presently occupied by the City of Long Beach and by
14 various private owners, including the Union Pacific Railroad,
15 California Edison, and Ford Motor, which in their natural
16 state of tidelands were not included in the original grant
17 and which have never been granted into private ownership,
18 although they have been occupied for many years by these
19 parties, including the City, under a claim of right.
20 As I understand the Supreme Court decisions of this
21 State, the State of California cannot lose title to tidelands
22 by adverse possession in the lapse of time and I would re-
23 quest that the Lands Commission assert whatever title the
24 State has to tidelands, which in their natural state were
25 tidelands and have never been included in these grants; and
26 any question of technical defenses to these cases on these

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tidelands be left up to the courts to determine and not be a reason for the Lands Commission to refrain from asserting its title, which apparently the State has to this property. It is extremely valuable property. It is right on top of the richest oil field in the State, and I feel that the Lands Commission is the watchdog over this type of property and has a duty to assert the State's title.

If the court rules against the Lands Commission, that's no fault of the Commission; but I would like to see the State's interests protected as far as the law permits the State's interests to be protected.

Now, certainly I do not oppose any negotiation over this question or any other question; but I think unless there is a determination on the part of the Commission to assert the State's interest and protect it, either by negotiating now or filing suit now, unless there is this insistence on the part of the Commission to protect the State's interests, we are in a pretty weak position in negotiating with somebody if they think we are not going ahead.

There certainly is a subsidence problem in the Long Beach area. I actually have not heard of any of these private owners trying to blackjack, you might say, the Lands Commission into refraining from taking action by non-participation in subsidence problems. It seems to me by cooperation we could enter into subsidence problems in any determination adverse to their title.

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1 That's the recommendation I'd like to submit to the
2 Commission for consideration.
3 MR. LEVIT: Thank you, Mr. Allen. Anyone else wish
4 to address the Commission on this subject?
5 MAYOR KEALER: My name is Raymond C. Kealer, Mayor
6 of the City of Long Beach.
7 From the comments I just heard from Senator Richards
8 and the Assemblyman from San Jose, Mr. Allen, we all realize
9 that the City of Long Beach is confronted with a very grave
10 problem and that is this problem of subsidence. I am
11 informed more concretely this morning than heretofore that
12 you have a legislative mandate to go through to the settle-
13 ment of the tidelands boundary, and the Attorney General
14 would be the one to handle that affair.
15 Well, the action that will be taken by this body
16 will have a direct effect on the City of Long Beach because
17 it has a problem that must be solved in order to survive, as
18 I say, and that is the problem of subsidence which you have
19 just heard. It is widespread throughout the City of Long
20 Beach -- bowl-shaped, centered in the harbor area, with a
21 maximum concentration of twenty-six feet, to a lesser degree
22 in the downtown commercial area. We will lose our huge
23 Naval shipyard if we do not stop this subsidence. They can
24 stand to four more feet of sinking and continue to operate;
25 and in that respect time is of the essence that we do this.
26 We are told that subsidence will take place if we do nothing

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to remedy the matter. We also have been told by our experts that we can stop this by repressuring the field. That repressuring is accomplished by flooding the oil zones. In fact, we have actually stopped sinkage under Pier A, which is in the southeast portion of the developed tidelands area, by this repressuring process. Unfortunately, the completion of it - - that area of it, we could flood because it was under the control of the City -- however the greater portion of the oil field is under private ownership. It is in the uplands under private ownership, with some twenty or thirty producers operating the area.

The one way to combat this subsidence is to get into all the zones and that can be done by getting into all the areas and cooperating of the units. This can be had by cooperation of the private producers.

By motion of the City Council, I have been directed to come to you and ask your honorable body if you will direct your legal counsel and your administrative staff to sit down with like officials of the City of Long Beach, with a view to solving the problem of our tidelands boundary, of the City's tidelands boundary between the tidelands and the uplands. We are prepared to do everything in our power to find areas of mutual agreement so that that can be handled and report back to your body by the time of your next meeting in June.

If we are given this thirty-day respite, I think we

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can come up with a solution to it that will be agreeable to all concerned, and that is why I am here, gentlemen, to ask for that thirty-day respite. Thank you for your courtesy.

