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TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA

May 28, 1964

PARTICIPANTS:

THE COMMISSION:

Hon. Alan Cranston, Controller, Chairman (first portion of meeting)

Hon. Glenn M. Anderson, Lieutenant Governor, Chairman, (second portion of meeting)

Mr. Charles S. Hurley, Deputy Controller represented Mr. Cranston during second portion of meeting.

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Howard S. Goldin, Assistant Attorney General

APPEARANCES:

Mr. J. R. Jackson, Area Manager
Humble Oil & Refining Company

Mr. John F. Jaussen, Regional Manager
California Department of Fish and Game

Mrs. George D. La Moree

Mr. Arthur O. Spaulding, Petroleum Administrator
City of Los Angeles

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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 Call to order			
2 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE			
(a) American Tel. & Tel.	6	1	2
(b) State of California, Dept. of Fish and Game	13	2	3
(c) Los Angeles County Flood Control District	25	3	3
(d) State of California, Division of Highways	22	5	3
3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE			
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(b) Decon Corporation	27	10	4
(c) Leo D. Kialkoff	7	12	4
(d) G. K. Whitney, et al	4	13	4
(e) Leslie Salt Company	8	14	4
(f) Delta Marina Yacht Harbor, Inc.	17	16	4
(g) Oil Terminals Company	16	17	5
(h) Signal Oil & Gas Co.	14	18	5
(i) Signal Oil & Gas Co.	36 30 31 32	19 23 27 31	5 5 5 5
(j) Standard Oil Co. of Cal. Western Operations, Inc.	5	35	5
(k) Standard Oil Co. of Cal.	9	36	5

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continued

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

<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>
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4	CITY OF LONG BEACH		
(a)	Earth Fill Berths 83-87		
(b)	Raise Oil Facilities "	28	46
5	LAND SALES AND EXCHANGES		
(a)	Molybdenum Corp. of Amer.	1	49
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(a)	Pacific Cement & Aggreg.	24	56
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(c)	Authorization publish notice re offering for oil & gas lease 74,000 acres T & S lands Ventura Co.	12	67
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(a)	Willis A. Laine	13	70
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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
8 Dismissal Without Prejudice, City of Hermosa Beach vs. State of Calif., et al	29	90	50
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10 INFORMATIVE - LITIGATION	38	97	53
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12 Withdrawl of offers Parcels 20 and 22; Proposed oil and gas leases 20A and 22A	39	100	53
13 Approval of resolution, Oil and Gas Lease, City of Los Angeles, Santa Monica Bay	40	103	54
14 LEGISLATION	41	105	64

1 MR. CRANSTON: The meeting will please come to
2 order. We will go first, if there is no objection, to Classi-
3 fication 6, item (d), which is: Authorization for issuance
4 of an Oil and Gas Lease, Parcel 19, 5,535 acres of tide and
5 submerged lands in Santa Barbara County, to Humble Oil &
6 Refining Company, as highest bidder, with cash bonus payment
7 of \$22,002,500. Frank, do you have any comments to make on
8 this?

9 MR. HORTIG: The bid received, as just announced by
10 the Chairman, is of course pursuant to prior authorization by
11 the State Lands Commission to offer the specific parcel of
12 tide and submerged lands for lease. The bid has been reviewed
13 by the Office of the Attorney General as to legal compliance
14 with the specified bid terms and conditions, and has been re-
15 viewed by the technical staff of the State Lands Commission as
16 to technical sufficiency and accuracy; and, therefore, accept-
17 ance of the bid and award of the lease is recommended.

18 MR. CRANSTON: Motion is in order.

19 GOV. ANDERSON: I move it.

20 MR. CRANSTON: Approval is moved, seconded by myself,
21 and therefore adopted unanimously by those present. Mr. Hale
22 Champion was unable to be here today. Is Mr. Jackson of
23 Humble here with a nice big check for the State?

24 MR. JACKSON: It's a pleasure to give you the
25 remainder of our twenty-two million. Here is a check for
26 \$17,600,000.

1 MR. CRANSTON: Thank you very, very much. I'd like
 2 to say that this is the largest single cash bonus bid ever
 3 received by this Lands Commission, \$22,000,000. It is the
 4 second largest in the history of this leasing history of the
 5 State. It brings income in this fiscal year to \$57,500,000,
 6 which is more than \$11,000,000 in excess of what was antici-
 7 pated for the fiscal year in the original budget estimates.

