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TRANSCRIPT OF  
MEETING  
of  
STATE LANDS COMMISSION  
  
SACRAMENTO, CALIFORNIA  
  
November 17, 1966

MEETING OF  
STATE LANDS COMMISSION

Sacramento, California  
November 17, 1966

\*\*\*\*\*

PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Alan Cranston, Controller, Chairman

Hon. Glenn M. Anderson, Lieutenant Governor

Hon. Hale Champion, Director of Finance, absent,  
represented by:

Mr. John P. Sheehan, Chief Deputy Director  
of Finance

Mr. F. J. Hortig, Executive Officer

APPEARANCES:

(In the order of their appearance)

Mr. Arthur O. Spaulding  
Petroleum Administrator for  
the City of Los Angeles

Mr. James Burns of Babson and Burns  
Consultants, City of Los Angeles

Mr. Lewis H. Butler, representing a  
citizens' organization in Redwood  
City

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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	Confirmation of minutes meetings 8/8, 8/25, and 9/26/66		1
3	PERMITS, EASEMENTS, RIGHTS-OF-WAY -- NO FEE:		
	(a) Pacific Tel. & Tel. Co.	14	1
	(b) Pacific Tel. & Tel. Co.	16	2
	(c) Federal Aviation Agency	15	3
	(d) Sacramento Municipal Utility District	12	4
	(e) State Dept. of Parks & Recreation, Division of Beaches & Parks	9	5
	(f) State Dept. Public Works Div. Bay Toll Crossings	23	6
	(g) State Dept. Water Res.	10	7
4	PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:		
	(a) Bechtel Corporation (1)	26	8
	(2)	27	9
	(b) Howard C. Baker	22	10
	(c) Crown Simpson Corp.	24	11
	(d) Pacific Gas. & Elec. Co.	25	12
	(e) Union Oil Co. of Calif.	11	13
5	OIL & GAS & MINERAL LEASES AND PERMITS		
	(a) Std. Oil Co. of Calif. and Shell Oil Co.	4	14

continued

I N D E X  
(In accordance with Calendar Summary, cont'd)

<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>
5	<b>OIL &amp; GAS &amp; MINERAL LEASES AND PERMITS continued</b>		
	(b) Phillips Petroleum Co.	18	15 5
	(c) Phillips Petroleum Co.	19	16 5
	(d) Phillips Petroleum Co.	20	18 6
	(e) Phillips Petroleum Co.	21	20 6
	(f) Atlantic Richfield Co.	6	23 7
	(g) Humble Oil & Refining Co. and Texaco Inc.	5	24 7
	(h) Texaco Inc.	8	25 7
	(i) Weatherly Chemical Prod.	13	26 7
	(j) City of Los Angeles	17	27 8
	(MOTION ON (a) through (i) only -----		22
	<b>CITY OF LONG BEACH</b>		
	(a) Raising & relocating gas and water facilities Gerald Desmond Bridge	7	30 22
	<b>LAND SALES</b>		
	(a) Noel F. and Shirley Evans Shasta County	1	34 23
	(b) L. J. Fee, Modoc County	3	36 23
	(c) Joan S. Dyer, San Benito	2	37 23
	<b>ADMINISTRATION</b>		
	(1) Authorization re public hearing and (2) report to B.C.D.C. -- Leslie Salt Co.	28	39 23

continued

I N D E X

(In accordance with Calendar Summary, cont'd)

	<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				
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3				
4	9 Informative - Major Litigation	30	40	31
5	10 Next meeting			33
6	<u>SUPPLEMENTAL CALENDAR</u>			
7	11 LONG BEACH UNIT -			
8	(a) Well A-663-I	31	43	32
9	(b) Wells A-234 and A-302	32	44	32
10	12 Permit to Redwood City			
11	General Improvement District			
12	1-64, to dredge material			
13	from bed of Belmont Slough			
14	San Mateo County	33	45	32
15	<u>NOT CALENDARED</u>			
16	Newport Beach land exchange			33
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I N D E X  
(In accordance with item numbers)

