

1 MR. LINGLE: That's right. That's what the \$2,000
2 is on the first page. It's just additional money we need for
3 the balance of this year, so that we can furnish information
4 to the staff, so that they can be brought up to date on what
5 we are doing.

6 GOV. ANDERSON: I am just asking a couple questions
7 so I am clear on it. Item 1, this field work of the survey
8 crews, they go out and check the measurements both vertical
9 and horizontal, and that's the first items -- twenty-nine and
10 twenty thousand dollars?

11 MR. LINGLE: Right.

12 GOV. ANDERSON: Who does the horizontal studies?
13 Is this again a group of studies made, of information brought
14 in by the survey crews in the field?

15 MR. LINGLE: I am sorry, I don't know, Governor. I
16 am a lawyer. I know some of them, but I don't know that.

17 GOV. ANDERSON: Maybe Frank does.

18 MR. HORTIG: The same field crew, the same office
19 force.

20 GOV. ANDERSON: The same force that goes out and
21 makes the field study, the vertical and horizontal studies,
22 the first one \$29,000 -- they are the same ones that go out
23 and make the horizontal study but they make a bookkeeping entry...

24 MR. HORTIG: Not exactly. The measurements of the
25 ground, vertical and horizontal, are measurements made by the
26 field crew that makes the measurements under the items listed

1 of \$29,000 and \$21,000 a year. These results are then ana-
2 lyzed in the engineering section of the Harbor Department and
3 classified as horizontal studies, in that these have to be
4 analyzed and classified and engineered into phases of the con-
5 struction program to make sure that the horizontal movements
6 which are predicted from these studies will not excessively
7 damage any new work going on. This is the study to predict
8 any horizontal

9 GOV. ANDERSON: Item 2 is handled by the engineering
10 department in the Harbor Department?

11 MR. HORTIG: That's correct.

12 GOV. ANDERSON: All information brought in to them
13 by the field crew, checking the vertical and horizontal
14 measurements?

15 MR. HORTIG: That's right.

16 GOV. ANDERSON: What is the subsidence section, then --
17 the next \$55,000?

18 MR. LINGLE: I think, Governor, this is the charge-
19 off to bookkeeping, of keeping track where all this money goes
20 and how much of it; where your various allocations and appro-
21 priations come from and how much of it should be allocated to
22 subsidence.

23 GOV. ANDERSON: In other words, \$55,000 is pretty
24 much the bookkeeping of the operation for the year, is that it?

25 MR. HORTIG: I believe there is an additional sub-
26 stantial element that Mr. Lingle did not comment on, Governor,

1 and that is the study by the subsidence section of the inter-
 2 relation and effect of the water repressurization program
 3 which is being conducted by the petroleum section -- the actual
 4 effectiveness of that program in connection with subsidence
 5 alleviation. Petroleum production and subsidence alleviation
 6 are different.

7 GOV. ANDERSON: Wouldn't that be horizontal studies?

8 MR. HORTIG: No, the horizontal studies are only for
 9 design of the buildings in the future, so they won't be
 10 affected adversely in the future by movements that will take
 11 place.

12 GOV. ANDERSON: Why wouldn't that come under engi-
 13 neering studies under item 5?

14 MR. HORTIG: That is preliminary engineering. This,
 15 again, is for the over-all harbor facilities study and the
 16 total program for harbor development that the Harbor Department
 17 expects to encounter. The problem is that for study the
 18 sum total it is estimated it will require is \$251,000. The
 19 subdivisions which you have before you, items 1 to 6, are sub-
 20 divisions which have been developed for accounting and cost
 21 control convenience. They are not necessarily completely
 22 diagnostic titles of the sum total of the type of work being
 23 done under each of these headings.

24 GOV. ANDERSON: Are we doing things here other than
 25 subsidence studies?

26 MR. HORTIG: No sir. If they were, Governor, then

1 at the end of our audit at the end of the fiscal year, if our
2 auditors discover that anything was done here that wasn't
3 subsidence control, then this is eliminated from the credit
4 which is allowed to the City of Long Beach -- because these
5 costs are still only estimated costs.

