

1 Before The
2 STATE LANDS COMMISSION
3 of the
4 STATE OF CALIFORNIA

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8 REGULAR MEETING OF THE STATE
9 LANDS COMMISSION HELD IN
10 ROOM 5168 STATE CAPITOL

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14 Monday, April 18, 1966
15 9:22 O'clock A. M.

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20 Reported by:
21 Alex C. Kaempfer
22 Certified Shorthand Reporter
23 4128 Bruhn Court
24 Sacramento, California 95821
25 487-9256
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Adjournment of Meeting

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Reporter's Certificate

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MONDAY, APRIL 18, 1966

9:22 O'CLOCK A.M.

P R O C E E D I N G S

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CHAIRMAN CRANSTON: The meeting will come to order.

First is the report on the public hearing held at Santa Barbara on March 4th, 1966, relative to the offering of State-owned tide and submerged lands surrounding the islands of San Miguel, Santa Rosa, and Santa Cruz for oil and gas lease.

Frank, will you report?

MR. HORTIG: Mr. Chairman, as the Commission will recall, on January 26th you directed me to conduct a public hearing or review relative to a proposed offer of State-owned tide and submerged lands surrounding the islands of San Miguel, Santa Rosa, and Santa Cruz for oil and gas lease offer.

This directive was issued, and the hearing or review was scheduled, not because it was a requisite hearing pursuant to the Public Resources Code, but because the legislative representatives of the Santa Barbara area had reported to the Commission that there were citizens who desired to report on the subject to the Commission, and the Commission elected this procedure as the means for report.

All prior legal requirements for notice as to public hearing and the non-holding of the public hearing were met by the Lands Commission as a result of having published a notice previously on November 26th, 1965 and December 3rd, which under

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1 the act provides that if any affected city or county notifies
2 the Commission that they desire a public hearing, within 30
3 days after publication of the notice, such hearing shall be
4 held.

5 No affected city or county chose to have or request
6 the Lands Commission to hold the hearing. So there is a
7 distinction between the hearing required legally to be held
8 and the subsequent review that the Commission directed the
9 staff hold and report back to the Commission.

10 As a result of the staff review, with the report
11 attached to your agenda -- and you've been also furnished a copy
12 of the transcript of the review -- it is the conclusion of the
13 staff that no valid evidence was presented at the hearing that
14 would necessitate or justify either a delay or cancellation
15 of the Commission's proposals to lease for oil and gas
16 development those tide and submerged lands surrounding the
17 islands of Santa Rosa, Santa Cruz and that portion of San
18 Miguel Island, that is, the western 40 percent not subject to
19 the danger zone recently established by the U. S. Army Corps
20 of Engineers for the benefit of the Navy Department.

21 In view of the staff's opinion, the separate nature
22 of the hearing required legally to be held and that directed
23 and held on the motion of the Commission, nevertheless, with
24 the possibility that some time in the future it might be
25 misconstrued or subject to contention at least that the Lands
26 Commission had in fact held the hearing that was required by

1 Section 6873.2 of the Public Resources Code, it is felt that
 2 In view of the fact that there were no developments at the staff
 3 hearing that justify any change, the Commission should at this
 4 time adopt the resolution of finding with respect to the proposal
 5 to offer oil and gas lease areas in the tide and submerged lands
 6 surrounding the islands of Santa Rosa, Santa Cruz and that
 7 portion of San Miguel Island not subject to the danger zone
 8 established by the U. S. Army Corps of Engineers.

9 In order that the record might be complete and that
 10 there could be no contention of omission in any of the procedures
 11 which it could be contended the Commission should have followed
 12 before considering actually authorizing an offer of leases
 13 in the submerged areas, therefore it is recommended that the
 14 Commission adopt the resolution which is written out in full
 15 at the bottom of page 1 of your agenda, which is the finding
 16 pursuant to Section 6873.2 of the Public Resources Code.

17 CHAIRMAN CRANSTON: Motion is in order.

18 MR. SHEEHAN: I'll so move, Mr. Chairman.

19 CHAIRMAN CRANSTON: Motion is moved and I second it.

20 Is there any discussion by anyone present?

21 (No response.)

