MR. CRANSTON: Glenn, on this one I am very interested in what you are saying. Do you think it might be advisable not to approve this?

GOV. ANDERSON: No, I thought any place where there isn't any objection - - this would be crossing the Colorado River?

MR. HORTIG: That's right.

MR. CRANSTON: This is right next to Needles.

GOV. ANDERSON: I didn't want to question this. I did remember we questioned the big P. G. and E. lines across San Francisco Bay and they said it was too costly and other times they said "This is the way it has been for fifty years," and we go on approving. My thought is: Let's start where there isn't any pressure point of approving or disapproving, where they know of these policies; and if it involved a legislative committee, obviously if they have held one we should find out what their recommendations are.

MR. HORTIG: Their recommendations certainly would be included in this analysis.

MR. CRANSTON: How many administrative agencies would be involved or should be involved?

MR. HORTIG: The Resources Agency and the Public Utilities Commission, as already indicated, would certainly cover better than ninety percent. There are some with minor interests with respect to this particular phase although major interests in their own cognizance. Wildlife conservation

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boards, who are also involved in property acquisition and installations in connection with water areas, and so forth, occur to me at the moment; and there may be a few others of about the same order of magnitude. We will include everyone who has something to contribute to this, so that the Commission can be fully informed on the broadest base.

MR. CRANSTON: I certainly concur with you, Glenn, on the wisdom of seeking proper development.

MR. SHEEHAN: I can tell you now Pearce Young of Napa was interested in this study, primarily on subdivisions.

GOV. ANDERSON: He did not call on anyone from our State Lands Commission when they had their hearings?

MR. HORTIG: No, sir. This was an investigation by the Assembly Public Utilities Committee with respect to requirements or augmentations that might be desirable in connection with the administration of controls by the Public Utilities Commission and they are certainly one of the keys to this problem of coordination.

GOV. ANDERSON: Did you feel this was primarily related to subdivisions?

MR. SHEEHAN: Yes.

GOV. ANDERSON: He feels it was primarily related to subdivisions.

MR. HORTIG: This is correct, but this would justify one type of installation against another type of installation and would be applicable to other types of lands -- and even as

we get more and more subdivisions, as in this instance along the Colorado River.

GOV. ANDERSON: If there isn't any further discussion, it has been moved and seconded; no objection, it will be approved.

Item 4 is permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission:

Applicant (a) is Harry W. Erickson -- Five-year noncommercial minor-structure permit for mooring pier, 0.344 acre tide and submerged lands of Sacramento River, Sacramento County, total rental $25.00.

Applicant (b) is William I. Moore -- Five-year grazing lease, 3,782.73 acres school land, San Bernardino County, annual rental $56.74. Was that the one you asked me a question on, Alan? That figures out at about one and one-half cent per acre per year. How is that figured?

MR. HORTIG: On the basis of the field capacity of the land and the ability to support a given number of head of cattle, which is then translated into a comparable rental amount which is in general agreement with the rental fees that are set by the Bureau of Land Management of the Department of Interior for Federal lands which nominally adjoin these vacant State school lands and are also held nominally under grazing permit from the Federal government, in order that there can be no competition -- if there can be competition

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on such low value land; but if the fees are established too high, it has been found by the Lands Division in p... practice the answer is there isn't even an application for a grazing permit, and the grazer who has large holdings on Federal land grazes his cattle on the adjoining State lands without paying the State anything.

So it is really a question of appraising going land value established by the much larger holdings of the Federal government which are available for grazing.

GOV. ANDERSON: It seems awfully little.

MR. HORTIG: At one bush per mile, which some of this land has, it isn't worth any more.

GOV. ANDERSON: Applicant (c) is Richfield Oil Corporation -- 49-year easement for construction, operation and maintenance of submarine flow line from State Well 308 No. 4 to upland tank site; 2.059 acres tide and submerged lands of Santa Barbara Channel, Santa Barbara County, annual rental $68.18.

(d) Patrick A. Doheny -- Assignment to Willard Bozett and Buttes Oil & Gas Co. of interest in Compensatory Royalty Agreement P.R.C. 2908.1, Colusa and Sutter counties.

Applicant (e) -- Patrick A. Doheny -- Assignment to Willard Bozett and Buttes Oil & Gas Co. of interest in Compensatory Royalty Agreement P.R.C. 2990.1, Colusa and Sutter counties.

Applicant (f) -- Howard Munt and Adam J. Natalie --

Assignment to Adam J. Natalie of Prospecting Permit P.R.C. 3064.2, San Bernardino County.