6 GOV. ANDERSON: And then our \$50,000 that we are
7 supposed to spend, what will ours be used for, the State Lands
8 portion?

9 MR. LINGLE: You do not spend it, Governor. This
10 is the money we spend in furnishing information to your staff.
11 In other words, they will want a different analysis on some
12 project, another set of plans on some project.

13 GOV. ANDERSON: In other words, these sheets that we
14 get every week and some of the information you are furnishing
15 to us, it is estimated this will be a bookkeeping entry of
16 \$50,000?

17 MR. LINGLE: That is correct.

18 MR. HORTIG: In other words, the City views this
19 from the standpoint that this is a cost that they wouldn't be
20 put to if the State did not have supervising responsibility
21 over the area and did not have to ask these questions.

22 MR. LINGLE: Under Chapter 29, if we don't have
23 prior approval we can't spend any of this money.

24 MR. CARR: That's right. Unless they have prior
25 approval under the contract they can't do it at all. We have
26 the right to audit and review afterwards and we can correct

1 it if we discover any misapplication of these funds.

2 GOV. ANDERSON: Well, I was just asking questions.

3 MR. HORTIG: As a matter of fact, it is not a mis-
4 application of funds, Mr. Carr. I would like the record to
5 show that it is misclassification.

6 MR. CARR: I'll accept that.

7 MR. HORTIG: Thank you.

8 GOV. ANDERSON: You are satisfied this is a good
9 expenditure of \$251,000? You would expend it for this if it
10 was your money?

11 MR. CARR: Sure.

12 GOV. ANDERSON: I'll second the motion if you will
13 make it.

14 MR. CARR: I so move.

15 GOV. ANDERSON: Now we proceed on to Item Classifi-
16 cation 4 -- Sale of vacant State school lands. All land sale
17 items here presented have been reviewed by all State agencies
18 having a land acquisition program and, unless otherwise indi-
19 cated, no interest has been reported by these agencies in the
20 lands proposed for sale.

21 MR. HORTIG: There is no "otherwise" report.

22 GOV. ANDERSON: And the first applicant is (a)
23 Perry A. Langer, \$1570; item (b) Donald K. Lee and the bid is
24 \$2,320. Now, you asked me a question on that earlier, Don?

25 MR. ROSE: This gentleman called our office....

26 GOV. ANDERSON: Mr. Lee?

1 MR. ROSE: Yes, Mr. Lee. He tried to reach Mr.
2 Cranston, he was out; and Governor Anderson was also out; and
3 he raised the point where he was pretty distressed about the
4 length of time it took to get a decision, considering he had
5 a substantial amount of money tied up, \$2,320. It was checked
6 by our office with Mr. Hortig and we found that it was coming
7 up at this time on the calendar.

8 The only question is a general one. I know we have
9 a large backlog of applications just as this, and I wonder if
10 there is anything that's delaying these coming before the Com-
11 mission, any different than it was in past months. I know
12 various studies have been made

13 GOV. ANDERSON: How long was his money held?

14 MR. HORTIG: We will have the date of the application..
15 If I may reply to that in general, I think this is a problem
16 that is wholly solved now. Mr. Langer, along with the other
17 four applicants who are listed here, or Mr. Lee

18 MR. ROSE: Yes, Lee.

19 MR. HORTIG: were delayed by reason of the mora-
20 torium for rereview declared by the Commission in January,
21 suspending the processing of any pending applications at that
22 time.

23 GOV. ANDERSON: He was one who put in his application
24 and his money at that time?

25 MR. HORTIG: Previously.

26 GOV. ANDERSON: Did he have a chance to withdraw his

1 money and drop the claim?

