

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

TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
JUNE 22, 1961

PARTICIPANTS:

THE COMMISSION:

Hon. Alan Cranston, Controller, Chairman
Hon. Glenn M. Anderson, Lieutenant Governor
Hon. John E. Carr, Director of Finance

Mr. F. J. Hortig, Executive Officer
Mr. Don Rose, Executive Secretary to
Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Howard S. Goldin, Assistant Attorney General

APPEARANCES:

Mr. Gerald Desmond, City Attorney of the
City of Long Beach

I N D E X
(In Accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
1 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE			
(a) U.S. Army, Corps of Engineers	12	1	7
2 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE			
(a) Calif. Minerals Corp. and S. A. Tanner	5	3	8
(b) Phillips Petroleum Co.	22	4	8
(c) Richard B. & Constance Shelley	19	5	10
(d) Carl Hemmeter	18	6	11
(e) Arthur & Beatrice Olson	21	7	11
(f) Docal, Inc.	25	8	12
(g) M & H Oil Corp.	17	9	12
(h) Milton Oil Corp.	15	10	12
(i) Reading Oil Corp.	16	11	12
(j) R. E. Oliver	20	12	13
(k) Union Offshore Corp.	10	13	13
(l) Union Offshore Corp.	11	15	13
(m) Utah Const. & Mining Co.	13	17	14
MOTION -----			15
3 CITY OF LONG BEACH PROJECTS			
(a) Maintenance and operation of tideland beaches and facilities 1961-62 fiscal yr.	3	19	4

I N D E X
(In Accordance with Calendar Summary)
continued

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
3 CITY OF LONG BEACH PROJECTS			
(b) Pier F, Wharf Constr.	2	26	5
MOTION -----			6 and 7
4 SALES OF VACANT STATE SCHOOL LAND			
(a) Andrew Dalman	4	28	15
MOTION -----			15
5 Authorization to issue permit Southern Pacific Co. for deposition fill on 5.45 acres T&S lands Carquinez Strait	27	30	17
MOTION -----			20
6 Authorization to execute service agreement City of Oakland	1	34	20
MOTION -----			21
7 Authorization to approve plat Portion Sec. 23 and 24, San Joaquin County	24	35	21
MOTION -----			23
8 DATA PROCESSING PROGRAM			
(a) Authorization to request deficiency authorization \$19,360 - G15 Bendix Computer	7	36	23
(b) Authorization to request deficiency authorization \$10,485 for completion of installation and continue operation in Sacramento Office 1961-62	8	39	23
MOTION -----			23

I N D E X
(In Accordance with Calendar Summary)
continued

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
9 Authorization for deficiency authorization \$3,320 covering cost unbudgeted relocation expenses L. A. office	9	41	29
10 Confirmation of transactions of Executive Officer:	6		30
Roy Hunter		43	
Kern County Land Co.		44	
11 <u>INFORMATIVE ONLY:</u>			
(a) Report on proposed ocean-floor oil well completion Standard Oil, Santa Barbara County	14	45	30
(b) Status of Legislation, 1961 Session	23	46	41
(c) Status of major litigation	26	47	42
12 <u>NEXT MEETING</u>			42
<u>SUPPLEMENTAL CALENDAR:</u>			
Application City of Long Beach for expenditure of tideland oil revenues for maritime and commerce museum site construction phase of shoreline development project	28	49	1
MOTION -----			4

1 MR. CRANSTON: The meeting will please come to order.
2 The Chair would like to announce one new policy which we will
3 seek to follow on the Lands Commission -- which will be to
4 take up matters first where there are people in the room who
5 want to testify or have a particular interest, so they don't
6 have to sit through matters where nobody has bothered to come
7 or they have no interest; and in accordance with that procedure
8 we will now take up Supplemental Calendar Item 28 and if any-
9 body else has anything they would like to have handled early,
10 if they will send up word to the desk we will take care of
11 those items after this item.

12 Supplemental Calendar Item 28 is an application of
13 the City of Long Beach for expenditure of tideland oil revenues
14 for maritime and commerce museum site construction phase of
15 shoreline development project - LBWO 10,138. Frank?

