

1 maximum depth permitted would be specified in the permit,
2 which would be issued and approved by the staff only for those
3 areas where the geology is not already known and control
4 depths are not already known.

5 In the event that, in achieving such depth under the
6 revised permit, oil sands are contacted or discovered in fact,
7 there would be no further permits for drilling further holes
8 into the oil sand, and that hole on such contact would have
9 to be suspended and thereupon immediately abandoned, and no
10 direction tests would be permitted from such hole -- so that
11 in the majority of instances a permit of this type again would
12 authorize simply a permittee who is interested in exploring
13 the State off-shore to get as much stratigraphic geological
14 exploration information on the off-shore as can be gotten in
15 any one particular location, in order from that time forward
16 to have some frame of reference from which to carry on his
17 further operations.

18 As it is, with as much off-shore as there is in Cali-
19 fornia, there are hundreds and actually thousands of square
20 miles where the geology is literally unknown.

21 GOV. ANDERSON: Do they actually try to reach into the
22 oil pool or the strata above?

23 MR. HORTIG: Ordinarily the attempt is to get the
24 relationship of the geology with respect to other segments of
25 California and the upland, and as it is related to other oil
26 fields in California, without actually reaching an oil pool;

1 and in the majority of instances, no oil pool will be reached
2 as a result of this core drilling.

3 GOV. ANDERSON: Have they ever?

4 MR. HORTIG: Yes, they have; but they have also sus-
5 pended operations immediately. But, there again, we were
6 drilling assumedly to the first competent or correlative
7 stratigraphic bed and before we recognized we had done such,
8 we also contacted an oil sand which had never heretofore been
9 known to have existed; but no further core holes were permitted
10 to be drilled. This probably was the case in connection with
11 some of the portions of land which the State leased last year
12 which resulted in the top bidding of all time, and so it has
13 been beneficial.

14 MR. ZWEIFACK: Do you feel we have enough inspectors
15 covering all these various sites? You mentioned that they go
16 right to the sites.

17 MR. HORTIG: In connection with a core drilling permit
18 which authorizes a particular vessel and equipment and instru-
19 mentation to proceed to a particular spot to dig a hole, there
20 is 24-hour-a-day inspection of the State with the vessel at
21 the time the operation is actually conducted and until that
22 is plugged and abandoned and the vessel has left the site.

23 MR. ZWEIFACK: Who pays for that?

24 MR. HORTIG: The permittee.

25 MR. CRANSTON: Is it your belief that granting this
26 type of survey permit is apt to lead to added resources?

15
1 MR. HORTIG: It is going to expedite and enhance
2 interest in the State tideland development.

3 GOV. ANDERSON: If there is no objection, then, we will
4 pass to Item (m) -- Tidewater Oil Company, acceptance of
5 quitclaim and termination of lease in Santa Barbara County;
6 and Item (n) -- Tire Oil Company, a 15-year lease on 8.31
7 acres land in Carquinez Strait, Contra Costa County.

8 That completes the items under Item 4.

9 MR. CRANSTON: I would like to ask one question in
10 relation to items like Items (d) and (e). What effect would
11 that have on a subsequent desire of someone to purchase?

12 Mr. HORTIG: None whatsoever. Under the statutes,
13 upon the sale of land on which there is a grazing lease, the
14 grazing lease ipso facto is cancelled.

15 (At this point Mr. John E. Carr, the Director-of-
16 Finance-appointee, arrived and was introduced.)

17 GOV. ANDERSON: Mr. Carr, we have gone about half way
18 or better through the calendar already. It is our feeling
19 that any discussion or questions or anything that you would
20 like to say during our discussion -- just feel free.