22 If not, the motion is adopted by unanimous vote of
 23 those present.

24 Item 3, proposed oil and gas leases.

25 MR. HORTIG: As reflected on the maps following the
 26 four pages -- the six parcels described in the copy of the agenda

before you, it is proposed that the Commission authorize the Executive Officer to publish notices of intention to receive offers for oil and gas leases on those six parcels into which the western 40 percent of the offshore of San Miguel Island has been subdivided, as shown on the maps in the pages following the legal descriptions of the six proposed parcels, Parcels 41 through 46, and being the first segment of authorization by the Commission pursuant to the original determination to consider whether to offer leases offshore from all of the Santa Barbara channel islands.

MR. SHEEHAN: I'll so move.

CHAIRMAN CRANSTON: Second it.

It's been moved and seconded. Any discussion?

(No response.)

If not, the motion is approved unanimously by those present.

Finally, Item 4.

MR. HORTIG: On March 10th one bid was received in response to a published notice of intention of the State Lands Commission to enter into a lease for the extraction of oil and gas from 5,546 acres more or less of tide and submerged lands designated as Parcel 31, Ventura County.

This lease offer had been authorized by the Commission on December 16th, 1965.

The cash bonus payment in the bid submitted by Socony Mobil Oil Company, Inc., was \$59,175.85. The bid was reviewed

1 by the staff as to technical sufficiency and economic factors.
 2 Section 6836 of the Public Resources Code provides that if,
 3 in the opinion of the Commission, the acceptance of the highest
 4 bid is not for the best interests of the State, the Commission
 5 may reject all bids.

6 And it is recommended that the Commission, in
 7 accordance with the provisions of Section 6836 of the Public
 8 Resources Code, determine that to accept the bid made by Socony
 9 Mobil Oil Company, Inc., on March 10th, 1966, for a lease for
 10 the extraction of oil and gas from 5,546 acres more or less of
 11 tide and submerged lands designated as work order 5931 (Parcel
 12 31), Ventura County, as detailed in the notice of intention,
 13 work order 5931, published December 23rd, 1965, and December
 14 30th, 1965, is not for the best interests of the State and
 15 that the bid be rejected.

16 Mr. Chairman, before any action is taken there may
 17 be further discussion with the staff on this situation by the
 18 Commission. A representative of Socony Mobil Oil Company
 19 would like to make a presentation to the Commission after
 20 any statements of consideration by the Commission that you
 21 gentlemen want to make.

22 CHAIRMAN CRANSTON: May we hear from you now?

23 MR. MOODY: My name is Paul Moody with Socony Mobil
 24 Oil Company. We are rather surprised that you have not seen
 25 fit to accept our bid, and because of that we are not prepared
 26 to make a statement this morning. And we realize your staff

1 has thoroughly examined and considered the proposal.

2 However, we would appreciate it if you delay your final
3 decision in this matter until your next scheduled meeting, so
4 that we might submit in writing to you reasons that we feel are
5 pertinent and reasons that we believe would perhaps support
6 our feeling that it would be to the best interests of the State
7 to accept the bid.

8 CHAIRMAN CRANSTON: Frank, is there any reason the
9 staff has to present for proceeding at this time?

10 MR. HORTIG: No, sir. As a matter of fact, the
11 staff would appreciate the opportunity to be able to review
12 the submittals now proposed to be made by Socony Mobil.

13 MR. SHEEHAN: Well, I'll move that we hold off until
14 we hear from them.

15 CHAIRMAN CRANSTON: I second the motion.

16 Is there any discussion?

17 (No response.)

18 If not, it is so ordered.

19 Is there anything else, Frank, to come before us?

20 MR. HORTIG: That is all, Mr. Chairman.

21 CHAIRMAN CRANSTON: Thank you very much for the
22 brief meeting.

23 We stand adjourned.

24 (Whereupon the meeting was adjourned
25 at the hour of 9:34 o'clock a.m.)

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REPORTER'S CERTIFICATE

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This is to certify that I, ALEX C. KAEMPFER, a duly qualified Certified Shorthand Reporter, was present at the time and place the foregoing proceedings were had and taken before the State Lands Commission of the State of California, in Room 5168 State Capitol Building, Sacramento, California, on Monday, the 18th day of April, 1966, at the hour of 9:22 o'clock a.m. thereof, and that as such reporter I did take down said proceedings in stenotype writing, and that thereafter I transcribed my stenotype writing into longhand typewriting, and that the foregoing pages beginning at the top of page 1 to and including line 23 on page 6 hereof, constitute a true, complete, accurate and correct transcription of the aforementioned stenotype writing, to the best of my ability.

Dated this 18th day of April, 1966.

Alex C. Kemper
Certified Shorthand Reporter