

TRANSCRIPT OF
MEETING
of

STATE LAND COMMISSION

LOS ANGELES, CALIFORNIA
January 30, 1964

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PARTICIPANTS

THE COMMISSION:

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

Mr. F. J. Hortig, Executive Officer
Mr. Alan Sieroty, Executive Secretary to
Lieutenant Governor Anderson

OFFICE OF ATTORNEY GENERAL:

Mr. Howard S. Goldin, Assistant Attorney General

APPEARANCES:

Mr. Orlando B. Foote, County Counsel
County of Imperial

Mr. Harold A. Lingle
Deputy City Attorney, City of Long Beach

I N D E X

(In accordance with Calendar Summary)

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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
1 Call to order			
2 Confirmation of minutes of Oct. 10 and Nov. 6, 1963			1
3 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE			
(a) City of Los Angeles	19	1	2
(b) County of Sacramento	17	2	2
(c) State of California, Division of Highways	12	3	2
(d) Vista Sanitation District	4	4	3
4 PERMITS, EASEMENTS, LEASES RIGHTS-OF-WAY, FEE			
(a) Wm. H. & Verlin McLendon	14	5	3
(b) Pacific Gas & Electric	1	6	3
(c) Pacific Gas & Electric	7	7	3
(d) Phillips Petroleum Co.	16	8	(Withdrawn)
(e) Don C. Hibbert	3	10	4
(f) Union Oil Company of Calif.	8	12	4
5 CITY OF LONG BEACH			
(a) Subsidence costs	10	13	9
(b) Collateral agreement to Drilling and Operating Contract Long Beach Dept. Tidelands Parcel	13	16	9
6 Exchange application of Delbert J. Sargent	9	17	10

continued

I N D E X

(In accordance with Calendar Summary
continued

ITEM CLASSIFICATION	ITEM ON CALENDAR	PAGE OF CALENDAR	PAGE OF TRANSCRIPT	
7	Amendment Sec. 2100 (E) (5) rules and regulations	20	18	21
8	Approval natural gasoline sales agreement Humble Oil and Standard Oil Co. of Calif.	11	20	23
9	Mineral extraction lease to Stanley E. Ryerson and Frederick E. Pinner	15	22	28
10	Proposed Oil and Gas Lease, Parcel 18, Orange County	18	23	29
11	SERVICE AGREEMENTS:			
12	(a) City of Vallejo (3)	2	24	31
13	(b) City of Crescent City	21	25	32
14	(c) Supplementary to Agreement LC-175 - Remington Rand	5	26	32
15	12 CONFIRMATION TRANSACTIONS OF EXECUTIVE OFFICER	6		32
16	Humble Oil & Refining		29	
17	Recreational Permits		30-31	
18	Richfield Oil Corp		28	
19	Signal Oil & Gas		28	
20	13 INFORMATION - Litigation	22	32	32
21	14 Next meetings			33
22	<u>SUPPLEMENTAL CALENDAR</u>			
23	15 Award of Lease Parcel 16A, Orange County	24	35	33
24	16 Amendment - Geological Survey Permit PRC 2791.1, Richfield Oil Corp.	25	37	34

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(In accordance with Calendar Summary)
continued

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SUPPLEMENTAL CALENDAR continued			
17 Schedule of 1964 Meetings	26	38	35
18 Approval of new pay range, Executive Officer	23	40	22

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(In accordance with calendar item)

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SUPPLEMENTAL CALENDAR

23	40	22
24	35	33
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NEXT MEETING 33

1 MR. CHAMPION: The meeting will please come to
2 order. We do not have any report on when Controller Cranston
3 will be here, so we will proceed with the agenda.

4 Before we turn to the first item on the agenda,
5 however, I want to take note of a communication from Senator
6 Fred Farr, who is the Chairman of the Senate Permanent Fact-
7 finding Committee on Natural Resources. He sent in a resolu-
8 tion, and I will omit the "whereas's" -- but the resolution
9 is that the State Lands Commission is hereby respectfully
10 requested to not approve any contracts for the production of
11 oil, gas and other hydrocarbons from tide and submerged lands
12 deeded in trust by the State to the City of Long Beach until
13 the Senate has considered the subject of this resolution in
14 Extraordinary Session in 1964.

15 I don't think this requires any formal action of the
16 Commission. There is no contract before us now or prospect-
17 ively for some time. Discussions have been going on between
18 us and the City, but for the moment these have come to a halt
19 pending the legislative session. The Governor hasn't said
20 definitely that he will put this before the legislative session
21 Monday, but it is expected he will; and, of course, we will
22 not act while they are working on it. I don't think, however,
23 it requires any formal action by this Commission.

24 (Mr. Cranston entered at this time)

25 MR. CHAMPION: (continuing) I just took formal notice
26 of the resolution of the Senate Factfinding Committee on

1 Natural Resources, pointing out that we do not now have a
 2 contract before us and there would not be anything to act on,
 3 so it does not require any more than that recognition; and I
 4 have, in the name of the Commission, so informed Senator Farr,
 5 Chairman of the Committee. Do either of the members of the
 6 Commission want to make any further statement on the subject?

7 GOV. ANDERSON: You covered it pretty well.

8 MR. CRANSTON: Yes.

9 MR. CHAMPION: All right. We will proceed, then,
 10 to the agenda. Confirmation of minutes of meetings of
 11 October 10th and November 6th.

12 GOV. ANDERSON: I'll move it.

13 MR. CRANSTON: Second.

14 MR. CHAMPION: Stand approved. Permits, easements,
 15 and rights-of-way to be granted to public and other agencies
 16 at no fee, pursuant to statute:

17 City of Los Angeles -- Life-of-structure permit,
 18 0.1 acre tide and submerged lands in Santa Monica Bay, Los
 19 Angeles County, to cover the extension of an existing storm
 20 drain.