<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>

1	34	23	21	20	6
2	37	23	22	10	3
3	36	23	23	6	2
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5	24	7	25	12	3
6	23	7	26	8	3
7	30	22	27	9	3
8	25	7	28	39	23
9	5	2	29	off calendar	
10	7	2	30	40	31
11	13	4			
12	4	1	<u>SUPPLEMENTAL CALENDAR:</u>		
13	26	7	31	43	32
14	1	1	32	44	32
15	3	1	33	45	32
16	2	1	<u>NEXT MEETING:</u>		
17	27	8			33
18	15	5	<u>UNCALENDARED:</u>		
19	16	5	Newport Beach		33
20	18	6	land exchange		

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1 NOVEMBER 17, 1966 -- 10:10 A.M.

2  
3 MR. CRANSTON: The meeting will please come to  
4 order. The first item is confirmation of minutes of meetings  
5 of August 8, August 25, and September 26, 1966.

6 GOV. ANDERSON: So move.

7 MR. SHEEHAN: Second.

8 MR. CRANSTON: So moved, seconded and so ordered.

9 Item Classification 3 -- Permits, easements, and  
10 rights-of-way to be granted to public and other agencies at  
11 no cost, pursuant to statutes.

12 (a) The Pacific Telephone and Telegraph Company --  
13 Approval of location of submerged communications cable across  
14 ungranted tide and submerged lands of San Joaquin River in  
15 San Joaquin County, between Rough and Ready Island and Moss  
16 Tract.

17 (b) The Pacific Telephone and Telegraph Company --  
18 Approval of location of telephone cables, with necessary  
19 appurtenances, across ungranted submerged land of Clear Lake  
20 in Lake County.

21 (c) Federal Aviation Agency -- Acceptance of quit-  
22 claim deed covering Lease P.R.C. 3179.2 for a road easement  
23 across State school land, San Bernardino County.

24 (d) Sacramento Municipal Utility District -- Issu-  
25 ance of 49-year permit, for the attachment of power-line con-  
26 duits to pedestrian bridge authorized by State Lease P.R.C.

1 3402.9, which will span the American River in Sacramento be-  
 2 tween Sacramento State College and the Campus Commons Develop-  
 3 ment; permit to be subordinate to rights, terms, and condi-  
 4 tions of Lease P.R.C. 3402.9, and to terminate if and when  
 5 the City of Sacramento revokes its assent as contained in  
 6 Resolution No. 330 of July 28, 1966.

7 (e) State Department of Parks and Recreation, Divi-  
 8 sion of Beaches and Parks -- Issuance of 49-year permit, 2.9  
 9 acres submerged land in Lake Tahoe, El Dorado County, for  
 10 installation and proper maintenance of concrete anchors and  
 11 mooring buoys.

12 (f) State Department of Public Works, Division of  
 13 Bay Toll Crossings - - Execution of agreement for reservation  
 14 of a strip of sovereign land as a bridge right-of-way across  
 15 San Diego Bay in San Diego County.

16 (g) State Department of Water Resources -- Issuance  
 17 of 49-year right-of-way easement, 0.019 acre tide and sub-  
 18 merged land, five feet wide, across Mallard Slough, Contra  
 19 Costa County, for operation and maintenance of an existing  
 20 submarine cable.

21 Motion is in order.

22 MR. SHEEHAN: So move.

23 GOV. ANDERSON: Second.

24 MR. CRANSTON: Approval is moved, seconded, so  
 25 ordered.

26 Item Classification 4 -- Permits, easements, leases,

1 and rights-of-way issued pursuant to statutes and established  
2 rental policies of the Commission.

