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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
July 12, 1966

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MEETING OF
STATE LANDS COMMISSION
LOS ANGELES, CALIFORNIA
July 12, 1966

PARTICIPANTS:

THE STATE LANDS COMMISSION:

- Hon. Alan Cranston, Controller, Chairman
- Hon. Glenn M. Anderson, Lieutenant Governor
(Hon. Hale Champion absent)
- Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

- Mr. Paul Joseph, Deputy Attorney General
- Mr. N. Gregory Taylor, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)
(Item 16):

Mr. James R. McCall, Special Counsel for
Town of Emeryville

(Item 18):

Mrs. Harry Winter, Owner Ark 5-B

Mr. Carl B. Shapiro, Attorney
(Firm of Hallinan, Shapiro, Hallinan & Rice)
representing ark owners

Mr. Thomas A. Hendricks, Deputy County Counsel
County of Marin

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APPEARANCES: (continued)

(Item 19)

Mr. Thomas A. Hendricks, Deputy County Counsel
County of Marin

(Item 22 -- in separate section)

Mr. Henry W. Wright, Manager Land and Tax
Department, Western Oil and Gas
Association

Mr. William R. Gardner, Division Attorney
Humble Oil & Refining Company

Mr. Herbert S. Harry, Assistant Manager Lands
Union Oil Company

Mr. George Marshall, President
Sierra Club

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

<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 AND RIGHTS-OF-WAY, NO FEE:			
(a) State Dept. Public Works Div. of Highways	20	1	1
(b) Div. of Bay Toll Crossings	28	2	1
3. PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:			
(a) Imperial Irrig. District	22	3	1
(b) Morrison & Weatherly	27	4	1
(c) J. Philip Murphy	9	5	2
(d) Pacific Gas & Elec. Co.			
(1) 17.176 acres	30	6	2
(2) 7.80 acres	31	8	2
(3) 4.591 acres	32	10	2
(4) 0.918 acre	33	12	2
(5) 4.040 acres	34	14	2
(6) 1.446 acres	35	16	2
(e) R.W. & Hazel Mae Sexton	10	18	2
(f) Standard Oil Co. of Calif.	21	19	2
(g) Standard Oil Co. of Calif.	7	20	3
(h) Tidewater Oil Co.	8	22	3
4. OIL & GAS AND MINERAL LEASES AND PERMITS:			
(a) D. D. Feldman			
(1) 40 acr. Sonoma County	11	23	3
(2) 27.79 ac. Mendoc. "	12	26	3
(3) 40 ac. Sonoma County	13	29	3
(b) Eugene Sully Hancock Jr	14	32	4
(c) Deccaxagon Corporation	16	35	4

continued

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(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>
4. OIL & GAS AND MINERAL LEASES & PERMITS continued						
(d) Gianecchini, et al	15	36				4
(e) Phillips Petroleum Co.	6	37				4
(f) Texaco Inc.	5	38				4
(g) Union Oil Co. of Calif.	4	39				4
(h) Pittsburgh Plate Glass Co.	17	40				4
(i) Pittsburgh Plate Glass Co.	18	41				4
(j) Atlantic Oil Company	19	42				5
(k) Edward T. Perry & R.E.Rapp	29	43				5
(l) Approval offer four oil & gas leases:						
(1) 1550 ac. Parcel A	38	44				5
(2) 600 ac. Parcel B	39	58				5
(3) 280 ac. Parcel C	40	51				5
(4) Four parcels in Alameda County under W.O. 5888	41	55				5
5. CITY OF LONG BEACH						
(a) Sixth Modif. 1966 Plan	37	61				5
(Also see supplemental items)						
6. LAND SALES						
(a) Wm. D & Margaret Crinklaw	1	62				6
(b) Rejection Applic. 5546-47	2	63				6
(c) Selection and sale indem- nity lands to Agnes Reid	3	65				6
7. ANNEXATIONS						
(a) City of Sand City	23	67				7

continued

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(In accordance with Calendar Summary)

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8. ADMINISTRATION

(a) Service agreement with City of Petaluma	24	69	7
(b) Interagency agreement with Reclamation Bd.	25	70	7
(c) Interagency agreement Dept.Gen.Services, Office of Architecture & Const.	26	71	7
(d) Interagency agreement with Department of Justice	42	72	7

9. LITIGATION

(a) State Lands vs. Bay Cities Bldg.Mtls & Argonaut Ins.	43	73	8
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10. TRANSACTIONS OF EXEC. OFFICER

Humble Oil & Refining		80	
Pan Petroleum		79	
Parks & Recreation, Dept of Richfield Oil Corp.		80	
Shell Oil Co.		78	
Union Oil Co.		77, 78	
		79	

11. INFORMATIVE:

(a) Senate Conc.Resol. No. 20	44	81	8
(b) Report on major litigation	45	84	9

12. NEXT MEETING

9

SUPPLEMENTAL ITEMS:

13. Approval expenditure \$65,000 by City of Long Beach for purchase of two beach lots	46	86	9
14. Approval cost of Subsidence Studies, City of Long Beach	47	87	10

I N D E X

(In accordance with Calendar Summary)

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SUPPLEMENTAL ITEMS continued

15.	Approval cost of Subsidence Maintenance, City Long Beach	48	90	10
16.	Plan of Development - Town of Emeryville	49	93	10
17.	Stipulation for Judgment re value of sand taken by John A. Peterson, Moe Sand, et al	50	95	16
18.	Corte Madera Ark Site Leases	51	96	16
19.	Permit Marin County Flood Control & Water Cons. District - Reaffirm action 4/28/66	53	98	42
20.	Approval 3rd Qtr. Drilling Schedule 1966 Plan of Development, Long Beach Unit	52	99	50
21.	Approval 7th Modif. 1966 Plan of Development, Long Beach Unit	55	103	51
22.	Proposed oil & gas lease, Parcel 41 (vicinity San Miguel Island)	54	104	Separate section, pages 1-29

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(In accordance with Calendar Items)

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SUPPLEMENTAL ITEMS:

46	86	9
47	87	10
48	90	10
49	93	10
50	95	16
51	96	16
52	99	50
53	98	42
54	104	(Special (Section, (Pgs.1-29
55	103	51

NEXT MEETING: 9

1 JULY 12, 1966 - 10:10 A.M.

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MR. CRANSTON: The meeting will please come to order.

First item is permits, easements and rights-of-way to be granted to public and other agencies at no fee, pursuant to statutes.

(a) State Department of Public Works, Division of Highways -- 49-year right-of-way easement, 2.00 acres tide and submerged land in Napa Slough, Solano and Napa counties for construction of a bridge.

(b) Division of Bay Toll Crossings -- Permit to conduct test borings on ungranted lands of San Francisco Bay in connection with feasibility study of vehicular crossing between San Francisco and Marin counties.

Motion is in order.

GOV. ANDERSON: I move it.

MR. CRANSTON: Approval is moved and seconded. If there is no discussion, so ordered unanimously.

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

Applicant (a) Imperial Irrigation District -- 49-year right-of-way easement, 7.7 acres school land, Imperial County, for transmission line; total rental, \$893.27.

(b) Morrison and Weatherly Chemical Products --

1 10-year lease, 49.89 acres sovereign land of Owens Lake, Inyo
2 County (for an access road and drainage ditches in conjunction
3 with Mineral Extraction Lease P.R.C. 3488.1), annual rental
4 \$157.50.

5 (c) J. Philip Murphy -- 5-year recreational minor-
6 structure permit, 0.028 acre submerged land in Lake Tahoe,
7 Placer County, to construct pier; total fee, \$25.

8 (d) Pacific Gas and Electric Company -- Six 15-year
9 easements for overhead wire crossings as follows: (1) 17.176
10 acres tide and submerged land, San Joaquin River, Contra Costa
11 and Sacramento counties; annual rental, \$559.39; (2) 7.80
12 acres tide and submerged land, Sacramento River, Solano and
13 Sacramento counties, annual rental \$154.90; (3) 4.591 acres
14 tide and submerged land of Cache Slough, Solano County,
15 annual rental \$92.68; (4) 0.918 acre submerged land of Sacra-
16 mento River, Sutter and Yolo counties, annual rental \$36.41;
17 (5) 4.040 acres tide and submerged land of Lindsey Slough,
18 Solano County, annual rental \$79.44; (6) 1.446 acres submerg-
19 ed land of Sacramento River, Sutter and Colusa counties,
20 annual rental \$57.44.

21 (e) R. W. and Hazel Mae Sexton -- Approval of
22 assignment to John G. and Virginia M. Connelly of Lease P.R.C.
23 2975.2, covering Lot 6 of Fish Canyon Cabin Sites, Los Angeles
24 County.

25 (f) Standard Oil Company of California -- Assign-
26 ment to Delta Dehydrating Corporation of Lease P.R.C. 389.1,

1 covering 0.29-acre parcel of tide and submerged land in the
2 Sacramento River, Yolo County.

3 (g) Standard Oil Company of California -- Accept-
4 ance of Quitclaim Deed, Lease P.R.C. 1536.1, and issuance of
5 15-year replacement lease of an enlarged area covering 2.36
6 acres tide and submerged land in Gulf of Santa Catalina at
7 Huntington Beach, Orange County; annual rental \$158.88.

8 (h) Tidewater Oil Company -- Assignment to Phillips
9 Petroleum Company of Leases P.R.C. 731.1 and P.R.C. 1558.1,
10 covering dredging easements in Pacheco Slough near Martinez,
11 Contra Costa County, for maintenance of cooling water supply
12 sources.

13 Motion is in order.

14 GOV. ANDERSON: I move it.

15 MR. CRANSTON: Approval is moved, seconded, so
16 ordered unanimously.

17 4: Oil-and-gas and mineral leases and permits
18 issued pursuant to statutes and established policies of the
19 Commission:

20 (a) D. D. Feldman -- Three prospecting permits for
21 geothermal energy, for mineral waters, for nonhydrocarbon
22 gases, and for all minerals other than oil and gas, at stan-
23 dard royalty rates, as follows: (1) 40 acres land, Sonoma
24 County, in which minerals are reserved to the State; (2)
25 27.79 acres land, Mendocino County, in which minerals are
26 reserved to the State; (3) 40 acres land, Sonoma County, in

1 which minerals are reserved to the State.

2 (b) Eugene Sully Hancock, Jr. -- Prospecting permit
3 for geothermal energy, for mineral waters, for nonhydrocarbon
4 gases, and for all minerals other than oil and gas, at stan-
5 dard royalty rates, on 80 acres lands, Sonoma County, in
6 which the minerals are reserved to the State.

7 (c) Deccaxagon Corporation -- Assignment to Earth
8 Energy, Inc., of prospecting permits for geothermal energy,
9 P.R.C. 3395.2, Sonoma County, and P.R.C. 3473.2, Lake County.

10 (d) Gianecchini, et al. -- Assent to Earth
11 Energy, Inc. of prospecting permits for geothermal energy,
12 P.R.C. 3396.2 and P.R.C. 3472.2, Sonoma County.

13 (e) Phillips Petroleum Company -- Deferment of
14 drilling requirements under Oil & Gas Lease P.R.C. 2205.1,
15 Santa Barbara County, through January 21, 1967.

16 (f) Texaco Inc. -- Deferment of drilling require-
17 ments under Oil & Gas Lease P.R.C. 2955.1, Santa Barbara
18 County, through May 7, 1967.

19 (g) Union Oil Company of California -- Deferment
20 of drilling requirements under Oil & Gas Lease P.R.C. 3033.1,
21 Orange County, through January 26, 1967.

22 (h) Pittsburgh Plate Glass Company -- Extension of
23 term of Mineral Extraction Lease P.R.C. 210.1, Inyo County,
24 for a period of ten years commencing July 19, 1966.

25 (i) Pittsburgh Plate Glass Company -- Extension of
26 term of Mineral Extraction Lease P.R.C. 257.1, Inyo County,

1 for a period of ten years commencing July 17, 1966.

2 (j) Atlantic Oil Company -- Acceptance of Quitclaim
3 and Termination of Oil and Gas Lease P.R.C. 3416.1, San Joa-
4 quin County, effective May 20, 1966.

5 (k) Edward T. Perry and R. E. Rapp -- Acceptance of
6 Quitclaim and Termination of Compensatory Agreement P.R.C.
7 2892.1, Grizzly Island Waterfowl Management Area, Solano
8 County.

9 (l) Approval for Executive Officer to offer four
10 (4) oil and gas leases as follows: (1) 1550 acres tide and
11 submerged land in the San Joaquin River, Sacramento and Contra
12 Costa counties, identified as W.O. 6110 (Parcel A); (2) 600
13 acres tide and submerged lands in the San Joaquin River and
14 False River, Sacramento and Contra Costa counties, identified
15 as W.O. 6115 (Parcel B); (3) 280 acres of tide and submerged
16 lands and 360 acres of land in which the State owns both the
17 surface and mineral rights, all in Contra Costa County, iden-
18 tified as W.O. 5047 (Parcel C); (4) Parcel 1, containing
19 54.26 acres; Parcel 2, containing 0.10 acre; Parcel 3, con-
20 taining 5.35 acres; Parcel 4, containing 3.56 acres; and
21 Parcel 5, containing 1.44 acres, comprising a portion of the
22 South Bay Aqueduct, Alameda County, identified as W.O. 5888.

23 GOV. ANDERSON: I move it.

24 MR. CRANSTON: Approval is moved, seconded; with no
25 discussion, it is so ordered unanimously.

26 5: City of Long Beach: (a) Approval of Sixth

1 Modification of 1966 Plan of Development and Operations and
2 Budget to provide for a contingent liability item of approxi-
3 mately \$640,000 for the purchase of four derricks and sound-
4 proofing for Island "B" for the Plan Year of 1967 only, in
5 the event drilling is terminated before the end of 1967.

6 Motion is in order.

7 GOV. ANDERSON: Move it.

8 MR. CRANSTON: Approval is moved, seconded, so
9 ordered unanimously.

10 Item 6: Land Sales: (a) Authorize sale to William
11 D. Crinklaw and Margaret M. Crinklaw of 443.93 acres school
12 land, Monterey County, at \$12,261.35. (Appraised value,
13 \$11,098.25).

14 (b) Rejection of Purchase Applications Nos. 5546 and
15 5547, Sacramento Land District, and authorization for refund
16 of all deposits except the \$5 filing fee; withdrawal from
17 sale of NE $\frac{1}{4}$ of Section 36, Township 16 North, Range 1 East,
18 Humboldt Meridian, for a maximum period of two years from
19 April 6, 1966, for purchase or lease by the Department of
20 Parks and Recreation.

21 (c) Selection of 29.8 acres indemnity lands, Inyo
22 County, from the public domain of the United States, and
23 authorization for sale thereof to Agnes Reid at the appraised
24 price of \$1,348.45.

25 GOV. ANDERSON: I move it.

26 MR. CRANSTON: Approval is moved, seconded, and so
ordered.

1 7: Annexations -- (a) Approve offshore boundaries of
 2 the proposed annexation by the City of Sand City and inform
 3 the City of Sand City and the Executive Officer of the local
 4 agency formation commission of the County of Monterey of said
 5 approval.

6 GOV. ANDERSON: I move it.

7 MR. CRANSTON: Approval moved, seconded, so ordered.

8 8: Administration -- (a) Authorize Executive Offi-
 9 cer to execute service agreement with City of Petaluma, Sonoma
 10 County, providing for surveying and mapping services to be
 11 rendered the City at the Commission's actual costs not to ex-
 12 ceed \$500.

13 (b) Authorize Executive Officer to execute inter-
 14 agency agreement providing for technical and auditing services
 15 to the Reclamation Board at the Commission's costs not to
 16 exceed \$2,500 for the 1966-67 fiscal year.

17 (c) Authorize Executive Officer to execute inter-
 18 agency agreement with the Department of General Services,
 19 Office of Architecture and Construction, providing for deline-
 20 ating, drafting, and engineering services to the State Lands
 21 Division for the 1966-67 fiscal year, at cost not to exceed
 22 \$12,000.

23 (d) Authorize Executive Officer to execute inter-
 24 agency agreement with the Department of Justice for legal
 25 services concerning the Decree issued by the U. S. Supreme
 26 Court (No. 383, U.S. 448) and other related services, to be

1 rendered during the 1966-67 fiscal year, at total cost not to
2 exceed \$60,000, payable from Support Appropriation - State
3 Lands Division.

4 Motion is in order.

5 GOV. ANDERSON: I move it.

6 MR. CRANSTON: Approval moved, seconded, so ordered.

7 9: Litigation -- (a) Authorize Executive Officer to
8 approve a Stipulated Agreement in compromise and settlement
9 of claims arising out of State Lands Commission versus Bay
10 Cities Building Materials Company, Inc. and Argonaut Insurance
11 Company, San Mateo County Municipal Court, No. 23710, covering
12 unpaid royalty on Mineral Extraction Lease P.R.C. 275.1, San
13 Mateo County, in the amount of \$408.60.

14 Motion is in order.

15 GOV. ANDERSON: I move it.

16 MR. CRANSTON: Approval moved, seconded, so ordered.

17 10: Confirmation of transactions consummated by the
18 Executive Officer pursuant to authority confirmed by the Com-
19 mission at its meeting on October 5, 1959.

20 Frank, do you have anything to report on that?

21 MR. HORTIG: Nothing unique, Mr. Chairman. These
22 were extensions of geophysical and geological permits.

23 MR. CRANSTON: Confirmation is ...

24 GOV. ANDERSON: So move.

25 MR. CRANSTON: Moved, seconded, so ordered.

26 11: Informative only -- no Commission action re-
quired.

1 (a) Report on Senate Concurrent Resolution No. 20
2 re California Waterways.

3 Is there anything to report verbally on that?

4 MR. HORTIG: No, sir. This is for the information
5 of the Commission inasmuch as the Legislature through its
6 Secretary did direct that a copy of the report be transmitted
7 to the State Lands Commission, as well as other concerned
8 organizations.

9 MR. CRANSTON: (b) is report on status of major
10 litigation.

11 Is there anything to report there?

12 MR. HORTIG: Nothing additional beyond that which
13 might be considered and will be considered later on the
14 agenda in connection with the action brought by the Town of
15 Emeryville.

16 MR. CRANSTON: The next formal item, although we
17 are not yet finished, is the date, time and place of next
18 Commission meeting, which is Monday, August 8, 1966, at ten
19 a.m. in Los Angeles. That is confirmed as the next regular
20 meeting time.