21 County of Sacramento -- Amendment of Right-of-Way
 22 Permit P.R.C. 2634.9, crossing tide and submerged lands of
 23 Georgiana Slough, Sacramento County, for construction and
 24 operation of facilities to service the County Sheriff's Boat
 25 Patrol.

26 State of California, Division of Highways --

2 Amendment to Agreement P.R.C. 572.9, for additional right-of-
 3 way over two acres submerged lands of the Colorado River near
 4 Needles, San Bernardino County, to provide for protection,
 5 construction, and use of State Highway Route No. VIII-SBd-58P.

6 Vista Sanitation District -- 49-year life-of-structure
 7 permit, 5.36 acres tide and submerged lands in Gulf of Santa
 8 Catalina, South of Carlsbad, for construction and maintenance
 9 of an ocean outfall line to service sewage treatment plant.

10 GOV. ANDERSON: I move them.

11 MR. CRANSTON: Second.

12 MR. CHAMPION: Any questions? (No response) Stand
 13 approved.

14 Permits, easements, leases and rights-of-way issued
 15 pursuant to statutes and established rental policies of the
 16 Commission:

17 William H. McLendon and Verlin McLendon -- Sublease
 18 of P.R.C. 226.1, covering 4.50 acres tide and submerged lands
 19 of Napa River near Vallejo, Solano County, to Walter W.
 20 Wilson, for operation of a boating facility.

21 Pacific Gas and Electric Company -- 49-year easement
 22 across 0.115 acre sovereign land, Novato Creek, Marin County,
 23 for overhead wire-crossing; total rental \$319.97.

24 Pacific Gas and Electric Company -- 15-year easement
 25 lease, 6.246 acres sovereign land, Petaluma River, Marin and
 26 Sonoma counties, for overhead wire-crossing for transmission
 of power for commercial purposes; annual rental \$248.25.

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MR. HORTIG: Mr. Chairman, as to item (d), Phillips Petroleum Company, we have received a letter requesting that this item be withdrawn from the agenda.

MR. CHAMPION: I will omit item (d).

Don C. Hibbert -- Two-year prospecting permit, 41.32 acres vacant State school land, San Bernardino County, for all minerals other than oil and gas, at standard royalty rates for any lease issued pursuant to the permit.

Union Oil Company of California -- Approval of location and construction of a stationary pile-supported drilling and production platform, approximately 11,000 feet from shore, within area of Oil and Gas Lease P.R.C. 3033,1, Orange County.

MR. STANSTON: Move approval.

GOV. ANDERSON: That is the one -- item (f) -- where we have the drilling with derricks on the platform?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: When does that come down?

MR. HORTIG: When development is completed in terms of drilling the maximum number of wells which is found to be economically justifiable on the lease. Then the drilling derrick, which is the massive 160- to 165-foot structure on top of the platform, is removed. Nominally, these operations are conducted by a service operator, who then removes the derrick at that time and further remedial production operations are usually performed on the platform with a portable

1 mast or smaller production derrick, 60 or 70 feet shorter
2 than the drilling derrick used for the well.

3 GOV. ANDERSON: I know you answered my question, but
4 I'd like to get some idea of time when it is all through.
5 We will have this platform, which sits up there 60 feet above
6 sea level and on top of that this 160-foot derrick. When
7 would you estimate the derrick would be off of there?

8 MR. HORTIG: A minimum time of two to three years,
9 although it could take longer.

10 GOV. ANDERSON: In other words, we can expect to
11 have a 200-foot thing sitting up there for a minimum of two,
12 and possibly five years?

13 MR. HORTIG: This is correct. On the other hand,
14 of course, it must be recognized that this particular plat-
15 form is farther out to sea than the now existing platform in
16 Huntington Beach, which has a similar derrick arrangement,
17 and as such isn't as readily visible from the shore; and at
18 two and two-tenths miles, it actually takes a reasonably
19 clear day to distinguish the platform and derrick from a
20 ship at sea.

21 GOV. ANDERSON: I am not objecting to this, but I
22 wanted to point out that we are winding up here for several
23 years with another structure that can be seen from the shore,
24 sitting up there 200 feet high. I was wondering how much of
25 this we are going to do and if we are thinking of keeping
26 the beauty of our shore. I just wanted to raise this question.

1 I think it is something we ought to be aware of.

2 MR. CHAMPION: I quite agree with you. Is there a
3 prospect that there will be more of these in the same areas,
4 that there will be a steady planning of these platforms out
5 there?

6 MR. HORTIG: It could be. There is, although, not
7 at the rate of one per lease -- because as adjoining areas
8 are leased, it sometimes becomes economically feasible and
9 actually economically necessary to use one platform for
10 developing more than one lease area. Additionally, cer-
11 tainly if at times it is economically feasible, all other
12 factors considered, they would go to ocean floor development
13 and slant drilling.

14 GOV. ANDERSON: How much of the area would this
15 cover if it went to its capacity?

16 MR. HORTIG: The question is complicated by the
17 fact, Governor, that this depends upon how deep the oil
18 reservoirs are located. The shallower they are located, the
19 less area can be covered by slant drilling; the deeper they
20 are located -- and we do not know with certainty how deep
21 these reservoirs are located, because we are just starting
22 on this; actually we have drilled from onshore horizontally
23 a distance of two miles -- it can be done if the oil reserves
24 are so distributed with respect to the location of the plat-
25 form. Actually, this particular lease on which this platform
26 is located isn't that large, in the first instance.