8 I think this is evidence that the leasing program
 9 that we have undertaken is working very effectively and it is
 10 certainly a very pleasant way to get money for the State other
 11 than taking it from the taxpayers' pockets. Every dollar,
 12 every million dollars, we get this way is money we don't have
 13 to take from the taxpayers. I hope all of those companies
 14 who are represented here will take part in this program for
 15 leasing in the future.

16 Frank, let me give you the money.

17 (Television and other photos taken, and motion
 18 repeated for their benefit)

19 MR. CRANSTON: (continuing) Now, we will return to
 20 the regular order of business.

21 Item 2 -- Permits, easements, and rights-of-way to
 22 be granted to public and other agencies at no fee, pursuant
 23 to statute:

24 (a) American Telephone and Telegraph Company --
 25 Approval of location of submarine coaxial telephone and tele-
 26 graph cable, with necessary appurtenances, across 80,818 acres

1 tide and submerged lands of Estero Bay and the Pacific Ocean,
2 San Luis Obispo County.

3 Item (b) State of California, Department of Fish and
4 Game -- Permit for construction of an underwater reef for fish
5 propagation purposes, 4,304 acres submerged land in Gulf of
6 Santa Catalina, 1½ miles southwest of pier at Oceanside, San
7 Diego County.

8 Item (c) Los Angeles County Flood Control District --
9 Life-of-structure permit for period of thirty years, two per-
10 cels of tide and submerged lands of Santa Monica Bay, Los
11 Angeles County, for construction and maintenance of Storm
12 Drain Project No. 507, Electric Avenue.

13 Item (d) State of California, Division of Highways --
14 Reservation for a bridge right-of-way of a 2,153-acre parcel
15 of State sovereign lands of the San Joaquin River, Fresno and
16 Madera counties, as shown on State Highway Map VI-FRE, MAD-
17 126(145)-A.

18 That concludes that item. Motion is in order.

19 GOV. ANDERSON: I so move.

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

22 Item 3 -- Permits, easements, leases, and rights-of-
23 way issued pursuant to statutes and established rental policies
24 of the Commission:

25 Item (a) R. W. Cypher -- One-year extension of Pros-
26 pecting Permits, Imperial County, through June 3, 1965.

1 Mineral components of the mineral waters being tested; if
 2 wells prove relatively constant in productivity, pilot chemi-
 3 cal plant will be constructed to recover minerals, and elec-
 4 tric generating plant will be built. Exploration and geo-
 5 physical work has cost approximately \$900,000 to date; addi-
 6 tional \$1 million to be spent during 1964 for drilling and
 7 testing wells.

8 Item (b) Decon Corporation -- 49-year subjacent
 9 permit, 0.268 acre strip of submerged land in Anaheim Bay,
 10 Orange County, for installation and maintenance of pilings
 11 for support of a bulkhead on applicant's property. Total con-
 12 sideration, \$4900.

13 Item (c) Leo D. Fialkoff -- Assignment to Sycamore
 14 Properties of Lease P.R.C. 719.1, tide and submerged lands
 15 offshore Ventura County.

16
 17 Item (d) G. K. Whitney, et al. -- Assignment to
 18 Cliff House Properties of Lease P.R.C. 742.1, tide and sub-
 19 merged lands, Pacific Ocean, City and County of San Francisco.

20 Item (e) Leslie Salt Company -- Permit to dredge
 21 approximately 7,000 cubic yards of material at royalty of five
 22 cents per cubic yard from portion of bed of the Napa River,
 23 Napa County, and to redeposit the material on adjacent property
 24 owned by applicant.

25 Item (f) Delta Marina Yacht Harbor, Inc. -- 15-year
 26 lease, 0.290 acre tide and submerged land in Sacramento River

1 City of Rio Vista, Solano County, for construction and opera-
2 tion of a floating wharf and walkway. Annual rental \$191.98.

3 Item (g) Oil Terminals Company -- 15-year lease, 0.222
4 acre tide and submerged land, Petaluma Creek, Sonoma County,
5 for construction of pier and four dolphins, for use in con-
6 junction with petroleum products storage and distribution plant
7 on upland property of applicant. Annual rental \$150, which
8 is the minimum.

9 Item (h) Signal Oil and Gas Company -- 10-year re-
10 newal of Lease P.R.C. 701.1, 0.55 acre tide and submerged lands
11 of Sacramento River, Yolo County, used for maintenance of pier
12 for unloading petroleum products. Annual Rental, \$693.