MR. LEVIT: Thank you, Mayor Kealer. Does anybody else wish to address the Commission on this? (No response) What is the pleasure of the Commission?

GOV. ANDERSON: I'd like to find out - - now, we have heard from the City of Long Beach official, is there anyone here representing the private landowners in the area -- the Southern Pacific, the Union Pacific, Ford? Any of the other private groups down there? (No response) Apparently not.

MR. LEVIT: I don't think so.

MR. CRANSTON: I'd like to inquire from the representative of the Attorney General as to the statute of limitations and its effect on moving forward with us on the date if we put off any action -- if we do.

MR. FRIEDMAN: Yes. So far as the State itself is concerned, the problem is one of lands which may or may not be a part of the tidelands trust held by the City of Long Beach. The State's entitlement is to a share of the oil revenues if any of these properties are tideland trust properties, which means that the State's interest is a money interest -- it's direct interest -- and to the extent that the State has money claims, I think as time moves along oil revenues drop behind the statute of limitations, assuming it

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1 is a four-year period.

2 MR. CRANSTON: Is it a four-year period?

3 MR. FRIEDMAN: That is the most likely period.

4 MR. CRANSTON: What is the determining date?

5 MR. FRIEDMAN: The determining date would be the
6 filing of any lawsuit, so that a lawsuit today would include
7 revenues within the four years preceding today; the lawsuit
8 tomorrow would lose the revenues of four years ago today.

9 MR. CRANSTON: I would like to express the view
10 that if we enter into a period of negotiation and if it is
11 the feeling of the Commission that we should therefore not
12 file suit at this particular time pending negotiated efforts,
13 that the moneys lost by postponing of the filing date should
14 be taken into consideration in those negotiations. I would
15 also ....

16 MR. LEVIT: May I ask a question there? We have
17 only been asked for a thirty-day extension and it would seem
18 to me that in view of the time element that has already gone
19 by, that that need not necessarily be taken into considera-
20 tion on a thirty-day extension if that were the determination
21 of the Commission. In other words, I would think that for
22 such a short period we wouldn't want to throw that in to
23 further complicate the really basic matters that would be
24 involved.

25 MR. CRANSTON: It is my feeling it is a factor --
26 certainly not a major factor -- and should not be discounted

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and the fact we are under that statute of limitations should be taken into consideration.

MR. LEVIT: I don't disagree with you. The only thought I had -- I want to be realistic about this. They have asked for a thirty-day extension and I assume that the request for a thirty-day extension is made in good faith and not merely as the first insertion of a series of extensions, and that the thought is that in that thirty days either a settlement can be reached or so much progress can be made that we can see a reasonable prospect of a very early settlement; and I wouldn't want to complicate it by adding this other factor if that is true.

MR. CRANSTON: No, I certainly don't want to complicate it, either. I think to be realistic we must realize if we extend the time thirty days we will not be quite in agreement and in a further extension we will be in agreement, and it is certainly not my feeling that we should be in any extended period of negotiation. These are all factors we should take into consideration today.

GOV. ANDERSON: Do you want to hear from the Mayor here?

MAYOR KEALER: Governor, I think this request is made in absolute good faith and if your legal talent are directed to confer with our officials, they will sit down and work diligently to that end; and at the time of the next meeting we will come up with something that you can act on.

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1 MR. CRANSTON: I'd like to express this thought --
2 that if by one means or another it is determined the title
3 to certain land belongs to the State where others feel they
4 hold a title at this time, and if in consequence of that
5 feeling they spend money for anti-subsidence purposes, it is
6 my feeling the State should take that into account -- and I
7 suppose this would take legislative action. It would be our
8 purpose to see that they are reimbursed for what they ex-
9 pended in the belief, though they may not own this land,
10 that they thought they did own the land.
11 I am prepared to go for the thirty-day extension if
12 the other members are.
13 MR. HANSEN: Mr. Chairman and gentlemen of the
14 Commission ....
15 MR. LEVIT: Your name escapes me.
16 MR. HANSEN: Hansen.
17 MR. LEVIT: That's right. You have addressed the
18 Commission before.
19 MR. HANSEN: As you gentlemen here - - may I sit
20 down?
21 MR. LEVIT: Certainly.
22 MR. HANSEN: As the Commission knows, I have made
23 what I believe to be a considerable study of the problems
24 involved in the determination of the tideland boundary and
25 the very question which is before the Commission at the
26 present time, and I will agree with Senator Richards that