16 MR. HORTIG: Mr. Chairman, as you and Commissioner
17 Carr are aware, there have been pending before the State Lands
18 Commission an application by the City of Long Beach for authori-
19 zation to expend a portion of its share of the tideland revenues
20 of the City of Long Beach for the development of a shore line
21 project authorized in general by charter amendment of the
22 electorate of the City of Long Beach, and as to a specific
23 portion thereof for which application has been filed with the
24 State Lands Commission, have proposed a maritime and commerce
25 museum, which in turn would be located upon a filled area in
26 currently water-bearing tide and submerged lands fronting on

1 the City of Long Beach -- the filled area to serve initially
 2 basically as the foundation area for the proposed maritime and
 3 commerce museum. The stated primary purpose of the museum is
 4 the promotion of interest and understanding of maritime affairs,
 5 including commerce, transportation, shipping, navigation and
 6 naval operations, with the objective of promoting the develop-
 7 ment of the Port of Long Beach; and the additional facilities
 8 which would be proposed to be installed on fill areas include
 9 a new public beach, a lagoon, parking areas; and this is
 10 analyzed in the opinion of the Office of the Attorney General
 11 as being within the express trust purposes of the previous
 12 State grant of tide and submerged lands to the City of Long
 13 Beach.

14 At this point, then, it is stated in the opinion
 15 that the State Lands Commission may properly approve the re-
 16 quested expenditure provided the Commission is satisfied in
 17 its own independent judgment that the City has reasonably
 18 determined that such a museum is necessary or convenient for
 19 the promotion of commerce and navigation -- and it is submitted
 20 that the record shows that the City has reasonably determined
 21 such necessity and convenience; secondly, that the Commission
 22 must also be satisfied that the technical plans submitted by
 23 the City are reasonable and adequate, and it is stated specifi-
 24 cally that the Commission should not approve expenditures for
 25 actual construction prior to independent Commission review as
 26 to adequacy and feasibility of these specific construction plans

*Governor Anderson came in at this point.

1 Inasmuch as such construction plans have not yet
 2 been prepared by the City, they of course have not as yet been
 3 submitted to the State Lands Commission. The opinion of the
 4 Office of the Attorney General suggests that there is no objec-
 5 tion to authorizing the City to spend a designated amount of
 6 money to hire professional help to prepare the descriptions of
 7 the proposed structure.

8 On these bases, then, it is the staff recommendation
 9 that the Commission approve in principle the application of the
 10 City of Long Beach, pursuant to the authority of Chapter 29,
 11 Statutes of 1956, First Extra Session, to construct a site for
 12 a proposed maritime and commerce museum, and specifically to
 13 approve an expenditure subsequent to June 22, 1961 of not more
 14 than \$500,000 from the City's share of the tideland oil revenues
 15 for engineering site investigations, design, contract admini-
 16 stration and advertising, and similar preconstruction work nec-
 17 essary for the construction of the first phase of the shoreline
 18 development project, which is primarily a site for a proposed
 19 maritime and commerce museum.

20 This approval would be subject to the condition that
 21 the work would conform in essential details to the plans and
 22 background material heretofore submitted to the Commission for
 23 approval and that all costs herein considered are for expendi-
 24 tures on tide and submerged lands.

25 MR. CRANSTON: You have heard the staff recommendation.
 26 Is there a motion?

1 GOV. ANDERSON: So move.

2 MR. CARR: Second.

3 MR. HORTIG: Mr. Chairman, the representatives of
4 the City of Long Beach, as you are aware, are present here to-
5 day if there is any amplification that the Commission desires
6 on this matter.

7 MR. CRANSTON: There doesn't appear to be any con-
8 troversy on the matter, but does anyone wish to speak to it?

9 MR. DESMOND: We have nothing unless there are
10 questions.

11 MR. CRANSTON: If not, we are ready for the question
12 and the motion has been made, duly seconded, and without objec-
13 tion it is carried unanimously.

14 Have any requests come to you, Frank, for any other
15 items to be taken ahead of time?

16 MR. HORTIG: No -- unless that piece of paper you
17 have

18 MR. CRANSTON: We may as well take up the other
19 items for Long Beach under Classification 3. Pages 19 to 25
20 on the calendar: Project (a) is maintenance and operation of
21 tideland beaches and facilities during 1961-'62 fiscal year.
22 Frank?