13 Item (i) Signal

14 MR. HORTIG: Mr. Chairman, the Office of the Lieuten-
15 ant Governor has requested that item (i) relative to Signal
16 Oil and Gas Company be withheld to permit further study of the
17 proposal.

18 MR. CRANSTON: Item (i) will be stricken.

19 Item (j) Standard Oil Company of California, Western
20 Operations, Inc. -- Modification of State's participating per-
21 centage under Compensatory Royalty Agreement P.R.C. 255.1,
22 Kirby Hill, Solano County -- with appropriate figures.

23 Item (k) Standard Oil Company of California --
24 approval of location and construction of a rubble-mound drill-
25 ing and production island approximately 1.2 miles from shore
26 within area of Oil and Gas Lease P.R.C. 3095.1, Orange County

1 to be located thirty-five feet below mean lower low water,
2 with top elevation of twenty-four feet above mean lower low
3 tide, to provide drillsites from which forty wells may be
4 drilled into the leased lands.

5 GOV. ANDERSON: Can we talk about this a little?
6 Frank, will you explain this?

7 MR. HORTIG: Yes, sir. The Standard Oil Company of
8 California is proposing to develop State Lease P.R.C. 3095.1 --
9 which was issued pursuant to competitive public bidding, on an
10 authorization by the State Lands Commission, offshore from the
11 City of Seal Beach -- by means of erecting an offshore drill-
12 ing island adjacent, but seaward, of the entrance channel to
13 Anaheim Bay and the Naval Weapons Station at Seal Beach.

14 The Corps of Engineers, on approval by the Lands Com-
15 mission of the present proposed location of an offshore drill-
16 ing island, will hold public hearing to determine to the satis-
17 faction of all the navigation interests concerned that the
18 location of the island will not constitute a hazard to naviga-
19 tion, or permit to construct the island will not be granted.

20 The island or an offshore platform is necessary to
21 permit the development of the lease as it was issued by the
22 State Lands Commission and was authorized by the lease as
23 issued, and as authorized by the statutes pursuant to which
24 such leases are awarded.

25 Are there any other specifics you would like to
26 have, Governor?

1 GOV. ANDERSON: I think maybe the best thing I can
2 do is ask questions. How many of these do we have now out in
3 that area?

4 MR. HORTIG: In Orange County, one.

5 GOV. ANDERSON: That was the one we granted here
6 about three or four months ago? At the time I raised a ques-
7 tion on it.

8 MR. HORTIG: No, sir. That was for location of an
9 offshore drilling platform. This is an island-type operation.
10 That was on an adjoining lease, which was issued approximately
11 1945.

12 GOV. ANDERSON: That result would be the same, ex-
13 cept this would be more permanent than that one?

14 MR. HORTIG: This is correct.

15 GOV. ANDERSON: At that time you told about a tempor-
16 ary derrick that would be up for a period of time....

17 MR. HORTIG: Yes, sir.

18 GOV. ANDERSON: .. and then you would have a floating
19 platform for the length of time they would be using it, which
20 would be twenty, thirty, forty years, perhaps.

21 MR. HORTIG: Correct.

22 GOV. ANDERSON: This one, instead of being a tempor-
23 ary platform, will be a permanent island?

24 MR. HORTIG: However, with the condition of removal
25 if desired at the termination of the production -- a maximum
26 of twenty-four feet over the water, and drilling specifications

1 for the island include removal on completion of development.

2 GOV. ANDERSON: You are going to have a derrick or
3 rig up there for drilling. How high will that be?

4 MR. HORTIG: One hundred sixty feet.

5 GOV. ANDERSON: One hundred sixty feet above the
6 surface of the water?

7 MR. HORTIG: Above mean lower low water.

8 GOV. ANDERSON: And then when the derrick is taken
9 down, there is a mast or something that will be put up or
10 down probably a few times a week, depending on the drilling?

11 MR. HORTIG: This is right -- depending on how much
12 development and maintenance work is required. It could re-
13 quire as little as once every several months; on the other
14 hand, it could be a maximum of two or three times a week.