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1 the problems involved in the tidelands are even more than
2 twice compounded, in that heretofore the concepts of tide-
3 lands and the concepts of private titles has never been
4 resolved, in that they misstate as to the identity of the
5 tidelands. Subsequent to the development of the harbors,
6 that is the approach out of the turning (?) basins and the
7 channels and the various dock bases dredged out of the tide-
8 lands, and the material dredged out of the bases and the
9 Cerritos Channel; once that material was placed upon the
10 land that was otherwise overflowed, it became what appeared
11 to be on the surface upland or dry land and while the con-
12 fusion apparently held sway certain of the parties that con-
13 tend for the title at the present time moved in upon the
14 ground without any apparent opposition from those that actu-
15 ally had the title in the first place by reason of the grants
16 of the tidelands, that is, the trusteeship was granted by
17 grant extension.
18 Now, all of that has been confused and many of the
19 cases which were cited by the Attorney General in the demand
20 upon the City attempted in December, a series or a list of
21 those cases which were litigated, apparently litigated,
22 almost inevitably reached certain conclusions that the title
23 was indistinguishable or indeterminate; or, in any event,
24 the court was not properly advised, and as a result almost
25 invariably the action, the resulting victory or judgment,
26 always ran against the trustee.

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1 Now, it is a well settled principle in California
2 that even though tidelands may have been filled by reason
3 of the operation of such work, certainly it does not change
4 the character of the title to the land; and since the State,
5 of course, holds title to tidelands in this particular area
6 and the City of Long Beach and the City of Los Angeles
7 succeeded to the title in trust, nevertheless the constitu-
8 tional inhibitions are always there. There has been no
9 amendment to the Constitution and that, of course, is con-
10 trolling.
11 Now, as I said, I promised at the last meeting that
12 I would tender to you gentlemen an opinion of private
13 attorneys. This I was prepared to do but for the reason of
14 the fact the attorney said the Commission would be advised
15 by the Attorney General and the distinguished counsels,
16 lawyers, in the Commission here would certainly avail them-
17 selves of the case law and the decisions that have been
18 determined with respect to the question of title ownership
19 and the law on questions where the State was never a party;
20 and the factual aspect of it is that all those cases referred
21 to in the Attorney General's demand wherein there was an
22 attempt at distinguishing the title ownership by such of
23 those cases -- in fact, all the cases are what learned
24 counselors call misjoinders and the State not having been a
25 party, since the State in its sovereign capacity would have
26 had to give its consent or would have had to be present in

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order to be bound by those judgments. Now, it is an interesting matter and I might quote from a case which appears to be one of the leading cases in California .....

MR. LEVIT: Pardon me, Mr. Hansen. I don't want to in any way prevent you from giving any information to the Commission you wish, but I doubt very seriously whether the Commission is going to set itself up as a court of law and attempt to determine legal questions, at least at this point.

Now, we are, of course, being advised by the Attorney General with respect to the law.

MR. HANSEN: Yes.

MR. LEVIT: You told me yourself you were not a lawyer at the last meeting, therefore I would question in all sincerity your ability to advise the Commission on what the law is. That was why I asked you at the last meeting whether you had consulted attorneys and had received opinions. You advised me you had and I asked you if you would make those available to the Commission and you said you would. You haven't done so.

Now, I don't think any determination -- I doubt if the determination of a legal question is going to be attempted by the Commission today and I repeat the suggestion that we would be very happy to have for our information any such opinions -- and we are not asking you to obtain any, but you said you already had them and would make them available --