3 (a) Bechtel Corporation -- Issuance of two permits  
4 on tide and submerged lands under the jurisdiction of the  
5 State Lands Commission in San Pedro Bay, between Seal Beach  
6 and Huntington Beach, Orange County, in order to evaluate pro-  
7 posed island site for a combination nuclear power desalting  
8 plant for the Metropolitan Water District of Southern Cali-  
9 fornia, for a six-month period from November 17, 1966, through  
10 May 16, 1967, as follows: (1) Geological survey permit; and  
11 (2) permit to conduct submarine geophysical operations.

12 (b) Howard C. Baker -- Issuance of recreational  
13 minor-structure permit, 0.096 acre submerged land in Lake  
14 Tahoe, El Dorado County, for a fee of \$25, for proper main-  
15 tenance of a pier and boathouse.

16 (c) Crown Simpson Corporation -- Approval of sub-  
17 leases to Crown Zellerbach Corporation and Simpson Timber  
18 Company of the State lands described in Leases P.R.C. 3303.1  
19 and 3393.1.

20 (d) Pacific Gas and Electric Company -- Issuance  
21 of 15-day permit to enter State sovereign land in Monterey  
22 Bay at entrance to Moss Landing Harbor, Monterey County, at  
23 fee of \$25, for the installation and removal of twenty-one  
24 buoys to be used as part of a research program involving an  
25 oceanographic study on the cooling of heated water discharges  
26 from thermal power plants.

1           MR. HORTIG: Mr. Chairman, with respect to item (d),  
 2 the resolution appearing on page 12 of the agenda should be  
 3 amplified because some lands may be occupied that may be  
 4 under the jurisdiction of the Moss Landing Harbor District  
 5 and it is proposed that the resolution be amplified to read:

6           "Issuance of the permit is to be subject to the  
 7           concurrence therein by the Moss Landing Harbor  
 8           District."

9           The District has already given a statement of verbal non-  
 10 objection to such procedure.

11           MR. CRANSTON: (e) Union Oil Company of California --  
 12 Acceptance of quitclaim deed, effective October 6, 1966, for  
 13 leasehold interest in P.R.C. 3428.1; covering a subsurface  
 14 crossing easement under sovereign lands of Piper Slough,  
 15 Contra Costa County. (No structures, pipelines, or facilities  
 16 were placed on the leased land.)

17           Motion is in order.

18           GOV. ANDERSON: So move.

19           MR. SHEEHAN: Second.

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

22           Item Classification 5 -- Oil-and-gas and mineral  
 23 leases and permits issued pursuant to statutes and estab-  
 24 lished policies of the Commission:

25           (a) Standard Oil Company of California and Shell  
 26 Oil Company -- Acceptance of quitclaim of State Oil and Gas

1 Lease P.R.C. 2198.1, Santa Barbara County, effective Septem-  
2 ber 12, 1966. (Four wells tested dry and were abandoned.)

3 (b) Phillips Petroleum Company -- Approval of Gas  
4 Sales Agreement dated January 20, 1961, and the amendments  
5 dated January 21, 1961, December 11, 1961, and February 24,  
6 1964, between applicant and Pacific Lighting Gas Supply Com-  
7 pany, as basis for the sale of the State's royalty share of  
8 gas produced under Leases P.R.C. 2205.1 and P.R.C. 2933.1,  
9 Santa Barbara County.

10 (c) Phillips Petroleum Company -- (1) Approval of  
11 Condensate Purchase Agreement between applicant and Tidewater  
12 Oil Company for the period March 1, 1963 through July 14,  
13 1963, and of the Natural Gasoline Purchase Agreement dated  
14 July 15, 1963, as amended by letter dated June 15, 1964, be-  
15 tween Phillips and Union Oil Company of California, for the  
16 period commencing July 15, 1963, and continuing until termi-  
17 nated by either party, as basis for sale of State's royalty  
18 share of non-oil production under State Oil and Gas Lease  
19 P.R.C. 2205.1, Naples Field, Santa Barbara County; provided,  
20 however, that after July 15, 1963, the Lessee shall be re-  
21 quired to pay the State a royalty based upon the highest  
22 price in the nearest field at which non-oil production of  
23 like quality is being sold in substantial quantities; (2)  
24 approval of "Agreement on Understanding and Clarification of  
25 the Rights and Obligations of Parties under Oil and Gas Lease  
26 (P.R.C. 2205.1)" and authorization for Executive Officer to

1 execute said agreement.