21 Then, supplemental items:

22 13: Determine that the expenditure of approxi-
23 mately \$65,000 by the City of Long Beach from its share of
24 tideland oil revenues for the purchase of portions of two
25 beach lots in the Central Beach Area of the City of Long Beach
26 is in accordance with the provisions of Chapter 138, Statutes

1 of 1964, 1st E.S.

2 Motion is in order.

3 GOV. ANDERSON: I'll move it.

4 MR. CRANSTON: Approval is moved, seconded; without

5 discussion, so ordered.

6 14: Approve the costs proposed to be expended by

7 the City of Long Beach for Subsidence Studies, from July 1,

8 1966 to June 30, 1967, in the estimated amount of \$150,000

9 all (100%) estimated as subsidence costs.

10 GOV. ANDERSON: Move it.

11 MR. CRANSTON: Approval is moved, seconded, so

12 ordered.

13 15: Approve the costs proposed to be expended by

14 the City of Long Beach for Subsidence Studies, from July 1,

15 1966 to June 30, 1967, in the estimated amount of \$75,000,

16 all (100%) estimated as subsidence costs.

17 GOV. ANDERSON: Move it.

18 MR. CRANSTON: Approval is moved, seconded, so

19 ordered.

20 16: Find that the proposed plan of development by

21 the Town of Emeryville for approximately 300 acres of

22 granted submerged lands in San Francisco Bay meets neither the

23 trust requirements for commerce and navigation nor, in all in-

24 stances, the test of "General Statewide Interest" as set

25 forth in Ch. 515, Stats. 1919, as amended by Ch. 921, Stats.

26 1959.

28

1 MR. HORTIG: Mr. Chairman, this finding and analysis
2 by the staff were requested by the Office of the Attorney
3 General for incorporation in the answer to litigation which
4 was brought against the State Lands Commission by the Town of
5 Emeryville.

6 The Commission's counsel in this matter, Deputy
7 Attorney General Paul Joseph, is with us this morning; and
8 also there are representatives of the Town of Emeryville
9 present who would like to make a report to the Commission.

10 MR. CRANSTON: Who wishes to speak first?

11 MR. McCALL: I do, Mr. Chairman. My name is James
12 R. McCall, and I am serving as special counsel for the Town
13 of Emeryville.

14 I was informed that this matter would be on your
15 agenda last week and I was not furnished, until walking in
16 the door this morning, with a copy of what is before you.
17 I think it is a finding that the Town of Emeryville project
18 does not meet the terms of the trust grant by which it holds
19 the property in question in some respects. I believe that is
20 the way the finding reads -- there is no general Statewide
21 interest in the project itself.

22 I submit that the committee's finding is in error
23 on these points. I am unaware of how familiar the Commission
24 is with this project. I am informed the files have been
25 available on this matter.

26 We have talked with the staff for eight months on

1 this matter at conferences at Emeryville. I have submitted,
 2 I'd say, at least sixty pages of material on the project it-
 3 self. If the Commission feels it is called for at this time
 4 I'd like to describe the project itself. Perhaps the Commis-
 5 sion would re-examine the finding made by the staff and find
 6 in favor of the project.

7 I don't want to go over the ground in the finding,
 8 but this particular finding would end in a contested litiga-
 9 tion in Sacramento. I think this is the type of matter that
 10 should be settled between the Commission and the Town of
 11 Emeryville.

12 MR. CRANSTON: As far as the description of the
 13 proposed plan, we are familiar with that -- at least, I am.
 14 I have seen plans.

15 MR. McCALL: You have seen plans for the recrea-
 16 tional area and perhaps have seen some of my material. My
 17 argument basically is that the only aspect of the plan which
 18 could by any conceivable means not be in Statewide interest
 19 would be the housing area, the residential aspect of the fill
 20 area. This, if my memory serves me, was the point that was
 21 developed in the conferences with the staff here of the
 22 Commission.

23 I would submit that the residential area is slight-
 24 ly less than one-sixth of the total area that will be devel-
 25 oped -- which, as you know, includes a park and educational
 26 facilities for a junior college site.

1 I also submit that it is only through the utiliza-
2 tion of this small residential area, which is forty-nine
3 acres, that Emeryville can finance the development itself;
4 and we are charged, as you know, under the terms of the trust
5 grant with developing this area within ten years or else the
6 additional uses which were authorized by the amendment to the
7 original granting statute will lapse; and the additional
8 authorized uses of the property which were included in the
9 1959 grant included recreational, educational, industrial,
10 commercial, and residential purposes in which there is a
11 general Statewide interest.

12 I submit that there is a general Statewide interest
13 in the entire project. I think it is apparent on its face,
14 just by looking at it. You are certainly familiar with the
15 needs for recreational, boating and park area, and the beaches
16 we will develop.

17 I think these factors make it apparent to me that
18 there is general Statewide interest in the entire project.

19 I also submit -- because the residential area is
20 vital; without it there can be no project -- there is a
21 Statewide interest in this type of development as included in
22 the project as a whole.

23 I am sure Mr. Joseph is the gentleman who has done
24 more work on this than I. I would assume this finding the
25 Commission will make, if the staff finding is approved by the
26 Commission here, will result in us litigating the law suit;

1 and I assume this offers no room for further amendment to
2 the plan, further conferences or consultations.

3 As you recall, we had many conferences -- at least
4 two there at the City Hall with members of the Commission --
5 and after that point there was a problem of communication
6 which developed, problems with which you are familiar.

7 We would like to talk to the staff some more. If
8 there is any way we can revise our plans and come up with a
9 finding that we can settle this law suit, we would like to do
10 it. I basically have a question about the finding itself --
11 whether this shuts the door; whether we can continue to talk,
12 perhaps amend our plans further; or does the Commission feel
13 the plan is so fatally deficient because it has a residential
14 development.

15 I am here to answer questions and also have the
16 City Engineer here.

17 MR. CRANSTON: Glenn?

18 GOV. ANDERSON: No questions.

19 MR. CRANSTON: Mr. Joseph?

20 MR. JOSEPH: Paul Joseph of the Sacramento Office
21 of the Attorney General.

22 The Attorney General's Office, in an indexed letter,
23 laid down the standards that we thought the plan should be
24 determined by and this was at the request of Senator Holmdahl,
25 who made the request for the information at the request of
26 the city. They were furnished with a copy, of course.

1 Then a suit was filed in the Sacramento Superior
 2 Court. It is still pending. It was in connection with this
 3 suit the request for a finding by the Commission was made.
 4 This law suit was one against the State of California by the
 5 Town of Emeryville for the purpose of having the Court de-
 6 clare that the Emeryville plan of development is consistent
 7 with the trust under which the city owns or holds the tide
 8 and submerged lands.

9 In connection with that, the Office of the Attorney
 10 General laid down what it thought were the legal standards by
 11 which the determination should be made -- the determination
 12 of policy, of fact, and of law -- and I believe the Commission
 13 is acquainted with those factual and legal principles.

14 There is nothing I can say in this regard. It is a
 15 matter of opinion, surely. I am willing to answer any ques-
 16 tions I am able to about it, if there are any.

17 MR. CRANSTON: Glenn?

18 GOV. ANDERSON: No. I move the recommendation.

19 MR. JOSEPH: There is one thing, gentlemen, --
 20 the request here of Mr. McCall for possible further amendment
 21 of the plan. Now, if that takes place, any finding made here
 22 will not apply to those amendments, of course; and if this
 23 city has any other plans to present, then I see no reason why
 24 they can't present some other plan.

25 GOV. ANDERSON: In other words, our passage of this
 26 motion here that is recommended by the staff does not close

1 the door to further discussion?

2 MR. JOSEPH: Not at all. There has been continuous
3 discussion here and very amicable discussion.

4 MR. CRANSTON: Well, I second the motion; and I
5 urge the staff to be prepared to enter into any discussions
6 on any further plans that the City of Emeryville wishes to
7 submit, which should be considered by the Commission in accord-
8 ance with this statement by the Attorney General at a later
9 time.

10 Is there any further discussion? (No response)
11 If not, the motion is adopted unanimously by those present.

12 Next item, 17: Find that the reasonable value of
13 the sand taken by John A. Peterson, Moe Sand Company, et al.,
14 is \$36,500.60, and authorize the Attorney General to enter
15 into a Stipulation for Judgment fully settling the pending
16 lawsuit for that sum; authorize the Executive Officer and the
17 Attorney General to execute all documents required to settle
18 said lawsuit.

19 GOV. ANDERSON: I move it.

20 MR. CRANSTON: Approval is moved, seconded, and so
21 ordered.

22 18: Authorize the Executive Officer to issue new
23 ark site leases to fifteen lessees, for a period of one year
24 beginning July 23, 1966, at annual rentals specified, ranging
25 from \$65 to \$426; and authorize that eviction proceedings and
26 other such legal action as is appropriate be commenced against

1 those persons presently in possession who hold over after
2 July 22, 1966, termination date of their present leases, and
3 fail to execute a new lease and tender the consideration
4 therefor.

5 I'd like to ask Frank Hortig to comment on this
6 item.

7 MR. HORTIG: Mr. Chairman, to reflect the changes
8 in plans by Marin County which will now permit continued
9 occupancy of ark sites westerly of the Bon Air Bridge for an
10 approximate minimum period of one year, the affected State
11 ark site lessees were notified as to the rental rates that
12 would be applicable under new leases, as detailed in the
13 agenda item before you and pursuant to established rental
14 policies and regulations of the State Lands Commission.

15 Objections have been received from the Marin County
16 Board of Supervisors; Assemblyman William T. Bagley; Mr.
17 Arthur B. Wing, a lessee; and Mr. and Mrs. J. W. Hugus, who
18 are lessees -- contending that the notification period on in-
19 creased rentals was too short, the proposed lease term of one
20 year is too short, and that the proposed rental rates are
21 excessive.

22 As to this last factor, the rental rates, as I have
23 already stated, were determined based on and in accordance
24 with the established rental policies of the Commission, which
25 in turn are based upon the appraised value of the land. It
26 is patent that any reduction in these rates would be

1 discriminatory to the balance of the Commission's lessees
2 Statewide.

3 However, Mr. Chairman, you may wish to consider
4 and comment on the first two objections, particularly with
5 reference to the short period of notice and the proposed
6 short period of lease, as it was contained in the recommenda-
7 tion that is before you.

8 GOV. ANDERSON: What happens at the end of the
9 year? Do they have to get off?

10 MR. HORTIG: If the County requires the land.

11 GOV. ANDERSON: Do we know?

12 MR. HORTIG: No, we do not.

13 GOV. ANDERSON: In other words, at the end of the
14 year the lease could be extended for another year or five
15 years or something?

16 MR. HORTIG: This is correct.

17 MR. CRANSTON: The situation apparently is not
18 quite as it was the last time we considered this, since the
19 area near the bridge may not be needed for flood control pur-
20 poses quite as early as was anticipated; is that correct?

21 MR. HORTIG: Westerly of the bridge, this is
22 correct.

23 MR. CRANSTON: I'd like to stress also that the
24 short notice situation that we became involved in was not
25 due to Lands Commission procedures or policies, but was due
26 to local circumstances in the County.

1 In view of the circumstances, I have asked the
2 staff to prepare a recommendation which would permit continued
3 occupancy of the ark sites westerly of the Bon Air Bridge
4 under existing leases to December 31, 1966; and, secondly,
5 new leases effective January 1, 1967 subject to termination
6 on thirty days' notice at the rental rates specified in the
7 agenda item before us. If you can do that...

8 MR. HORTIG: In lieu of the information before you
9 on the agenda item, the goals you have just suggested could
10 be accomplished through adoption of an alternative resolution
11 reading:

12 "It is recommended that the Commission authorize
13 the Executive Officer (1) to cancel the termina-
14 tion notices effective July 22, 1966 for ark
15 sites 1, 2, 4, 5-A, 5-B, 6, 7, 7-A, 8, 9, 10,
16 11, 11-A, 12, and 13;

17 (Parenthetically, these are all ark sites located on Corte
18 Madera Creek westerly of the Bon Air Bridge).

19 "(2) To issue termination notices for the afore-
20 listed ark sites effective December 31, 1966;
21 (3) To issue new leases commencing on January 1,
22 1967 for a term of five years, subject to thirty-
23 day termination, according to the rental schedule
24 set forth below, with the rental rate to be paid
25 annually in advance."

26 And these rental rates would be the same rental rates recom-
mended in the agenda item before you.

The net accomplishment of adoption of this resolu-
tion would be that, in effect, the lessees who would be
eligible for new leases are given six months' notice that the
new leases will be necessary as of January 1, 1967. They

1 will have full knowledge of what the established rental
2 policies of the Commission require, which would have been
3 applicable January 1, 1966 after the original leases expired
4 but which were not applied solely because at the time it was
5 the desire of the County of Marin that these leases be can-
6 celed completely and everyone be removed from the property;
7 and, finally, the effect of proposing to issue a lease for a
8 term of five years, subject to earlier termination if necess-
9 ary for the flood control project, precludes the problem of
10 the lessees having to concern themselves over having to nego-
11 tiate new leases annually if, in fact, Phase 2 of the flood
12 control project should not be ready to go in a year, eighteen
13 months or two years -- whatever the project development by
14 Marin County actually requires should be met, and the lessees
15 could know they were in occupancy and know what conditions
16 they were facing until such time as the area is actually re-
17 quired in fact for the continuation of an authorized flood
18 control project.

19 GOV. ANDERSON: Phase 2 automatically knocks this
20 out?

21 MR. HORTIG: Phase 2 as it is currently designed
22 would knock out these leases.

23 GOV. ANDERSON: If they changed already, is there
24 a possibility they will go on indefinitely, five years or
25 longer, before Phase 2 gets started?

26 MR. HORTIG: Probably not. If Phase 1 is actually

1 carried out under the funds already solicited, then Phase 2
2 is a necessary addition to the project, in order to complete
3 the project.

4 GOV. ANDERSON: And there isn't any way of Phase 2
5 going into effect in any way while these people stay there
6 beyond the eighteen months or two years?

7 MR. HORTIG: In all probability this would be
8 physically impossible.

9 GOV. ANDERSON: So, in effect, what we are really
10 talking about is giving them their present sites at the
11 present rate to the end of the year, and then a lease that
12 will probably go for two years at the new rate.

13 MR. HORTIG: A minimum of one year and possibly
14 longer at the new rate. This depends, of course, on the
15 augmentation of funds for the Federal contribution to the
16 project, which requires a Congressional authorization under
17 the Harbors and Rivers Control Act. These things are diffi-
18 cult to predict.

19 However, since the Federal Government did contribute
20 the money for Phase 1, it is reasonable to expect that Phase
21 2 would be similarly authorized and in a similar manner, so
22 the operation of construction could be continued, so contrac-
23 tors who might be successful in bidding Phase 1 would not
24 have to move off and back in.

25 However, as you suggested, these deadlines do not
26 appear to be deadlines, considering the fact we had the first

1 request from the City of Larkspur last August to the Lands
2 Commission that these leases be terminated and we are now
3 getting around to having those leases easterly of the Bon Air
4 Bridge terminated July 22nd.

5 There has been a considerable spread in time and
6 the lessees have continued in occupancy, therefore, on a month
7 to month tenancy; and this type of flexibility for time of
8 occupancy would be available to the ark site lessees westerly
9 of the Bon Air Bridge without in any way hazarding the project
10 insofar as the County of Marin, the U. S. Corps of Engineers,
11 and the State Flood Control project would be concerned.

12 GOV. ANDERSON: I have been trying to think from
13 the aspect of the lessees, too, that it would seem to me if
14 they are going to be there a short period of time we should
15 not raise them if they are going to be there only a year. If
16 they are going to be there two years, then I think the pro-
17 posal you have is reasonable. That's why I want to be some-
18 what assured. I realize you can't assure me definitely, but
19 it would seem to me from what experience you have had in the
20 past they would be allowed to stay there two years from the
21 first of the coming year.

22 Isn't this a reasonable assumption?

23 MR. HORTIG: This could be; this is correct. It
24 is a reasonable assumption and one would be surprised if
25 anything actually necessarily would bring in the operation
26 any earlier.

1 GOV. ANDERSON: If I make it clear, I am in favor
2 of giving them the next months at this rate. My question is:
3 Is the next period going to be as short as that? I think
4 they are going to be there for another two years. If I am
5 wrong, I would like to be told.

6 MR. HORTIG: No, sir. You are completely correct,
7 Governor, and it is desirable that there be new leases issued
8 at an appropriate time to bring these leases into the scale
9 and proper control that is applied to all other State lessees,
10 for whatever period of time Statewide.

11 GOV. ANDERSON: But other State leases go longer
12 than a year; and two years is short, too, so the people would
13 have a chance to find another location.

14 MR. HORTIG: There are other leases that have only
15 a year to run.

16 GOV. ANDERSON: Not for an ark site. An ark site
17 is practically a home and not something you move around very
18 quickly.

19 MR. HORTIG: This is correct. Of course, the
20 equity in this situation has been the long number of years
21 of occupancy at the low rental rate of initially \$42 a year
22 and finally \$65 a year, which has been enjoyed by these
23 people on the basis of occupying the lands in trespass in the
24 first instance.

25 GOV. ANDERSON: It has been enjoyed by everybody
26 in the State.

1 MR. HORTIG: No, sir. These were the lowest and
2 these were not based on appraised value and not in accordance
3 with the rental policies of the Commission now in effect and
4 which are applicable on the majority of the existing leases -
5 which is why, before the intervention of the flood control
6 project, this same type of negotiation, new rental rates,
7 would have been effective January 1966 but for the interven-
8 tion of this flood control project by the County of Marin.

9 GOV. ANDERSON: Just so I get it clear now, we are
10 in a sense raising their rental fee from roughly \$6 a month
11 to roughly \$35 a month in rent figures, in addition to the
12 rental fee they do have to pay the County in a property tax
13 or personal property tax.

14 MR. HORTIG: Personal property tax.

15 GOV. ANDERSON: And do they go in there and assess
16 that at a fairly high level?

17 MR. HORTIG: The taxes have been levied on the
18 improvements on the sites at about \$100 a year. Now, this
19 question patently could only be answered specifically by the
20 County Assessor of Marin County; but the leasehold interest
21 and the personal property are considered in the assessment
22 rolls by the County Assessor of Marin County.