23 MR. HORTIG: Mr. Chairman, the two items just refer-
24 enced are the normal monthly applications which are necessary
25 for prior approval for disbursement of funds from the City's
26 share of tideland revenues for maintenance, operation and

1 construction of facilities within the City of Long Beach for
 2 which specific provision is made in Chapter 29 of the Statutes
 3 of 1956 -- requiring, for the expenditure of tideland funds,
 4 advance approval by the State Lands Commission; and, as to
 5 subsidence elements which may be included in these operations,
 6 State participation of twenty-five per cent in the cost of
 7 those elements which are, in fact, subsidence elements.

8 It will be noted from the calendar item appearing
 9 on pages 19 to 25 the requested approval is for an amount of
 10 \$654,000, with a potential or prospective approval of \$107,000
 11 for items on which the Office of the Attorney General has yet
 12 to inform the State Lands Commission as to the legal applica-
 13 bility for approval under Chapter 29. The items proposed
 14 within the total amount of \$107,000 are items for which appli-
 15 cation is being made by the City of Long Beach for the first
 16 time and are of such a nature they have not been studied as to
 17 whether or not they are within legal approval by the State
 18 Lands Commission. However, since these expenditures will start---
 19 whether they are to come ultimately from City tideland funds
 20 or from the City's general municipal funds, they are to start
 21 July 1 and hence if it should be determined in the future that
 22 the Commission can legally approve them, it is desirable that
 23 the City have this advance approval at this meeting in order
 24 that all funds expended after July 1 will have been approved.

25 The calendar item appearing on pages 26 and 27 relates
 26 to wharf construction, as noted, on Pier F -- of which it is

1 estimated that approximately eight per cent of the construction
2 costs are additional elements included as subsidence costs and
3 it is in that eight per cent that the State would participate.
4 The approval, again, is in the heretofore standard form that
5 the amount ultimately to be allowed will be determined upon
6 final audit and engineering review after the work is actually
7 completed.

8 Approval of both items is recommended in accordance
9 with the listed staff recommendations.

10 MR. CRANSTON: Motion is in order.

11 MR. CARR: Mr. Chairman, I move the approval of
12 items (a) and (b), Long Beach projects.

13 GOV. ANDERSON: Second.

14 MR. CRANSTON: Is there any comment from anyone
15 present?

16 MR. GOLDIN: Mr. Cranston, Mr. Desmond, the City
17 Attorney of Long Beach, has authorized me to advise the Commis-
18 sion that it will not use the Commission's conditional approval
19 of this \$107,000 requested expenditure against the State in any
20 manner should the Office of the Attorney General subsequently
21 disapprove the propriety of its spending tidelands moneys for
22 any requested item or items covered by that. Have I accurately
23 stated that, Mr. Desmond?

24 MR. DESMOND: Gerald Desmond, City Attorney, City
25 of Long Beach. That is correct. Mr. Chairman and members of
26 the Commission, as Mr. Goldin stated, we understand the action

1 proposed by the Commission this morning.

2 So I will not have to take your time later, we do
3 appreciate your taking these matters up earlier. We particu-
4 larly want to thank the staff and Attorney General's Office
5 for having the supplemental item on the calendar; and, lastly,
6 because we know this is Mr. Carr's last meeting and we of Long
7 Beach are, of course, very proud of the record he set in State
8 government, we wish him well in the future.

9 MR. CRANSTON: Do you have any comments, Mr. Carr?

10 MR. CARR: No comment.

11 MR. CRANSTON: Thank you very much.

12 MR. CARR: Thank you, Jerry.

13 MR. CRANSTON: We will now proceed to the regular
14 order: Item Classification 1 is permits, easements, rights-of-
15 way to be granted.....

16 MR. HORTIG: Mr. Chairman, may I suggest there is no
17 specific vote on record by the Commission of these last two
18 items.

19 MR. CRANSTON: Approval was moved, seconded, and made
20 unanimously.

21 Item Classification 1 -- Permits, easements, and
22 rights-of-way to be granted to public and other agencies at no
23 fee, pursuant to statute: Application (a) is U. S. Army, Corps
24 of Engineers -- approval of revision of legal description in
25 Lease P.R.C. 2677.9 covering north and south jetties at Bedega
26 Bay Harbor, Sonoma County.

