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TRANSCRIPT OF
MEETING
OF

STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA

December 20, 1962

PARTICIPANTS:

THE COMMISSION:

Hon. Alan Cranston, Controller, Chairman
Hon. Glenn M. Anderson, Lieutenant Governor
Hon. Hale Champion, Director of Finance

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Paul Joseph, Deputy Attorney General

APPEARANCE:

Mr. Forrest E. Macomber, Attorney for
Teachers Beach Association

I N D E X
(IN ACCORDANCE WITH CALENDAR SUMMARY)

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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1 Call to order.			
2 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY -- FEE			
(a) Humble Oil & Refining	2	1	1
(b) Teachers Beach Assn.	8	2	1
(c) Connolly-Pacific Co.	9	3	2
3 Authorization to delete fishing rights from form of patent to Leslie Salt Co. (Min.It.28 of 3/25/59)	4	4	2
4 Authorization to issue deed to Charles and Mary Cooke for mineral reservation	3	5	4
5 Approval of acceptance of \$15,544.50 from U.S.Forest Service for timber trespass in Plumas County	1	9	6
6 Proposed Oil and Gas Lease, Santa Barbara Co. Parcel 10A	11	11	9
7 Proposed Budget State Lands Divn. Fiscal year 1963-'64	6	12	10
8 Proposed Legislative program	10	18	12
9 Authorization to execute suppl.agreement to Agreement LC 175 with Remington Rand	7	41	14
10 Confirmation of transactions consummated by Exec.Officer:			
Signal Oil & Gas Co.)			
Union Oil Co.)	5	43	15
11 Next meeting			15

1 MR. CRANSTON: The meeting will come to order.
2 Item 2 is permits, easements, leases, and rights-of-way
3 issued pursuant to statutes and established rental policies
4 of the Commission:

5 Applicant (a) Humble Oil & Refining Company --
6 Deferment to June 21, 1963 of operating requirements under
7 Oil and Gas Lease PRC 186.1, Belmont Offshore Field, Orange
8 County, in order that the operator may continue to make
9 studies of geologic data before deciding whether drilling
10 of additional wells is desirable.

11 Item (b) Teachers Beach Association -- Rejection
12 of application for recreational pier permit for use of tide
13 and submerged lands at Tomales Bay, Marin County, on the
14 grounds that such permit is not authorized by Section 6503
15 of the Public Resources Code under the circumstances speci-
16 fied in the application.

17 MR. HORTIG: Mr. Chairman, at this point I should
18 like to call to the attention of the Commission that later
19 on consideration will be given to proposed legislation on
20 the ambiguity that led to the discussion and the proposed
21 rejection of the Teachers Beach Association application and
22 recommendation in this instance. Amendatory legislation
23 will be sought in the forthcoming session to rectify this
24 ambiguity and clarify applications in the future.

25 MR. CRANSTON: Do you wish to address the Commission?

26 MR. MACOMBER: Yes, Mr. Chairman. Members of the

1 Commission, my name is Forrest Macomber, attorney for the
2 applicant. I am willing to submit the application on the
3 documents on file unless the Commissioners have any question.

4 MR. CHAMPION: There are no new circumstances
5 since we last discussed this?

6 MR. MACOMBER: No. I would like to call attention
7 to my letter of October 11, 1962. It has resolved itself
8 into a very narrow point.

9 MR. CRANSTON: You have no further comments to
10 make?

11 MR. MACOMBER: No.

12 MR. CRANSTON: And no questions?

13 MR. MACOMBER: No.

14 MR. CRANSTON: Thank you very much. Item (c)
15 Connolly-Pacific Company -- One-year renewal of Lease PRC
16 582.1, tide and submerged lands Santa Catalina Island, Los
17 Angeles County, as site for two mooring buoys; annual
18 rental, \$50. Motion is in order.