Applicant (g) -- Carl Luke and Donald Peterson -- Assignment to Harry C. Schilling of Lease P.R.C. 2409.1.

Applicant (h) -- Decon Corporation -- Acceptance of quitclaim deed dated November 24, 1964, relinquishing rights that would have been granted under P.R.C. 3128.1, Orange County.

Applicant (i) -- Decon Corporation -- Acceptance of quitclaim deed dated November 24, 1964, relinquishing rights that would have been granted under Permit P.R.C. 3139.1, Orange County.

Applicant (j) -- Lloyd N. Inslee -- (1) Acceptance of quitclaim deed dated December 2, 1964, terminating Permit P.R.C. 3199.1, covering 0.049 acre of tide and submerged land of Taylor Slough, Contra Costa County; and (2) issuance of permit for construction and maintenance of a recreational pier at the same location. Fee charged was $25.00.

Applicant (k) -- Mobil Oil Company -- Acceptance of quitclaim deed for Lease P.R.C. 373.1, tide and submerged land of Sacramento River, Yolo County, effective July 9, 1963.

Applicant (l) Sunset International Petroleum Corporation -- Acceptance of quitclaim deed for Oil and Gas Lease P.R.C. 995.1, Huntington Beach Field, Orange County, effective January 28, 1965, pursuant to paragraphs 5 and 27 of lease.

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Applicant (m) Union Oil Company of California -- Ten-year renewal of Lease P.R.C. 532.1, 0.41 acres tide and submerged lands of Petaluma Creek, Sonoma County, effective November 9, 1964, annual rental $150.

MR. SHEEHAN: I move approval.

MR. CRANSTON: I'll second.

GOV. ANDERSON: Moved and seconded. Mr. Sieroty.

MR. SIEROTY: Mr. Chairman, I'd like to ask about the item Sunset International Petroleum Corporation. It was my understanding that in order for a lessee to, in a sense, give back his lease to the State, he had to comply with certain procedures in abandoning existing wells, which would clear up the area and make sure that it was safe as well as not unattractive.

Now, in talking to Mr. Hortig about this, there is some question yet as to how far a lessee has to go and I wonder whether maybe it wouldn't be best at this time for Mr. Hortig to explain this procedure. I could ask about the derricks -- whether the lessee has a right to leave a derrick on this property.

MR. HORTIG: This situation, of course, varies with the geographic circumstances -- not only the geographic location, but also the location of a well within a jurisdiction, whether it is within a city or a county subject to certain planning and zoning requirements in addition to the requirements of the State oil and gas lease as issued by the Lands

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Commission and the requirements of the State Division of Oil and Gas.

In simple terms, from the surface of the ground down, the State lease requires and the Division of Oil and Gas statutes require in the abandonment of an oil well that all cautions be taken in shutting down and plugging, closing in with cement and otherwise the previously productive hole -- first, so that there can be no future damage to the oil reservoir in which this well was located by reason of an open hole permitting water from overlying water sands to drain into the oil reservoirs.

GOV. ANDERSON: How deep down do they cap this?

MR. HORTIG: In sections where there is a possibility of movement of fluids, all the way to the bottom. In this case, this well was probably in the order of forty-two hundred feet in oil sands. It has been plugged throughout the oil sand that was originally opened. It has also been plugged through other sands which could not be produced from this particular well, but could be damaged if there was leakage of water from this hole into these other sands; similarly from the domestic water sands, all of which lie about two thousand feet, the well is plugged with cement, solidly and irrevocably through these zones, and again is plugged at the surface after the surface pipe is pulled up, so there can be no danger of anyone falling into an open hole or anything of that nature.

In this particular instance, the well was drilled

from a privately-owned lot in Huntington Beach in the town lot, in the second block in from Ocean Avenue, but slant-drilled out under the tide and submerged lands -- in about 1934, originally. This well has been plugged and abandoned to the surface as I have just described it and in this instance the derrick has been removed by the operator, this by his own volition -- although possibly subject to control by the City of Huntington Beach in their zoning of the area, in which they are attempting to secure a clearance of most of the surface area.

There could be circumstances where an operator could, under these geographical conditions, abandon his derrick in place, although the Division of Oil and Gas would protest, the Lands Division would protest, and the municipality might protest. There could be circumstances where under no present State law or no present City ordinance there might be police powers to compel him to remove the derrick and clean up the area, although local population pressures these days in oil producing communities are producing results in terms of surface clean-up. But the original producing works of this well were located on private property not under the jurisdiction of the State Lands Commission, and the well was under the jurisdiction of the State Lands Commission only after it had gone underground two blocks in order to reach the high water mark and then went into the tide and submerged lands of the State of California, at which

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time the well was probably two thousand feet underground.