1 MR. HORTIG: This item, Mr. Chairman, is exactly as
 2 stated. They desire to move the legal description of the
 3 authorized area of tide and submerged lands under the jetties
 4 where the Army Engineers have actually constructed them. They
 5 didn't construct them where the Commission originally authorized
 6 them by a matter of a few feet.

7 MR. CARR: So move.

8 GOV. ANDERSON: Second.

9 MR. CRANSTON: Any comment? (No response) If not,
 10 that item is approved unanimously.

11 Item Classification 2: Permits, easements, leases, and
 12 rights-of-way issued pursuant to statutes and established rental
 13 policies of the Commission:

14 (a) California Minerals Corporation and S. A. Tanner --
 15 deferment of operating requirements under Mineral Extraction
 16 Leases P.R.C. 1511.2 and P.R.C. 1512.2, Fresno County, for
 17 lease year ending April 27, 1961. Is there any comment on
 18 that item? (No response) If not ...

19 item (b) Phillips Petroleum Company -- deferment of
 20 drilling requirements under Oil and Gas Lease P.R.C. 2205.1,
 21 Naples Field, Santa Barbara County, to February 10, 1962.
 22 Any comment on that?

23 MR. HORTIG: Yes, particularly to Governor Anderson,
 24 because the application was for a deferment for one year, and
 25 in compatability with your prior analyses of deferment requests
 26 on oil and gas leases, the staff recommendation is that this

1 deferment be granted only for a period of six months -- with
2 the obvious understanding that if there are factors which are
3 developed during that six-month period which would justify an
4 application for further deferment, that this would again be
5 heard by the State Lands Commission.

6 Actually, under the basic terms of this lease, the
7 Phillips Petroleum Company is ahead of total development schedule,
8 having started development earlier, in fact, than required by
9 the lease; but there is a minimum amount of time specified be-
10 tween drilling successive wells, which would be exceeded at the
11 present time if no further well is initiated; and rather than
12 proceeding to drill an additional well at this time, it is
13 preferred and has been requested that an opportunity be given
14 to complete analyses of all exploration work from core drilling
15 operations on adjoining areas, as well as the development work
16 which has already been completed under this lease, in order to
17 select an optimum location for the next well to be drilled
18 under the lease. Wells that have actually been drilled are in
19 operation and are producing and, as I stated, from a required
20 time schedule basis, the lessee, Phillips Petroleum Company,
21 as of this date is actually ahead of the required minimum
22 time schedule required by the lease.

23 GOV. ANDERSON: You don't feel this is just an
24 attempt to delay?

25 MR. HORTIG: No sir. It is a justifiable study
26 period and the recommendation of the staff is to permit selecting

1 what may be a more optimum location for the next well, rather
2 than having to select one arbitrarily to comply with the time
3 schedule -- which time schedule, when it was issued in 1958,
4 couldn't be set with precision as against geological factors
5 which were then unknown.

6 MR. CRANSTON: Any further comment? (No response)
7 If not

8 Item (c) -- Richard B. and Constance J. Shelley -
9 ten-year renewal of recreational ark site lease, tide and
10 submerged lands of Petaluma Creek at Black Point, Marin County,
11 effective October 1, 1960; annual rental, \$65.

12 MR. HORTIG: Mr. Chairman, may I offer an amendment
13 in the resolution as stated on page 5 for this item, which
14 should read:

15 "It is recommended that the Executive Officer be
16 authorized to issue a new recreational type lease of certain
17 tide and submerged lands of Petaluma Creek at Black Point,
18 Marin County, to Richard B. and Constance J. Shelley for a
19 ten-year period beginning October 1, 1960, at an annual rental
20 of \$65, without any option to renew. The lease area is
21 described as follows ..."

22 and the lease area is still as described on page 5.

23 The reason for the amendment is, as the Attorney
24 General's office called it to our attention yesterday, despite
25 the fact that a prior lease was issued for ten years with
26 ostensibly two renewal periods of ten years each, back in 1950,

1 this is contrary to the basic statutory authorization, which
2 limits recreational leases to a maximum ten-year period --
3 therefore the amended recommendation on this item.