19 GOV. ANDERSON: I so move.

20 MR. CHAMPION: Second.

21 MR. CRANSTON: Approval is moved, seconded and
22 made unanimously.

23 Item 3 -- Authorization for Executive Officer, in
24 accordance with the informal opinion of the Office of the
25 Attorney General dated November 13, 1962, to delete from
26 form of patent previously authorized to be issued to Leslie

1 Salt Company (Minute Item 28 of March 25, 1959, Exhibit A)
 2 the reservation of public fishing rights covering the ex-
 3 change of land, Alameda County, between the State of Cali-
 4 fornia and Leslie Salt Company.

5 MR. HORTIG: Mr. Chairman, in brief summary, the
 6 Commission has previously authorized, pursuant to law, ex-
 7 change of these certain lands with the Flood Control District --
 8 rather, with Leslie Salt Company and the Flood Control Dis-
 9 trict for a flood control channel. The normal procedure at
 10 the time was felt to require the constitutional reservation
 11 to the people of the State of California of the right to
 12 fish. In the form of patent reviewed by the title companies
 13 the question was raised as to the necessity for this inclu-
 14 sion. This question was referred to the Office of the
 15 Attorney General.

16 We are now advised this is not required in the
 17 form of patent, therefore the recommendation here today is
 18 that the prior authorization of the Commission be amended
 19 to delete from the form of patent previously authorized to
 20 be issued to Leslie Salt Company the right to fish, and on
 21 page 4 there is a formal resolution with technical correc-
 22 tions, so that the resolution should read:

23 It is recommended that the Commission re-adopt its
 24 resolution of March 25, 1959, identified as Minute Item 28,
 25 pages 4681-94, and: (1) Authorize the Executive Officer to
 26 delete from the form of patent previously authorized to be

1 issued to Leslie Salt Co. the reservation of public fishing
2 rights in accordance with the informal opinion of the Office
3 of the Attorney General dated November 13, 1962; (2) Modify
4 the form of deed previously authorized to be accepted by
5 the Executive Officer from Leslie Salt Co., known as Exhibit
6 B, by adding the following clause thereto: "Provided, how-
7 ever, that the exercise of any rights hereunder shall not
8 interfere with the primary use of the property as a water
9 course, flood control channel, or flood control and water
10 conservation channel by the State, its successors, assigns,
11 licensees, permittees, or agents."

12 MR. CRANSTON: Motion is in order.

13 MR. CHAMPION: So move.

14 GOV. ANDERSON: Second.

15 MR. CRANSTON: Approval is moved, seconded and
16 made unanimously.

17 Item 4 -- Authorization for Executive Officer to
18 issue a deed, at established fee of \$10, to Charles M. Cooke
19 and Mary L. Cooke, for the mineral reservation made by the
20 Governor of California on June 22, 1944, in the conveyance
21 of a parcel of State property in Sonoma County which was
22 sold pursuant to Chapter 213, Statutes 1943. The deed shall
23 grant the reserved mineral rights to a depth of five hundred
24 feet only below the surface.

25 GOV. ANDERSON: Why is this?

26 MR. HORTIG: As you will recall, Governor, there

1 is an annual omnibus sale bill, authorizing the Department of
 2 Finance to dispose of surplus State property. The subject
 3 parcel was conveyed in 1944, pursuant to such a sales authori-
 4 zation in 1943, and at the time there was no evidence as to
 5 whether there were any commercial mineral value in the prop-
 6 erty and the Department of Finance, in an abundance of cau-
 7 tion, reserved the mineral rights beneath the property in
 8 this sale.

9 This is analogous to sales of escheated lands by
 10 the Controller's Office -- which, up to a date approximately
 11 ten years ago, were made with a uniform mineral reservation.
 12 The Legislature subsequently amended the statute to provide
 13 that the Controller could sell without a mineral reservation,
 14 and, furthermore, on lands previously sold with this reserva-
 15 tion, the State could sell these reservations to the owner.

