was a discussion as to the adequacy of the cash bonus bid on this parcel. It was the last one issued in the 1958 series.

GOV. ANDERSON: I second Mr. Cranston's motion on all these items and it is carried unanimously.

Item 4 is City of Long Beach approvals required pursuant to Chapter 29, 1956, First Extraordinary Session. The first project is (a) -- Town Lot, street paving and building removal, second phase; expenditure subsequent to 3/29/62 of $40,000 with $25,200 or sixty-three percent estimated as subsidence costs. Project (b) -- Pier A, diversion dike remedial -- determination of State's share of subsidence remedial costs to be $9,092.61, with credit due State of $675.46. Project (c) -- Pier A, diversion dike remedial -- determination of State's share of subsidence remedial costs to be $7,854.51, with credit due City of $197.51. Project (d) is Pier A, berths 3 to 7, temporary dike wall -- determination of State's share of subsidence remedial costs to be $6,808.90 with credit due City of $12.99.

MR. HORTIG: Mr. Chairman, at this point to set these items in their proper perspective as representing both the initiation and completion of projects, I should like to call the attention of the Commission to the fact that item (a) is the type of project that requires advance approval by the State Lands Commission before the City can expend funds for the completion of the project and the statutes provide that as to subsidence amounts ultimately determined to be included

as the State's share, the rate is twenty-five percent of the total cost. It is noted that the $25,200 proposed to be approved, which is sixty-three percent estimated as subsidence costs, is conditioned in the recommendation to the Commission to be adjusted as a result of final engineering and audit review when the project is completed in fact.

The next three items, (b), (c) and (d), are projects previously approved by the Lands Commission under the same conditions with the same restrictions, which projects now have been completed in fact; the final engineering and audit reviews have been made and, as can be seen, the final bookkeeping entries can now be made.

In the first instance, the State's contribution would be $675 less than estimated; in the next two instances, the City is entitled to $197 and $13 respectively more over and above the original estimates.

GOV. ANDERSON: Project (e) is approval of and authorization for Executive Officer to approve "Fourth Agreement Supplementing Drilling and Operating Contract dated March 12, 1947, Parcel A," between City of Long Beach and its Board of Harbor Commissioners as first parties and Richfield Oil Corporation as second party -- to prevent migration of oil into unleased marginal lands.

MR. HORTIG: Mr. Chairman, in connection with the review of the proposal by the Office of the Attorney General, the opinion of the Office of the Attorney General was forwarded

with the suggestion that there be additional conditions for control available to the State Lands Commission relating to advance approval of the location of the injection interval of any well to be drilled for the injection of water which this program contemplates be done in augmentation of the present repressuring operations being conducted in the tidelands area of Long Beach.

The additional condition suggested by the Attorney General's Office as a condition for approval by the Commission has been accepted in writing by the General Manager of the Long Beach Harbor Department and the Richfield Oil Corporation by letter. Therefore, it is recommended that authorization for approval of amendments to the agreement be authorized by the Commission.

MR. CRANSTON: Mr. Chairman, I move approval of Item Class 4.

GOV. ANDERSON: It has been moved and seconded, carried unanimously.

Item Classification 5 -- Land items - sales, selections, et cetera. All land sale items here presented have been reviewed by all State agencies having a land acquisition program and, unless otherwise indicated, no interest has been reported by those agencies in any of the lands proposed for sale.

(a) is the sale of vacant State school lands and the first applicant is Henry I. Miller, Jr.; appraised value

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of the land is $22,400, the bid is the same.

(b) is the selection of vacant Federal lands on behalf of the State. Applicants do not desire to proceed with acquisition of the lands. The first is forty acres in Kern County pursuant to application of William L. McCain.

MR. HORTIG: With respect to item (b)(1), of course, Mr. Chairman, the authorization by the Commission would result in the specified forty acres of Federal lands in Kern County being selected for the benefit of the State and being added to the list of vacant State school lands under the jurisdiction of the State Lands Commission.

MR. CRANSTON: I move approval of items in Class 5.

GOV. ANDERSON: Seconded and carried unanimously.

Item Classification 6 is the proposed oil and gas lease, Santa Barbara County, Parcel 7. Mr. Hortig, this is an underwater drilling operation. Will you explain it a little bit for the record?