4 GOV. ANDERSON: What is the difference between a
5 recreational lease and an ark site lease? I see in this one
6 you call it a "recreational ark site lease" and the next two
7 you simply call them "ark site" leases.

8 MR. HORTIG: This is simply a non-uniformity.

9 GOV. ANDERSON: We are talking about the same item?

10 MR. HORTIG: We are talking about the same item --
11 except, peculiarly, the next two items that you note were for
12 a ten-year period and in their initial issuance they did not
13 have this ten-year option to renew.

14 GOV. ANDERSON: I was wondering if we gave any special
15 compensation or rate for a recreational site?

16 MR. HORTIG: The only statute we have limits it to
17 the ten-year period -- which, however, is subject to a bill in
18 the last Legislature not yet signed by the Governor, in which
19 the terms may be increased to fifty years.

20 MR. CRANSTON: If there is no comment, the item will
21 be considered in its amended form.

22 Item (d) Carl Hemmeter -- ten-year ark site lease,
23 tide and submerged lands, Petaluma Creek, Black Point, Marin
24 County; annual rental, \$65. If there is no comment on that...

25 Item (e) Arthur S. and Beatrice E. Olson -- ten-year
26 ark site lease, tide and submerged lands, Petaluma Creek, Black

1 Point, Marin County; annual rental, \$65;

2 And Item (f) Docal, Inc. -- Approval of assignment.....

3 MR. HORTIG: Excuse me, Mr. Chairman, but with refer-
4 ence to items (c), (d) and (e) which you just read, and with
5 particular reference to the question raised previously by Com-
6 missioner Carr, these are all recommended after a definite
7 statement of nonobjection on the part of the Marin County
8 Planning Department.

9 MR. CRANSTON: Item (f) -- Docal, Inc. -- Approval
10 of assignment to Douglas Oil Company of California of Oil and
11 Gas Lease P.R.C. 1524.1, Huntington Beach Oil Field, Orange
12 County. Any comment on that? (No response) If not ..

13 Item (g) M & H Oil Corporation -- Approval of assign-
14 ment to Hammil Oil Corporation of Oil and Gas Lease P.R.C.
15 986.1, Huntington Beach Oil Field, Orange County.

16 Item (h) Milton Oil Corporation -- Approval of
17 assignment to Hammil Oil Corporation of Oil and Gas Lease
18 P.R.C. 985.1, Huntington Beach Oil Field, Orange County.

19 Item (i) Reading Oil Corporation -- Approval of
20 assignment to Hammil Oil Corporation of Oil and Gas Lease
21 P.R.C. 977.1, Huntington Beach Oil Field, Orange County.

22 GOV. ANDERSON: Why are these being assigned at this
23 time? There must be some reason.

24 MR. HORTIG: Yes sir. It is the intent of the Hammil
25 Oil Corporation, who will receive these wells for operation,
26 to consolidate all their operations and possibly dispose of the

1 other remaining paper corporations after their only asset,
2 these individual wells, have been transferred. Actually, the
3 corporate ownership of all of these wells is one corporation.

4 GOV. ANDERSON: In fact, the Hamill Corporation has
5 been the controlling element at all times?

6 MR. CARR: Is that a California corporation?

7 MR. HORTIG: Yes.

8 MR. CRANSTON: Item (j) R. E. Oliver -- Approval of
9 assignment from Rose I. Moore of Corte Madera Ark Site Lease
10 No. 9, Corte Madera Canal, Marin County.

11 Item (k) - Union Offshore Corporation -- Approval
12 of assignment to Runnels Gas Products Corporation of partial
13 interest in Oil and Gas Lease P.R.C. 2205.1, Santa Barbara
14 County.

15 Item (l) Union Offshore Corporation -- Approval of
16 assignment to Runnels Gas Products Corporation of partial
17 interest in Oil and Gas Lease P.R.C. 2207.1, Santa Barbara
18 County.

19 GOV. ANDERSON: Is this the same story with Union
20 Offshore and the Runnels Corporation?

21 MR. HORTIG: They acquired an interest in connection
22 with the issuance of the lease initially and they are simply
23 selling their interests. They are a minority interest holder
24 in the operation. Actually, these are leases operated by
25 Phillips Petroleum and Mr. Edwin W. Pauley.