16 This became particularly important when it became
 17 desirable to subdivide, as the finance companies which would
 18 finance apartment houses, and so forth, were loath to finance
 19 construction with the reservation of the minerals and pos-
 20 sible surface access to those minerals on the particular land
 21 involved.

22 In this case, there has been an application to the
 23 Commission, and on staff review there are no known commer-
 24 cial mineral values on the surface. However, the subsurface
 25 oil and gas deposits have never been evaluated in the area.
 26 Therefore, it is suggested that these be retained below a

1 depth of five hundred feet to the State. This type of reser-
2 vation is satisfactory to the party who wishes to purchase
3 the mineral reservation above that depth, who in turn has had
4 assurance it will be satisfactory to his underwriters.

5 GOV. ANDERSON: In other words, there are no known
6 minerals down to five hundred feet.

7 MR. HORTIG: Of commercial value.

8 MR. CHAMPION: But I dare say \$10 does not cover
9 our cost.

10 MR. HORTIG: It is a \$10 fee, plus costs.

11 MR. CHAMPION: Plus costs? Very good.

12 MR. HORTIG: The fee for the deed is \$10, but the
13 costs of the inspection are borne separately by the applicant
14 also.

15 MR. CHAMPION: Fine.

16 MR. CRANSTON: The Department of Finance having
17 expressed its views, a motion is in order.

18 GOV. ANDERSON: I'll move it.

19 MR. CHAMPION: Second.

20 MR. CRANSTON: Motion has been made to approve the
21 staff recommendation, seconded, and made unanimously.

22 Item 5 -- Approval of acceptance of sum of
23 \$15,544.50 from the U. S. Forest Service as full settlement
24 for timber trespass on two parcels of State-owned land in
25 Plumas County, containing 560 acres and 640 acres, with money
26 to be deposited to credit of the School Land Fund; and

1 authorization to execute any agreement necessary to relieve
2 the Forest Service of any further liability in connection
3 with the trespass.

4 MR. HORTIG: Mr. Chairman, - - Do you wish to state
5 the question, Governor, or shall I report on this?

6 GOV. ANDERSON: You can answer it before I ask it.
7 Go ahead.

8 MR. HORTIG: I was going to open with the comment
9 that we did receive a question from the Lieutenant Governor's
10 Office with respect to this proposed settlement and its applic-
11 ability to the parcel in relation to any considerable portion
12 of desirable timber which had been taken out here on the
13 trespass.

14 I have a very complete staff report, which I will
15 summarize for the record in the interest of brevity:

16 A report of the staff investigators indicates that
17 the timber removed was based on a highly selective cutting
18 program. It was found that the trees that were removed fell
19 within the following categories: (1) fully mature; (2) defec-
20 tive; (3) infested. As a result, a substantial quantity of
21 young growth timber of commercial quality was allowed to re-
22 main on the land for natural reproduction purposes. This
23 is in keeping with the general practice of the Forest Service.

24 For further verification of this, Mr. M. M. Barnum,
25 Assistant Regional Forester of the United States Forest
26 Service, was contacted in San Francisco. He completely

1 confirmed the above and volunteered the information that in
2 their opinion no reforestation was necessary on the lands in
3 question or on the adjacent lands of the United States Forest
4 Service which were similarly cut at the same time. The only
5 situation requiring a program of reforestation in the opin-
6 ion of the Forest Service is where an area has been completely
7 destroyed or where brush land is being converted to timber.

8 At the time of the discovery of trespass in 1951,
9 no authority existed for the Forest Service to pay cash sums
10 in settlement of such trespass. This brought about an agree-
11 ment to compensate the State through the exchange. Within
12 the last few years Congress has passed legislation appropri-
13 ating money and permitting cash payments.