21 MR. CRANSTON: I move approval of Item 4.

22 GOV. ANDERSON: Approval granted to items under Item 4.
23 If there is no objection, so ordered.

24 Item 5 -- sale of vacant school lands, and the first
25 item is (a) - Robert Allen. I'll just read the name and the
26 item, rather than trying to describe it, unless someone wishes

1 to ask a question or raise a point. Item (b) Reginald
2 Cooknell; item (c) - Maria Dekker; item (d) - Division of
3 Highways, Department of Public Works; item (e) - Paul E. Hood;
4 item (f) - Allen Jayne; item (g) - Palmerest Development Com-
5 pany; item (h) Frederick Stowell; item (i) - Will Rudd and
6 John Kynder; item (j) - Stanford C. Shaw; item (k) - Frederick
7 R. Stowell; item (l) - Frederick R. Stowell.

8 MR. HORTIG: That is it. For the benefit of the Com-
9 mission, the high bids received were all equal to or greater
10 than the appraised values of the lands. It is recommended
11 that the lands be authorized for sale, subject to the required
12 statutory reservations on minerals, etcetera.

13 MR. CRANSTON: I move approval of Item 5.

14 MR. ZWEIBACK: I am sure you have the right answer on
15 Item (c) - Maria Dekker's application. In the first paragraph,
16 I assume she submitted a deposit of \$800.....

17 GOV. ANDERSON: Page 39.

18 MR. ZWEIBACK: ... in her initial bid she submitted a
19 deposit of \$800. That would be correct.

20 MR. HORTIG: Right.

21 MR. ZWEIBACK: Now, down in paragraph five, "Under
22 Section 2302....." it appears there she submitted an addi-
23 tional \$1800. Now, down at the bottom you have included the
24 final price of \$4,000; but I assumed she would have had to
25 submit \$3200 more.

26 MR. HORTIG: I think we have skipped the one step there

1 that isn't specified in detail in the second paragraph, and
2 that is, after submitting the original \$800 or \$10 an acre
3 for eighty acres, the staff appraisal showed that the land was
4 worth \$27.50 an acre instead of \$10, so at that time the
5 applicant submitted the necessary amount to bring the amount
6 to \$2200. Then she was faced with a competitive bid of
7 \$4,000, so she for a second time submitted another \$1800 to
8 bring the deposit up to 4,000, to bring it to the high bid,
9 which she is privileged to do as first applicant for the land.

10 GOV. ANDERSON: It is moved, then, that we approve all
11 items under Item 5 -- sale of vacant State school land. If
12 there is no objection, so ordered.

13 Item 6 -- City of Long Beach. First project is water
14 injection system in Fault Blocks IV and V. Do you wish to
15 comment on any of these?

16 MR. HORTIG: For further information of the Commission,
17 the request for approval of expenditures for initial engineer-
18 ing study of an expanded water injection system relating to Fault
19 Blocks IV and V is an augmentation of a program previously
20 approved by the State Lands Commission for other fault blocks.
21 This, therefore, represents another step in the entire
22 integrated program of hopefully in the not too distant future
23 having completed the studies and actually having effected
24 water injection programs in all fault blocks of the Wilmington
25 Field.

26 Therefore, it is recommended that the Commission approve

1 this expenditure -- which, incidentally, is restricted to
2 expenditure of the City's share of tideland oil funds, but
3 because it does come from tideland oil funds it requires ad-
4 vance approval of the expenditure by the Commission, pursuant
5 to the requirement of Chapter 29 of the Statutes of 1956.

6 GOV. ANDERSON: Item (b) -- a parking lot on tideland
7 beaches -- approval of the expenditure by the City of Long
8 Beach not to exceed \$235,900 from its share of tideland
9 revenues to construct a parking lot waterward of Ocean
10 Boulevard.

11 MR. HORTIG: The recommendation of this item follows
12 the report and opinion of the Office of the Attorney General
13 that segments of the project proposed which are in fact located
14 upon tide and submerged lands, as distinguished from the up-
15 lands, are eligible to receive participation from tideland
16 oil revenues in their construction and maintenance; and,
17 therefore, this approval is recommended -- subject, again, to
18 the standard reservations made by the State Lands Commission
19 heretofore that upon completion of the project and at the end
20 of the fiscal year, there will be a final audit and final
21 engineering review to determine precisely which segments are
22 authorized to receive this participation and the total amounts
23 ultimately allowed will then be based on those findings.