MR. SIEROTY: It seems to me where we have a State lease, even though the drilling site may not be on State property, we would have enough connection with the lessee, with the operation, to provide in our lease that when he would abandon the well that he would also remove any derrick or surface obstructions; at least he would have to have clearance from us in abandoning surface, as well as subsurface facilities.

MR. HORTIG: This has certainly been the practical result in those instances where there has been a termination of operations under a lease issued by the State Lands Commission. The instant case is an unfortunate example in that this originally was an easement that was issued in compromise of litigation in 1934 and not under control conditions that were available to the Lands Commission; and in the compromise litigation the operating conditions had to be accepted as they were found and they were subject to the then much less stringent controls than are effective on leases issued by the State Lands Commission.

Fortunately, as I say, the derrick has been removed but the practical result has been accomplished without the necessity for looking for a way of accomplishing it.

GOV. ANDERSON: If there is no further comment, moved and seconded, approved unanimously.

MR. SIEROTY: May I suggest we ask the Attorney

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General about the possibility of amending our lease form to take care of the situation where we don't have a lessee as in this case, but one who might want to get away with the least trouble in abandoning their well. I would think it might be taken care of by amending the lease.

MR. HORTIG: I would concur with Mr. Sieroty's suggestion except as to the utility, in that this has not been a problem in connection with any of the leases issued by the State Lands Commission primarily because the current technology is for locating the wells out on the lands which are under the jurisdiction of the State Lands Commission, where the Lands Commission has complete control.

We have only a very few wells drilled under State Lands Commission leases that have been slant-drilled from the upland and these wells by operators who have other wells under the tidelands; and for their own protection they cleared the site, and even the upland site, to its original condition.

The area where such control would have been desirable would have been with respect, as a matter of hindsight, to the series of compromise agreements that were approved by a court back in 1934, and which compromise agreements and their successor leases are probably not subject to being renegotiated retroactively. Any operator who would be willing to have such a condition now added to his lease would also be willing to clear up the lease site anyway when it becomes time to abandon it.

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GOV. ANDERSON: Well, the staff and the Attorney General's Office can take a look at it anyway.

MR. HORTIG: We will, Governor.

GOV. ANDERSON: There being no objection, all of the items are approved.

Item 5 -- City of Long Beach. Approvals required pursuant to Chapter 29, 1956, First Extraordinary Session and Chapter 138, 1964, First Extraordinary Session.

(a) Determine that expenditure of approximately $1 million from City's share of tideland oil revenues, for construction of Pier "G" bulkloader enlargement within boundaries of the Harbor District, proposed in letter dated October 21, 1964, is in accordance with provisions of Chapter 138/64, First Extraordinary Session.

Any comment? Mr. Sieroty.

MR. SIEROTY: I'd like to ask Mr. Lingle about the bulkloader. Is this the bulkloader that the City of Los Angeles and the Harbor of Long Beach have been talking about? Is this the so-called duplication of facilities that we have heard about?

MR. LINGLE: I frankly don't know. I know that we have a relatively new bulkloader and we have found that by comparatively small investment we can get more business. I am sorry. I am not an engineer on it and I don't know whether on this one there is an inter-harbor fight or not. We want to build it. We have business for this bulkloader.

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1 GOV. ANDERSON: Mr. Hortig, would you have
2 something more?
3 MR. HORTIG: I might state the limitations on
4 authorization and the reasons this matter is before the La
5 Commission for approval, and the question that the Lands C
6 mission must deal with pursuant to Chapter 138 of the Stat
7 of 1964.
8 This act required for the first time, since its
9 effective date of August 22nd of last year, that any capit
10 expenditures by the City of Long Beach, including the Harb
11 Commission, over fifty thousand dollars for a particular
12 project must be submitted to the Lands Commission for dete
13 mination or objection only on the one questi -- that the
14 type of facility or capital expenditure which is proposed
15 be made is authorized or is not authorized by Chapter 138;
16 and Chapter 138 does list in considerable detail, although
17 also in general classification, the types of expenditures
18 which the Legislature has determined which if made by Long
19 Beach from its own share of tideland revenues would be con
20 sidered unqualifiedly within the trust purposes.
21 It is clear from staff review and the review of the
22 Office of the Attorney General with respect to the particular
23 proposal which is made by the Harbor District on a facility
24 which the Long Beach Harbor Commission has determined in its
25 administration of the harbor is a necessary adjunct to the
26 harbor, that this facility qualifies for nonobjection pursuant