MR. HORTIG: Mr. Chairman, as an introduction I believe it might be well to present to the Commission at this point the information that with respect to an offer of the State Lands Commission of a proposed oil and gas lease identified as Parcel 6, previously authorized by the Lands Commission for offer, four bids were received on March 27th in response to a public notice of intention to enter into a lease for the extraction of oil and gas from fifty-six hundred and fifty-three acres (approximately) in Santa Barbara County, immediately

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1 adjacent to Point Conception, pursuant to the authorization by
2 the Commission on February 27th. The bids which were received
3 and opened are under review by the staff and the Office of the
4 Attorney General as to technical and legal sufficiency and,
5 as presented in the tabulation of the cash bonus offered, there
6 were four bids with the established high bid being offered by
7 Union Oil Company of California in the amount of $3,047,740.
8 The staff recommendations relative to Commission consideration
9 for award of lease pursuant to this offer will be presented to
10 the Commission at the April meeting.
11 Following in sequence, then, Mr. Chairman, it is
12 proposed on pages 48 and 49 of your agenda to recommend authori-
13 zation to the staff to proceed with the offering of Parcel 7,
14 a parcel slightly smaller in size than Parcel 6, containing
15 4,250 acres, centered approximately on the Santa Barbara County
16 coast line at Gaviota.
17 As the Commissioners will recall, in the development
18 of lease terms and conditions in cooperation with the County
19 of Santa Barbara and as developed at public hearings held at
20 Santa Barbara, the Board of Supervisors felt that it was desir-
21 able that for any area east of Gaviota there would be a limi-
22 tation that would preclude the placement of any permanent
23 structures projecting above the surface of the ocean where
24 they would be semi-permanently visible at any location that
25 would be closer than one mile to the ordinary high water mark.
26 The last set of leases offered in the general area

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1 by the Commission in 1958 contained such a prohibition as to
2 closer approach to the shore in the lease. At the time of re-
3 view with the County of Santa Barbara for what is now the Com-
4 mission's current series of lease offers, the techniques of
5 ocean floor completion of an oil well -- the type of which the
6 Commission has approved several times and we have several in
7 actual operation completely satisfactorily -- these techniques
8 and the method of production had not been developed and actu-
9 ally put into use offshore in California, and therefore this
10 type of operation was not contemplated in connection with the
11 prohibition for maintaining of operations at lease one mile
12 offshore.

13 As reported in the third paragraph, to assure com-
14 plete mutual understanding as to the bases for employing ocean
15 floor installations closer than one mile from shore in oil and
16 gas leases to be offered by the Commission in the tidelands
17 area between Gaviota and Elwood (and the parcel under considera-
18 tion here this morning is at the westerly edge of this area),
19 this Division explained to the Santa Barbara officials the
20 merits and techniques of ocean floor completions, that it is
21 desirable to employ ocean floor completions where feasible,
22 and that the previously quoted condition of the present oil
23 and gas lease form (parenthetically, the one-mile limitation)
24 does not preclude this type of operation.

25 Therefore, it is recommended -- and we have had no
26 objection from the Santa Barbara County Board of Supervisors

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1 on that position; the position was also discussed with the
2 District Attorney, the County Counsel, the Director of Planning,
3 and the principal administrative assistant to the Board of
4 Supervisors in Santa Barbara .....
5 GOV. ANDERSON: This particular lease, then, will be
6 limited to ocean floor drilling?
7 MR. HORTIG: No sir. This particular lease would
8 carry the same limitation for permanent structures protruding
9 above the ocean floor, as being prohibited any closer than one
10 mile to the ordinary high water mark.
11 GOV. ANDERSON: Won't that in effect almost limit
12 the depth?
13 MR. HORTIG: In some sections of the parcel it might
14 still be feasible to do it with a platform or island type
15 structure, but anything of a permanent nature to be a mile out.
16 GOV. ANDERSON: I have been led to believe that this
17 was out -- that the fall-off was fast enough out there to make
18 this almost prohibitive.
19 MR. HORTIG: It is less desirable. If there were
20 no other factors to be considered on behalf of the County and
21 if this were acres of land out in the Saudi or Arabian desert,
22 developing an effective, economic and efficient operating
23 program would be considerably simpler.
24 GOV. ANDERSON: We can assume for practical purposes
25 that it will probably be ocean floor drilling in this area?
26 MR. HORTIG: Certainly it is a definitely reasonable