24 GOV. ANDERSON: There are a couple questions on this:
25 As a matter of policy, was a survey ever taken to show the
26 need for a parking lot? Are there any parking fees? Who

1 maintains this? What involvement does the State Lands Commis-
2 sion have in this?

3 MR. HORTIG: If I may answer the questions in inverse
4 order, Governor, the taking of fees or any other revenues
5 derived by reason of rental or utilization of this project when
6 completed insofar as it relates to lands located upon the
7 tidelands -- those fees would be redeposited in the tideland
8 trust funds. No trust funds can be expended on any portions
9 of this operation that are located on the uplands and if there
10 were any upland fee collections on an upland portion, if this
11 should result this would come under general municipal funds
12 in the first instance and I assume would be remitted there,
13 outside of the jurisdiction of and not of interest to the
14 State Lands Commission.

15 As to the actual need for such a parking lot -- yes,
16 in general the entire Long Beach waterfront has been inven-
17 toried and the crowded conditions, particularly during the
18 height of the recreational season in Long Beach from out of town
19 visitors and so forth, I think speak almost automatically for
20 the necessity of this type of facility, although we do have
21 specific study data and survey data that was filed with the
22 original application for authorization of approval, and we
23 could amplify on that ad infinitum.

24 MR. CRANSTON: Does this have any relationship to the
25 coast sea wall?

26 MR. HORTIG: No sir. This is immediately seaward of

1 Bixby Park area at the foot of the bluff, down at the beach;
2 and incidentally, there is another factor that I can see could
3 well raise a question and that is about access roads and ramps
4 and so forth. In view of the fact that this beach is located
5 on actual filled tidelands and is at a so much lower level
6 than the general street level passing the area, there is going
7 to have to be some type of access and is such type of access
8 approved for construction from tideland funds? This has been
9 approved by the Attorney General -- that this being an
10 integral part of this project, it is also entitled to funds.

11 I might point out further, the approval requested is
12 as to whether the expenditure is entitled to be taken from the
13 City's share of the tideland revenues. There is no request
14 for a State portion. There is no contention that subsidence
15 is being alleviated by this project.

16 MR. CRANSTON: Is this in the area of subsidence?

17 MR. HORTIG: This is outside of the area of surface
18 subsidence under the jurisdiction of the Division of Beaches
19 and Parks. This is a municipal beach area of the City of
20 Long Beach.

21 MR. CRANSTON: Have there been any local protests?

22 MR. HORTIG: Not on this project.

23 MR. ZWEIBACK: When you are speaking of the City's
24 funds, you are speaking of the City's portion?

25 MR. HORTIG: The City's portion of the Harbor funds.
26 They are divided as to 50% of the oil revenues and 100% of the

1 gas revenues that flow to the City's harbor trust funds are
2 remitted to the State. This leaves the City with 50% of the
3 oil revenues for use on trust purposes; and it is from this
4 latter 50% of the trust funds that funds would come for this
5 parking lot.

6 MR. ZWEIBACK: It's a trust fund -- not the City's
7 funds?

8 MR. HORTIG: It is not general municipal funds, but it
9 is the City's share and in no wise would this project decrease
10 the State's share to be received from that trust fund.

11 GOV. ANDERSON: Item (c) -- the water flooding program --
12 approval of release agreement, upper and lower terminal zones
13 of Fault Block V -- to release and discharge the City and its
14 drilling and operating contractors from any claims for damage.

15 MR. HORTIG: The Commissioners will recall the meeting
16 of July 13th, where two cooperative water flooding agreements
17 were approved -- which, in essence, provided that the City may
18 expand water flooding operations on the tidelands and be held
19 free and harmless from any damage to the upland. Those in-
20 stances provided for recapture of any excess production result-
21 ing from tideland oil actually migrating under the uplands.