26 GOV. ANDERSON: Assigning to the Runnels Gas Products
Corporation?

1 MR. HORTIG: That's right -- from Union Offshore
 2 Oil, who were included in the original group of lessees, which
 3 are listed, for example, on page 14. As you will see, origi-
 4 nally there were some forty-two joint bidders that were in-
 5 volved and the interest which was acquired at that time by
 6 Union Offshore, Union Offshore now desires to dispose of to
 7 Runnels Gas Products Corporation; and the statutes provide that
 8 any of these leases may be assigned in whole or in part.

9 GOV. ANDERSON: I just wanted to inquire why they
 10 were making these transfers.

11 MR. HORTIG: As you will appreciate, Governor, a
 12 great majority, it probably can safely be said, of these types
 13 of transfers are related to the tax position of various companies.

14 MR. CRANSTON: Item (1) Union Offshore Corporation --
 15 Approval of assignment to Runnels Gas Products Corporation of
 16 partial interest in Oil and Gas Lease P.R.C. 2207.1, Santa
 17 Barbara County.

18 Item (m) Utah Construction and Mining Company --
 19 Approval of termination and cancellation of Lease P.R.C. 1689.1
 20 and acceptance of quitclaim deed, and authorization for refund
 21 of \$8,841.75 representing performance surety deposit, pursuant
 22 to request of lessee and in conformance with terms of the lease.

23 MR. HORTIG: Mr. Chairman, as outlined on pages 17
 24 and 18, Utah Construction had leased from the State Lands Com-
 25 mission in 1956, 379 acres of tide and submerged lands in
 26 Carquinez Strait, adjacent to Martinez, in anticipation of

1 filling and developing industrial sites. The corporation has
2 now decided not to proceed with that operation, having paid,
3 however, all the intervening rentals; and under the terms of
4 the lease as authorized in 1956 at their option it may be
5 terminated, having paid all rentals up to the date of termina-
6 tion.

7 They have furnished, in connection with the issuance
8 of the lease, as a guarantee amount against future payments of
9 rent and any damages that might have been suffered by the State,
10 \$8,841.75 as a performance bond. They have now elected to
11 terminate and not proceed with this project and, therefore, it
12 is proper -- all rentals having been collected, the State hav-
13 ing suffered no damage, the State lands remaining in the condi-
14 tion they were when they were first leased, Utah Construction
15 having paid the rentals, the lease being terminated -- it is
16 proper there be acceptance of the termination and authorization
17 for the refund of the guarantee deposit.

18 MR. CRANSTON: If there is no question or comment,
19 motion is in order to approve all items under Item Classifica-
20 tion 2.

21 GOV. ANDERSON: I so move.

22 MR. CARR: Second.

23 MR. CRANSTON: Moved, seconded, as recommended --
24 one item having been amended.

25 Item Classification 4 -- Sales of vacant State school
26 lands: Item (a) Andrew Dalman -- appraised value and bid \$2,280.

1 MR. HORTIG: Mr. Chairman, if the Commission will
2 bear with me, you gentlemen do not have before you the amended
3 calendar item -- an amendment I will explain, this having re-
4 sulted from the last conference before the meeting on this
5 calendar item having been completed yesterday with the Office
6 of the Attorney General and Mr. Goldin. Despite the earlier
7 opinion of the Attorney General attached, it appears this
8 opinion does not apply directly to the facts that are here
9 applicable and, therefore, it is felt that in view of the
10 record -- Mr. Dalman having previously offered or met a high
11 bid of \$2,568, that by meeting that high bid the second bid
12 has been rendered a nullity. Mr. Dalman, having met the high
13 bid, may be authorized to acquire these lands at the high bid
14 of \$2,568, only inasmuch as this revision had not yet been
15 transmitted to Mr. Dalman it is suggested that the Commission
16 authorize the sale to Mr. Dalman if he is willing to accept
17 the land at \$2,568 and with the understanding that the Commis-
18 sion will consider cancellation and withdrawal of his applica-
19 tion if he desires not to complete this transaction.

20 MR. CRANSTON: I am glad you have done that. I was
21 going to object to this particular item. Motion is in order
22 to approve the revised recommendation of the staff.