2 MR. HORTIG: Any time, yes.

3 GOV. ANDERSON: So he decided to keep it in there
4 pending what the decision of the Commission was?

5 MR. HORTIG: The staff were instructed to withhold
6 processing between January and the last meeting, May 4th. At
7 the last meeting, May 4th, you gentlemen rescinded the stop
8 order on processing. This is the next meeting after that and
9 as a matter of fact, but for the stop order in January all of
10 these items would have been on the January agenda for the
11 State Lands Commission.

12 MR. SMITH: I might say that all these items on the
13 Commission's agenda were pending at the time this order went
14 into effect.

15 GOV. ANDERSON: Item (c) Phillip R. Monson, \$9,600 bid;
16 (d) R. R. Templeton, \$5,080 bid..

17 MR. CARR: I move the approval of these.

18 GOV. ANDERSON: I'll second it and this carries it
19 unanimously.

20 Item number 5 -- authorization for issuance to A. C.
21 Jefferies and Florence Jefferies of a grant deed for the
22 mineral reservations on lands conveyed by the State Controller
23 on December 18, 1946, Solano County. would you briefly tell
24 us what that is?

25 MR. HORTIG: Yes sir. This results from the situa-
26 tion of amendment of statutes relating to the Controller's

1 office. Prior to 1949 in the sale of escheated lands by the
 2 office of the Controller, the statutes required that all
 3 mineral interests in lands that were so sold be reserved to
 4 the State and, consequently, all sales that were made prior
 5 to 1949 were so made, with the mineral reservation to the
 6 State.

7 Under Chapter 1212 of the Statutes of 1949, the
 8 State Lands Commission was authorized to dispose of reserved
 9 mineral rights in escheated lands previously made if an appli-
 10 cation was received and a prior purchaser desired to acquire
 11 this mineral reservation. The Commission has established a
 12 policy for disposition of such reserved mineral rights for a
 13 flat fee of \$10, in addition to the application fee, in those
 14 instances where the lands are not known to contain commercially
 15 valuable deposits of minerals -- as in the instant application.

16 The land consists of three lots zoned as Single
 17 Family Residential District in the City of Benicia. There
 18 are no geologic evidences for any reasonable expectation of
 19 development of minerals in any of these three lots and it is,
 20 therefore, recommended that the Commission authorize the grant
 21 deed for the mineral reservation which had been previously
 22 made by the Controller.

23 Incidentally, contemporaneously with this, the
 24 statute was also changed no longer requiring the Controller
 25 to make such mineral reservations, so land sold by the Con-
 26 troller since that time has been sold complete with the

1 mineral interest; and this is a statute which provides a
2 possibility for putting prior sales on the same uniform basis
3 as sales which would be made by the Controller's office.

4 GOV. ANDERSON: I'll second the motion if you will
5 make it.

6 MR. CARR: I move.

7 GOV. ANDERSON: Moved and seconded, unanimously
8 approved.

9 Item 6 -- Rejection of only bid received, submitted
10 by E. T. Baxman, on mineral extraction lease for sand and
11 gravel on 9.45 acres tide and submerged lands in bed of the
12 Noyo River, Mendocino County. Bid deviated from requirements
13 of the Commission's proposal.

14 MR. HORTIG: The subject area was advertised for
15 bids for sand and gravel extraction lease on authorization of
16 the Lands Commission. The only bid received submitted a bid
17 not in the standard form and which was submitted to the Office
18 of the Attorney General for determination as to compliance
19 with the bid offer and with the statutes; and the Office of
20 the Attorney General has recommended that no precedent should
21 be set by accepting and modifying this bid; but rather that
22 the particular bid be rejected by the Commission and if there
23 is a desire for lease of the area, readvertising. The ini-
24 tiation of the advertising and receipt of bids can all be
25 conducted under executive authority of the Executive Officer,
26 but a bid rejection or acceptance requires a specific resolution

1 of the Commission.

2 MR. CARR: Mr. Chairman, this particular point on
3 the Noyo -- I am not familiar with this point in the river,
4 but down below where the breakway is and the fishing boats
5 anchor or not, this is a very interesting spot. Have you ever
6 been there?