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1 and I repeat the suggestion. We would be very glad to have
2 them, but I think it would be a waste of the Commission's
3 time and of your time, sir, for you to enter into any dis-
4 sertation on what you believe the law to be.
5 MR. HANSEN: Yes, Mr. Chairman, thank you. That is
6 so. That is entirely correct. I merely pointed out that
7 among the cases cited in the opinions by the attorneys was
8 this one case, which I shall be very happy to refer to in
9 a memorandum, in which there can be an excerpt from the
10 opinion of attorneys practicing law. Naturally, realize
11 of course the proper request would have been a request to
12 the attorneys. Now, if it please the Commission, I will be
13 glad to handle the matter that way.
14 I want to make one more point, Mr. Chairman, and
15 that is with respect to this question of the statute of limi-
16 tations -- and it isn't necessary for me to be a lawyer.
17 This is something I think that everybody in the State already
18 knows.
19 Where the State has rights in its constitutional
20 capacity and when the State asserts its rights and does so
21 through its duly constituted body of administrative officers,
22 the statute of limitations cannot operate against the State
23 and there is nothing in this matter of the title determina-
24 tion of the tidelands, in the grants in Long Beach, which
25 would call forth any situation where the rights of the State
26 can be compromised by an imposition of any rules of the court --

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1 whether it is by stare decisis, the statute of limitations,
2 or the case which I mentioned involving these lands before
3 or where it brings forth the doctrine of res judicata by
4 prior determination. There is nothing to preclude the State
5 from discharging its duty in constitutional capacity; and if
6 the City of Long Beach, as has been expressed here this
7 morning -- if by factual determination upon documents and
8 competent documents this boundary can be determined, I am
9 reasonably sure that once the high tide line has been duly
10 established -- and it can only be established in accordance
11 with the law and facts -- and when that has been done, then
12 I dare say that the task of the Attorney General will be a
13 simple one because where the State holds these tidelands in
14 the constitutional capacity and where it requires that no
15 private parties can receive a title, it will be impossible
16 to assert rights. And this I would commend to the gentlemen
17 who are concerned in the operating of the tidelands in the
18 Long Beach area.
19 GOV. ANDERSON: I would like to make a motion ...
20 MR. LEVIT: Yes.
21 GOV. ANDERSON: ... that in accordance with the objec-
22 tives of Chapter 2000 and in concurrence with the remarks of
23 our Senator and Assemblyman represented here today and the
24 wishes of the City of Long Beach as represented by the Mayor,
25 and in concurrence with the recommendation of our Attorney
26 General, that we recognize the urgent necessity of

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1 facilitating the arrest of subsidence in the Long Beach
2 area and desire if possible to avoid litigation which might
3 jeopardize the progress of the anti-subsidence program; that
4 the Commission direct its staff and request the Attorney
5 General to immediately enter into negotiation with the City
6 of Long Beach for the purpose of arriving at a mutually
7 agreeable determination as to the status of the boundaries
8 of these trust lands; and, secondly, to consider at its
9 June 25th meeting the result of such negotiations.
10 MR. CRANSTON: Second the motion.
11 MR. LEVIT: You have heard the motion. Is there
12 discussion? If not, all in favor say "Aye." (Unanimously
13 carried) The motion is carried by unanimous consent of
14 the Commission and we will plan to make a final disposition
15 of this matter at the next meeting of the Commission.
16 MAYOR KEALER: Mr. Chairman, may I have a word?
17 On behalf of the City of Long Beach may I express our appre-
18 ciation of your consideration of our problem and your will-
19 ingness to go along with us. May we be excused?
20 GOV. ANDERSON: I would like to make one comment on
21 this before he leaves, so he will know why I am down there
22 and Mr. Zweiback is down there. We are personally interested
23 in this problem. We are interested in this imminent sub-
24 sidence unless we move very fast in Long Beach, so I am
25 going to make it a personal project myself in the next few
26 days to be down there as much as I can, and I am asking Mr.

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Zweiback to put special time down there. So when he is down there, I would like to ask you to cooperate with him as much as you can.

MAYOR KEALER: I am saying this, Governor -- we cordially invite you to come down and we will give you every facility available and will give you every cooperation we can in order to solve this problem; and my office is as close as the telephone.

MR. LEVIT: Any of you who wish to leave, may do so, certainly.