23 GOV. ANDERSON: I'll move the new recommendation.

24 MR. CRANSTON: I second the motion.

25 Is there any discussion?

26 MRS. WINTER: I am Mrs. Harry Winter, owner of

1 Ark 5-B. I have been an owner of that ark for forty-two years.
2 I not only pay this State land lease; I pay the tax of \$96.57
3 a year and the State Lands Commission lease has raised. I
4 paid \$70 last year. I didn't know whether I was supposed to
5 pay \$65 or \$70. I understand what he said was \$65 a year. I
6 guess I overpaid \$5, but anyway I have been raised from \$65 a
7 year to \$156 a year. Some of them have been raised to \$458
8 a year from \$65 a year, and I was wondering why when we only
9 have such a short time to live there we are being raised.

10 MR. CRANSTON: Well, as indicated in the earlier
11 testimony, we are seeking to maintain the lease arrangements
12 on a par with similar arrangements, those that can be compared
13 to these elsewhere in the State.

14 GOV. ANDERSON: Now, you are aware the present pro-
15 posal keeps the present rate until the first of this coming
16 year?

17 MRS. WINTER: According to the way I read my lease,
18 I have a copy of my lease now, the change goes in on January (sic)
19 22, to pay the new lease from that date. Would you like to
20 see my copy?

21 GOV. ANDERSON: The proposal we just made is that
22 the people on the present ark sites continue their present
23 rate until the first of this coming year.

24 MRS. WINTER: I didn't know that.

25 GOV. ANDERSON: This is the motion we just made.
26 This is a kind of compromise, taking into consideration your

1 problem and also our problem; and our feeling is under the
2 present lease that the ark sites should not be raised until
3 the first of the coming year. Then, at that time, you will
4 have the alternative of either getting out or signing up to
5 five-year lease, with an option on our part where we can give
6 an eviction notice at any time when the County tells us that
7 they want to get on with the flood control project -- which
8 Mr. Hortig tells me will be at least two years.

9 MR. HORTIG: The five-year period was used, I might
10 explain, because this is the normal re-appraisal period for
11 leases by the State Lands Commission; and again, in order to
12 standardize, at the end of five years, if there were then
13 occupancy in fact, the ground rent should be re-appraised
14 again at that time -- although these leases almost certainly
15 will not last that long, but if, for any unforeseen circum-
16 stance, Phase 2 of the project should not go forward in that
17 period of time, this would be to the advantage of the present
18 ark site owners, knowing that they have a firm lease for this
19 period of time depending only on what the requirements are
20 for continuing with the flood control project.

21 MRS. WINTER: Now, there is another problem, sir.
22 I am getting out, as you say, after the termination of the
23 lease. There is no way possible to remove those arks because
24 of the bridge and because of the Hillview Gardens encroaching
25 on the land. It is absolutely impossible to get a bathtub
26 out, not saying you could get your home out of there.

1 Another thing is this - - I am getting a little
2 nervous; I am getting confused here. How are we going to get
3 our homes out of there? As I said, I have been there forty-
4 two years and these are just things that came up within the
5 last few years. They have allowed these things to happen so
6 that it is impossible and it tells us on our lease that we
7 have to move our property off or leave it.

8 I have \$8,000 actual cash, besides what we paid. We
9 bought the property in 1924 for \$300. In 1924 that was a lot
10 of money; and in the course of time since 1952 we have put in
11 \$8,000 in that property. So you see it is not just an ark.
12 It's a home. My living room is sixteen by twenty-eight; I
13 have three bedrooms, a full kitchen, a full breakfast room,
14 and a bath. So they are not small by any means.

15 What are we going to do about getting out of there?

16 MR. HORTIG: Mr. Chairman, may I respond? This,
17 again, of course, has been reviewed extensively before the
18 State Lands Commission and in other public hearings that were
19 held at San Rafael; and the Office of the Attorney General has
20 reported to the State Lands Commission that the State Lands
21 Commission has neither responsibility nor authority to act
22 with respect to this matter. This is a local problem and the
23 only suggestion that can be made is that a solution be made
24 locally in connection with the actual conduct of the opera-
25 tions and the problem on behalf of the County in connection
26 with planning Phase 2 of the project.

1 MRS. WINTER: But this is in our lease. This State
2 Lands lease has something to do with that. This is written
3 in here that we either remove the property or leave it. We
4 can't remove them, so how is it going to be?

5 GOV. ANDERSON: Frank, is this a local situation?
6 You said it is local. I think there was one time an assump-
7 tion or statement on the County's behalf that they had some
8 responsibility there, and a bill was introduced in the Legis-
9 lature and that was turned down.

10 Is there any practical local solution? They don't
11 have anyone they can sue or come back to for solving their
12 problem.

13 MR. HORTIG: Well, patently, since the local organi-
14 zations indicated that this was a local problem and that
15 morally and equitably compensation was possibly due for re-
16 moval or to compensate for loss of these ark sites, with the
17 rejection by the Senate Finance Committee of the bill which
18 proposed that the State pay this compensation, this has re-
19 referred the problem to the local level and to the same offi-
20 cials who felt that there were, as I say, moral and equitable
21 obligations for compensation to these ark site lessees where
22 their property was being taken for this flood control project.

23 Additionally, we have a letter from the City of
24 Larkspur stating that the City of Larkspur stands willing to
25 demolish the arks on State Lands Commission property above
26 the Bon Air Bridge whenever they become vacant; that it is to

1 the advantage of the City of Larkspur to see that this is
2 accomplished so as to prevent trespassing, and assuring us
3 of their cooperation.

4 GOV. ANDERSON: Demolition is one thing

5 MR. HORTIG: But the problem of compensation for
6 having taken this property to demolish it is the problem that
7 is the local problem; and, as I stated, the Office of the
8 Attorney General has stated that the Lands Commission has
9 neither responsibility nor authority in this particular
10 matter.

11 MR. CRANSTON: We have sought to do what we could,
12 as you know.

13 MRS. WINTER: I know. You have been very kind to us.

14 MR. CRANSTON: I think you raise here a matter we
15 do not have authority to act on.

16 MR. SHAPIRO: May I say something? My name is
17 Carl Shapiro. I am a partner in Hallinan, Shapiro, Hallinan
18 and Rice. I represent some twenty-one ark owners along the
19 canal, some of whom are affected by this present proposal,
20 some of whom are not under this immediate proposal.

21 I think you are begging the issue when you say it
22 is not your responsibility and it is the County's responsi-
23 bility or somebody else's responsibility, for two reasons:

24 You are putting in these leases the most harsh
25 landlord provisions that I in my fifteen or sixteen years of
26 practice have ever seen. I have never seen a private land-owner

1 who put such provisions as are in these leases and contrary
2 to all leases I have seen the State of California execute.

3 The second reason is that it is the power of the
4 State Lands Commission over these people which allows the
5 various government agencies like the Flood Control District
6 and the County of Marin and the Larkspur City Council to
7 evict them without possibility of compensation for their
8 homes and for the investment which they have put in them.

9 These people have paid taxes in the County of Marin.
10 They pay a tax on their possessory interest, as well as their
11 real property. They have lived there, been constructive resi-
12 dents in this County; and now your power is being used to take
13 them off the land, and if you are using your power and your
14 authority to take them off the land, it should not be done
15 without some compensation for them and for the investments
16 which they have made.

17 It seems to me if you are going to make a deal with
18 the Flood Control District and the City of Larkspur so you are
19 going to use the State power of eminent domain or the State
20 power of eviction to get rid of these people, then you should
21 use the State power also to help them and make this a condi-
22 tion of any agreement you make with the Flood Control District
23 or the City of Larkspur or any government agency, and make a
24 specific condition that they compensate the people for the
25 property which is being taken for public use.

26 Now, I would make a suggestion, if I may be so bold,

1 and I might say to you that the people in Marin County are
2 aroused over this behavior in a way which I in twenty-five
3 years in that County have never seen them aroused. The
4 Board of Supervisors has suddenly taken an interest in this
5 matter; the newspapers carry a leading article every day
6 about the State Lands Commission and the people in the arks.
7 Almost everybody in the County is familiar with what is hap-
8 pening, and if this much antagonism and antipathy is shown
9 toward a government agency, the chances are the government
10 agency has stepped on somebody's toes.

11 I would make this suggestion, if I may be so bold,
12 and that is that the present month to month tenancies which
13 arose when the leases were terminated be continued; that no
14 action whatsoever be taken on these leases until after the
15 first of the year; and that the State Lands Commission then
16 be in a position to determine from the County of Marin
17 exactly when they are going to do this.

18 These people are entitled to some consideration.
19 Mrs. Winters has lived there forty-two years. These people
20 have built beautiful homes on this creek. They are not house
21 boats. Many of them are houses which are as attractive as
22 any house in the County, and they are entitled to have an
23 answer to this simple question; and you, as the government
24 of California, can get it. I think it is about time that
25 the State Lands Commission stand up to the Flood Control
26 District: "You tell us when you want these people out

1 "specifically. Don't leave these people out on a limb."

2 MR. CRANSTON: I'd like to ask you how there can
3 possibly be resentment directed up to this point against the
4 State Lands Commission, since its entire course of action has
5 been to delay the eviction, to seek to accommodate these
6 people -- and the lady that has spoken is shaking her head;
7 she knows we have done our best to assist these people -- and
8 prevent any local agency to put them out without being heard,
9 and sympathetic action and effective action by the Commission
10 having been taken.

11 What possible resentment can be caused against the
12 State Lands Commission?

13 MR. SHAPIRO: All I ask you, Mr. Chairman, is who
14 sent this letter giving five days' notice? Who raised the
15 rent? Who is the one who is giving the eviction notices?
16 Who is the one, in whose name were these acts taken?

17 MR. CRANSTON: These were acts taken by the Lands
18 Commission, requested by local agencies who stated they have
19 a serious problem in the County. No steps have been taken
20 and the Lands Commission has gone through long meetings to
21 delay action.

22 MR. SHAPIRO: All I can say, Mr. Chairman -- the
23 people in Marin County who are concerned with them, some of
24 them anyway, only see in whose name these acts are taken.
25 They only see the power of the State of California being
26 directed against them. They don't see the Flood Control

1 District doing this, and the Flood Control District doesn't
2 do this because the Flood Control District would have to
3 reimburse them for the value of the property taken.

4 If this State Lands Commission stood up and said
5 to the Flood Control District, "You may condemn their sewer
6 line and you may condemn their possessory interest for flood
7 control purposes," then the courts of Marin County would have
8 to assess and evaluate this property so these people would be
9 paid for the condemnation which is taking place through some
10 devious device of the ownership of the land.

11 They have an interest. They have a possessory inter-
12 est. It was possessory enough so the Marin County Assessor
13 taxes it. If Mrs. Winter is paying \$100 a year, that means
14 her property is appraised at approximately thirty-two hundred
15 dollars, her possessory interest. That's just a tax appraisal
16 and this is, I am sure, common.

17 Now, you can't blame the Flood Control District for
18 raising the rents and say it is a realistic appraisal of the
19 value of real property where you have a tenancy which can be
20 terminated at any time and you have only a ground lease --
21 and it is not a full lease, either. Most of these people are
22 partly on State land and partly private land, and are paying
23 two landlords. This land has not gone up 600% in the last
24 six months or ten years.

25 The land has depreciated in value as far as the
26 interest these people have. I think it is ridiculous to say,

1 "Mrs. Winter, your land has gone up 600%," when she is going
2 to have to move out today or tomorrow.

3 I say the State Lands Commission has a duty to the
4 public of Marin County and it also has a duty to the people
5 with whom it has dealt for forty years in this matter; and if
6 the State Lands Commission is willing to exercise its duty to
7 the people who are there and their position as a landlord to
8 protect as many interests as it is possible to protect, that
9 the proper solution would be at this time to take only one
10 simple act -- and that is, no action. Just leave it as it is
11 until January and then re-evaluate the picture.

12 By that time you will have a better idea of the
13 real value of this property. By that time you may be given
14 an idea from the County of Marin what their needs are as a
15 County. This is the only thing I can think of which will
16 leave things in status quo and not create an unbelievable
17 burden on the people who are living there.

18 GOV. ANDERSON: What happens, Frank, if we leave
19 it like it is and do it on a month to month basis to the end
20 of the year?

21 MR. HORTIG: As to the ark sites west of Bon Air
22 Bridge, this is the effect of the resolution.

23 GOV. ANDERSON: No, no. You are suggesting a
24 lease ...

25 MR. HORTIG: No. As to the ark sites west of Bon
26 Air Bridge, your resolution already leaves them under the

1 existing lease in effect on a month to month tenancy basis,
2 subject to sixty days notice to terminate, effective to
3 January 1967. So the practical result would be identical
4 with what the gentleman suggested.

5 GOV. ANDERSON: What would happen if we went like
6 that to the first of the year and took another look at it the
7 first of the year, to see if we can determine if their land
8 has appreciated enough under these circumstances to raise
9 their rent?

10 MR. HORTIG: The re-appraisals have already been
11 made and so it is factual; and I might suggest entirely
12 equitable.

13 For the record, it should be noted that a letter of
14 objection was also received -- a protest against ark site
15 abandonment -- from Gerda Weldon. Miss Weldon is not a
16 lessee of the State, actually resides on private property;
17 and, parenthetically, she notes she has been making monthly
18 rental payments on the private property which total \$600 a
19 year and has for the last several years past, so so far as
20 equitable rents...

21 GOV. ANDERSON: Is she on our land?

22 MR. HORTIG: No.

23 GOV. ANDERSON: Are the flood people going to take
24 her property?

25 MR. HORTIG: Yes.

26 GOV. ANDERSON: Will they compensate her for her
ark?

1 MR. HORTIG: No, sir -- because the owner of the
2 private property is requiring all money in condemnation to
3 come to him. He also gives all improvements and he will
4 decide how they are removed and is requiring in his condemna-
5 tion that the County clear the property. The private
6 parties on the property are actually suing the lessee to do
7 this.

8 So the State Lands Commission's position has been
9 of high equity and high consideration for all of the people
10 insofar as ark sites that have been located on State lands.

11 GOV. ANDERSON: Frank, I would be unhappy if I had
12 moved into an ark site lease agreement of some sort forty-two
13 years ago, when they thought maybe I could move it off some
14 time, and I lived there and lived up to all requirements of
15 the lease and then the City or County or governmental agencies
16 boxed me in so I couldn't get out under any circumstances,
17 and now the Flood Control and the County and the City and
18 State come together with their various powers and say, "You
19 can't get out."

20 I feel they have a real gripe. I think we should
21 help to see what we could do. That's why I asked the ques-
22 tion earlier: Is there a local solution? I don't see a
23 local solution in this.

24 MR. CRANSTON: I'd like, along the lines of what
25 Glenn has talked about, to have the comment of the Attorney
26 General along the lines suggested, which would leave it in

1 hands of the Flood Control.

2 MR. TAYLOR: Mr. Cranston, there is no legal basis
3 on which compensation can be given to these lessees. I
4 believe you personally and Governor Anderson supported legis-
5 lation which would have given compensation. This is not a
6 compensable interest in terms of our Constitution.

7 GOV. ANDERSON: You mean when the Flood Control
8 District comes in and takes over property they cannot pay
9 for that property?

10 MR. CRANSTON: This is a possessory interest. It
11 is not property you own.

12 Could you comment on this legal question?

13 MR. SHAPIRO: Yes.

14 MR. CRANSTON: Are you an attorney? Could you
15 comment on this?

16 MR. SHAPIRO: Yes. I think there are two factors
17 involved. One is whether or not this is a compensable inter-
18 est, and I don't think it is as clear as counsel would have
19 you think to say that an interest, which is an interest in real
20 property and consists of a possessory interest taxable under
21 County taxing procedures and is also personal property in the
22 form of a home located with permission and removable, is not
23 compensable under the Condemnation Act.

24 It seems to me none of us seem to have all the
25 facts, the people along the canal have all the facts, between
26 the State Lands Commission and the Flood Control District and

1 the City of Larkspur; but you were acting under terms of an
2 agreement with the Flood Control District that you will see
3 the homes are removed as part of their project. You could
4 insist that such a provision be written into this contract
5 that would make the Flood Control District act equitably
6 with these people. If you are acting under an agreement with
7 the District, you will do this, it seems to me. The agree-
8 ment should contain something along the lines we have talked
9 about towards compensation, whether or not it is a condem-
10 nable interest. If it is an agreement, it doesn't make any
11 difference. It is a condition they would have to accept if
12 they want the homes moved.

13 Don't forget the excuse given these people for
14 justifying the removal of their homes is to some extent they
15 are removing a sewer, which these people put in and just this
16 year finished paying for. They paid \$100 a year for the last
17 ten years. This last year concluded the last of the payments
18 and the justification you are giving for the evictions is
19 that the sewer line has to be removed.

20 MR. TAYLOR: As to this last point, you recall you
21 requested the County to see if they couldn't either relocate
22 the sewer line or make adjustment. The County has made the
23 adjustment; the sewer line is going to stay in.

24 Your recommended action is to cancel the notice of
25 termination, so these people will be allowed to remain; so I
26 believe to that point we have taken care of everything.

1 As to his first point, as to an agreement so that
2 the possessory interest could be compensated for under an
3 agreement, this is a joint Federal-State project. The
4 Federal Government pays the money for improvement; the State
5 pays for the acquisition of the property. The State can only
6 pay for a compensable interest. The Water Resources Agency
7 is the one who pays the County for the reimbursable cost of
8 land and it cannot make an appropriation to the County for an
9 interest that is not compensable.

10 We have two statutes. There is one statute in the
11 Highways Code. There are special statutes on the Feather
12 River projects, where on a case by case basis terminable
13 leases of this sort have by specific authorization been al-
14 lowed to be compensated for.

15 However, this sort of bill was introduced in the
16 Senate. There was a hearing and the bill was killed at the
17 end of that hearing. I have spent a number of hours on the
18 phone with attorneys with the Water Resources Agency and the
19 attorneys in our Office who represent the Water Resources
20 Agency, and we can come up with no theories where we can come
21 up with compensation.

22 GOV. ANDERSON: The Flood Control District can't
23 consider this?

24 MR. TAYLOR: Not for compensation without statutory
25 authorization. Again, they would get in trouble with the
26 Gift Act. They don't have any authorization, either directly

40
1 applicable to the Resources Agency or Flood Control agency.
2 This is a joint Federal-State project. We have done every-
3 thing we could; and you were represented in its favor and the
4 bill was killed. There isn't much more we could have done.
5 As a matter of fact, we have done far more.