14 It is interesting to note that the volume removed
15 as reported by the Forest Service is 1,627 million board
16 feet more than reported in our cruise. We feel that the
17 Forest Service cruise is extremely generous, and therefore
18 it is recommended that settlement for this trespass cutting
19 be accepted on the basis recommended in the agenda item.

20 GCV. ANDERSON: How often do they make this kind
21 of mistake? Is it very often?

22 MR. HORTIG: Not very often; it is fairly seldom.
23 This was a case of record confusion in the Forest Service.
24 The records they had available to them at the time they
25 entered the contract gave them every reason to believe they
26 were Forest Service lands. Actually, they were State lands

9
1 and therefore this offer to compensate is certainly equitable
2 and extremely cooperative on the part of the Forest Service --
3 particularly in view of the fact there is a five-year statute
4 of limitations which also applies against the State, which
5 the Forest Service could have pleaded, and in view of the
6 fact the discovery of the trespass wasn't made until at least
7 five years after the last cutting and fifteen years after the
8 first cutting.

9 MR. CHAMPION: I'd accept it before the Department
10 of Justice finds out about it.

11 MR. CRANSTON: You so move?

12 MR. CHAMPION: I so move.

13 GOV. ANDERSON: Second.

14 MR. CRANSTON: Approval is moved, seconded, passed
15 unanimously.

16 Item 6 -- Proposed oil and gas lease, tide and sub-
17 merged lands, Santa Barbara County - Parcel 10-A. Frank?

18 MR. HORTIG: Mr. Chairman, on October 18, 1962, as
19 reported on your calendar item, page 11, one bid was received
20 in response to a public notice of intention to enter into a
21 lease for the extraction of oil and gas from a parcel which
22 had been designated as 10-A, offshore in Santa Barbara County.
23 The one bid submitted was reviewed by the staff as to tech-
24 nical sufficiency and economic factors; the Office of the
25 Attorney General reviewed the bid, which was submitted by
26 Texaco Inc., a Delaware corporation, and determined: (a) that

1 the Commission has complied with the procedural requirements
 2 of the law; and (b) that the bid submitted conforms with the
 3 bid requirements specified in the proposal of the Commission,
 4 the applicable provisions of law, and the rules and regula-
 5 tions of the Commission.

6 The cash bonus payment offered in the bid by Texaco
 7 Inc., a Delaware corporation, was \$107,100, and it is recom-
 8 mended that, in accordance with the provisions of Division 6
 9 of the Public Resources Code, the Commission accept the bid,
 10 which is a fully qualified bid made by Texaco Inc., a Delaware
 11 corporation, on October 18, 1962, and authorize the Executive
 12 Officer to issue an oil and gas lease to the aforesaid bidder
 13 for the 4.250.14-acre parcel of tide and submerged lands
 14 designated as Work Order 4510, Parcel 10-A, Santa Barbara
 15 County, as detailed in the notice of intention as published
 16 August 14 and August 21, 1962. The cash bonus payment in
 17 consideration of issuance of the lease is to be \$107,100.

18 GCV. ANDERSON: I'll move it.

19 MR. CHAMPION: Second.

20 MR. CRANSTON: Approval is moved, seconded, made
 21 unanimously.

22 Item 7 -- Proposed Budget of the State Lands Divi-
 23 sion for the fiscal year 1963-64, in the total amount of
 24 \$1,225,386.

25 MR. HORTIG: The details of the presentation -- and
 26 which have already been reviewed, of course, with the Department

1 of Finance and with the Director of Finance -- are outlined in
 2 pages 12 through 17 of your agenda. If there are any specific
 3 questions, rather than step by step review, Mr. Chairmen, we
 4 would be very pleased to respond in whatever order the Com-
 5 missioners desire.

6 MR. CRANSTON: There is no action required at this
 7 time, is there?

8 MR. HORTIG: Except ratification of the action, or
 9 concurrence in the action by the staff in having presented
 10 this budget to the Department of Finance for inclusion in the
 11 Governor's budget on behalf of the State Lands Commission, Mr.
 12 Chairman. The Department of Finance has not acted upon this.