15 GOV. ANDERSON: How high will that be, when they
16 work on it?

17 MR. HORTIG: Eighty feet.

18 GOV. ANDERSON: Eighty feet on top of the permanent
19 island?

20 MR. HORTIG: Yes, sir; on top of the island.

21 GOV. ANDERSON: So, eighty feet from there up, and
22 the island itself will be twenty feet above....

23 MR. HORTIG: Twenty-four.

24 GOV. ANDERSON: So when this is up, which could be
25 two or three times a week, we will have something one hundred
26 four feet up in the air...

1 MR. HORTIG: That is correct.

2 GOV. ANDERSON: ... and this will be as long as we
3 are getting oil out of the area?

4 MR. HORTIG: That is correct.

5 GOV. ANDERSON: How many of these islands are we
6 contemplating in this area?

7 MR. HORTIG: This, as I say, since 1945 is the
8 second island in Orange county and only the third proposed
9 offshore California. There is an island similar to this in
10 place in the Rincon Field.

11 GOV. ANDERSON: How many of these do you think we
12 will have in the next twenty years? I am a little concerned
13 about having an orchard of these wells sticking up there.
14 Now we are coming up with another one; we don't know how
15 many there are going to be. My feeling is there ought to be
16 some sort of plan, so we can tell the people when they express
17 concern that there is only going to be ten or twenty, or what-
18 ever it is going to be. We do not have this kind of plan?

19 MR. HORTIG: We do not have a specific plan at this
20 time. As you will recall, Governor, the staff has been told
21 to report to the Commission on this and this is in progress.

22 GOV. ANDERSON: That was several months ago?

23 MR. HORTIG: Yes, sir.

24 GOV. ANDERSON: How long will this kind of thing
25 take? I had hoped we would have a plan before another one
26 came in.

1 MR. HORTIG: As you know, the legislative session
2 came in.

3 GOV. ANDERSON: Who is preparing this? You are not
4 doing this yourself?

5 MR. HORTIG: No, sir -- a staff engineer.

6 GOV. ANDERSON: Is this someone who understands
7 esthetics?

8 MR. HORTIG: Very definitely. The report will
9 include all aspects of estimated maximum density; the esthetic
10 factors; photographs of actual installations; photographs of
11 actual installations of other types of commercial activity
12 which have been found to be more objectionable, if anything,
13 or could be found to be more objectionable; plus things such
14 as the results of development factors, such as removal of
15 drilling derricks from platforms and the resultant diminution
16 of objections on esthetic grounds.

17 Parenthetically, we can report with respect to one
18 drilling platform in the Santa Barbara area that the drilling
19 has been completed, and the drilling equipment has been re-
20 moved, which it was anticipated would minimize objections to
21 the platform. We have had only one objection -- and that is
22 there aren't the colorful string of lights that used to be
23 there. This is the only thing we have received on this
24 operation.

25 GOV. ANDERSON: You apparently have different com-
26 munications than I have, because I have had several inquiries

1 following the last one -- what was that three or four months
2 ago?

3 MR. HORTIG: Yes, sir.

4 GOV. ANDERSON: And I had to explain why we were
5 allowing this kind of thing off their shore and not Santa
6 Monica; and I said there was a law prohibiting this off of
7 Santa Monica. I had to answer the questions and I answered
8 that the law prohibited them off Santa Monica and we are
9 going to try to do this with the best degree of safety for
10 the people of Orange County.

11 I am not going to object to this, but before we
12 authorize another island I would like to see a report and we
13 should have some kind of goal -- whether there will be ten,
14 twenty -- that we are going to do something about the beauti-
15 fication of these things. I would hate to see twenty of
16 these things sticking up one hundred sixty feet.

17 MR. HORTIG: This is completely right, Governor.
18 You will recall the particular lease under discussion here is
19 pursuant to clearance under the Public Resources Code, where-
20 under the State Lands Commission did hold a public hearing in
21 Orange County with respect to the entire proposed program.
22 As a matter of fact, that public hearing was chaired by Mr.
23 Cranston at the time, and none of the proposed operations --
24 the placement of the platforms, the placement of additional
25 islands, et cetera -- were objected to.

26 GOV. ANDERSON: Frank, nobody knows we do these

1 things until we do them. Now that the people are becoming
2 aware we are doing this, it gets to them. Now we are getting
3 some objection to the idea. When you hold a public hearing
4 in an area, the average person does not know about it and
5 does not come and protest.

6 How many of these do we have ahead of us now?

7 MR. HORTIG: I believe there are two additional
8 leases that we have now in the immediate offing that are going
9 to require some type of offshore development structure.