7 GOV. ANDERSON: No.

8 MR. CARR: Actually, this deposition of this sand
9 and material here at this point, this is about the head of the
10 tidewater there, isn't it? Isn't that where the stream coming
11 down slows down and traps the material it was carrying?

12 MR. HORTIG: That is primarily the reason there is
13 extensive deposit of sand and gravel.

14 MR. CARR: What effect would this have, this dredging
15 out, what effect would that have on the flood control and the
16 fishing and all that?

17 MR. HORTIG: The permit for dredging on a navigable
18 stream as it would affect flood control would be issued by the
19 Corps of Engineers, so there would be no detrimental effect on
20 flood control. The prospective lease was cleared with Fish and
21 Game that this would not be inimical to our finny friends who
22 happen to reside in the area.

23 MR. CARR: How about their love life? Isn't it in
24 the gravel bed where they lay their eggs?

25 MR. HORTIG: Not this far down in the river -- for
26 reasons unknown to me.

1 MR. CARR: Do you want to refer that to the
2 Attorney General?

3 MR. HORTIG: We did.

4 MR. CARR: If there is a reason he should be able
5 to dig it up.

6 GOV. ANDERSON: I'll second the motion if you want
7 to make it.

8 MR. CARR: I move it.

9 GOV. ANDERSON: Item 6 is moved and seconded.

10 MR. ROSE: May I ask a quick question? Referring
11 to the previous item, where the State collected a total fee
12 of \$10 -- it's \$15 richer, but it gives away its mineral
13 rights. Even though it is disposed of in five minutes --
14 the photostating, and staff time, and Commission's time is
15 probably worth many times that. Is there any way of stream-
16 lining this, so it doesn't cost so much to give away what
17 the State owned?

18 MR. CARR: I wouldn't think so because there are no
19 unimportant dollars. It would cost us more to count them.

20 MR. ROSE: I didn't know if it came up very often.

21 MR. HORTIG: Not very often.

22 MR. ROSE: In view of the fact the Controller now
23 automatically gives away these rights, now we are going back
24 and giving away rights that we didn't use to give away.

25 MR. HORTIG: Our problem, and I would like to bring
26 it to the attention of the Commission, of course is to strike

1 a happy medium in terms of fully informing the Commission in
2 order to have all items before them that they properly need
3 for their consideration, and not writing a book on the subject
4 and overdoing it on the other side.

5 I agree with you very definitely and we have been
6 very acutely conscious of the necessity of minimizing costs
7 as against revenues to the State, particularly with my other
8 hat on, as Executive Officer of the Division of Lands in the
9 Department of Finance, the Director has made several impres-
10 sions which I think are probably in my skull in that direction.

11 GOV. ANDERSON: The information you are giving to
12 the Commissioners shouldn't cost very much over what you are
13 already making. You are making three additional copies.

14 MR. HORTIG: That's right.

15 GOV. ANDERSON: Item 8 -- Confirmation of trans-
16 actions consummated by the Executive Officer, pursuant to
17 authority confirmed by the Commission at its meeting on
18 October 5, 1959.

19 MR. CARR: So move.

20 GOV. ANDERSON: Second. Approved unanimously.

21 Item 9 -- Report on status of legislation, 1961
22 session. Informative only, no Commission action required.

23 MR. HORTIG:
24 May I, however, amend the report, Mr. Chairman,
25 because as recited in the first paragraph the bills which had
26 been introduced for purposes of clarifying sections of the
Public Resources Code, and which were introduced pursuant to

1 resolution of the State Lands Commission approving this
2 introduction, reported on the calendar item "awaiting signa-
3 ture by the Governor," I am happy to be able to report to the
4 Commission that all these bills, and therefore the Commission's
5 entire legislative program, have been signed by the Governor
6 and will be the statutes.