6 MR. HENDRICKS: Tom Hendricks from the County
7 Counsel's office in Marin County.

8 I hate to have a surplus of legal advice for you
9 here, but it would seem, as Mr. Taylor has stated, that as
10 the law is presently written there can be no compensation for
11 the people above the Bon Air Bridge.

12 However, due to the fact that this bill was pre-
13 sented and sponsored by the Marin County Supervisors through
14 Assemblyman Bagley and Senator McCarthy in a special session
15 and also due to the fact that these people are prevented from
16 moving their arks, probably this bill will be re-introduced
17 in the regular session because of this special factor and
18 will be again brought before the Senate Finance Committee.

19 If we get special legislation to pay the people who
20 live above the Bon Air Bridge, Marin County or the Flood Con-
21 trol District is more than happy to do this, if it is author-
22 ized by State law -- but currently it is not. There is no
23 way, as Mr. Taylor has stated, that we can enter into any
24 agreements to compensate these people under the law as it is
25 constituted.

26 MRS. WINTER: May I say this in addition? There

1 has been a precedent of paying people on this Corte Madera
2 Creek. When they put the Bon Air Bridge in, a Mr. Wing was
3 compensated by the fact that they moved his house from where
4 it was standing to its present position. I am not clear on
5 the facts. One ark had been paid \$3,000 because of removal
6 and if one can be paid by moving it, and so forth, I think
7 we all should be paid, don't you?

8 GOV. ANDERSON: I'd like to change the motion that
9 I made earlier that implied a new lease the first of the
10 year would increase rents.

11 I'd like to see us go on, continue for the balance
12 of the year at the present rate, and then if there is indica-
13 tion a bill might be introduced that would give them compen-
14 sation or other things, we can take a look at a possible rent
15 increase at that time -- although my present inclination is
16 if these people are going to be kicked off and their property
17 destroyed, we surely shouldn't raise their rent. My feeling
18 is that even after the first of the year their rent should
19 not be raised.

20 I don't know what kind of motion this should be
21 because we are in a difficult area. If you could state that...

22 MR. HORTIG: This is eminently simple, gentlemen.
23 I think it could be accomplished by the Commission authorizing
24 the Executive Officer to cancel the termination notices
25 effective January 22, 1966 for ark sites 1, 2, 4, 5-A, 5-B,
26 6, 7, 7-A, 8, 9, 10, 11, 11-A, 12, and 13.

1 Under these circumstances, those lessees will con-
2 tinue on a month to month occupancy in ark sites west of Bon
3 Air Bridge until further action by the State Lands Commission

4 GOV. ANDERSON: Then it would be on a month to
5 month basis. We could be assured that for any new eviction
6 notices or orders that would be sent out, we would be alerted
7 to this fact so we could discuss it at that time?

8 MR. HORTIG: Yes, sir.

9 MR. CRANSTON: It is quite possible also that delay
10 would carry on to the point where it would be possible in a
11 regular session of the Legislature -- rather than in a budget
12 session, where it is rather difficult to have a full hearing
13 of this type -- that there could be legislation next year for
14 compensation to the residents.

15 Would you make that motion?

16 GOV. ANDERSON: I'll make that motion.

17 MR. CRANSTON: The motion is made as stated and is
18 seconded. Is there any further discussion? (No response)
19 If not, that is the order.

20 Item 19: Reaffirm action taken April 28, 1966,
21 setting five cents per cubic yard as amount to be paid by the
22 Marin County Flood Control and Water Conservation District
23 for dredging approximately 380,000 cubic yards of material
24 from Corte Madera Creek and Corte Madera Canal, Marin County.

25 MR. HORTIG: Mr. Chairman, in conjunction with the
26 original authorization by the Commission to issue a right-of-

1 way to the Marin County Flood Control and Water Conservation
2 District for the construction of the project which was the
3 primary subject of discussion in the preceding item, there
4 was also authorization given to dredge approximately 380,000
5 cubic yards of material from the creek and canal, with a
6 royalty of five cents per cubic yard to be paid.

7 On June 2, 1966 a letter was received from Marin
8 County, requesting no charge be paid for the dredged material
9 deposited on and for the benefit of private lands, as the
10 owner of the private lands consents to the deposit of the
11 material but refuses to pay for the dredged material.

12 This is really, again, a local problem in that
13 while Section 6303 of the Public Resources Code provides in
14 part:

15 "When a contractor or permittee has a contract
16 with or a permit from ... any authorized public
17 agency to dredge.... tide or submerged lands,...
18 creeks, "... for the improvement of navigation,
19 reclamation, or flood control, the Commission
20 may, when in the best interests of the State,
21 allow such contractor or permittee to have
22 sand, gravel, or other spoils dredged from the
23 sovereign lands of the State located within
24 the areas specified in such contract or permit
25 upon such terms and conditions and for such
26 consideration as will be in the best interests
of the State."

22 Now, the current specified minimum royalty for
23 dredged material deposited on private lands is five cents
24 per cubic yard, hence this value was assessed in connection
25 with the proposed permit. For good grade fill material it
26 is sixteen cents per cubic yard.

1 Again, from the Public Resources Code, royalty
2 paid for dredged material would be deposited in the General
3 Fund. So there is a question of constitutionality if dredged
4 material from State lands were allowed to be placed on pri-
5 vate lands without payment of royalty and it could be con-
6 sidered an unauthorized subvention to the Marin County Flood
7 Control and Water Conservation District.

8 Therefore, it is recommended the Commission re-
9 affirm the action taken on April 28, 1966, Minute Item 44,
10 Page 12,625, to provide for royalty of five cents per cubic
11 yard for any material dredged from the project which is so
12 placed as to benefit private lands.

13 I am sure the County Counsel of Marin County would
14 like to make a statement to the contrary.

15 MR. HENDRICKS: If I may, Mr. Chairman. Gentlemen,
16 I do not want to take very much of your time because I know
17 you are busy and this has been a long session.

18 We have had many, many sessions over Corte Madera
19 Creek. The basic problem here and the problem that Mr.
20 Hortig did not mention is the fact that if we are, or Marin
21 County Flood Control and Water Conservation District is
22 assessed five cents per cubic yard royalty, this royalty will
23 be required to be paid not by private landowners, but by the
24 taxpayers of the Marin County Flood Control and Water Conser-
25 vation District.

26 The reasons for this are rather complex. The first

1 problem is there is only a certain amount of land in the
2 Corte Madera Creek on which the fill can be placed. The
3 Army Corps of Engineers has estimated that in order to remove
4 this fill to another location, to put it out in a potato
5 patch offshore Marin County or elsewhere, is going to cost
6 something like fifty cents a cubic yard. This cost also will
7 have to be paid by the taxpayers of the Marin County Flood
8 Control and Water Conservation District.

9 The representatives of that District have negotiated
10 at great length with the proposed people who are to receive
11 the fill. We have an informal commitment from a Mr. Musey
12 (phonetic) to take the fill. He has agreed to that and per-
13 haps he will pay two and one-half cents for it, but he has
14 not committed himself to that.

15 So what this means is this: That the Flood Control
16 District, the taxpayers of the Flood Control District, are
17 going to have to pay the money, as well as the other expenses
18 themselves, not the private landowners.

19 Under Section 6303, which deals with the fact that
20 your Commission can charge such rates as is deemed in the
21 best interests of the State, I don't think anyone here can
22 say that having the taxpayers of a public district pay five
23 cents a cubic yard for bay mud back into the State is to the
24 best interests of the State of California.

25 This Commission has in the past not strictly ad-
26 hered to the five cents per cubic yard charge. In fact,

1 in the Department of Public Works permit issued in 1962 as to
 2 Bel Marin Keys, at least part of that spoil material, a major-
 3 ity of it went on public lands but a great part of it went on
 4 private lands; and there was no royalty paid. You can say
 5 the Department of Parks and Recreation paid no royalty again
 6 because the taxpayers were going to have to pay for the royal-
 7 ty if it was levied.

8 Mr. Hortig mentioned that the Commission is current-
 9 ly getting sixteen cents per cubic yard for good grade fill;
 10 but this, gentlemen, is not good grade fill. This is bay mud.
 11 If bay mud is placed on property it means the property is un-
 12 usable for one to two years. I think we have been fortunate
 13 in getting people to consent to put the mud on their property.

14 MR. CRANSTON: What do you recommend we do?

15 MR. HENDRICKS: What I am recommending you do, Mr.
 16 Chairman, is to charge no royalty to the Marin County Flood
 17 Control and Water Conservation District, except in the occa-
 18 sion where we can get a royalty paid by the private land-
 19 owners.

20 I mentioned Mr. Musey said he might pay two and one-
 21 half cents. If we can get this royalty, then it will be paid
 22 to the State Lands Commission; but it is our position that
 23 this royalty should not be paid by the taxpayers but should be
 24 paid by the private landowners and I think that was the intent
 25 of the action taken on April 28th.

26 GOV. ANDERSON: Frank, so I understand what we are

1 talking about, he refers to this bay mud and you, in your
2 description used the description of good grade fill material.

3 MR. HORTIG: At sixteen cents.

4 GOV. ANDERSON: In other words, this is not good
5 grade fill material; this is bay mud?

6 MR. HORTIG: Yes, sir.

7 GOV. ANDERSON: When was the last time you sold bay
8 mud?

9 MR. HORTIG: Probably in connection with a fill by
10 Finley-Carpenter in Marin County as of July 1964, where the
11 fill was to be deposited on private land, royalty paid at
12 five cents; also Granite Construction Company -- this was
13 better gravel and we got nine cents in 1965.

14 GOV. ANDERSON: But that other was bay mud?

15 MR. HORTIG: It was essentially the same type of
16 material and was for the benefit of privately-owned property.

17 I think this has to be set in context for the
18 Commission. This is, as you heard, a joint project in which
19 it is estimated \$3,600,000 of the construction costs will come
20 from the Federal Government, compensation for right-of-way
21 acquisition of about a million dollars will come from the
22 State of California; and yet Marin County is here contending
23 that they should not pay \$15,000, which would be about the
24 total amount at five cents a cubic yard, as their local con-
25 tribution to a project of this order of magnitude that is
26 already being so heavily supported by the Federal and State

1 governments.

2 MR. HENDRICKS: Of course, Mr. Hortig, you realize
3 this is not the only expense the Marin County Flood Control
4 and Water Conservation District is being put to.

5 MR. HORTIG: I appreciate that, but it will be a
6 minimum contribution as compared to the Federal and State
7 costs, aside from the problem that the State Lands Commission
8 is carrying out its own established policies uniformly in
9 accordance with the statute and the Constitution. We have
10 had taxpayer suits for lesser items than this.

11 MR. HENDRICKS: I am aware of that. I think,
12 though, that the problem - - the quality of the fill is more
13 or less irrelevant. The question is the fact that the tax-
14 payers of this Flood Control District are going to have to
15 pay for it. I don't think that is, in fact, the policy of
16 this Commission. I don't think that is the intent of Section
17 6303.

18 We are faced with a rather embarrassing alterna-
19 tive because if we cannot get the royalty reduced, as I said
20 to such terms that if we can collect from the property owners
21 we will reimburse the State Lands Commission, we are going to
22 have to ask this Commission to let us have an assignment of a
23 lease of Mr. Nels Schultz, who is paying a one cent royalty
24 per cubic yard for bay mud.

25 I might point out Mr. Schultz is not receiving any
26 of the mud here. He is doing this because he realizes the

1 District is in somewhat of a bind. I think this way

2 GOV. ANDERSON: I missed this last point. If we
3 adhere to our recommendation here, then what is your next
4 step you are going to ask us?

5 MR. HENDRICKS: Our next request would be to allow
6 Mr. Schultz to assign his right to dredge bay mud. I gave
7 you a copy of the letter there. This was granted to him in
8 1955. He is currently paying one cent per cubic yard and
9 this would reduce, at least, the obligation of the taxpayers
10 in the Flood Control District; and as I pointed out, he is
11 not getting any of the fill .

12 As to the Flood Control District, I can promise you
13 that the staff has been working in the past, attempting to
14 get five cents per cubic yard from the people who are going
15 to get the fill. We have just not been successful. I guess
16 we are here admitting our failure, asking your help.

17 MR. HORTIG: May I comment, Mr. Chairman?

18 The lease referred to, which Mr. Hendricks suggests
19 might be available for assignment, probably would not be.
20 This was issued pursuant to competitive public bidding on
21 March 31, 1955. The minimum specified was one cents a yard
22 for bay mud and this was also the bid. It is a bid for a
23 specific new location and, in view of the fact that it was a
24 bid for this location, it is extremely doubtful that this
25 lease would be assignable to be used at another location.

26 Also, as I pointed out, it is eleven years old.

1 MR. HENDRICKS: Excuse me again. Just to dredge
2 from this particular location would result in a reduction of
3 the royalty that is payable to the State Lands Commission ex-
4 cept by the taxpayers.

5 MR. HORTIG: Except that the Schultz Investment
6 Company is not authorized to dredge in Corte Madera Creek
7 at the location you desire.

8 GOV. ANDERSON: Then if we take the staff's recom-
9 mendation, your next step will be to bring this Schultz
10 assignment in.

11 What would our reaction be then?

12 MR. HORTIG: We would have to consider its legality
13 and whether it could be recommended to the Commission.

14 GOV. ANDERSON: Perhaps the best thing is for us to
15 take the recommendation of our staff and have you make that
16 request, and we will cross that bridge when we come to it.

17 I move it.

18 MR. CRANSTON: I second the motion. Is there any-
19 thing further to discuss? (No response) If not, it is so
20 ordered. Having maybe done something to improve our status
21 in Marin County in Item 18, I hope our name is not mud because
22 of Item 19.

23 Item 20: Approve the Third-Quarter Drilling
24 Schedule for the 1966 Plan of Development and Operations and
25 Budget, and the bottom-hole location procedure, Long Beach
26 Unit, Wilmington Oil Field, Los Angeles County.

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Motion is in order.

GOV. ANDERSON: I so move.

MR. CRANSTON: Moved, seconded, so ordered.

Item 21: Approve the Seventh Modification of the 1966 Plan of Development and Operations and Budget, Long Beach Unit, Wilmington Oil Field, Los Angeles County, providing for various changes in the 1966 Plan of Development and Operations and Budget as outlined in THUMS Approval Request 23-66.

GOV. ANDERSON: I move it.

MR. CRANSTON: Moved, seconded, so ordered.

(ITEM 22 is contained in a separate section, pages 1 through 29)

CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing pages one through fifty-one and also pages one through twenty-nine on Item 22 as contained in a separate section contain a full, true, and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Los Angeles, California, on July 12, 1966.

Dated: Los Angeles, California, July 15, 1966.

Louise H Lillico

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EXCERPTS FROM
TRANSCRIPT OF
MEETING

of

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA

JULY 12, 1966

ITEM 22: Proposed oil and gas lease,
tide and submerged lands, Santa Barbara
County, vicinity of San Miguel Island,
W. O. 6125 (Parcel 41).

1 ITEM 22 - STATE LANDS COMMISSION MEETING JULY 12, 1966

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MR. CRANSTON: Item 22 -- Proposed oil and gas lease, tide and submerged lands, Santa Barbara County, vicinity of San Miguel Island, W.O. 6125 (Parcel 41). (Industry's response to Commission's request for guarantees, pursuant to request made by the Commission at its meeting of June 28, 1966.)

Is there a spokesman here on that point?

MR. HORTIG: Yes. May I suggest, Mr. Chairman, that in view of the fact there are representatives here for Western Oil and Gas Association who wish to report on the general problems, as well as reports of the high bidders for the parcels which were under consideration, and specifically Parcel 41 under consideration today, you might call on the representative of the Association and then the bidders will wish to make specific representations.

MR. CRANSTON: Is there an Association representative here?

MR. WRIGHT: Mr. Chairman and members of the Commission, may the record show that my name is Henry W. Wright, Manager, Land and Tax Department, Western Oil and Gas Association, a particular association representing companies here in the west who produce, market and refine more than ninety percent of all the crude oil and gas of members operating offshore the United States and Mexican border.

1 Some months ago your Commission acted upon a recom-
 2 mendation from its staff that six offshore parcels be offered
 3 around the western end of San Miguel Island. In offering these
 4 parcels there was no reference to any requirement which would
 5 make it mandatory that operators conduct all surface operations
 6 at least one mile from shore. However, following a call for
 7 bids, the receipt of bids on three parcels and the opening of
 8 these bids, the Commission now asks that a one-mile limita-
 9 tion be placed on the leases and that onshore facilities be
 10 prohibited.

11 Inasmuch as companies who have bid on Parcels 41, 45,
 12 and 46 did so with the understanding that there would be no
 13 restrictions as to where a potential offshore platform might
 14 be located, it seems unnecessary for the Commission to now
 15 ask them to consent to a one-mile setback. The economics on
 16 which the bids were based would be upset by this "after the
 17 fact" requirement. As an industry we believe that this re-
 18 quirement is unnecessary at San Miguel Island, and also ex-
 19 press the opinion that the fears of the outdoor club repre-
 20 sentative are groundless.

21 I am sure that our member companies who follow me
 22 will briefly and pointedly make their views known to you.
 23 Beyond this, our industry is most concerned - - we feel we
 24 are at a turning point in the matter of oil and gas leasing
 25 and would like to set the record straight on representations
 26 made by the Sierra Club before this Commission on June 28, 1968,

1 in that at that meeting you were told:

2 (1) that offshore oil drilling is harmful to the
3 marine habitat, and the habitat surrounding the western one-
4 third of San Miguel is of such an unusual nature that it must
5 be preserved by precluding offshore drilling closer than one
6 mile from shore;

7 (2) You were further told that a national park, em-
8 bracing all of the Channel Islands, including San Miguel, was
9 imminent and there was wide support for the creation of such a
10 park not only in the County of Santa Barbara but in the
11 Congress of the United States;

12 (3) You were also told that the master plan for the
13 County of Santa Barbara would be circumvented by any but park
14 use of San Miguel;

15 (4) Further, that the State Lands Commission must
16 make sure that no onshore oil processing facilities are con-
17 structed on the island; and

18 (5) That the sea lion and sea elephant rookery must
19 not be disturbed by offshore oil drilling or any type of con-
20 struction work.