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1 assumption that much of the original and initial development
2 may be by ocean floor completion.
3 GOV. ANDERSON: Isn't the ocean floor type drilling
4 something that all of our bidders are able to do? Does it in
5 a sense limit the people that are able to bid? This is the
6 thing I want to know -- Are we moving too fast for all of the
7 people?
8 MR. HORTIG: Most of our bidders in all of the com-
9 panies engaged in tideland activities have not completed ocean
10 floor wells heretofore. However, I have the utmost confidence
11 and respect in their engineering capability and I don't think
12 an ocean floor completion is any longer a military secret. If
13 any operator wants to make an ocean floor completion today, I
14 am sure that they are staffed to the point where they could
15 complete the laboratory and field tests and designs for those
16 elements of which they are not already aware.
17 GOV. ANDERSON: It wasn't too long ago when we were
18 showing some pictures and it was in confidence; it was with
19 the assumption that there were secrets some other companies
20 did not have.
21 MR. HORTIG: This is still correct, but this means
22 of the types of ocean floor completions we have in satisfactory
23 operation with complete safety. We have at least three dif-
24 ferent types, three different companies, and I am sure if we
25 get five companies in as lessees who want to use ocean floor
26 completions we will have five different types of ocean floor

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1 completions; but as a class, it will all come under the heading
2 of a cat but they are all going to be different breeds of cats
3 and can be successfully.
4 So, therefore, it is recommended that the Commission
5 authorize the Executive Officer to offer Parcel 7 for lease,
6 with the bid lease form to be utilized to be spelled out
7 specifically as spelled out on the bottom of page 48 -- that
8 after the the one-mile limitation on permanent filled lands,
9 platforms or other fixed or floating structures "this section
10 shall not apply to drilling and completion of a submerged ocean
11 floor oil or gas well."
12 MR. CRANSTON: I move approval.
13 GOV. ANDERSON: Do you have a question, Mr. Sieroty?
14 MR. SIEROTY: Mr. Chairman, may I ask what is the
15 problem of using this ocean floor drilling beyond the one-mile
16 mark?
17 MR. HORTIG: I think the problems are directly related
18 to the depth of water. In California we have not yet had an
19 ocean floor completion that did not utilize or require in some
20 stage of the operation some diver attendance, some diver mani-
21 pulation of the equipment. Therefore, if the water depth is
22 beyond the range of diver operation, this type of operation
23 may not be feasible or economical. There have been some
24 alternative solutions to this extreme water depth problem.
25 One of our lessees which supports the ocean floor well to a
26 height that brings it within diver range has one possible

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solution. On the other hand, there have been industry reports of a complete unattended remote control ocean floor completion of a well in the Gulf and if such remote control operations merely require adding more cable or pipe in the deeper water, we can foresee overcoming the deep water hazard, even where it is too deep for diver operations.

On the other hand, the number of individual wells under these techniques is not extensive and there can be cases where economics indicate it is more desirable to have a multiple platform and to fan out from that platform, rather than have individual wells and piping at each point where wells are located. This is the advantage of having maximum flexibility -- the advantage to the Commission and the lessee to have maximum flexibility in a lease that can be incorporated, in order that the best engineering economics can be brought to bear on the development of the lease.

GOV. ANDERSON: It has been moved and seconded, carried unanimously.

Item Classification 7 is the approval and authorization for the Executive Officer to execute agreement with the City of Oakland, fixing the United States Pierhead Line of 1913 as the ordinary low water mark line and permanent boundary line between State tide and submerged lands and City of Oakland lands between Broadway and Washington Streets, City of Oakland, Alameda County, California; and applying legislative trust terms and conditions of Chapter 720/41 to lands northe

of the ordinary low water mark previously acquired by the City of Oakland with tideland trust funds.