10 GOV. ANDERSON: When will they be coming up for
11 this same kind of permit we have here today?

12 MR. HORTIG: Within the next few months, just as
13 fast as the operators on the lease have developed their
14 engineering economics as to the type of structure to be
15 utilized.

16 GOV. ANDERSON: Could we have our report back before
17 we pass on the next one?

18 MR. HORTIG: We will, sir.

19 GOV. ANDERSON: I am not going to object to this
20 because I realize there has been a great deal of work and
21 planning that has gone into this. Before I vote on another
22 of these islands, I would like to have the State Lands Com-
23 mission have some kind of goal as to what we are going to
24 have. I think the people should know what to look for.

25 MR. CRANSTON: I would like to say I share your
26 concern and I would like to concur in that request.

1 MR. HORTIG: Mr. Chairman, in connection with the
2 proposed action of the Commission, the proposed location of
3 the island is now contemplated to be eight hundred eighty feet
4 farther seaward from the coast than as reported in the calen-
5 dar item before you. It is this farther seaward location that
6 will be considered by the U. S. Army Corps of Engineers and
7 it is this farther seaward location that would be approved
8 and authorized by the State Lands Commission.

9 MR. CRANSTON: O. K. We will turn to item (l) --
10 Standard Oil Company of California: Determine that the enter-
11 ing into and performance of the Rio Vista Gas Unit Agreement
12 for Easement 415.1, Sacramento, San Joaquin and Solano counties,
13 is in the public interest; approve Unit Agreement and Unit
14 Operating Agreement, in accordance with Section 3301 of the
15 Public Resources Code.

16 Item (m) Humble Oil & Refining Company, and Texaco
17 Inc. -- Deferment of drilling requirements under Oil and Gas
18 Lease P.R.C. 186.1, Belmont Offshore Field, Orange County,
19 through December 31, 1964. New activities to be undertaken
20 should be consistent and compatible with operations in pro-
21 posed Long Beach Unit.

22 GOV. ANDERSON: Are these next three deferments some-
23 what related?

24 MR. HORTIG: No, sir -- only in point of time of
25 issuance and the time on the development program that has
26 gone into these leases, which are in the same general area and,

1 consequently, the same difficulties have been experienced and
2 the necessity for developing the engineering and geologic
3 studies to make the economic optimum selection for future
4 drilling programs.

5 GOV. ANDERSON: Are these the first deferments in
6 these cases, or have there been prior deferments?

7 MR. HORTIG: I believe there have been prior defer-
8 ments. If I may refer to the whole calendar item, where
9 these are listed - - With respect to the request for defer-
10 ment for Phillips Petroleum, there have been prior deferments
11 as listed in paragraph two, based on the fact that the addi-
12 tional wells that have been drilled by the lessee actually
13 essentially completed the required lease drilling requirements
14 to date. There are operating wells on the lease to the maxi-
15 mum extent that it has been possible to develop operating
16 wells and, therefore, prior to drilling any additional wells,
17 the geologic information on areas adjacent to the lease are
18 desired to be reviewed in order to determine optimum location
19 for new wells.

20 On page 41 of the agenda, there is reflected that
21 the Commission has also previously granted deferments of
22 drilling requirements on this lease through June 30, 1964;
23 and this lease, which has actually fifty-two wells producing
24 from the first offshore island that was erected on a Cali-
25 fornia lease, adjoins the area which is going to be considered
26 for development under a unit plan by the City of Long Beach

1 and the so-called Alamitos State Beach Park parcel; and there-
2 fore, further development program in connection with this
3 lease should preferably include a study of this new develop-
4 ment program of Long Beach as to compatibility and possible
5 unitization of operations under this existing lease prior to
6 going ahead on an independent drilling program.

7 GOV. ANDERSON: Well, I am looking at the last para-
8 graph on page 1, those first five lines:

9 "The lands covered by State Lease P.R.C. 186.1 are
10 not far removed from the large offshore area in which the City
11 of Long Beach plans to conduct oil and gas development opera-
12 tions in the immediate future, and for which it proposes uniti-
13 zation with other nearby areas. It is conceivable that under
14 certain conditions such expansion would include State Lease
15 P.R.C. 186.1 in the proposed unit."

16 MR. HORTIG: Yes, sir.

17 GOV. ANDERSON: What would that do to this particu-
18 lar lease if it was brought in?

19 MR. HORTIG: If it was brought into a unit, it would
20 mean that the additional development drilling under Lease
21 P.R.C. 186.1.....