22 The lease agreement under discussion here relates to
23 Fault Block V, in which it is contemplated that the City,
24 through the Board of Harbor Commissioners, desires to augment
25 water flooding in a tideland block. The adjoining upland
26 owners have not indicated any reason at this time that they felt

22
1 was justification for augmenting water flooding on their
2 parcels, but have agreed to release the City from any liability
3 from any possible damage caused on the uplands by the City's
4 operations in the expanded water flood.

5 Since it is all part of the ultimate water flooding
6 for the Wilmington Oil Field, the parties have, pursuant to
7 the provisions of the Public Resources Code (which requires
8 State Lands Commission approval for cooperative agreements)
9 made this release agreement subject to the approval of the
10 Commission. It has been reviewed by the Office of the Attorney
11 General, found to conform to law, and has been reviewed by
12 the State Lands staff to determine its engineering desirability
13 and feasibility, and it is recommended.

14 GOV. ANDERSON: Item (d) -- Spreckles Area, General
15 Fill -- Addition No. 1 to expenditures by Long Beach Harbor
16 Department April 1, 1956 to July 5, 1956.

17 MR. HORTIG: This is one that almost might be classi-
18 fied as a nuisance item, but to satisfy auditors and the
19 ultimate in our State system, the Office of the State Con-
20 troller, that we have accounted for everything absolutely and
21 properly -- the City of Long Beach received approval of costs
22 including subsidence costs on a project conducted April 1,
23 1956 to July 5, '56 in order to be certain that they had
24 advance approval for the total amount; and in this instance,
25 for the period prior to July 5, 1956, we have a court deter-
26 mination that the Commission is authorized to make retroactive

1 approvals because the statute under which the Commission
2 assumed jurisdiction here didn't become effective until
3 July 5, 1956, so we hardly could have given advance approvals
4 to projects that were running as early as April '56; and in
5 closing this project we found that we missed in our estimates
6 by \$53.84, so therefore will the Commission please approve it
7 now.

8 GOV. ANDERSON: Item (e) -- Town Lot Property Purchases
9 Addition to estimated expenditures July 30, 1959 to June 30,
10 1960.

11 MR. HORTIG: If I may, Mr. Chairman, point out that
12 essentially Items (e) through (j) following, represent the
13 balance of projects currently in effect in the Long Beach
14 Harbor District eligible for possible subsidence participation
15 under Chapter 29, or projects which are to be undertaken which
16 the Commission has heretofore approved by project for a fiscal
17 year; and all of these items, as I say, (e) through (j), as
18 you will note, carry a terminal date of approval of expendi-
19 tures proposed to be made up to June 30, 1960, in other words,
20 the balance of this fiscal year, and are all subject to the
21 standard reservation that the amount of subsidence participa-
22 tion actually allowed will be determined after final audit and
23 engineering review after the work has been completed, inasmuch
24 as that is the first time there really is the basic engineer-
25 ing data on which to base a true estimate of what the subsid-
26 ence portion of the project actually was.

1 GOV. ANDERSON: Item (f) -- Back Area, Plans A to D --
2 estimated expenditures by Long Beach Harbor District. Any
3 questions? (No response) Item (g) -- Pier A -- Addition
4 No. 1 to estimated expenditures by the Long Beach Harbor
5 District of \$194,000; Item (h) -- Roads and Streets, Addition
6 No. 1 to estimated expenditures by the Long Beach Harbor
7 District of \$76,000; Item (i) -- Channel 2 Properties --
8 Addition No. 1 to estimated expenditures by Long Beach
9 Harbor District of \$1,000; Item (j) -- Subsidence Studies --
10 Addition No. 1 to estimated expenditures by Long Beach
11 Harbor Department of \$50,000.

12 MR. CRANSTON: I move to approve Item 6.

13 GOV. ANDERSON: If there is no objection, so ordered.

14 Item 7 -- Waiver of statutory notice affecting the
15 City of Belvedere's annexation of portions of Middle and
16 East Canals in Marin County.