(Balance of calendar continued beginning next page)

1 MR. LEVIT: Item 3 on our agenda relates to the
2 grants of permits, easements and rights-of-way without fee,
3 pursuant to statute. There are four items in this category:
4 one for Sacramento County, involving a life-of-structure
5 permit for forty-nine years for a bridge right-of-way across
6 the submerged lands of the American River in Sacramento
7 County -- do you wish to further discuss that?
8 MR. HORTIG: It is a standard form of application
9 with public jurisdiction and no fees are required under the
10 Code, and it is recommended.
11 MR. LEVIT: (b) -- the City of Imperial Beach --
12 a forty-nine year structure permit for a rock mound groin,
13 tide and submerged lands in the Pacific Ocean at San Diego
14 County, and the staff recommends the granting of this?
15 MR. HORTIG: This easement is needed critically for
16 protection of the waterfront at Imperial Beach.
17 MR. LEVIT: If there is any discussion of any of
18 these items as we go along, speak up. Unless I hear someone
19 make a comment or ask a question, I will assume there are
20 none.
21 Item (c) -- Freedom County Sanitation District --
22 forty-nine year permit for sewer outfall on tide and sub-
23 merged lands, Monterey Bay.
24 Item (d) -- United States Geological Survey -- a
25 forty-nine year permit to install dolphins and cable in the
26 bed of the Sacramento River upstream from the Eye Street

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Bridge at Sacramento for operation of ultrasonic flow meters.

A motion to approve these four permits under Item 3 would be in order.

MR. CRANSTON: I so move.

GOV. ANDERSON: Second.

MR. LEVIT: If there is no objection that will be the order of the Commission by unanimous consent.

Item 4 relates to permits, easements, leases, and rights-of-way to be issued pursuant to statute and the established rental policies of the Commission.

The first applicant, item (a) is Chandler Lloyd, Trustee, and this involves the termination of a lease and issuance of a fifteen-year replacement lease for eight-plus acres of tide and submerged lands in Contra Costa County for a dock site, at an annual rental of $1300-odd dollars.

Second item - - all of these, of course, we will assume are the recommendation of the staff unless we hear to the contrary.

MR. HORTIG: That's correct and there are no objections thereto on behalf of the applicants.

MR. LEVIT: There have been no objections filed with the State?

MR. HORTIG: That is correct.

MR.LEVIT: Item (b) Luke and Peterson -- a five-year lease of tidelands in the San Joaquin River near Andrus Island, Sacramento County, for a boat harbor and structures

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at an annual rental of $200.

Item (c) -- to the executor of the estate of Joseph Belluomini, issuance of new grazing lease for the unexpired term of three years and six months, to replace a prior lease in San Bernardino County, at an annual rental of $108.14. What was the occasion of the new lease if there is no change in the term?

MR. HORTIG: Portion of the area formerly included under the lease was sold as vacant school land. Thereupon, the present lessee, under present statutes, is entitled at his option to a new lease for the remaining portion if he so desires -- and in this case he so desires.

MR. LEVIT: Item (d) -- Jens Solem, in behalf of Scout Troup 402. This is approval of previous lease by the Commission in Los Angeles County, Fish Canyon, to the Azusa Chapter Civitan International. Civitan is asking to turn it over to the Boy Scouts?

MR. HORTIG: It is to be assigned to Civitan International on application of the Boy Scouts.

MR. LEVIT: What is this for?

MR. HORTIG: Recreational lease. Fish Canyon, above Duarte, is a canyon in the Angelus National Forest, primarily occupied by recreational lease sites.

MR. LEVIT: Let the record show that Mr. Cranston left the meeting temporarily at this point.

Item (d) -- Dr. James Montague -- approval of

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1 assignment of a lease in Fish Canyon, Los Angeles County, to
2 Messrs. Lloyd Clingman and others.
3 Item (f) -- Mr. Lowell Tharp applies to assign a
4 lease previously issued by the Commission to John Dillon
5 and Louise Dillon. These are all in the same area?
6 MR. HORTIG: All recreational lease sites.
7 MR. LEVIT: (g) -- Signal Oil and Gas Company asking
8 for deferment to January 1, 1960 of drilling and operating
9 requirements on their lease in Orange County. What is the
10 nature of that?
11 MR. HORTIG: The lease was issued in 1955 pursuant to
12 competitive public bidding. It was issued to the high
13 bidders, who still hold the lease. Adjoining lands have been
14 disproved and, as a matter of fact, have been quitclaimed to
15 the State. The lessee on this parcel of property has been
16 unable to establish commercial production but still has the
17 eternal hope that from possible further evaluation of what-
18 ever data can be come by in terms of new exploration, as well
19 as correlation with their own drilling and recently com-
20 pleted (recent in terms of the last two years) seismic ex-
21 ploration offshore, that they may yet be able to establish
22 production.
23 So, while they have been unable to comply with the
24 terms of the lease to continue drilling one well after the
25 other in stated periods because they haven't had any produc-
26 tion to complete any well, they do desire to hold this lease

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at least until January 1, 1960, to determine whether or not they should go ahead or determine whether they, too, will quitclaim like their neighbors.