7 Additionally, you gentlemen will recall that on
8 May 4th there was a resolution supporting House Resolution
9 4390, which would straighten out offshore boundaries of all
10 coastal states by act of Congress to conform with the same
11 type of boundary distance as approved by the Supreme Court
12 for Florida and Texas heretofore. The resolution suggested
13 that there should be a legislative resolution in the Cali-
14 fornia Legislature also and such resolution was introduced by
15 Senator McBride as S.J.R. 44, copy of which is attached to
16 your calendars.

17 GOV. ANDERSON: Item 10 -- Report on status of major
18 litigation.

19 MR. HORTIG: There are no additional reports beyond
20 the written.

21 MR. CARR: I'd like to ask just one question. What
22 is the present status of the application of the City of Long
23 Beach for approval to go ahead and build some of that stuff
24 out there by the auditorium, whatever it is?

25 MR. HORTIG: That is under consideration with the
26 Office of the Attorney General.

1 MR. CARR: What is the Attorney General's decision
2 on it? Has there been anything worked out on it yet?

3 MR. HORTIG: The particular Attorney General doesn't
4 seem to be with us at the moment.

5 MR. CARR: I was asked about that and I couldn't
6 report. It seemed to me that came back when I was in Mexico.

7 MR. JOSEPH: Mr. Shavelson had to get a plane by
8 twelve thirty and just left. He has some Long Beach litiga-
9 tion and had to get back -- a demurrer or something, so he
10 is working for the State on something in connection with
11 Long Beach.

12 MR. HORTIG: I think, Mr. Carr, in general summary
13 there was a period of time when, in order to proceed with the
14 study, the Office of the Attorney General had requested for
15 submittal of additional data from the City of Long Beach, so
16 this accounted for additional time; and the issue is now under
17 study by the Office of the Attorney General as to qualifying
18 and as to conditions under which the Commission may consider
19 approval.

20 MR. CARR: Thank you.

21 GOV. ANDERSON: Date, time and place of next meeting --
22 Thursday June 22, 1961 at 10:00 a.m. in Los Angeles?

23 MR. CARR: Yes.

24 GOV. ANDERSON: Moved and seconded, carried
25 unanimously.

26 MR. HORTIG: Mr. Chairman, before we adjourn, there

1 is an item on page 32 of the supplemental calendar not
 2 previously considered, in which we are reporting -- as I
 3 reported to you earlier -- in connection with the pipe line
 4 across unleased parcels of State lands to convey the produc-
 5 tion of a well which is being drilled. In this instance we
 6 are reporting on the same well, but the fact that it is the
 7 intent of the lessee, having had engineering review and approval
 8 by the staff, if the well is successful to install an ocean
 9 floor production head on the well of the same general type as
 10 is operating successfully on a Commission lease at Rincon.

11 The unique feature in this instance is that instead
 12 of 56 feet of water, this well head would be installed in 220
 13 feet of water when successful, indicating progress in the
 14 development of this type of technology. While this has been
 15 approved by staff and in the normal procedure this is all that
 16 is required, since the Commission did on its own motion at
 17 the time of the report of the Rincon installation by resolu-
 18 tion approve that installation, the lessee now has suggested
 19 that to keep the record uniform it might be desirable to have
 20 a Commission resolution approving this installation on recom-
 21 mendation of the staff.

22 MR. CARR: I so move.

23 GOV. ANDERSON: I'll second. Now, this map we have
 24 here, showing where the protected pipe line goes out to, what
 25 is the depth of that?

26 MR. HORTIG: Well, it will be on the ocean floor

1 and by the time it gets to the production head it is 220 feet
2 down.

3 GOV. ANDERSON: This well we are talking about
4 putting the production head on is 220 feet below the surface
5 of the water?

6 MR. HORTIG: That is correct.

7 GOV. ANDERSON: If there is nothing further, the
8 meeting is adjourned.

9
10 ADJOURNED 12:03 P.M.

11 *****
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CERTIFICATE OF REPORTER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

I, LOUISE H. LILICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing ~~sixty-three~~ pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of THE STATE LANDS COMMISSION at Sacramento, California, on May 25, 1961.

Dated: Sacramento, California, May 29, 1961.

Louise H. Lillo