MR. HORTIG: Mr. Chairman this is probably as complex a title problem as we have had the pleasure of wrestling with for a long time, but fortunately the City of Oakland is the fee owner of the uplands and the trust owner of the granted tidelands adjoining; and, therefore, we were able to arrive at a point of agreement with the City of Oakland as to the most probable location of the dividing line between the grant lands and the uplands, and recommend that the Commission approve this line as the boundary line, which is within the authority of the State Lands Commission to do by agreement with the adjoining owner.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Seconded ...

MR. HORTIG: The Port Attorney of the City of Oakland is here.

GOV. ANDERSON: Would the Port Attorney like to come forward and identify himself?

MR. ROONEY: Mr. Chairman and members of the Commission, my name is J. Kerwin Rooney, Port Attorney of the City of Oakland, and I am only here to answer any questions you might have. We have been working with the Lands Commission many months on this matter and have had all cooperation.

GOV. ANDERSON: You recommend our approval?

MR. ROONEY: Certainly do.

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1 GOV. ANDERSON: It has been moved and seconded,
2 carried unanimously.
3 Item 8 -- Approval of proposed boundary line estab-
4 lishing ordinary high water mark between State property and
5 upland property owned by Melvin E. and Lillian B. Linch at
6 Malibu Beach, Los Angeles County, California; authorization for
7 Executive Officer to execute necessary agreement with upland
8 owners.
9 MR. HORTIG: As shown by the photograph on the second
10 page following page 58 of your agenda, by erection of residence
11 property on the beach and placing a rock riprap wall at a loca-
12 tion which has been determined by the Division to be at the
13 location of the ordinary high water mark, the present occupants
14 of the uplands have for all times affected the mean high tide
15 line and it can no longer fluctuate as it would without this
16 rock wall; and, therefore, it is recommended -- since this
17 rock wall is on privately owned uplands and the State boundary
18 is at the base of the rocks -- that similarly to the agreement
19 recommended for the Port of Oakland, the Lands Commission auth-
20 orize agreement as to the fixation of this boundary line and
21 have a map of it recorded, so that there will be no question
22 in the future as to private encroachment on State lands.
23 MR. CRANSTON: I move approval.
24 GOV. ANDERSON: Seconded, carried unanimously.
25 Item 9 is the authorization to the Executive Officer
26 to issue permit pursuant to Chapter 1617/51, reserving to

1 the Contra Costa Flood Control and Water Conservation District
2 certain portions of natural bed of Nueces Creek, Contra Costa
3 County, for construction, maintenance and use of a flood con-
4 trol channel.

5 MR. HORTIG: The Contra Costa Flood Control and Water
6 Conservation District was created by legislative action and
7 in their discharge of their responsibility desire to construct
8 a flood control channel as shown on the map following page 59
9 of your agenda. The course of this channel would also in-
10 clude two segments of former Nueces Creek, now called Grayson
11 Creek, which are outlined in black block on your map there,
12 Governor, and as to these two areas of State-owned land, it is
13 recommended that the District be given the reservation as
14 authorized in law for utilization of these portions of the
15 abandoned creek as a portion of the site for a flood control
16 channel.

17 MR. CRANSTON: I move approval.

18 GOV. ANDERSON: Seconded, carried unanimously.

19 Classification 10 -- Authorization for Executive
20 Officer to execute service agreement with City of Albany,
21 California, for surveying services pursuant to Chapter 1763/61,
22 at Commission's actual costs but not to exceed $4,000.

23 MR. HORTIG: As the Commission is aware, the Legis-
24 lature annually continues to grant tide and submerged lands to
25 various municipalities and counties and the current standard
26 condition of such granting legislation is that the grant must

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be surveyed by the State Lands Commission at the cost of the grantee before the grant can take effect. We have estimated that the Commission's costs to make such a survey in the case of the Albany grant of 1961 would not exceed $4,000 and the City of Albany is willing to enter into a service contract to have this service performed and to pay the State Lands Commission the cost.

It is recommended the Executive Officer be authorized to sign this contract, the blanket authorization being limited to a top of $2,000.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Seconded, carried unanimously.

Item Classification 11 -- Authorization for Executive Officer to approve and have recorded Sheet 1 of 1 of Map entitled "Map of the Grant to the City of Chula Vista, Chapter 328, Statutes of 1961, Vicinity of San Diego Bay, San Diego County, California," dated December 1961.