MR. LEVIT: The record will show that Mr. Cranston has returned.

Item (h) -- Monterey Oil Company lease, Seal Beach in Orange County, and they have asked for a few months to October 15, 1959 on drilling requirements.

MR. HORTIG: The similarity here to the previous item is only in the fact that there is a request for deferment. The grounds are distinctly different, in that Monterey's request is in connection with an active producing lease, which has been diligently developed; but in the course of development, in a small area only seventy-five feet in diameter, they find themselves in a position where production would be enhanced by certain remedial operations, which would be impossible during drilling operations. They can't take care of remedial operations at the time they are operating because the equipment would be standing on top of each other.

So they have asked for this deferment to October, so they can go into remedial operations.

MR. LEVIT: Item (i) -- approval of modification of the State's participating percentage under royalty agreement for the period March 1st, 1959 to March 1st, 1960, from 5.06% to 5:02%.

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1 MR. HORTIG: The State, through agreement issued
2 by the Commission, participates in the production from the
3 Kirby Hill gas field by reason of the fact that the field
4 is interlaced by some of the navigable arms of Suisun Bay.
5 There are no wells under the State lands. The area is
6 narrow and torturous and wouldn't provide for a reasonable
7 development program. However, the operators of the field
8 have agreed to pay to the State a royalty percentage based
9 on the proportion of State acreage to production acreage in
10 any year, this percentage to come out of the total production
11 of gas -- some of which, when it is produced, is actually
12 drained from State lands; and by contract it is agreed that
13 this percentage will be determined on March first, depending
14 on the production conditions and depending on how many pro-
15 ductive areas there are against the amount of State lands
16 included in the productive field.
17 MR. LEVIT: How many years has this been determined?
18 MR. HORTIG: Every year since the contract has run,
19 sir, and I have here only the royalty data back through 1955.
20 It has averaged about $5,000 a year to the State.
21 MR. LEVIT: I know, but what has happened to the
22 percentages?
23 MR. HORTIG: It has fluctuated -- it has gone up and
24 gone down according to conditions.
25 MR. LEVIT: Can you give us any idea what it has
26 gone up and down to?

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MR. HORTIG: It has not been many points away from 5% since the inception of the contract.

MR. LEVIT: I am not clear as to what you base the specific percentages on.

MR. HORTIG: On the amount of area which has been determined as of the date of evaluation to be the total productive area of the field. Then, having determined the total productive area of the field, the State's proportion of State-owned lands within the productive limits is determined and this, in this case, is this 5.02% as of March 1, 1959.

MR. LEVIT: We are only talking - - if we are going to determine this percentage every year, we are only talking about $5,000 as 5%. Then the change you are making here is a very small amount of money indeed.

MR. HORTIG: That's correct.

GOV. ANDERSON: Why would the State's share of the land keep changing?

MR. HORTIG: Because the size of the field changes, depending on whether new wells are drilled or extended -- although in the latter part of the deal land is going off production, so the exterior limits of the field are shrinking and the total area of the field doesn't shrink uniformly as to the State lands -- which are in the center of the field.

MR. LEVIT: We are only talking about $40, is that

right?

MR. HORTIG: That's right.

MR. LEVIT: O. K. Signal Oil and Gas Company -- approval of pilot water injection program in specified sands of the Jones Zone of the Huntington Beach tidelands oil field within the area of one of our leases in Orange County. This is at the expense of the lessee?

MR. HORTIG: This is at the expense of the lessee. It is the largest single lease that has had the largest production of any single lease for the State, and the operator feels and the staff concurs that from a production standpoint the time is here to evaluate the bases for secondary recovery projects in order to ultimately achieve the maximum production from this lease.