21 As an industry, we have read and re-read the tran-
22 script of this meeting and the presentation made by the out-
23 door club representative and we find these statements of the
24 Sierra Club to be confusing and a curious mixture of state-
25 ments. I believe, in all fairness to the members of the Com-
26 mission, you must have all the facts before you so that you can

1 make a decision which could have a long-lasting effect on the
2 leasing program of the State of California.

3 First, let's make one thing very clear:

4 Offshore oil drilling enhances the marine habitat.
5 This fact is borne out by a comprehensive two-year study con-
6 ducted by California's Department of Fish and Game, covering
7 a number of offshore platforms on State of California oil and
8 gas leases. Qualified marine biologists from the Department
9 were on platforms for a number of months following drilling
10 operations. In most instances there was no marine habitat
11 or marine life prior to the erection of the oil and gas
12 structure. To quote from Fish and Game's report, Offshore
13 Oil Drilling, Its Effect Upon the Marine Environment, we
14 note the following -- and I am quoting:

15 "During the study there was no evidence of
16 deleterious effects from any part of the opera-
17 tion. The entire operation was very clean and
18 the island towers served to enhance the habitat.
19 Many fishes have been attracted to the installa-
20 tions and a heavy encrustation of various or-
21 ganisms has developed on the structures. This
22 encrustation includes such animals as kelp
23 scallops, barnacles, and mussels, and has added
24 greatly to the available fish food.

25 "With regard to the question (still quoting)
26 this investigation set out to answer, we can state
at this time that the changes in marine habitat
brought about by establishing offshore oil drill-
ing installations were generally beneficial to
the flora and fauna."

27 I am not, generally speaking, an expert on the flora
28 and fauna; but those found in the westerly one-third of San
29 Miguel Island are interesting and far from unique. They are

1 found both above and below Point Conception and this mixture
2 is a result of the intermingling of different ocean currents
3 in the vicinity of Point Conception. Similar, if not exactly
4 the same, flora and fauna are to be found in waters surround-
5 ing Santa Rosa, Santa Cruz and San Nicolas Islands, and, of
6 course, at Point Conception.

7 There has been much discussion about sea elephants
8 and sea lions. The rookery for sea elephants and sea lions
9 is located at the extreme western end of San Miguel Island.
10 On the basis of the bids received by the Commission, the
11 parcels on which there is evidence of oil industry interest
12 are not located near the western tip of the island. No bids
13 were received on that area.

14 The hardiness of sea elephants and sea lions is
15 impressive when you stop to consider that they have flourish-
16 ed in the vicinity of an island that has for the past twenty-
17 five years been used extensively by the Navy as a bombing
18 range, aerial gunnery range, shore bombardment area, and most
19 recently as a training site for naval aviators in the use of
20 Bullpup missiles. Naval aviators make firing runs on targets
21 moored in the near-shore waters -- for the most part in Cuyler
22 Harbor. A danger zone was recently created covering the
23 eastern two-thirds of the island and it was created so as to
24 embrace a three-mile band of State-owned submerged land
25 around that portion of the island.

26 I submit that the adverse effect on the flora

1 and fauna of just one of the dozen missiles fired monthly
 2 is far, far greater than that from any oil operation that
 3 might be contemplated.

4 At the present time there is no legislation before
 5 the Congress to create a Channel Islands National Park or a
 6 recreational area. Over the past ten years three bills have
 7 been introduced to accomplish this end. True, responsible
 8 legislators have considered proposals in detail, but no legis-
 9 lation has been enacted and now we find recent press reports
 10 in Santa Barbara indicate that there is increasing disenchant-
 11 ment in the park project at the Channel Islands. The general
 12 inaccessibility of the islands, particularly San Miguel, has
 13 led to the view that there are other areas in the county far
 14 more suitable for park use. There is growing sentiment that
 15 a portion of the Hollister Ranch be acquired as a national
 16 recreation area, also that existing State parks within the
 17 county be enlarged to handle the growing year-round demand by
 18 the public.

19 If a national park or recreation area were created
 20 at some future time, our operations off the southern Cali-
 21 fornia coast would not affect their operations. We operate
 22 compatibly with many of these national recreation areas and na-
 23 tional seashores administered by the National Park Service.
 24 There is both onshore and offshore production along Padre
 25 Island, which is a national seashore near the well developed
 26 resort area of Corpus Christi, Texas.

1 Just two weeks ago the U. S. Senate Interior Com-
2 mitte's Parks and Recreation Subcommittee told us they would
3 make it crystal-clear in the proposed report on the Oregon
4 Dunes National Seashore that offshore oil pipelines could be
5 run beneath the seashore and every encouragement given to the
6 development of existing State and Federal offshore leases
7 adjacent to the proposed seashore.

8 It was unfortunate that on June 28th San Miguel
9 Island was somehow classified as within the county's master
10 plan as a national park. I quote from the county's master
11 plan:

12 "San Miguel Island, the westernmost island, is
13 buffeted by strong westerly winds and is sur-
14 rounded by dangerous reefs. It formerly was
15 used as sheep grazing land, but in recent years
16 the only significant habitation of the island
17 has been occasional use by the United States
18 Navy."

19 Continuing to quote:

20 "The general plan of the County of Santa Barbara,
21 therefore, proposes the continuation of the
22 present land policies on the islands; that they
23 be used for agricultural and open uses at least
24 until that time when detailed studies can be
25 prepared to determine what areas, if any, are
26 appropriate for development for recreational or
other purposes."

27 Now, although it may properly be the concern of the
28 State Lands Commission as to whether onshore oil facilities
are constructed on San Miguel Island, the fact is, gentlemen,
that the land is simply not within your jurisdiction. San
Miguel has been the property of the Federal Government since
the Treaty of Guadalupe Hidalgo 116 years ago and has been

1 for the last thirty years under the full direction and control
 2 of the Navy Department. If oil production is ever achieved
 3 on the leases offered by your Commission, the operators will
 4 be required, if they intend to process oil onshore, to work
 5 out an agreement with the Navy Department -- and that should
 6 be an interesting meeting.

7 It has been my pleasure and assignment over the past
 8 few months to talk to thousands of individuals in Santa Bar-
 9 bara, Ventura and San Luis Obispo counties. They are not con-
 10 cerned that offshore oil is going to impair their coastal
 11 esthetics, for existing offshore operations which you gentle-
 12 men have put in the water have proved that such is not the
 13 case. They are interested in seeing that the State encourages
 14 development of its natural resources and are encouraged that
 15 the revenue received by the State is used to help underwrite
 16 the understandably growing costs to administer the State of
 17 California. As to recreational areas, they are interested
 18 in locations to which they can drive with their families.
 19 San Miguel Island does not meet this specification.

20 Imagine yourself taking your family to an island
 21 described by Mr. Duncan Gleason in his book The Islands and
 22 Ports of California. He says, and I quote:

23 "San Miguel, a barren wind-swept mesa, lies
 24 three miles to the west of Santa Rosa Island
 25 across San Miguel Passage. . . . The waters
 26 here are said to be the roughest on the Cali-
 fornia coast, because of the meeting of cross
 currents and high winds that whip around Point
 Conception to vent their force on San Miguel.

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"Now the island that is being blown into the sea by the sixty-mile gales will be further blasted away by guided missiles and aerial bombs. . . . It is especially dangerous to approach San Miguel Island."

During the discussion on the danger zone which attempted to take three miles of your land around the island, the industry felt there were certain offshore potentials. At that time we received a letter from you, Governor Anderson, in which you said in part:

"We (State of California) favor a revised proposal which would permit multiple use or even the use of a portion of the total area. This could furnish the initial opportunity for petroleum exploration and development . . ."

Multiple use is an important concept and it is working today on both the State and Federal submerged lands along the Pacific coast. There is no need to impose a one-mile setback around San Miguel, for the things that are of value to all of us can be preserved and enjoyed while at the same time efforts are underway to achieve petroleum production from platforms which might have to be built less than one mile from shore.

As an industry we urge you not to require a one-mile setback at San Miguel Island.

If there are any questions, I have just returned from a day and a half at the bottom at San Miguel -- and by "bottom" I mean 170 feet of water; so I know what the bottom looks like and will be glad to answer any questions you may have.

1 Thank you for your time.

2 GOV. ANDERSON: At the last meeting a Humble Oil
3 representative said he knew of no company plans to drill with-
4 in the one-mile limit or to seek onshore facilities, and all
5 work would take place on platforms at a greater distance from
6 the shore. Would it be our understanding today that this
7 statement is not correct? I recognize the problem of dealing
8 with the Navy on the onshore activities

9 MR. WRIGHT: Right.

10 GOV. ANDERSON: ... but would it then be the thought
11 that your platforms and your production installations would
12 be within the mile limit, at, say, a half mile? Is there
13 another figure that is more practical? I realize the depth
14 you are getting into.

15 MR. WRIGHT: It is not only the depth but the
16 turbulence. There is only an immediate area around the beach
17 that surrounds the island that is not a seething mass of con-
18 flicting currents. It is really treacherous water. For that
19 reason, I believe the operators -- after their leases are
20 awarded -- should have the option to locate their platform
21 at any location within the three-mile limit, with the under-
22 standing that they could come back to this Commission with
23 their proposed platform location.

24 All I am asking now is that their hands not be tied
25 at San Miguel.

26 Is it east of Gaviota, Frank, that you asked for a

1 one-mile setback? That is a rather well populated area com-
2 pared to San Miguel. The sea lions I talked to the last few
3 days are not very conversant with esthetics.

4 MR. HORTIG: Mr. Chairman, before proceeding and
5 in order to have a certain degree of continuity in the record
6 I believe there are two communications dealing with problems
7 in general that should be read into the record at this time,
8 prior to proceeding with the specific presentations of the
9 bidders.

10 First, there is a letter from the Department of
11 Fish and Game addressed to me, subject "San Miguel Island
12 Oil Lease Land, Effect on Biota":

13 "We have received word that the issuance of
14 leases of State water bottoms off San Miguel
15 Island for oil exploitation is being held up,
16 pending a statement from the Department of
17 Fish and Game on the effect of the construc-
18 tion of offshore islands on the biota.

19 "You are, of course, familiar with the work
20 done by Department biologists on the effect of
21 offshore oil drilling on the marine environment.
22 The results of this work appeared in a report
23 submitted on January 31, 1962 to the Western Oil
24 and Gas Association, in accordance with their
25 cooperative agreement with the Department.

26 "A further discussion of this problem appears in
the Department of Fish and Game Fish Bulletin
#124, by Carlisle, Turner and Ebert, entitled
"Artificial Habitat in the Marine Environment."

"This work showed there was no damage to the
environment through the construction of offshore
islands or platforms. On the contrary, actual
enhancement of a number of desirable species
was recorded. Since this work was done on sandy
bottoms, structures built on rock should be simi-
larly checked to see if the same results prevail.

1 "We have no biological evidence for denying
2 these leases or permits, provided that the work
3 is done under proper control, and every effort
4 is made to minimize loss to marine life during
5 the construction and operation of these facilities.

6 (signed) W. T. Shannon, Director."

7 The Commission is also the recipient this morning
8 of the following telegram:

9 "HON STATE LANDS COMMISSION
10 STATE OF CALIFORNIA LOS ANGELES

11 PLEASE TAKE NOTICE THAT THE STATE OF CALIFORNIA
12 HAS NO TITLE WHATEVER TO THE SUBMERGED LANDS,
13 MINERALS, GAS, OIL AND OTHER HYDROCARBON SUB-
14 STANCES UNDERLYING SAID SUBMERGED LANDS WHICH
15 WERE THE SUBJECT OF YOUR SUMMARY CALENDAR ITEM
16 NUMBER 3 at JUNE 28 1966 MEETING BEING PARCEL
17 #41 W O 6125 COVERING 5646 ACRES AND SITUATED
18 NORTHERLY OF SAN MIGUEL ISLAND. SAID LAND FOR
19 WHICH THE HONORABLE STATE OF CALIFORNIA LANDS
20 COMMISSION WILL CONSIDER AN OIL AND GAS LEASE BID
21 AT YOUR JULY 12 1966 MEETING.

22 THESE SUBMERGED LANDS LIE OUTSIDE OF THE CONSTI-
23 TUTIONAL BOUNDARIES OF THE STATE OF CALIFORNIA
24 BY PREEMPTION CLAIM RECORDED JULY 25TH 1946 BOOK
25 704 PAGE 15 RECORDS SANTA BARBARA COUNTY CALIF
26 I ESTABLISHED TITLE TO SAID SUBMERGED LAND AND
ALL MINERALS, OIL, GAS AND OTHER HYDROCARBON
SUBSTANCES THEREIN AND THEREUNDER AND AM NOW THE
SOLE OWNER THEREOF.

IF YOU ENTER INTO AN OIL AND GAS LEASE OR ANY
OTHER CONTRACT COVERING THESE LANDS YOU WILL DO
SO AT YOUR PERIL AND WITHOUT MY APPROVAL OR
CONSENT. JULY 11 1966

HILLMAN A. HANSEN OWNER"

MR. CRANSTON: Are the representatives of the bidding
companies here?

MR. GARDNER: My name is William R. Gardner,
Humble Oil and Refining Company, and I would like to read
into the record a letter from the three companies who were

1 the high bidders and the only bidders for Tract 41.

2 These three companies are Standard Oil Company of
3 California, Atlantic Richfield Company, and Humble Oil &
4 Refining Company.

5 The letter is dated July 11, 1966. It is addressed
6 to the State Lands Commission:

7 "Please refer to your letters of June 29, 1966
8 with respect to Parcels 41 (W.O. 6125) and 46
9 (W.O. 6150). The undersigned companies submitted
10 joint bids for oil and gas leases covering said
11 Parcels 41 and 46, which were opened on June 14
12 and June 28, 1966, respectively. These bids were
13 the only bids submitted for said parcels.

14 "Your letters of June 29, 1966 state that at the
15 request of the Sierra Club, we may be required to
16 provide a written guarantee that no surface opera-
17 tions would be conducted within one mile of shore
18 on said parcels and that onshore facilities would
19 be prohibited as a condition precedent to the
20 award of said leases by the State Lands Commission.

21 "We are unwilling to furnish any such written
22 guarantee and wish to enter a strong protest
23 against any such possible requirement by the
24 State Lands Commission for the following reasons:

25 1. In view of the fact that said parcels cover
26 completely untested and unexplored areas, it
is extremely difficult and impracticable, and
may involve substantial additional costs to
agree in advance that no operations will be
conducted within a mile of shore and that no
onshore facilities of any kind will be utilized.

2. The conditions, referred to above, were not
contained in the published notices calling
for submittal of bids on said parcels. A
special hearing was held on March 4, 1966, in
Santa Barbara to determine whether the State
would proceed with the leasing of said parcels
and whether any special terms, conditions, or
restrictions would be required in connection
with operations pursuant to oil and gas leases
covering said parcels. Despite a protest by

1 " the Sierra Club, no such conditions or
2 restrictions were imposed in the offering
of said parcels for competitive bids.

3 3. It would be highly improper and inequit-
4 able to change the terms and conditions
5 covering operations on a lease after the
6 call for bids has been published and after
7 bids have been submitted. We think it is
extremely unfair to the State Lands Commis-
8 sion and to the successful bidders for any
9 group to make such request after bids were
10 opened and the amounts thereof made public.

11 4. Should the State Lands Commission, in
12 this instance, impose additional conditions
and restrictions on lease operations after
13 opening of the bids, the industry will be
14 unable to rely on the terms of any future
15 offer to lease and therefore unable to
16 effectively evaluate it. The amount of any
17 future bid will necessarily reflect such un-
18 certainty.

19 5. There appears to be no real necessity for
20 such action on the part of the State Lands
21 Commission. It has been thoroughly demon-
22 strated that oil and gas operations can be
23 conducted in offshore waters, as well as
24 adjacent onshore urban areas, without dis-
25 turbance to fish and wild life or the public.
26 The oil industry has demonstrated willingness
27 and ability to take every precaution in con-
28 ducting such operations.

29 "In view of our good faith submittal of bids in
30 reliance on the notices published by the State
31 Lands Commission, we respectfully request that
32 the State Lands Commission execute and deliver
33 to the undersigned oil and gas leases covering
34 said Parcels 41 and 46."

35 and this letter is signed by Standard Oil Company of Cali-
36 fornia, Humble Oil & Refining Company, and Atlantic Richfield
37 Company.

38 MR. CRANSTON: Thank you very much.

39 MR. HORTIG: Mr. Chairman, representatives of

1 Union Oil Company of California and Mobil Oil Corporation,
2 bidders for Parcel 45:

3 MR. HARRY: My name is Herbert Harry and I am with
4 Union Oil Company. My purpose is to read our letter of
5 response to Jack Pfeil's letter of June 29, 1966, regarding
6 Parcel 45. It is appropriately addressed, dated July 11th:

7 "In answer to your letter of inquiry dated
8 June 29, 1966, Union Oil Company of California
9 and Mobil Oil Corporation are not in a position
10 to make any guarantees other than the all in-
11 clusive ones submitted with our bid for Parcel
12 45.

13 "Should circumstances similar to those affecting
14 the State Lands Commission (consideration of
15 award of Oil and Gas Lease covering Parcel 41)
16 be presented in connection with our bid for
17 Parcel 45, we would consider the following:

18 1. Should it ever become necessary because
19 of geological, engineering or economical
20 reasons for a permanent type platform to
21 be located on said parcel, a request there-
22 for will, in accordance with the lease, be
23 submitted for approval to the State Lands
24 Commission.

25 2. Because of the ownership of San Miguel
26 Island as well as the distance of Parcel 45
from other land, we cannot give a guarantee
against onshore facility installation.

Very truly yours, "

and signed by Union Oil Company of California and Mobil Oil
Corporation.

MR. CRANSTON: Thank you.

Is there another representative of an oil company
who wishes to speak? (No response)

Are there others that wish to be heard on this?

1 MR. MARSHALL: My name is George Marshall. I am
2 president of the Sierra Club.

3 I am most interested in the testimony that has been
4 given here today and sympathize with the positions taken, but
5 must still disagree with the conclusions and the request they
6 have made to the Commission.

7 It is a little difficult to know just at which point
8 to start. I will not repeat in detail the testimony and refer-
9 ences that Fred Eissler, secretary of the Sierra Club, gave at
10 a previous meeting of this Commission, but will perhaps point
11 out a few problems and try to discuss some of the points that
12 have been raised -- and try to do it without taking too much
13 of your time.