13 MR. CRANSTON: Hale would prefer to abstain.

14 MR. CHAMPION: Our proposal will be governed by the
 15 Governor's budget. On any of these, I don't act.

16 GOV. ANDERSON: I'll move.

17 MR. CRANSTON: I'll second the motion, and it will
 18 be adopted by two votes, with one abstention.

19 MR. HORTIG: If I may, Mr. Chairman, for the
 20 Governor's benefit, in general the discussions with the
 21 Department of Finance have indicated almost a unanimity of
 22 desirability and approval and consideration for all of the
 23 items which are presented herein. Those items which have not
 24 already received informal approval in the processing in the
 25 Department of Finance are involved in the matter of determin-
 26 ing whether or not there will be financing available to cover

1 these items in connection with the total State budget and
2 and allocation thereto in principle. As to need, there have
3 been no disputes as to the presentation in this budget.

4 MR. CHAMPION: That is correct. We have accepted
5 budgets generally on the basis of what we considered to be
6 legitimate workload; but we reserve the right, on the level
7 of service, depending on financial availability, to cut off --
8 and that could happen in any case, not even excluding the
9 Department of Finance.

10 MR. CRANSTON: Item 8 is proposed Legislative
11 program.

12 MR. HORTIG: Mr. Chairman, with the exception of
13 Item 6 on page 19, all other sections proposed for introduc-
14 tion as legislation of benefit to the State Lands Commission
15 represent proposals to delete from the codes statutes pre-
16 viously repealed by implication and to eliminate ambiguities
17 and uncertainties in the statutes, even as those which led
18 to our problem with respect to the application by Teachers
19 Beach Association.

20 As to Item 6, which is the only proposal for addi-
21 tion of a new section, it is the informal opinion of the
22 Office of the Attorney General that under proper factual
23 circumstances, in the exercise of judgment by the Commission,
24 unleased tide and submerged lands could be brought into an
25 existing unit plan of operation. However, this is not com-
26 pletely certain, and the Attorney General's opinion has

1 recommended that this authority in the Commission be made
2 certain by addition of the language proposed as an addition
3 to 6815 of the Public Resources Code.

4 Therefore, it is recommended that the Commission
5 authorize the Executive Officer to submit the proposed legis-
6 lation for consideration during the 1963 Legislature to
7 provide for the repeal, amendment or addition of the speci-
8 fied sections, all in the Public Resources Code, Division 6;
9 that the formal legislation be drafted by the office of the
10 Legislative Counsel to accomplish the purposes herein pre-
11 sented and as detailed in Exhibits A through J.

12 MR. CHAMPION: I'll move authorization for the
13 Executive Officer to carry on this program.

14 GOV. ANDERSON: Second.

15 MR. GRANSTON: Approval is moved, seconded and
16 adopted unanimously.

17 GOV. ANDERSON: May I ask Frank a question?
18 Some time back we were having problems on city annexations
19 where they were annexing by strata. Do you know if there
20 is any legislation being prepared to correct that?

21 MR. MORLIG: We are not aware of that. The ques-
22 tion whether or not stratified annexations are legally sup-
23 portable has never been legally resolved. However, we do
24 have with respect to stratified annexations item (2), which
25 would require at least that the Lands Commission get the
26 same notice that the Boards of Supervisors do, so we are not

1 always the last ones to know when someone wants to annex
2 tide and submerged land -- which will enable us to give
3 those communities real service without coming in in the last
4 moments of an annexation and pleading for an extension of
5 time.

6 However, as to the validity of stratified annexa-
7 tions, we are not aware that there has been anything pending
8 and we have been told that the matter of whether they are
9 valid or not valid has not been resolved.

10 MR. JOSEPH: Wasn't that what Santa Barbara did?

11 MR. HORTIG: Santa Barbara did, but whether or not
12 they have a valid annexation is still under discussion.
13 They did it -- but.