MR. CHAIRMAN: Again in perspective, Mr. Chairman, just as the start was made in authorizing survey of a tideland grant, the item here is the end product pursuant to prior authorization of the Commission. Survey was conducted of the tideland grant at the cost of the City of Chula Vista, the photographic reproduction follows page 61 of your agenda, and it is recommended that this map be authorized to be approved and be recorded, following which the City of Chula Vista will then have a valid tideland grant.

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MR. CRANSTON: I move approval.

GOV. ANDERSON: This is solely in front of the City limits of Chula Vista?

MR. HORTIG: That is correct. As a matter of fact, the purpose of the 1961 grant was to convey to Chula Vista the remaining ungranted tide and submerged lands within the city limits of Chula Vista.

GOV. ANDERSON: I'll second it; carried unanimously.

12 is confirmation of transactions consummated by the Executive Officer pursuant to authority confirmed by the Commission at its meeting on October 5, 1959.

MR. HORTIG: Consisting at this time solely of ratification of an extension granted for a geological exploration permit which was previously authorized by the Lands Commission.

MR. CRANSTON: Do you want a motion?

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 13 -- information only, no Commission action required. (a) is Proposed Annexation No. 2 of tide and submerged lands by the City of San Clemente, Orange County.

MR. HORTIG: As the Commission will recall, at the last meeting no action was takenwith respect to the proposed annexation of tide and submerged lands by the City of San Clemente on the representation of the Special City Attorney that the annexation proceedings would be discontinued or

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1 abandoned. I have before me a copy, attested by the Clerk of
2 the City of San Clemente, of the ordinance of the City of San
3 Clemente, California dated 21 March '62, disapproving annexa-
4 tion Number 2 and thereby disposing of any pending annexation
5 proceedings on tide and submerged lands, and in a form which
6 has been reviewed and is felt to be satisfactory by the Office
7 of the Attorney General.
8 GOV. ANDERSON: (b) is the report of status of
9 major litigation.
10 MR. HORTIG: Essentially, as you gentlemen can see,
11 the wheels of justice are grinding slowly. Procedural matters
12 are being disposed of in connection with all of our litigation
13 which is on file. Of particular interest, possibly, is item
14 2, the Alamitos Bay quitclaim litigation, in which the District
15 Court of Appeal held in favor of the State. There is now under
16 consideration in the Supreme Court a petition for rehearing.
17 We will get the terminology straight from our counsel.
18 MR. SHAVELSON: Petition for rehearing in the Dis-
19 trict Court of Appeal has been denied and the time for filing
20 a petition for hearing in the State Supreme Court has not as
21 yet expired, so this case is still pending in the appellate
22 court.
23 MR. HORTIG: However, is not the decision of the
24 Supreme Court anticipated shortly, one way or the other?
25 MR. SHAVELSON: Not as shortly as I informally
26 indicated to you earlier. I think it is possible we may not

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1 know the Supreme Court's decision as to whether or not to
2 review this decision within about another, I think, forty
3 days or so.
4 GOV. ANDERSON: That just about winds us up. I
5 would like to just comment to the staff that I was quite happy
6 with the proceeds of the lease on Parcel Number 6. Our State
7 Controller needs that money to help keep our books in balance.
8 We hope that you can do as well on Parcel 7. Congratulations
9 on what you are doing so far.
10 MR. KORTIG: Thank you.
11 GOV. ANDERSON: I think the last in order is con-
12 firmation of the date, time and place of the next meeting --
13 Thursday, April 26, 1962 at 10 a.m. in Sacramento; and if
14 there is no one in the audience with anything further to
15 bring before the Commission, we stand adjourned until that
16 meeting. (No response) We are adjourned.
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ADJOURNED 11:45 A.M.
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1 CERTIFICATE OF REPORTER

2

3 I, LOUISE H. LILLICO, reporter for the Office of
4 Administrative Procedure, hereby certify that the foregoing
5 forty-seven pages contain a full, true and correct transcript
6 of the shorthand notes taken by me in the meeting of the
7 STATE LANDS COMMISSION held in Los Angeles, California, on
8 March 29, 1962.

9 DATED: Sacramento, California, April 10, 1962.

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