2 (d) Phillips Petroleum Company -- (1) Approval of  
3 Crude Oil Sales Agreements dated February 1, 1962, February 7,  
4 1962, and the Amendment dated July 14, 1962, between applicant  
5 and Standard Oil Company of California, Western Operations,  
6 Inc., as basis for sale of State's royalty share of crude oil  
7 production under State Oil and Gas Lease P.R.C. 2207.1, Point  
8 Conception Field, Santa Barbara County; and (2) Approval of  
9 "Agreement on Understanding and Clarification of the Rights  
10 and Obligations of Parties under Oil and Gas Lease P.R.C.  
11 2207.1)" and authorization for Executive Officer to execute  
12 said agreement.

13 (e) Phillips Petroleum Company -- (1) Approval of  
14 the Natural Gasoline Sales Contracts dated May 20, 1964 be-  
15 tween applicant and Standard Oil Company of California; dated  
16 August 26, 1964 and April 15, 1965, as amended, between appli-  
17 c and Shell Oil Company; dated September 1, 1964, as  
18 amended, and dated March 1, 1965, as amended, between appli-  
19 cant and Fletcher Oil Company; dated February 23, 1966, be-  
20 tween applicant and Newhall Refining Company, Inc., all as a  
21 basis for sale of State's royalty share of non-oil production  
22 under State Oil and Gas Lease P.R.C. 2933.1, Molino Field,  
23 Santa Barbara County; and (2) approval of "Agreement on Under-  
24 standing and Clarification of the Rights and Obligations of  
25 Parties under Oil and Gas Lease P.R.C. 2933.1)" and authoriza-  
26 tion for Executive Officer to execute said agreement.

1 (f) Atlantic Richfield Company -- Deferment of  
2 drilling requirements under State Oil and Gas Lease P.R.C.  
3 1466.1, Ventura County, through June 30, 1967, to provide  
4 additional time for engineering committee to complete review  
5 of past performance of the pilot flood, and to determine the  
6 economic and engineering feasibility of expansion into a  
7 full-scale water flood.

8 (g) Humble Oil & Refining Company and Texaco Inc. --  
9 Deferment of drilling requirements under State Oil and Gas  
10 Lease P.R.C. 186.1, Belmont Offshore Field, Orange County,  
11 through June 30, 1967, in order to formulate a development  
12 and full-scale secondary recovery operation consistent and  
13 compatible with operations under Tract 2 of Long Beach Unit.  
14 Lease modification and detailed engineering studies will be  
15 required.

16 (h) Texaco Inc. -- Deferment of drilling require-  
17 ments under State Oil and Gas Lease P.R.C. 2206.1, Santa  
18 Barbara County, through June 13, 1967.

19 (i) Weatherly Chemical Products -- Issuance of  
20 lease to applicant, the highest qualified bidder, on 320  
21 acres sovereign lands in Owens Lake, Inyo County, for the  
22 extraction of minerals other than oil and gas. Material to  
23 be produced, a thin crust of sodium sesquicarbonate (commonly  
24 called trona), to be scraped from the dry lake surface and  
25 removed from the lease area, at a royalty in accordance with  
26 formula that will result in a minimum royalty payment to the  
State in the amount of 60¢ a ton.

1 (j) City of Los Angeles -- (1) Find that Commis-  
2 sion cannot make determinations required by law which are  
3 necessary before the area of tide and submerged lands included  
4 in Proposed Oil and Gas Lease No. 136, Santa Monica Bay, Los  
5 Angeles County, may be offered for lease; and (2) Deny peti-  
6 tion for approval of the proposed resolutions submitted by  
7 the Board of Recreation and Park Commission to lease lands  
8 designated as Oil and Gas Lease No. 137.