14 MR. JOSEPH: It seems like a crazy idea.

15 MR. CRANSTON: Item 9 -- Authorization for Execu-
16 tive Officer to execute a supplementary agreement to Agree-
17 ment No. LC 175, dated May 23, 1960, between Remington Rand
18 and the State Lands Commission, in the sum of \$25,000, pro-
19 viding for research and systems services in connection with
20 compilation of data for purpose of establishing an "Index
21 of Lands Located in California Under the Jurisdiction of
22 the United States," required under Section 127, Government
23 Code.

24 MR. CHAMPION: Move approval.

25 GOV. ANDERSON: Second.

26 MR. CRANSTON: Approval is moved, seconded, made

1 unanimously.

2 Item 10 -- Confirmation of transactions consum-
3 mated by the Executive Officer pursuant to authority con-
4 firmed by the Commission at its meeting on October 5, 1959.

5 MR. HORTIG: As appears on page 43, Mr. Chairman,
6 these actions consisted exclusively of two extensions of
7 geological survey permits previously authorized by the
8 Lands Commission. Ratification or confirmation of these
9 actions by the Executive Officer is recommended.

10 MR. CHAMPION: So move.

11 GOV. ANDERSON: Second.

12 MR. CRANSTON: Moved, seconded, made unanimously.

13 Item 11, final item, confirmation of date, time
14 and place of next Commission meeting -- Thursday, January
15 24, 1963, 10 a.m., Los Angeles.

16 MR. CHAMPION: I'd like to ask a question here --
17 whether during the legislative session it wouldn't generally
18 be more convenient to meet in Sacramento, rather than
19 rotating.

20 MR. HORTIG: Actually, this matter has been placed
21 on the agenda in this form, Mr. Champion, in anticipation of
22 discussion of that problem, as well as the fact that actu-
23 ally the suggested date is a departure from the rules and
24 regulations, which provide for meeting on the last Thursday
25 of the month; but there are many five-Thursday months during
26 1963 and it appeared that there would be more logical spacing

1 of Commission meetings if they were held on the fourth
2 Thursday of the month. It was also the intent to bring
3 about this discussion about location, particularly during
4 the legislative session -- the practice having been followed
5 by this Commission and previous commissions, just out of
6 sheer necessity, to restrict meetings to Sacramento.

7 GOV. ANDERSON: I would think that the last week
8 of January, even the last Thursday, would be better. I
9 doubt if the session will be going during the latter part
10 of January. They usually wind up a little bit early there
11 and that would be better for Los Angeles than perhaps the
12 third or fourth Thursday.

13 MR. CHAMPION: I don't care about the date, but
14 I think it would be better - - you have to be here most of
15 the time and I know I do, and it is extremely difficult to
16 break away. I would anticipate this is just about the date
17 or very close to the date

18 MR. CRANSTON: It seems to me during the Legis-
19 lature it would be advantageous to all concerned

20 GOV. ANDERSON: All right, fine. I have no
21 objection.

22 MR. CRANSTON: Shall we stick to this 24th date
23 for January, since it will be here?

24 GOV. ANDERSON: Fine.

25 MR. CRANSTON: The next meeting will be January
26 24th, here. Frank, on the topic of meetings for next year,

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could you send us your schedule for next year, so we can take into account the entire calendar for next year?

MR. HORTIG: We were awaiting this discussion in order to prepare a schedule for the entire year.

MR. CRANSTON: Please do that and get them to us well in advance of the next meeting.

MR. HORTIG: We will do that forthwith.

MR. CRANSTON: If there is no further business to discuss, we will adjourn to the January 24th meeting.

ADJOURNED 10:40 a.m.

CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing seventeen 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 December 20, 1962.

Dated: Los Angeles, California, January 3, 1963.

Louise H. Lillico