MR. LEVIT: Sunray Mid-Continent Oil -- acceptance of quitclaims on eight mineral prospecting permits because the minerals are not present in sufficient concentration to justify mining. That is purely formal?

MR. HORTIG: Yes.

MR. LEVIT: Hanley Lumber Company -- cancellation of a lease due to failure of the lessee to pay rental. We don't go out and collect the rental?

MR. HORTIG: Yes. In these instances we bring before the Commission, fortunately we always have situations where the first and last year's rental was paid in advance and, therefore, we are down to the last year in this particular

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1 instance and the motion of the Commission will include the
2 authority to apply the last year's rental which is on
3 deposit.
4 MR. LEVIT: How much rental is involved here?
5 MR. HORTIG: $100, I believe.
6 MR. LEVIT: O. K. Item (m) -- approval of eighteen
7 abandoned leases in Fish Canyon and approval of application
8 to the Board of Control for discharge of accountability.
9 Probably if we make that application we have a good chance
10 of getting it through because we have a majority of the
11 Board of Control here.
12 MR. HORTIG: I am glad to hear that. I have had the
13 reverse happen -- the Lands Commission approve an item and
14 the Board of Control turn it down.
15 MR. LEVIT: Of course you do sometimes get a differ-
16 ent outlook when you put on a different hat.
17 MR. HORTIG: I might point out that the abandonment
18 of these Fish Canyon leases was due to a severe forest fire,
19 which occurred last year, which stripped the cabins and was
20 followed by flood -- and which has rendered the sites un-
21 useable and, of course, the lessees wish to abandon the leases;
22 and in all equity we feel this opportunity to abandon should
23 not be denied in view of the circumstance of the catastrophe
24 which befell the area.
25 MR. LEVIT: All right -- we have for approval ....
26 MR. CRANSTON: I move approval.

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GOV. ANDERSON: Second.

MR. LEVIT: That will be the order.

Item 5 -- City of Long Beach projects. First, (a) Roads and Streets -- approval of estimated expenditure by Long Beach Harbor Department of $22,700 for subsidence remedial work; item (b) Subsidence Maintenance -- estimated expenditure by the Harbor Department of $8,000 for the same sort of thing. Now, those are the only two items on our calendar for Long Beach?

MR. HORTIG: ... requiring Commission approval at this time.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Second.

MR. LEVIT: That will be the order of the Commission.

Item 6 -- sales of vacant State school lands. We have applications - - let's see -- about eight or nine of them:

William Clyde Booth and Louise Booth, bid of $800; (in each case the bid and the appraisal are the same figure) item (b) - The Oscar Rudnick Trust - $623; item (c) Hanschild - $1,200; item (d) Wilson - $310; item (e) the A & K Holding Co. - $23,872; item (f) Hosterman - $5900; item (g) Richard Mednick - $9600; item (h) Halverson - $1280; item (i) English and Douglas - $1200.

May I ask, Mr. Hortig, what is the status of the matter on which Senator Shaw came before us at the last

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meeting, or had a representative here?

MR. HORTIG: Yes sir. In general -- I can give it to you more specifically if you desire -- but in general, Senator Shaw subsequently and within the time of the additional extension granted by the Commission deposited additional funds to meet the appraised value of the majority of the remaining parcels in the application -- for which he had originally made application -- and these have been advertised for bid and ....

MR. LEVIT: In other words ...

MR. HORTIG: ... processed in the normal procedure. The remaining ones have been cancelled in accordance with the directive of the Commission and to the satisfaction of Senator Shaw.

MR. LEVIT: All right. Motion to approve items (a) through (i) of Item 6?

MR. CRANSTON: So move.

GOV. ANDERSON: Second.

MR. LEVIT: That will be the order of the Commission.

Item 7 -- Approval of selection of vacant Federal lands and sale of these lands in accordance with rules and regulations of the Commission -- one hundred sixty acres in Humboldt County.

MR. HORTIG: In the course of processing an application on behalf of Mr. Frank B. Donahue, after the application had gone far enough that the Federal government had indicated

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they would transfer the desired lands to the State, Mr. Donahue withdrew his application. The lands are of such class that the staff feels it would be desirable for the Commission to proceed with the selection, accomplish the transfer of the lands from the Federal government for the benefit of the Commission and the State; upon receipt of these lands to place them on the vacant land list to be sold pursuant to competitive public bidding, just as all other vacant State lands are.