9 MR. HORTIG: Mr. Chairman, with respect to item (j),  
10 the Petroleum Administrator of the City of Los Angeles is  
11 here, together with consultants to his Department, and wishes  
12 the opportunity to speak to this matter.

13 MR. CRANSTON: Certainly. Will they please come  
14 forward?

15 MR. SPAULDING: Mr. Chairman, members of the Commis-  
16 sion, thank you for allowing me to appear in behalf of the  
17 City of Los Angeles.

18 What we have in mind this morning is a prepared  
19 statement, which I have put together, coupled with some testi-  
20 mony of our consultants which I think you would be interested  
21 in reviewing with us. So with your indulgence I should like  
22 to read this prepared statement, which I will pass around to  
23 you.

24 Gentlemen, Mr. A. W. Pheil has furnished us with a  
25 copy of Calendar Item 17 on today's agenda regarding the  
26 City's petition to lease approximately 1,330 acres of tide

1 and submerged lands seaward of the Hyperion area of the City  
2 of Los Angeles. Because the staff of the Commission is recom-  
3 mending that our petition be denied, we wish the opportunity  
4 of presenting further evidence in order to obtain your approv-  
5 al on our petition.

6 At the outset, we should like to point out that  
7 much of the evidence which we will present has been only re-  
8 cently obtained, in fact, within the last week, and hence we  
9 have not had the chance of making it available to or discuss-  
10 ing it with members of your staff. The great body of this  
11 evidence reinforces our belief that the City's tide and sub-  
12 merged lands in the Hyperion area are being drained by upland  
13 oil and gas production.

14 By way of review, the Commission before approving  
15 our petition must find: (1) that oil and gas deposits are be-  
16 lieved to be contained in the subject lands; (2) that the  
17 same are being drained by means of wells upon adjacent lands;  
18 and (3) that the leasing of same for the production of oil  
19 and gas will be in the best interests of the State.

20 It is our impression, from the remarks made by  
21 individual Commissioners on May 26, 1966, when our petition  
22 was first heard, that the Commission was prepared to affirm  
23 at least Finding No. 3 above.

24 Controller Cranston indicated that he agreed with  
25 the City that leasing the above parcel would serve the best  
26 interests of the State of California. In the same connection,

1 upon being assured that all drilling operations would be con-  
2 fined within the Hyperion Sewage Disposal Plant, Lieutenant  
3 Governor Anderson stated that he no longer had any reserva-  
4 tions about our project upon esthetic grounds. Hence, it  
5 would appear that the major contribution which the City could  
6 make in offering further testimony would relate to the find-  
7 ings which must be made concerning the presence of oil and  
8 gas beneath our property and the drainage of these resources  
9 by wells producing on properties adjacent.

10           According to Calendar Item 17, the staff of the Com-  
11 mission has concluded that oil and gas may be present within  
12 the area embraced by our proposed Lease No. 137. We could  
13 reiterate the remarks that we made to the Commission earlier  
14 this year concerning the presence of oil and gas beneath our  
15 parcel, but with the staff in this frame of mind there appears  
16 to be no further reason for substantiating this probability.

17           The key issue to which we must devote ourselves,  
18 then, becomes Finding No. 2, the probability of drainage of  
19 oil and gas reserves from beneath our tide and submerged  
20 lands. The staff has concluded that: "Based on a review of  
21 all available data obtained from wells drilled, there is no  
22 evidence of drainage of lands included in proposed Lease No.  
23 137." This conclusion has prompted the Attorney General in  
24 his informal opinion to remark: "There is no evidence from  
25 which the Commission could believe that the tide and submerged  
26 lands in question are probably being drained from wells on

1 adjacent lands."