14 First of all, I should like to emphasize again that,
15 despite the present use of part of San Miguel Island by the
16 Navy, that San Miguel Island was one of five areas in the en-
17 tire western coast, one of three such areas along the Cali-
18 fornia coast, which the National Park Service Survey of 1959,
19 Pacific Coast Recreational Area Survey, regarded as being in
20 the prime category of areas to be acquired and of national
21 interest; and, furthermore, that the bill introduced by Senator
22 Engle in the last session of Congress further indicates a
23 national interest.

24 As to the situation regarding bills before this
25 Congress, as of yesterday no bill had been introduced but I
26 was informed that one might be introduced either today or

1 later this week. Now, I can't guarantee that, but that is
2 something that you can check during the course of the week or
3 I should be glad to inform you of that. In any case, this
4 session of Congress has pretty well run. Certainly there
5 would be no definitive action on a national park proposal at
6 this session, but I think it will be and would be a prime
7 national park consideration during the coming session of
8 Congress. This Congress, after all, has considered a great
9 many conservation issues and has a considerable backlog of
10 work before this session ends.

11 Therefore, I would like to suggest that in any
12 determination that you make you do consider the fact that this
13 is an area, San Miguel in particular is a part of the area,
14 that is of national park quality and national park interest
15 in terms of conservation groups. I don't know what action
16 the National Park Service will take in the next session of
17 Congress. One can't guarantee those things in advance.

18 Now, I don't know whether I have to mention that
19 the Sierra Club is just not an outdoor or California associa-
20 tion, even though we are based in the State of California.
21 We have a really common national organization, cooperating
22 with numerous other groups in the conservation and other
23 fields.

24 Now, I think the importance of the one-mile limit
25 has been stressed as a matter of esthetics -- that when the
26 City of Santa Barbara, for example, objected to having oil

1 platforms off its shoreline, it was done on that kind of
 2 basis; and this isn't just an idea dreamed up by a civic con-
 3 servation organization, but apparently is a regulation made
 4 through a city or county.

5 The one-mile limit is something that is established
 6 in law around the existing national monument of Santa Barbara
 7 and Anacapa islands and would be presumably in any bill for
 8 the protection of a Channel Islands National Park, as a part
 9 of their general protection.

10 There are various interests, too, in establishing
 11 an underwater national park as a part of the Channel Islands
 12 Park, trying to keep the natural areas there for scientific
 13 purposes and probably for future recreational purposes, for
 14 skin divers. Whether that would be possible right offshore
 15 with the bad currents near San Miguel - - I have the under-
 16 standing with the one-mile limit that would be possible.

17 Now, on the matter of effect of onshore facilities,
 18 of course if they were in a national park that would be quite
 19 contrary to national park policy. One doesn't have commer-
 20 cial developments within a national park. I don't think there
 21 are any exceptions unless there may be in Alaska or Death Val-
 22 ley. I think those are the only exceptions.

23 Furthermore, as to the effect of oil facilities,
 24 oil derricks, oil platforms, and so on, on wildlife, I am not
 25 at all persuaded by the letter from Mr. Shannon that it en-
 26 tirely covers the points at issue. I know studies have been

1 made and that sometimes more fish collect or breed, I don't
2 know which, underneath sheltered areas; but the main species
3 at issue here are various species of mammals, not commercial
4 fish. I think he used the term, if I remember correctly,
5 something to the effect "species of value or significance."
6 Well, I don't know whether the State Fish and Wildlife Service
7 considers the sea mammals -- which are not commercial animals,
8 but animals of great importance esthetically and scientific-
9 cally -- as animals of importance and I did not hear in that
10 report, and perhaps I missed something, a proper evaluation
11 of the effect of the proposed facilities on these important
12 animals and, again, with many species, just how many excep-
13 tions you can make in one area and not reduce them.

14 Of course, if the national park or national sea-
15 shore, whichever it will be, is established -- the great sea
16 mammals, plus the ones that go to San Miguel and other islands,
17 will be an important factor and feature in the entire picture.

18 There is one question that I'd like to ask. I
19 thought this was just on Parcel 41. Is it also on Parcel 46?

20 MR. CRANSTON: There are other parcels where bids
21 have been received.

22 MR. MARSHALL: I mean is the question the approval
23 of the bid on 46?

24 MR. CRANSTON: That is not before us at this time,
25 no.

26 MR. MARSHALL: As to who has legal jurisdiction over

1 San Miguel Island or the waters under the one-mile limit, I
2 am not going to try to guess. I think that is something
3 counsel will have to look into if these are serious problems.

4 However, I would like to suggest something, gentle-
5 men, and I know it is difficult -- bids having been asked for
6 and made -- whether there cannot be a moratorium on bids on
7 underwater areas, tidelands, et cetera, for oil and gas around
8 the Channel Islands until a reasonable time is permitted for
9 seeing whether a national park or national seashore will be
10 established with a one nautical mile limit around them.

11 I can't see from any evidence that has been pre-
12 sented that there is any necessity on the part of the oil
13 companies to develop these particular oil lands at this time
14 compared with a few years from now if the national park
15 projects should not go through, as it is expected they will
16 go through.

17 Furthermore, as far as the State of California is
18 concerned, well, it is always desirable to have additional
19 funds in the Treasury. I don't think, with regard to these
20 leases, that there is any urgency involved in that respect.
21 In any case, a decision on land use isn't only on this kind
22 of basis.

23 Now, there is another matter I hadn't thought of
24 bringing up and not being a lawyer I can only tell you what
25 I was told on advice of counsel -- something perhaps you
26 might look into. It is secondary to the main issue, although

1 it goes beyond that -- and that is the interpretation under
2 the California Public Resources Code, Sections 6836 and 6827,
3 of the meaning of granting bids to the highest qualified
4 bidder. Counsel have advised me that in their opinion the
5 term "highest bidder" assumes that there must be more than
6 one bidder. That's a matter that I imagine has been before
7 you. I don't know whether it has been adjudicated in the
8 courts and we didn't have time to run this down through vari-
9 ous court decisions, but I don't intend to argue the issue on
10 that technical basis.

11 It is on the general public policy basis that there
12 would be substantial damage, especially if there is a national
13 park, to have oil developments either onshore or in the one-
14 mile limit; and that sufficient time should be given before
15 approving such leases until the national park or national sea-
16 shore proposal can be carefully considered by the coming
17 Congress.

18 MR. CRANSTON: Governor Anderson has a question.

19 GOV. ANDERSON: Yes. Mr. Marshall, I want to ask a
20 question here. In my twenty-five years of public life I have
21 tried to identify myself with the efforts of protecting fish
22 and game and wildlife and things like this, as well as stress-
23 ing the importance of esthetics; but in this case you have
24 raised the point of esthetics and I am a little confused on
25 this.

26 Now, my feelings in the past towards esthetics have

1 been with regard to places where people could see the things
2 and drive along the highway or where they would see them from
3 their homes. I think that had something to do with the fact
4 that we put in the one-mile limitation in certain areas.

5 Now, how does the location of these platforms --
6 whether they are one mile or two miles off these shores --
7 affect the esthetics? Doesn't somebody have to see something
8 before there is a value of esthetics?

9 MR. MARSHALL: Yes, I should think so, but if San
10 Miguel is a part of a national park they would see the oil
11 platforms, which I think are unesthetic. That may be a per-
12 sonal feeling that I have, that many people share. In any
13 case, it is a nonconforming development in a national park.

14 GOV. ANDERSON: In other words, if there were not
15 a national park, so the people wouldn't get out there, the
16 esthetic argument would disappear, probably?

17 MR. MARSHALL: Yes, I would think so. If San Miguel
18 were not a national park or a national seashore or some area
19 of that kind, if that is not to be the long range usage of
20 that area, then I wouldn't think that this argument would be
21 particularly strong; but I think that on the island they
22 could see it.

23 As far as going to the island and the problem of
24 currents, I think folks have gone there and do go there; but,
25 furthermore, I think one has to remember that on various
26 other islands -- Santa Catalina, for example -- there is a

1 regular plane service; and the Navy having been there, I
2 imagine if it is made into a national park the air fields
3 will continue to be there. That would be a natural way for
4 people to get out for weekends or longer periods and I think
5 that would mean that a considerable number of people would be
6 affected by what goes on within the one-mile limit.

7 GOV. ANDERSON: If the Federal Government made this
8 a national park, would that make it just the island or would
9 it be an area surrounding the island? Would it get out into
10 the area we are talking about today or would it be restricted
11 to the land itself? What is normal policy on that? Then I
12 would also like you to comment on what was mentioned earlier
13 about commercial activities in national parks.

14 MR. HORTIG: Governor, the best precedent for pos-
15 sible action by the Federal Government is consideration of
16 the existing Anacapa Island national monument, around which
17 the Secretary of Interior has declared a one-mile protective
18 zone for the benefit of protection of the fauna and the flora
19 in the area. This, however, being a protective zone over-
20 lying the State-owned three-mile belt around Anacapa Island,
21 is not effective and cannot be construed as applying as
22 against any other lawful operations that the State Lands Com-
23 mission might feel should be authorized in the best interests
24 of the State of California.

25 In other words, that protective zone would only
26 provide that there be maintained the same type of protective

1 conditions for the fauna and flora as are already required in
2 State Lands Commission leases in the event the Commission
3 would offer the area for lease, and platforms within that one-
4 mile zone would be a proper and completely effective multiple
5 use.

6 GOV. ANDERSON: If there were platforms within the
7 one-mile area around this island, would this have a tendency
8 to discourage the Federal Government from making this a
9 national park?

10 MR. HORTIG: This, of course, would be a factor in
11 their consideration, but I hasten to point out that the leases
12 were offered by the State Lands Commission after full public
13 hearing and determination that all the protective issues pre-
14 scribed by the Legislature, that were desired by the County
15 of Santa Barbara and by the landowners of the potentially
16 affected adjoining lands, were included and were met.

17 As a matter of fact, as possibly one of the larger
18 bars to contemplation of establishment of a national park, I
19 can only cite the fact that after the hearing at Santa Bar-
20 bara, the County of Santa Barbara authorized a private resi-
21 dential and recreational development to a private owner of
22 the easterly end of Santa Cruz Island; and this is the type
23 of development that is completely contrary to the criteria
24 for the areas contemplated by the National Park Service for
25 a national park.

26 GOV. ANDERSON: Are you trying to tell us the chances

1 are that this national park is not going to come?

2 MR. HORTIG: I don't think the expectation is very
3 reasonable, and I am sure Mr. Marshall will disagree with me.
4 My only evidence is a review of the National Park Service
5 about 1910 as to whether the Tahoe Basin should be required
6 for a national park; and thinking back to 1910, the report
7 cites the fact that there are already too many private resi-
8 dences and too much commercial development in the area in
9 order to meet the standards for an area which the Park Service
10 would like to include as a national park.

11 If there are any parallels to be drawn from it --
12 Anacapa Island is practically impossible to land on except
13 for the birds; Santa Cruz and Santa Rosa Islands are in pri-
14 vate ownership and the private owners are not in favor of a
15 national park development and the county has authorized pri-
16 vate recreational development and subdivision on one of the
17 islands; and San Miguel, the only other island that could
18 even be reached -- because Santa Barbara and San Nicolas are
19 much too far out to sea -- San Miguel being under the juris-
20 diction and the use of the Navy Department, the Command having
21 assured the State Lands Division that it is a tactical necess-
22 ity that the Navy continue to operate on this island and they
23 have expanding use for this island, its utility as a national
24 park is at least problematical.

25 MR. MARSHALL: May I comment, or have I taken more
26 time

1 MR. CRANSTON: If you could briefly, please.

2 MR. MARSHALL: Well, I do think that there is a good
3 chance, as I said before, of having a national park; and,
4 secondly, as far as the use of the Navy is concerned, the
5 technology of the Armed Services does shift and opportunities
6 for important public parks in the Golden Gate headlands, for
7 example, were formerly considered at the time essential for
8 national defense.

9 In any event, San Miguel, I believe, would be in-
10 cluded in the park, even though the Navy part of it likely
11 would be phased out over a period of years.

12 I don't want to repeat myself, but I think the
13 damage to park values of the proposed lease would be most
14 serious.

15 Thank you.

16 MR. CRANSTON: Thank you very much.

17 Frank, do you have a letter from the Department of
18 Interior relative to this that should be in the record?

19 MR. HORTIG: Yes. It is addressed to you: (From
20 the United States Department of the Interior, National Park
21 Service, Western Region)

22 "Dear Mr. Cranston:

23 "Reference is made to my letter to the Hearing
24 Officer, State Lands Commission, dated March 3,
25 pertaining to the proposed oil leases adjacent
to San Miguel Island of the Channel Islands
group.

26 "As previously stated, the Department of the
Interior proposes to seek Congressional

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"authorization for establishment of a Channel Islands National Park comprising the islands of Santa Cruz, Santa Rosa, San Miguel, Anacapa, and Santa Barbara. Previously a bill for such purpose was introduced by former Senator Engle.

"The unique recreational and scientific values of the islands well justify National Park designation. Biological values are abundant. The Stellers Sea Lion, the California Sea Lion, and the Harbor and Elephant Seals are abundant on the shores of San Miguel Island. Oil exploration or production activities on the south shore of San Miguel would destroy the rookeries of the sea lions and elephant seals.

"Any consideration that can be given to preventing oil industry activities adjacent to the shoreline would assure preservation of fragile scientific and recreational values for future use and enjoyment of California citizens.

(signed) Edward A. Hummel, Regional Director "

MR. CRANSTON: Frank, do we have any material of a confidential nature in the Lands Commission files, giving any indications as to what the prospects are for oil being developed? I am not particularly impressed by the size of the bonus bids. I am wondering if you have any information you have not disclosed and cannot disclose here, that we could review. As I understand it, this does not have to be approved until the August meeting.

MR. HORTIG: This would be in the nature of a reasonable delay. However, answering your first question, the confidential information which is in the possession of the technical staff and must be kept ...

MR. CRANSTON: You do have such information?

1 MR. HORTIG: confidential - - I have to qualify
2 it. Until wells are drilled it cannot be said categorically
3 that there is or is not oil. There are prospects.

4 MR. CRANSTON: I am just asking if we have informa-
5 tion and I'd like to know about it before we make a decision.
6 I also think it would be appropriate that the other member of
7 the Lands Commission be present when we act.

8 GOV. ANDERSON: Along that line I find a conflict
9 between the statement of the Fish and Game Commission and the
10 man from the Department of Interior, where he stated these
11 rookeries would be destroyed, whereas the communication from
12 Mr. Shannon indicated there would be no damage at all and
13 there might even be enhancement.

14 Could we find out if Fish and Game was thinking
15 solely of commercial fish? Did this include sea lions and
16 mammals and anything else? We have a little time.

17 MR. HORTIG: We will undertake to get clarification
18 from the record and from our own experience.

19 To possibly minimize Mr. Marshall's fears about the
20 mammals not being considered and being driven off by oil opera-
21 tions, hand feeding of the sea lions by our inspectors on our
22 offshore platforms is a very common occurrence.

23 GOV. ANDERSON: Then why would the Department of
24 Interior make that statement categorically that they would
25 destroy them?

26 MR. HORTIG: This we would like to review with them.

1 GOV. ANDERSON: The one we are talking about today
2 is not on the south side. It is on the north side. Are any
3 of these mammals on the north side?

4 MR. HORTIG: They, of course, migrate a little bit.
5 Of course, we have had a little conflicting testimony which
6 said the rookeries were on the portion where there is no
7 lease offer.

8 GOV. ANDERSON: I thought one on the westerly side
9 took a great portion of that.

10 MR. HORTIG: They were offered, but there were no
11 bids. (Above comments barely audible to reporter and some
12 discussion was had looking at map, which was not audible)

13 MR. HORTIG: We will obtain for you the specifics
14 on the geography of the rookery and the impact and effect
15 of this, and the unexpressed viewpoint of Fish and Game; as
16 well as the details of the opinion of the Department of the
17 Interior and whether this rookery is fixed or whether these
18 mammals migrate over the island.

19 GOV. ANDERSON: I have never been on the island,
20 but I have flown over it.

21 MR. HORTIG: From recent information, because Navy
22 target practice is more active the mammals, being curious,
23 are showing up to see what the shooting is about.

24 MR. CRANSTON: If there is nothing further to be
25 presented on this matter at this time we will pass it over to
26 the next meeting. I believe there is no other matter on the
agenda, so we will stand adjourned.

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EXCERPTS FROM
TRANSCRIPT OF
MEETING

of

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA

JULY 12, 1966

ITEM 22: Proposed oil and gas lease,
tide and submerged lands, Santa Barbara
County, vicinity of San Miguel Island,
W. O. 6125 (Parcel 41).

1 ITEM 22 - STATE LANDS COMMISSION MEETING JULY 12, 1966

2

3 MR. CRANSTON: Item 22 -- Proposed oil and gas
4 lease, tide and submerged lands, Santa Barbara County,
5 vicinity of San Miguel Island, W.O. 6125 (Parcel 41).
6 (Industry's response to Commission's request for guarantees,
7 pursuant to request made by the Commission at its meeting of
8 June 28, 1966.)

9 Is there a spokesman here on that point?

10 MR. HORTIG: Yes. May I suggest, Mr. Chairman, that
11 in view of the fact there are representatives here for Western
12 Oil and Gas Association who wish to report on the general prob-
13 lems, as well as reports of the high bidders for the parcels
14 which were under consideration, and specifically Parcel 41
15 under consideration today, you might call on the representa-
16 tive of the Association and then the bidders will wish to
17 make specific representations.

18 MR. CRANSTON: Is there an Association representa-
19 tive here?

20 MR. WRIGHT: Mr. Chairman and members of the Commis-
21 sion, may the record show that my name is Henry W. Wright,
22 Manager, Land and Tax Department, Western Oil and Gas Associa-
23 tion, a particular association representing companies here in
24 the west who produce, market and refine more than ninety per-
25 cent of all the crude oil and gas of members operating off-
26 shore the United States and Mexican border.

1 Some months ago your Commission acted upon a recom-
 2 mendation from its staff that six offshore parcels be offered
 3 around the western end of San Miguel Island. In offering these
 4 parcels there was no reference to any requirement which would
 5 make it mandatory that operators conduct all surface operations
 6 at least one mile from shore. However, following a call for
 7 bids, the receipt of bids on three parcels and the opening of
 8 these bids, the Commission now asks that a one-mile limita-
 9 tion be placed on the leases and that onshore facilities be
 10 prohibited.