MR. LEVIT: There is no discussion or question? Could we have a motion?

GOV. ANDERSON: Move.

MR. CRANSTON: Second.

MR. LEVIT: Moved and seconded that the item be approved.

Item 8 is for the approval of certain maps: (a) grant to the City of Sausalito; (b) survey of the ordinary high water mark and mean high tide line at Laguna Point in Ventura County; and (c) a map of a grant to Bolinas Harbor District, pursuant to Chapter 800 of the Statutes of '57. What are these, Mr. Hortig?

MR. HORTIG: I should like to amplify for the Commission, and particularly with respect to item (a) -- as the type in specific reference, referred to by Senator Dolwig at the last Commission meeting.

This map was made pursuant to Statutes of 1957

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which required that the grant be surveyed by the Commission at the cost of the grantee.

As the Commission will recall, Senator Dolwig raised questions at the last meeting as to the sufficiency of the type of operation of this character that the Commission had conducted heretofore. As a result, between Commission meetings, we took the results of the work on this particular map we are asking approval on (of the grant to the City of Sausalito) to Senator Dolwig and reviewed with him the nature, quality and quantity of this type of work; and he stated he was in complete agreement that this type of operation was accomplishing the purpose he sought at the last meeting.

Pursuant to that discussion and only yesterday in committee, Senator Dolwig amended a bill which he had in relating to surveys of tidelands grants, which would now make applicable to all tidelands grants in the future that all of them be processed exactly in the manner that the Commission has been processing them heretofore, including the same type of survey and maps you have here before you today.

MR. CRANSTON: So move.

GOV. ANDERSON: Second.

MR. LEVIT: Item will be approved. Your next item is report on the status of major litigation, and final item is report on the summary of legislation.

MR. HORTIG: That is correct. I might point out on page 40 in the case of People vs. City of Long Beach relative

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1 to the determination of the Alamitos Bay area, with the
2 trial date set for June 10, we received notice yesterday
3 that there will be a deferment in that date because of ill-
4 ness of an opposing counsel.
5 On page 41, I should like to call the Commission's
6 attention to the fact that all of the bills that were intro-
7 duced pursuant to authorization by the State Lands Commission,
8 all save one to date have either been signed by the Governor
9 or are on the Governor's desk -- the sole one being Senate
10 Bill 575. In view of the fact that it involved matters of
11 financing and disposition of fees to the Lands Commission,
12 we requested the cooperation of the Department of Finance to
13 handle that in connection with the general fiscal program,
14 so that bill was tied up in that series -- although it is
15 going forward. It is not one that the staff processed
16 directly.
17 MR. LEVIT: Well, it had to go to Ways and Means,
18 didn't it?
19 MR. HORTIG: Yes. It is in Ways and Means today
20 or tomorrow.
21 MR. LEVIT: Are there any questions? (No response)
22 That leaves us only the matter of fixing a date for our next
23 meeting and the staff has suggested that the next meeting
24 be held at nine a.m. on Thursday, June the 25th, in Los
25 Angeles.
26 GOV. ANDERSON: So move.

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MR. CRANSTON: Second.

MR. LEVIT: Where do you hold this meeting, Mr. Hortig?

MR. HORTIG: In the auditorium on the ground floor of the State Building.

MR. LEVIT: In the State Building. All right. The motion is to so hold the meeting and it has been seconded. There being no objection that will be the order of the Commission.

The meeting stands adjourned -- unless there is anything further to come before it. If not, the meeting is adjourned.

ADJOURNED 10:15 a.m.

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1 CERTIFICATE OF REPORTER

2

3 I, LOUISE H. LILLICO, reporter for the Division of
4 Administrative Procedure, hereby certify that the foregoing
5 thirty-six pages contain a full, true and correct transcript
6 of the shorthand notes taken by me at the meeting of the
7 STATE LANDS COMMISSION held in Sacramento, California, on
8 May 28, 1959.

9 DATED: Sacramento, California, June 1, 1959.

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11 Louise H. Lillico

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