2           The strongest evidence noted by the Attorney General  
3 in this connection relates to the nearby Hyperion oilfield,  
4 and he comments: "The staff report indicates that the produc-  
5 tive limits of this field have been well established, and  
6 that based upon known geologic information they have concluded  
7 that the field does not extend beneath the lands sought to be  
8 leased by the City of Los Angeles."

9           The City of Los Angeles has retained the petroleum  
10 engineering consulting firm of Babson and Burns and the inde-  
11 pendent consulting geologist, Mr. Ted L. Bear, to review  
12 engineering and geologic details of Hyperion oil field pro-  
13 duction with specific reference to the probability that our  
14 lands are subject to drainage as a consequence of this produc-  
15 tion. Babson and Burns and Mr. Bear report in part as follows:

16           "Two separate oil accumulations exist in the  
17 Schist Conglomerate in the Hyperion area, both  
18 with a more or less east-west trend. The  
19 northerly accumulation was discovered and pro-  
20 duced by the Six Companies . . . The Schist  
21 Conglomerate is completely absent on the easterly  
22 end of this structure, and for this reason we  
23 believe that the area drained by the Six Com-  
24 panies' wells lies mainly westerly of Well No. 4.  
25 No evidence of closure of the westerly end of  
26 this structure has been found to date. All  
available seismic evidence indicates that the  
structure continues to rise westerly up to the  
coast line, the limit of seismic data. . .  
Based on the fact that the seismic data shows  
the formations to be still rising at the coast  
line, it is reasonable to assume that the oil  
bearing structure extends beyond the coast line  
to a distance at least equal to that underlying  
the uplands area.

26

1 "The southern accumulation . . . is being  
2 produced through Pauley Petroleum, Inc.'s  
3 well, Loftus No. 1. This well has been pro-  
4 ducing for at least 20 years without any  
5 apparent decline in production and is obvi-  
6 ously draining oil from a wide area. Closure  
7 to the east end of the southerly structure has  
8 recently been determined by the drilling of  
9 Well No. Title Insurance and Trust No. 3.,  
10 redrill, by Occidental Petroleum Corporation.  
11 Since the easterly limit of the reservoir is  
12 only approximately 1,500 feet from Well Loftus  
13 No. 1, we are of the opinion that the principal  
14 source of oil lies west of the well. . . .  
15 We believe that this oil accumulation extends  
16 beyond the coast line and underlies the tide  
17 and submerged lands owned by the City of Los  
18 Angeles in the Santa Monica Bay area."

19  
20 Geographical, geological, and engineering details  
21 of the Hyperion oilfield will be discussed at greater length  
22 by Mr. James Burns, representing Babson and Burns, and Mr.  
23 Bear at the conclusion of this statement -- again with the  
24 Commission's permission, of course.

25 Before confidential information from Occidental  
26 Petroleum Corporation became available to us, we were pre-  
pared to concede that drainage possibilities of the City's  
tide and submerged lands resulting from the production of  
Loftus No. 1 were rather unlikely in view of the two dry  
holes drilled westerly of this well by Pauley Petroleum, Inc.  
Occidental's well, however, has conclusively demonstrated  
that the accumulation found productive in Loftus No. 1 extends  
but a short distance to the east of that well. Loftus No. 1  
has produced a total of 208,521 barrels of oil with no  
appreciable decline, and hence the drainage area of the well  
must be rather extensive. Accordingly, with closure indicated

1 to the east and both the northerly and southerly limits of  
 2 production established by Pauley Petroleum Co. wells, evi-  
 3 dence for a westerly extension of this accumulation is com-  
 4 pelling. With this definition it is now clear then that our  
 5 tide and submerged lands westerly of Loftus No. 1 have been  
 6 subject to drainage since the completion of this well in 1944.