17 MR. HORTIG: For the benefit of the Commission, the
18 City of Belvedere annexed into its expanded city limits an
19 area of tide and submerged lands, title to which is under the
20 jurisdiction of the State Lands Commission of the State of
21 California. For approximately a year and a half, the State
22 law has required that where such an annexation takes place
23 questions of value are raised as to properties, in order to
24 determine whether the owners of 50% of the value or more wish
25 to object, then an appraisal has to be made by the State Lands
26 Commission where the lands are State-owned, and reported to the

body proposing to undertake the annexation.

The City Attorney of the City of Belvedere forgot to read the revised annexation law and they went through the entire proceeding of annexation but failed to tell the State Lands Commission about it.

However, on review of the annexation and all the hearings and reports, there were no objections filed to the annexation, hence whether the State Lands Commission's portion of the value was more or less than 50% would have been of importance only in the event the Lands Commission had a basis for objecting to having these particular tide and submerged lands within the municipal boundaries of the City of Belvedere. We have been unable to find any basis for recommending to the Commission that there should be such objection.

Therefore, in post mortem, it appears there would be no good purpose served at this time to tell the City of Belvedere that they made a technical error and that we will go through and appraise, they will republish, and they will re-annex -- still without any objection. Therefore, it is proposed to wipe the slate clean, to have the State Lands Commission issue a notice of that, at the same time serving a notice to any other municipalities who wish to go through any such type of situation that this is the last forgiveness. This is the first of this kind since the law has been revised but we see no purpose in having them re-do the entire annexation when we can accomplish this with an appropriate waiver.

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MR. CRANSTON: I so move.

GOV. ANDERSON: No objection -- so ordered.

Item 3 -- approval of agreement to exchange portions of three State-owned tideland street areas for fee land owned by applicant, Housing Authority of San Francisco. Any brief comment on that?

MR. KORTIG: Yes sir. This is an item on which we are very happy to report, inasmuch as the Housing Authority of the City and County of San Francisco in contemplating a filling project of a portion of the mud flats of San Francisco Bay, immediately north of Candlestick Park, the ball park, desire to acquire three areas of underwater tideland streets that have been streets on the map since 1870 and were under water at that time, and have remained under water ever since, but the area is strategically desirable to the Housing Authority.

We have appraisal of \$3,700 on the fee value of the streets although they are impressed by street easements as far as State use is concerned, and the Navy acquired similar areas under court condemnation on the basis the lands were actually valueless to the State and awarded us \$1 -- in return for which and in exchange of these lands, the Housing Authority is offering the State Lands Commission some fee-owned property on the high and dry land with an appraised value of \$5,300.

So, before they can change their mind, we are recommending that the Commission authorize the exchange.

1 MR. CRANSTON: Move approval.

2 GOV. ANDERSON: Motion for approval of Item 8. If
3 there is no objection, so ordered.

4 Item 9 -- withdrawal from sale of vacant swamp and
5 overflowed land in San Bernardino County.

6 MR. CRANSTON: I move the approval of Item 9.

7 GOV. ANDERSON: No objection -- so ordered.

8 ITEM 10 -- Rental rates and policies -- deferment of
9 consideration to August meeting.

10 MR. CRANSTON: I'd like to ask that we be given as
11 much advance opportunity to look at that material as possible
12 before the next meeting and I move to defer it until then.

13 GOV. ANDERSON: No objection -- so ordered. This is
14 one, too, that I would like to study over considerably.

15 MR. HORTIG: Basically, this is really the fundamental
16 reason for this request for deferment, Governor. We have
17 trouble catching the Lieutenant Governor. I wonder what we
18 are going to have with the Acting Governor.

19 MR. ZWELBACK: What is the status of the policy review
20 we once discussed on vacant school land sales, relating to
21 the deposits and bidding conditions?

22 MR. HORTIG: This is ready for presentation to the Com-
23 mission, however has also been deferred -- but it didn't
24 require specific deferment by the Commission. It will be
25 presented at the next regular meeting of the Commission after
26 discussion with the Governor and other members of the Commission.