23 MR. CARR: I move approval of the revised recommenda-
24 tion of the staff.

25 GOV. ANDERSON: Second.

26 MR. CRANSTON: Is there any discussion? (No response)

1 If not, the matter is approved unanimously.

2 Frank, I would like to ask that we review the policy
3 that permits withdrawal of bids. It seems to me there is some
4 opportunity for collusion. I don't think it happened here,
5 but it could occur. It seems to me we should review it -- as
6 to whether we ever want that to happen.

7 MR. HORTIG: Of course, we are processing to comple-
8 tion only a limited number of applications; and in establishing
9 any new policies of the Commission this will be a definite
10 recommendation.

11 MR. CRANSTON: Let's review that particular matter.

12 Item 5 -- Authorization for Executive Officer to
13 issue permit to Southern Pacific Company for deposition of
14 approximately 125,000 cubic yards of fill material on 5.45
15 acres State submerged lands in Carquinez Strait near Selby,
16 Contra Costa County.

17 MR. HORTIG: Mr. Chairman, this is an unusual situa-
18 tion, where the Southern Pacific Railroad Company, with a rail-
19 road track going through a tunnel immediately adjoining tide
20 and submerged land, finds it desirable to eliminate the tunnel
21 by cutting away the mountainside in order to provide greater
22 clearance for freight loads than can now be handled through the
23 tunnel. The material that would be cut away from the tunnel
24 is excellent fill material and could and would be used, if
25 approved by the State Lands Commission, by the Southern Pacific
26 Company on tide and submerged lands in such a manner as to

1 result in a filled area, which has a higher lease market value
2 for an industrial site or development sites than unfilled lands;
3 and in these circumstances it is recommended the Southern
4 Pacific Company be given authorization, a permit, to fill
5 approximately 5.45 acres of tide and submerged land -- which,
6 after being filled, would of course still be under the juris-
7 diction of the State Lands Commission and would be leasable
8 by the State Lands Commission -- subject to the conditions that
9 the permit shall provide the area limits within which the
10 material would be deposited, as outlined on page 31; that no
11 material shall be deposited outside the established United
12 States bulkhead line, which is necessary to comply with the
13 requirements of the U. S. Corps of Engineers.....

14 MR. CARR: How far is the bulkhead line from this
15 railroad track?

16 MR. HORTIG: It is waterward of the railroad track.

17 MR. CARR: But how far out has the bulkhead line been
18 established by the U. S. Army?

19 MR. HORTIG: This is shown on the second map follow-
20 ing the item. It is Exhibit 27(b) and if I read the dimensions
21 correctly, 2,000 feet out.

22 MR. CARR: Does that mean a possibility, then, of
23 accretion to the State of that area in there between the bulk-
24 head line and

25 MR. HORTIG: Well, the area between the present
26 shore line and the bulkhead line

1 MR. CARR: ... is already State land?

2 MR. HORTIG: It is State-owned land and would be
3 filled State land after filling.

4 GOV. ANDERSON: Is that the shaded area?

5 MR. HORTIG: That's the shaded area.

6 GOV. ANDERSON: In both Parcel 1 and 2?

7 MR. HORTIG: Both in Parcel 1 and 2. (continuing
8 with recommendation) ... that the permit would require that
9 all material deposited below water level shall be reasonably
10 hard, stable and free from silt. All silty, decomposed or soft
11 material shall only be deposited above water level.

12 Material deposited shall have a finished elevation
13 consistent with adjacent property (which is a sewage treatment
14 plant, incidentally, of the adjoining City of Crockett); and
15 then a revision of permit condition 5 requested and agreed to
16 by the Department of Fish and Game for whom this was first
17 made, that the fill shall be deposited in such manner that
18 pollution or turbidity shall not be evident a distance of one-
19 half mile above or below the fill area, and the contractor
20 shall cooperate with the State agencies which have jurisdiction
21 to require compliance with this condition.

22 And, as a condition of the permit, the Southern
23 Pacific Company would grant roadway and utility easements
24 over its land to the filled State lands, upon such reasonable
25 terms and conditions as the prevailing market warrants at the
26 time of application by the State or its lessee.