11 Inasmuch as companies who have bid on Parcels 41, 45,
 12 and 46 did so with the understanding that there would be no
 13 restrictions as to where a potential offshore platform might
 14 be located, it seems unnecessary for the Commission to now
 15 ask them to consent to a one-mile setback. The economics on
 16 which the bids were based would be upset by this "after the
 17 fact" requirement. As an industry we believe that this re-
 18 quirement is unnecessary at San Miguel Island, and also ex-
 19 press the opinion that the fears of the outdoor club repre-
 20 sentative are groundless.

21 I am sure that our member companies who follow me
 22 will briefly and pointedly make their views known to you.
 23 Beyond this, our industry is most concerned - - we feel we
 24 are at a turning point in the matter of oil and gas leasing
 25 and would like to set the record straight on representations
 26 made by the Sierra Club before this Commission on June 28, 1966,

1 in that at that meeting you were told:

2 (1) that offshore oil drilling is harmful to the
3 marine habitat, and the habitat surrounding the western one-
4 third of San Miguel is of such an unusual nature that it must
5 be preserved by precluding offshore drilling closer than one
6 mile from shore;

7 (2) You were further told that a national park, em-
8 bracing all of the Channel Islands, including San Miguel, was
9 imminent and there was wide support for the creation of such a
10 park not only in the County of Santa Barbara but in the
11 Congress of the United States;

12 (3) You were also told that the master plan for the
13 County of Santa Barbara would be circumvented by any but park
14 use of San Miguel;

15 (4) Further, that the State Lands Commission must
16 make sure that no onshore oil processing facilities are con-
17 structed on the island; and

18 (5) That the sea lion and sea elephant rookery must
19 not be disturbed by offshore oil drilling or any type of con-
20 struction work.

21 As an industry, we have read and re-read the tran-
22 script of this meeting and the presentation made by the out-
23 door club representative and we find these statements of the
24 Sierra Club to be confusing and a curious mixture of state-
25 ments. I believe, in all fairness to the members of the Com-
26 mission, you must have all the facts before you so that you can

1 make a decision which could have a long-lasting effect on the
2 leasing program of the State of California.

3 First, let's make one thing very clear:

4 Offshore oil drilling enhances the marine habitat.
5 This fact is borne out by a comprehensive two-year study con-
6 ducted by California's Department of Fish and Game, covering
7 a number of offshore platforms on State of California oil and
8 gas leases. Qualified marine biologists from the Department
9 were on platforms for a number of months following drilling
10 operations. In most instances there was no marine habitat
11 or marine life prior to the erection of the oil and gas
12 structure. To quote from Fish and Game's report, Offshore
13 Oil Drilling, Its Effect Upon the Marine Environment, we
14 note the following -- and I am quoting:

15 "During the study there was no evidence of
16 deleterious effects from any part of the opera-
17 tion. The entire operation was very clean and
18 the island towers served to enhance the habitat.
19 Many fishes have been attracted to the installa-
20 tions and a heavy encrustation of various or-
21 ganisms has developed on the structures. This
22 encrustation includes such animals as kelp
23 scallops, barnacles, and mussels, and has added
24 greatly to the available fish food.

25 "With regard to the question (still quoting)
26 this investigation set out to answer, we can state
at this time that the changes in marine habitat
brought about by establishing offshore oil drill-
ing installations were generally beneficial to
the flora and fauna."

27 I am not, generally speaking, an expert on the flora
28 and fauna; but those found in the westerly one-third of San
29 Miguel Island are interesting and far from unique. They are

1 found both above and below Point Conception and this mixture
2 is a result of the intermingling of different ocean currents
3 in the vicinity of Point Conception. Similar, but not exactly
4 the same, flora and fauna are to be found in waters surround-
5 ing Santa Rosa, Santa Cruz and San Nicolas Islands, and, of
6 course, at Point Conception.

7 There has been much discussion about sea elephants
8 and sea lions. The rookery for sea elephants and sea lions
9 is located at the extreme western end of San Miguel Island.
10 On the basis of the bids received by the Commission, the
11 parcels on which there is evidence of oil industry interest
12 are not located near the western tip of the island. No bids
13 were received on that area.

14 The hardiness of sea elephants and sea lions is
15 impressive when you stop to consider that they have flourish-
16 ed in the vicinity of an island that has for the past twenty-
17 five years been used extensively by the Navy as a bombing
18 range, aerial gunnery range, shore bombardment area, and most
19 recently as a training site for naval aviators in the use of
20 Bullpup missiles. Naval aviators make firing runs on targets
21 moored in the near-shore waters -- for the most part in Cuyler
22 Harbor. A danger zone was recently created covering the
23 eastern two-thirds of the island and it was created so as to
24 embrace a three-mile band of State-owned submerged land
25 around that portion of the island.

26 I submit that the adverse effect on the flora

1 and fauna of just one of the dozen missiles fired monthly
2 is far, far greater than that from any oil operation that
3 might be contemplated.

4 At the present time there is no legislation before
5 the Congress to create a Channel Islands National Park or a
6 recreational area. Over the past ten years three bills have
7 been introduced to accomplish this end. True, responsible
8 legislators have considered proposals in detail, but no legis-
9 lation has been enacted and now we find recent press reports
10 in Santa Barbara indicate that there is increasing disenchant-
11 ment in the park project at the Channel Islands. The general
12 inaccessibility of the islands, particularly San Miguel, has
13 led to the view that there are other areas in the county far
14 more suitable for park use. There is growing sentiment that
15 a portion of the Hollister Ranch be acquired as a national
16 recreation area, also that existing State parks within the
17 county be enlarged to handle the growing year-round demand by
18 the public.

19 If a national park or recreation area were created
20 at some future time, our operations off the southern Cali-
21 fornia coast would not affect their operations. We operate
22 compatibly with many of these national recreation areas and na-
23 tional seashores administered by the National Park Service.
24 There is both onshore and offshore production along Padre
25 Island, which is a national seashore near the well developed
26 resort area of Corpus Christi, Texas.

1 Just two weeks ago the U. S. Senate Interior Com-
 2 mitte's Parks and Recreation Subcommittee told us they would
 3 make it crystal-clear in the proposed report on the Oregon
 4 Dunes National Seashore that offshore oil pipelines could be
 5 run beneath the seashore and every encouragement given to the
 6 development of existing State and Federal offshore leases
 7 adjacent to the proposed seashore.

8 It was unfortunate that on June 28th San Miguel
 9 Island was somehow classified as within the county's master
 10 plan as a national park. I quote from the county's master
 11 plan:

12 "San Miguel Island, the westernmost island, is
 13 buffeted by strong westerly winds and is sur-
 14 rounded by dangerous reefs. It formerly was
 15 used as sheep grazing land, but in recent years
 16 the only significant habitation of the island
 17 has been occasional use by the United States
 18 Navy."

18 Continuing to quote:

19 "The general plan of the County of Santa Barbara,
 20 therefore, proposes the continuation of the
 21 present land policies on the islands; that they
 22 be used for agricultural and open uses at least
 23 until that time when detailed studies can be
 24 prepared to determine what areas, if any, are
 25 appropriate for development for recreational or
 26 other purposes."

21 Now, although it may properly be the concern of the
 22 State Lands Commission as to whether onshore oil facilities
 23 are constructed on San Miguel Island, the fact is, gentlemen,
 24 that the land is simply not within your jurisdiction. San
 25 Miguel has been the property of the Federal Government since
 26 the Treaty of Guadalupe Hidalgo 116 years ago and has been

1 for the last thirty years under the full direction and contro
 2 of the Navy Department. If oil production is ever achieved
 3 on the leases offered by your Commission, the operators will
 4 be requized, if they intend to process oil onshore, to work
 5 out an agreement with the Navy Department -- and that should
 6 be an interesting meeting.

7 It has been my pleasure and assignment over the past
 8 few months to talk to thousands of individuals in Santa Bar-
 9 bara, Ventura and San Luis Obispo counties. They are not con-
 10 cerned that offshore oil is going to impair their coastal
 11 esthetics, for existing offshore operations which you gentle-
 12 men have put in the water have proved that such is not the
 13 case. They are interested in seeing that the State encourages
 14 development of its natural resources and are encouraged that
 15 the revenue received by the State is used to help underwrite
 16 the understandably growing costs to administer the State of
 17 California. As to recreational areas, they are interested
 18 in locations to which they can drive with their families.
 19 San Miguel Island does not meet this specification.

20 Imagine yourself taking your family to an island
 21 described by Mr. Duncan Gleason in his book The Islands and
 22 Ports of California. He says, and I quote:

23 "San Miguel, a barren wind-swept mesa, lies
 24 three miles to the west of Santa Rosa Island
 25 across San Miguel Passage. . . . The waters
 26 here are said to be the roughest on the Cali-
 fornia coast, because of the meeting of cross
 currents and high winds that whip around Point
 Conception to vent their force on San Miguel.

1 "Now the island that is being blown into the
2 sea by the sixty-mile gales will be further
3 blasted away by guided missiles and aerial
4 bombs. . . . It is especially dangerous to
5 approach San Miguel Island."

6 During the discussion on the danger zone which
7 attempted to take three miles of your land around the island,
8 the industry felt there were certain offshore potentials.
9 At that time we received a letter from you, Governor Anderson,
10 in which you said in part:

11 "We (State of California) favor a revised proposal
12 which would permit multiple use or even the use
13 of a portion of the total area. This could furnish
14 the initial opportunity for petroleum exploration
15 and development . . ."

16 Multiple use is an important concept and it is work-
17 ing today on both the State and Federal submerged lands along
18 the Pacific coast. There is no need to impose a one-mile set-
19 back around San Miguel, for the things that are of value to
20 all of us can be preserved and enjoyed while at the same time
21 efforts are underway to achieve petroleum production from
22 platforms which might have to be built less than one mile
23 from shore.

24 As an industry we urge you not to require a one-
25 mile setback at San Miguel Island.

26 If there are any questions, I have just returned
from a day and a half at the bottom at San Miguel -- and by
"bottom" I mean 170 feet of water; so I know what the bottom
looks like and will be glad to answer any questions you may
have.

1 Thank you for your time.

2 GOV. ANDERSON: At the last meeting a Humble Oil
3 representative said he knew of no company plans to drill with-
4 in the one-mile limit or to seek onshore facilities, and all
5 work would take place on platforms at a greater distance from
6 the shore. Would it be our understanding today that this
7 statement is not correct? I recognize the problem of dealing
8 with the Navy on the onshore activities

9 MR. WRIGHT: Right.

10 GOV. ANDERSON: ... but would it then be the thought
11 that your platforms and your production installations would
12 be within the mile limit, at, say, a half mile? Is there
13 another figure that is more practical? I realize the depth
14 you are getting into.

15 MR. WRIGHT: It is not only the depth but the
16 turbulence. There is only an immediate area around the beach
17 that surrounds the island that is not a seething mass of con-
18 flicting currents. It is really treacherous water. For that
19 reason, I believe the operators -- after their leases are
20 awarded -- should have the option to locate their platform
21 at any location within the three-mile limit, with the under-
22 standing that they could come back to this Commission with
23 their proposed platform location.

24 All I am asking now is that their hands not be tied
25 at San Miguel.

26 Is it east of Gaviota, Frank, that you asked for a

1 one-mile setback? That is a rather well populated area com-
2 pared to San Miguel. The sea lions I talked to the last few
3 days are not very conversant with esthetics.

4 MR. HORTIG: Mr. Chairman, before proceeding and
5 in order to have a certain degree of continuity in the record
6 I believe there are two communications dealing with problems
7 in general that should be read into the record at this time,
8 prior to proceeding with the specific presentations of the
9 bidders.

10 First, there is a letter from the Department of
11 Fish and Game addressed to me, subject "San Miguel Island
12 Oil Lease Land, Effect on Biota":

13 "We have received word that the issuance of
14 leases of State water bottoms off San Miguel
15 Island for oil exploitation is being held up,
16 pending a statement from the Department of
17 Fish and Game on the effect of the construc-
18 tion of offshore islands on the biota.

17 "You are, of course, familiar with the work
18 done by Department biologists on the effect of
19 offshore oil drilling on the marine environment.
20 The results of this work appeared in a report
21 submitted on January 31, 1962 to the Western Oil
22 and Gas Association, in accordance with their
23 cooperative agreement with the Department.

21 "A further discussion of this problem appears in
22 the Department of Fish and Game Fish Bulletin
23 #124, by Carlisle, Turner and Ebert, entitled
24 "Artificial Habitat in the Marine Environment."

23 "This work showed there was no damage to the
24 environment through the construction of offshore
25 islands or platforms. On the contrary, actual
26 enhancement of a number of desirable species
was recorded. Since this work was done on sandy
bottoms, structures built on rock should be simi-
larly checked to see if the same results prevail.

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"We have no biological evidence for denying these leases or permits, provided that the work is done under proper control, and every effort is made to minimize loss to marine life during the construction and operation of these facilities.

(signed) W. T. Shannon, Director."

The Commission is also the recipient this morning of the following telegram:

"HON STATE LANDS COMMISSION
STATE OF CALIFORNIA LOS ANGELES

PLEASE TAKE NOTICE THAT THE STATE OF CALIFORNIA HAS NO TITLE WHATEVER TO THE SUBMERGED LANDS, MINERALS, GAS, OIL AND OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID SUBMERGED LANDS WHICH WERE THE SUBJECT OF YOUR SUMMARY CALENDAR ITEM NUMBER 3 at JUNE 28 1966 MEETING BEING PARCEL #41 W O 6125 COVERING 5646 ACRES AND SITUATED NORTHERLY OF SAN MIGUEL ISLAND. SAID LAND FOR WHICH THE HONORABLE STATE OF CALIFORNIA LANDS COMMISSION WILL CONSIDER AN OIL AND GAS LEASE BID AT YOUR JULY 12 1966 MEETING.

THESE SUBMERGED LANDS LIE OUTSIDE OF THE CONSTITUTIONAL BOUNDARIES OF THE STATE OF CALIFORNIA BY PREEMPTION CLAIM RECORDED JULY 25TH 1946 BOOK 704 PAGE 15 RECORDS SANTA BARBARA COUNTY CALIF I ESTABLISHED TITLE TO SAID SUBMERGED LAND AND ALL MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES THEREIN AND THEREUNDER AND AM NOW THE SOLE OWNER THEREOF.

IF YOU ENTER INTO AN OIL AND GAS LEASE OR ANY OTHER CONTRACT COVERING THESE LANDS YOU WILL DO SO AT YOUR PERIL AND WITHOUT MY APPROVAL OR CONSENT. JULY 11 1966

HILLMAN A. HANSEN OWNER"

MR. CRANSTON: Are the representatives of the bidding companies here?

MR. GARDNER: My name is William R. Gardner, Humble Oil and Refining Company, and I would like to read into the record a letter from the three companies who were

1 the high bidders and the only bidders for Tract 41.

2 These three companies are Standard Oil Company of
3 California, Atlantic Richfield Company, and Humble Oil &
4 Refining Company.

5 The letter is dated July 11, 1966. It is addressed
6 to the State Lands Commission:

7 "Please refer to your letters of June 29, 1966
8 with respect to Parcels 41 (W.O. 6125) and 46
9 (W.O. 6150). The undersigned companies submitted
10 joint bids for oil and gas leases covering said
11 Parcels 41 and 46, which were opened on June 14
12 and June 28, 1966, respectively. These bids were
13 the only bids submitted for said parcels.

14 "Your letters of June 29, 1966 state that at the
15 request of the Sierra Club, we may be required to
16 provide a written guarantee that no surface opera-
17 tions would be conducted within one mile of shore
18 on said parcels and that onshore facilities would
19 be prohibited as a condition precedent to the
20 award of said leases by the State Lands Commission.

21 "We are unwilling to furnish any such written
22 guarantee and wish to enter a strong protest
23 against any such possible requirement by the
24 State Lands Commission for the following reasons:

25 1. In view of the fact that said parcels cover
26 completely untested and unexplored areas, it
is extremely difficult and impracticable, and
may involve substantial additional costs to
agree in advance that no operations will be
conducted within a mile of shore and that no
onshore facilities of any kind will be utilized.

 2. The conditions, referred to above, were not
contained in the published notices calling
for submittal of bids on said parcels. A
special hearing was held on March 4, 1966, in
Santa Barbara to determine whether the State
would proceed with the leasing of said parcels
and whether any special terms, conditions, or
restrictions would be required in connection
with operations pursuant to oil and gas leases
covering said parcels. Despite a protest by

1 " the Sierra Club, no such conditions or
2 restrictions were imposed in the offering
of said parcels for competitive bids.

3 3. It would be highly improper and inequit-
4 able to change the terms and conditions
5 covering operations on a lease after the
6 call for bids has been published and after
7 bids have been submitted. We think it is
extremely unfair to the State Lands Commis-
8 sion and to the successful bidders for any
9 group to make such request after bids were
opened and the amounts thereof made public.

10 4. Should the State Lands Commission, in
11 this instance, impose additional conditions
12 and restrictions on lease operations after
opening of the bids, the industry will be
unable to rely on the terms of future
13 offer to lease and therefore unable to
14 effectively evaluate it. The amount of any
15 future bid will necessarily reflect such un-
16 certainty.

17 5. There appears to be no real necessity for
18 such action on the part of the State Lands
19 Commission. It has been thoroughly demon-
20 strated that oil and gas operations can be
21 conducted in offshore waters, as well as
22 adjacent onshore urban areas, without dis-
23 turbance to fish and wild life or the public.
24 The oil industry has demonstrated willingness
25 and ability to take every precaution in con-
26 ducting such operations.

"In view of our good faith submittal of bids in
reliance on the notices published by the State
Lands Commission, we respectfully request that
the State Lands Commission execute and deliver
to the undersigned oil and gas leases covering
said Parcels 41 and 46."

22 and this letter is signed by Standard Oil Company of Cali-
23 fornia, Humble Oil & Refining Company, and Atlantic Richfield
24 Company.