22 GOV. ANDERSON: A new lease would have to be drawn up?

23 MR. HORTIG: No, sir -- simply that the lease, on
24 approval of the Lands Commission, be included within the pro-
25 gram for unit operations of the entire area -- which at a
26 maximum, as it is envisioned now, would consist of tide and

1 submerged lands granted to the City of Long Beach by the
2 Legislature; tide and submerged lands under the jurisdiction
3 of the State Lands Commission, known as the Alamitos Beach
4 Park; the lands under Lease 186.1.

5 GOV. ANDERSON: Would that be to the State's advan-
6 tage to bring this into unitization?

7 MR. HORTIG: There will be no staff recommendation
8 unless it is to the State's advantage. It would be dependent
9 upon and optional upon whether it would be to the State's
10 advantage and to the lessee's advantage to bring it into a
11 unitization program.

12 MR. CRANSTON: Item (n) Phillips Petroleum Company
13 Deferment of drilling requirements under Oil and Gas Lease
14 P.R.C. 2207.1, Santa Barbara County, through December 21,
15 1964, to permit lessee to integrate geological information
16 from an adjacent area into current engineering and geological
17 studies.

18 Item (o) Texaco Inc. -- Deferment of drilling re-
19 quirements under Oil and Gas Lease P.R.C. 2725.1, Santa Bar-
20 bara County, through January 24, 1965, to enable applicant to
21 obtain production data that will indicate whether an extensive
22 program of development of other sands is economically feasible.

23 Motion is in order to approve all items in this
24 classification, excluding (i) and (k) which have been taken
25 off the calendar.

26 GOV. ANDERSON: No. (k) wasn't taken off. We

1 left (k) on.

2 MR. HORTIG: Mr. Chairman, if the Commissioners can
3 refer to item (1), Standard Oil Company of California, and
4 particularly to page 40, to the proposed form of recommenda-
5 tion for approval, it is recommended by counsel that item (1)
6 of the recommendation should be amplified to read:

7 "It is recommended that the Commission (1) deter-
8 mine that the entering into and the performance of the Rio
9 Vista Gas Unit Agreement is in the public interest and will
10 promote conservation and prevent unreasonable waste of
11 natural gas, condensate and associated hydrocarbons in the
12 Rio Vista Field; and ***"

13 The balance of the recommendation should be as it
14 is before you on page 40.

15 MR. CRANSTON: With that exception, motion is in
16 order to approve item classification 3.

17 GOV. ANDERSON: I make the motion.

18 MR. CRANSTON: Second. Unanimously approved.

19 (Mr. Cranston left the meeting at this point
20 and Lieutenant Governor Anderson took over as
21 Chairman; Mr. Charles S. Hurley sat in for
22 Mr. Cranston.)

23 GOV. ANDERSON: This takes us, then, down to
24 Item 4 -- City of Long Beach approvals required pursuant to
25 Chapter 29, 1956, First Extraordinary Session:

26 Project (a) Earth Fill, Berths 83-87, Back Area,

1 (2nd Phase) -- Estimated subproject expenditures from
2 5/28/64 to termination of \$1,320,000, with \$897,600 (68%)
3 estimated as subsidence costs.

4 Project (b) Raise Oil Facilities, Berths 83-87,
5 Back Area. (2nd Phase) -- Estimated subproject expenditures
6 from 5/28/64 to termination of \$85,000, with 100% estimated
7 as subsidence costs.

8 Any comment on that?

9 MR. HORTIG: Governor Anderson, these items are the
10 continuing repair of subsidence-damaged areas in the Long
11 Beach Harbor District, which require advance approval by the
12 Lands Commission prior to expenditure of any funds by the City,
13 in order that the Harbor Commission may be compensated up to
14 twenty-five percent of the cost of such subsidence elements
15 from the State's share of the tideland revenues, as provided
16 under Chapter 29 of the Statutes of 1956. This is a continua-
17 tion of the program on which the Commission since 1956 has
18 had items for action of the same general nature at virtually
19 every meeting of the Commission.

20 Specifically, the recommendation again limits the
21 amounts that will ultimately be allowed to the City to those
22 amounts that are determined to have qualified, after the work
23 has actually been completed. Therefore, there is no commit-
24 ment or guarantee that the estimated amount as approved in
25 advance will ever be paid to the City; and, as a matter of
26 fact, in general there are rebates in the accounting procedure