25 MR. CRANSTON: Thank you very much.

26 MR. HORTIG: Mr. Chairman, representatives of

1 Union Oil Company of California and Mobil Oil Corporation,
2 bidders for Parcel 45:

3 MR. HARRY: My name is Herbert Harry and I am with
4 Union Oil Company. My purpose is to read our letter of
5 response to Jack Pfeil's letter of June 29, 1966, regarding
6 Parcel 45. It is appropriately addressed, dated July 11th:

7 "In answer to your letter of inquiry dated
8 June 29, 1966, Union Oil Company of California
9 and Mobil Oil Corporation are not in a position
10 to make any guarantees other than the all in-
11 clusive ones submitted with our bid for Parcel
12 45.

13 "Should circumstances similar to those affecting
14 the State Lands Commission (consideration of
15 award of Oil and Gas Lease covering Parcel 41)
16 be presented in connection with our bid for
17 Parcel 45, we would consider the following:

18 1. Should it ever become necessary because
19 of geological, engineering or economical
20 reasons for a permanent type platform to
21 be located on said parcel, a request there-
22 for will, in accordance with the lease, be
23 submitted for approval to the State Lands
24 Commission.

25 2. Because of the ownership of San Miguel
26 Island as well as the distance of Parcel 45
from other land, we cannot give a guarantee
against onshore facility installation.

Very truly yours, "

and signed by Union Oil Company of California and Mobil Oil
Corporation.

MR. CRANSTON: Thank you.

Is there another representative of an oil company
who wishes to speak? (No response)

Are there others that wish to be heard on this?

1 MR. MARSHALL: My name is George Marshall. I am
2 president of the Sierra Club.

3 I am most interested in the testimony that has been
4 given here today and sympathize with the positions taken, but
5 must still disagree with the conclusions and the request they
6 have made to the Commission.

7 It is a little difficult to know just at which point
8 to start. I will not repeat in detail the testimony and refer-
9 ences that Fred Eissler, secretary of the Sierra Club, gave at
10 a previous meeting of this Commission, but will perhaps point
11 out a few problems and try to discuss some of the points that
12 have been raised -- and try to do it without taking too much
13 of your time.

14 First of all, I should like to emphasize again that,
15 despite the present use of part of San Miguel Island by the
16 Navy, that San Miguel Island was one of five areas in the en-
17 tire western coast, one of three such areas along the Cali-
18 fornia coast, which the National Park Service Survey of 1959,
19 Pacific Coast Recreational Area Survey, regarded as being in
20 the prime category of areas to be acquired and of national
21 interest; and, furthermore, that the bill introduced by Senator
22 Engle in the last session of Congress further indicates a
23 national interest.

24 As to the situation regarding bills before this
25 Congress, as of yesterday no bill had been introduced but I
26 was informed that one might be introduced either today or

1 later this week. Now, I can't guarantee that, but that is
2 something that you can check during the course of the week or
3 I should be glad to inform you of that. In any case, this
4 session of Congress has pretty well run. Certainly there
5 would be no definitive action on a national park proposal at
6 this session, but I think it will be and would be a prime
7 national park consideration during the coming session of
8 Congress. This Congress, after all, has considered a great
9 many conservation issues and has a considerable backlog of
10 work before this session ends.

11 Therefore, I would like to suggest that in any
12 determination that you make you do consider the fact that this
13 is an area, San Miguel in particular is a part of the area,
14 that is of national park quality and national park interest
15 in terms of conservation groups. I don't know what action
16 the National Park Service will take in the next session of
17 Congress. One can't guarantee those things in advance.

18 Now, I don't know whether I have to mention that
19 the Sierra Club is just not an outdoor or California associa-
20 tion, even though we are based in the State of California.
21 We have a really common national organization, cooperating
22 with numerous other groups in the conservation and other
23 fields.

24 Now, I think the importance of the one-mile limit
25 has been stressed as a matter of esthetics -- that when the
26 City of Santa Barbara, for example, objected to having oil

1 platforms off its shoreline, it was done on that kind of
 2 basis; and this isn't just an idea dreamed up by a civic con-
 3 servation organization, but apparently is a regulation made
 4 through a city or county.

5 The one-mile limit is something that is established
 6 in law around the existing national monument of Santa Barbara
 7 and Anacapa islands and would be presumably in any bill for
 8 the protection of a Channel Islands National Park, as a part
 9 of their general protection.

10 There are various interests, too, in establishing
 11 an underwater national park as a part of the Channel Islands
 12 Park, trying to keep the natural areas there for scientific
 13 purposes and probably for future recreational purposes, for
 14 skin divers. Whether that would be possible right offshore
 15 with the bad currents near San Miguel - - I have the under-
 16 standing with the one-mile limit that would be possible.

17 Now, on the matter of effect of onshore facilities,
 18 of course if they were in a national park that would be quite
 19 contrary to national park policy. One doesn't have commer-
 20 cial developments within a national park. I don't think there
 21 are any exceptions unless there may be in Alaska or Death Val-
 22 ley. I think those are the only exceptions.

23 Furthermore, as to the effect of oil facilities,
 24 oil derricks, oil platforms, and so on, on wildlife, I am not
 25 at all persuaded by the letter from Mr. Shannon that it en-
 26 tirely covers the points at issue. I know studies have been

1 made and that sometimes more fish collect or breed, I don't
2 know which, underneath sheltered areas; but the main species
3 at issue here are various species of mammals, not commercial
4 fish. I think he used the term, if I remember correctly,
5 something to the effect "species of value or significance."
6 Well, I don't know whether the State Fish and Wildlife Service
7 considers the sea mammals -- which are not commercial animals
8 but animals of great importance esthetically and scientific-
9 cally -- as animals of importance and I did not hear in that
10 report, and perhaps I missed something, a proper evaluation
11 of the effect of the proposed facilities on these important
12 animals and, again, with many species, just how many excep-
13 tions you can make in one area and not reduce them.

14 Of course, if the national park or national sea-
15 shore, whichever it will be, is established -- the great sea
16 mammals, plus the ones that go to San Miguel and other islands,
17 will be an important factor and feature in the entire picture.

18 There is one question that I'd like to ask. I
19 thought this was just on Parcel 41. Is it also on Parcel 46?

20 MR. CRANSTON: There are other parcels where bids
21 have been received.

22 MR. MARSHALL: I mean is the question the approval
23 of the bid on 46?

24 MR. CRANSTON: That is not before us at this time,
25 no.

26 MR. MARSHALL: As to who has legal jurisdiction over

1 San Miguel Island or the waters under the one-mile limit, I
2 am not going to try to guess. I think that is something
3 counsel will have to look into if these are serious problems.

4 However, I would like to suggest something, gentle-
5 men, and I know it is difficult -- bids having been asked for
6 and made -- whether there cannot be a moratorium on bids on
7 underwater areas, tidelands, et cetera, for oil and gas around
8 the Channel Islands until a reasonable time is permitted for
9 seeing whether a national park or national seashore will be
10 established with a one nautical mile limit around them.

11 I can't see from any evidence that has been pre-
12 sented that there is any necessity on the part of the oil
13 companies to develop these particular oil lands at this time
14 compared with a few years from now if the national park
15 projects should not go through, as it is expected they will
16 go through.

17 Furthermore, as far as the State of California is
18 concerned, well, it is always desirable to have additional
19 funds in the Treasury. I don't think, with regard to these
20 leases, that there is any urgency involved in that respect.
21 In any case, a decision on land use isn't only on this kind
22 of basis.

23 Now, there is another matter I hadn't thought of
24 bringing up and not being a lawyer I can only tell you what
25 I was told on advice of counsel -- something perhaps you
26 might look into. It is secondary to the main issue, although

1 it goes beyond that -- and that is the interpretation under
2 the California Public Resources Code, Sections 6836 and 6827,
3 of the meaning of granting bids to the highest qualified
4 bidder. Counsel have advised me that in their opinion the
5 term "highest bidder" assumes that there must be more than
6 one bidder. That's a matter that I imagine has been before
7 you. I don't know whether it has been adjudicated in the
8 courts and we didn't have time to run this down through vari-
9 ous court decisions, but I don't intend to argue the issue on
10 that technical basis.

11 It is on the general public policy basis that there
12 would be substantial damage, especially if there is a national
13 park, to have oil developments either onshore or in the one-
14 mile limit; and that sufficient time should be given before
15 approving such leases until the national park or national sea-
16 shore proposal can be carefully considered by the coming
17 Congress.

18 MR. CRANSTON: Governor Anderson has a question.

19 GOV. ANDERSON: Yes. Mr. Marshall, I want to ask a
20 question here. In my twenty-five years of public life I have
21 tried to identify myself with the efforts of protecting fish
22 and game and wildlife and things like this, as well as stress-
23 ing the importance of esthetics; but in this case you have
24 raised the point of esthetics and I am a little confused on
25 this.

26 Now, my feelings in the past towards esthetics have

1 been with regard to places where people could see the things
2 and drive along the highway or where they would see them from
3 their homes. I think that had something to do with the fact
4 that we put in the one-mile limitation in certain areas.

5 Now, how does the location of these platforms --
6 whether they are one mile or two miles off these shores --
7 affect the esthetics? Doesn't somebody have to see something
8 before there is a value of esthetics?

9 MR. MARSHALL: Yes, I should think so, but if San
10 Miguel is a part of a national park they would see the oil
11 platforms, which I think are unesthetic. That may be a per-
12 sonal feeling that I have, that many people share. In any
13 case, it is a nonconforming development in a national park.

14 GOV. ANDERSON: In other words, if there were not
15 a national park, so the people wouldn't get out there, the
16 esthetic argument would disappear, probably?

17 MR. MARSHALL: Yes, I would think so. If San Miguel
18 were not a national park or a national seashore or some area
19 of that kind, if that is not to be the long range usage of
20 that area, then I wouldn't think that this argument would be
21 particularly strong; but I think that on the island they
22 could see it.

23 As far as going to the island and the problem of
24 currents, I think folks have gone there and do go there; but,
25 furthermore, I think one has to remember that on various
26 other islands -- Santa Catalina, for example -- there is a

1 regular plane service; and the Navy having been there, I
 2 imagine if it is made into a national park the air fields
 3 will continue to be there. That would be a natural way for
 4 people to get out for weekends or longer periods and I think
 5 that would mean that a considerable number of people would be
 6 affected by what goes on within the one-mile limit.

7 GOV. ANDERSON: If the Federal Government made this
 8 a national park, would that make it just the island or would
 9 it be an area surrounding the island? Would it get out into
 10 the area we are talking about today or would it be restricted
 11 to the land itself? What is normal policy on that? Then I
 12 would also like you to comment on what was mentioned earlier
 13 about commercial activities in national parks.

14 MR. HORTIG: Governor, the best precedent for pos-
 15 sible action by the Federal Government is consideration of
 16 the existing Anacapa Island national monument, around which
 17 the Secretary of Interior has declared a one-mile protective
 18 zone for the benefit of protection of the fauna and the flora
 19 in the area. This, however, being a protective zone over-
 20 lying the State-owned three-mile belt around Anacapa Island,
 21 is not effective and cannot be construed as applying as
 22 against any other lawful operations that the State Lands Com-
 23 mission might feel should be authorized in the best interests
 24 of the State of California.

25 In other words, that protective zone would only
 26 provide that there be maintained the same type of protective

1 conditions for the fauna and flora as are already required in
2 State Lands Commission leases in the event the Commission
3 would offer the area for lease, and platforms within that one-
4 mile zone would be a proper and completely effective multiple
5 use.

6 GOV. ANDERSON: If there were platforms within the
7 one-mile area around this island, would this have a tendency
8 to discourage the Federal Government from making this a
9 national park?

10 MR. HORTIG: This, of course, would be a factor in
11 their consideration, but I hasten to point out that the leases
12 were offered by the State Lands Commission after full public
13 hearing and determination that all the protective issues pre-
14 scribed by the Legislature, that were desired by the County
15 of Santa Barbara and by the landowners of the potentially
16 affected adjoining lands, were included and were met.

17 As a matter of fact, as possibly one of the larger
18 bars to contemplation of establishment of a national park, I
19 can only cite the fact that after the hearing at Santa Bar-
20 bara, the County of Santa Barbara authorized a private resi-
21 dential and recreational development to a private owner of
22 the easterly end of Santa Cruz Island; and this is the type
23 of development that is completely contrary to the criteria
24 for the areas contemplated by the National Park Service for
25 a national park.

26 GOV. ANDERSON: Are you trying to tell us the chances

1 are that this national park is not going to come?

2 MR. HORTIG: I don't think the expectation is very
3 reasonable, and I am sure Mr. Marshall will disagree with me.
4 My only evidence is a review of the National Park Service
5 about 1910 as to whether the Tahoe Basin should be required
6 for a national park; and thinking back to 1910, the report
7 cites the fact that there are already too many private resi-
8 dences and too much commercial development in the area in
9 order to meet the standards for an area which the Park Service
10 would like to include as a national park.

11 If there are any parallels to be drawn from it --
12 Anacapa Island is practically impossible to land on except
13 for the birds; Santa Cruz and Santa Rosa Islands are in pri-
14 vate ownership and the private owners are not in favor of a
15 national park development and the county has authorized pri-
16 vate recreational development and subdivision on one of the
17 islands; and San Miguel, the only other island that could
18 even be reached -- because Santa Barbara and San Nicolas are
19 much too far out to sea -- San Miguel being under the juris-
20 diction and the use of the Navy Department, the Command having
21 assured the State Lands Division that it is a tactical necess-
22 ity that the Navy continue to operate on this island and they
23 have expanding use for this island, its utility as a national
24 park is at least problematical.

25 MR. MARSHALL: May I comment, or have I taken more
26 time

1 MR. CRANSTON: If you could briefly, please.

2 MR. MARSHALL: Well, I do think that there is a good
3 chance, as I said before, of having a national park; and,
4 secondly, as far as the use of the Navy is concerned, the
5 technology of the Armed Services does shift and opportunities
6 for important public parks in the Golden Gate headlands, for
7 example, were formerly considered at the time essential for
8 national defense.

9 In any event, San Miguel, I believe, would be in-
10 cluded in the park, even though the Navy part of it likely
11 would be phased out over a period of years.

12 I don't want to repeat myself, but I think the
13 damage to park values of the proposed lease would be most
14 serious.

15 Thank you.

16 MR. CRANSTON: Thank you very much.

17 Frank, do you have a letter from the Department of
18 Interior relative to this that should be in the record?

19 MR. HORTIG: Yes. It is addressed to you: (From
20 the United States Department of the Interior, National Park
21 Service, Western Region)

22 "Dear Mr. Cranston:

23 "Reference is made to my letter to the Hearing
24 Officer, State Lands Commission, dated March 3,
25 pertaining to the proposed oil leases adjacent
26 to San Miguel Island of the Channel Islands
group.

"As previously stated, the Department of the
Interior proposes to seek Congressional

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"authorization for establishment of a Channel Islands National Park comprising the islands of Santa Cruz, Santa Rosa, San Miguel, Anacapa, and Santa Barbara. Previously a bill for such purpose was introduced by former Senator Engle.

"The unique recreational and scientific values of the islands well justify National Park designation. Biological values are abundant. The Stellers Sea Lion, the California Sea Lion, and the Harbor and Elephant Seals are abundant on the shores of San Miguel Island. Oil exploration or production activities on the south shore of San Miguel would destroy the rookeries of the sea lions and elephant seals.

"Any consideration that can be given to preventing oil industry activities adjacent to the shoreline would assure preservation of fragile scientific and recreational values for future use and enjoyment of California citizens.

(signed) Edward A. Hummel, Regional Director "

MR. CRANSTON: Frank, do we have any material of a confidential nature in the Lands Commission files, giving any indications as to what the prospects are for oil being developed? I am not particularly impressed by the size of the bonus bids. I am wondering if you have any information you have not disclosed and cannot disclose here, that we could review. As I understand it, this does not have to be approved until the August meeting.

MR. HORTIG: This would be in the nature of a reasonable delay. However, answering your first question, the confidential information which is in the possession of the technical staff and must be kept ...

MR. CRANSTON: You do have such information?

1 MR. HORTIG: confidential - - I have to qualify
2 it. Until wells are drilled it cannot be said categorically
3 that there is or is not oil. There are prospects.

4 MR. CRANSTON: I am just asking if we have informa-
5 tion and I'd like to know about it before we make a decision.
6 I also think it would be appropriate that the other member of
7 the Lands Commission be present when we act.

8 GOV. ANDERSON: Along that line I find a conflict
9 between the statement of the Fish and Game Commission and the
10 man from the Department of Interior, where he stated these
11 rookeries would be destroyed, whereas the communication from
12 Mr. Shannon indicated there would be no damage at all and
13 there might even be enhancement.

14 Could we find out if Fish and Game was thinking
15 solely of commercial fish? Did this include sea lions and
16 mammals and anything else? We have a little time.

17 MR. HORTIG: We will undertake to get clarification
18 from the record and from our own experience.

19 To possibly minimize Mr. Marshall's fears about the
20 mammals not being considered and being driven off by oil opera-
21 tions, hand feeding of the sea lions by our inspectors on our
22 offshore platforms is a very common occurrence.

23 GOV. ANDERSON: Then why would the Department of
24 Interior make that statement categorically that they would
25 destroy them?

26 MR. HORTIG: This we would like to review with them.

1 GOV. ANDERSON: The one we are talking about today
2 is not on the south side. It is on the north side. Are any
3 of these mammals on the north side?

4 MR. HORTIG: They, of course, migrate a little bit.
5 Of course, we have had a little conflicting testimony which
6 said the rookeries were on the portion where there is no
7 lease offer.

8 GOV. ANDERSON: I thought one on the westerly side
9 took a great portion of that.

10 MR. HORTIG: They were offered, but there were no
11 bids. (Above comments barely audible to reporter and some
12 discussion was had looking at map, which was not audible)

13 MR. HORTIG: We will obtain for you the specifics
14 on the geography of the rookery and the impact and effect
15 of this, and the unexpressed viewpoint of Fish and Game; as
16 well as the details of the opinion of the Department of the
17 Interior and whether this rookery is fixed or whether these
18 mammals migrate over the island.

19 GOV. ANDERSON: I have never been on the island,
20 but I have flown over it.

21 MR. HORTIG: From recent information, because Navy
22 target practice is more active the mammals, being curious,
23 are showing up to see what the shooting is about.

24 MR. CRANSTON: If there is nothing further to be
25 presented on this matter at this time we will pass it over to
26 the next meeting. I believe there is no other matter on the
agenda, so we will stand adjourned.

ADJOURNED 12:35 P.M.