7           With respect to the northerly accumulation mention-  
 8 ed by our consultants, the absence of Schist Conglomerate to  
 9 the east of the Six Companies' wells is significant, for oil  
 10 recovered by the Six Companies must clearly lie to the west.  
 11 Hence, given conditions of geologic continuity from our par-  
 12 cel to the area under exploitation by the Six Companies,  
 13 there is no doubt that recovery of oil and gas from beneath  
 14 our lands has occurred for many years and is now taking place.  
 15 Geologic conditions originally postulated by our consultants  
 16 are supported by the seismic information mentioned in our con-  
 17 sultants' reports. The only uncertainty connected with the  
 18 westerly extent of the structure under development by the Six  
 19 Companies relates to geologic continuity which will only be  
 20 demonstrated by drilling beneath our parcel.

21           It may be remarked that any drainage of our property  
 22 would have to be over rather long distances, 1,500 feet in  
 23 the case of Loftus production, 3,000 feet for the Six Com-  
 24 panies production, and therefore such drainage is unlikely.  
 25 Our consultants have conducted an extensive study of the  
 26 reservoir behavior of the Playa del Rey Schist Conglomerate

1 and again offer cogent arguments that extensive communication  
2 through this reservoir is commonplace over distances much  
3 greater than those we are discussing. For example, in the  
4 Playa del Rey field to the north production and injection per-  
5 formance show continuity within the Schist Conglomerate over  
6 a horizontal distance of 8,400 feet.

7 Babson and Burns and Mr. Bear conclude:

8 "First, based on the seismic data and the  
9 performance of the two producing wells to  
10 date, we believe that the two oil accumu-  
11 lations in the Hyperion area probably extend  
12 beyond the coastline and underly those tide  
13 and submerged lands owned by the City of Los  
14 Angeles in the Santa Monica Bay area.

15 "Secondly, the continuity of the Schist Con-  
16 glomerate reservoirs in the Del Rey Hills  
17 gas storage project has been demonstrated  
18 over a distance of one and a half miles.  
19 The two producing wells in the Hyperion area,  
20 Loftus No. 1 and Six Companies No. 4, are  
21 less than 2,000 feet and 4,000 feet respectively  
22 from the coastline. We believe that those two  
23 wells are probably draining from distances be-  
24 yond the coastline."

25 With these remarks in mind, the State Lands Commis-  
26 sion, on the basis of two definite probabilities of drainage  
27 to our properties, has sufficient evidence to make an affirma-  
28 tive finding with regard to the City's petition. In fact,  
such a conclusion is virtually compelled in view of the un-  
controverted evidence.

29 In its report, the staff of the Commission has  
30 stated that wells drilled into the sanctuary area would be  
31 completed from a drilling location within the Hyperion Sewer  
32 Plant. The staff points out, however, that development

1 wells probably could not be drilled most effectively and  
2 economically from the sewer plant drillsite. We are in per-  
3 fect concert with the staff on this observation. We call to  
4 the Commission's attention, however, that a more effective  
5 and economic drillsite for our parcel must of necessity be  
6 located within the parcel itself, perhaps a drilling platform  
7 or island structure which might well deface the scenic beauty  
8 of the area. It was to preserve esthetic values that the  
9 City deliberately chose a drillsite where no offense could  
10 be given to the surrounding communities. If the Commission  
11 prefers the most efficient drillsite, the City would be en-  
12 tirely willing to comply with the Commission's wishes if the  
13 State makes this possible.

14 Further, in its report the staff refers to an ap-  
15 parent inconsistency in the City's petition with respect to  
16 the use of revenues. On the one hand the City has stated  
17 that any revenue derived from tide and submerged lands held  
18 in trust in this vicinity would be used to improve the  
19 beaches in the Playa del Rey-Venice area, whereas, in seeming  
20 contradiction, the lease provides that the Board of Public  
21 Works of the City of Los Angeles would receive thirty percent  
22 of all such revenues in return for furnishing a drillsite  
23 within the sewer plant. Perhaps we should have stated that  
24 all Recreation and Parks revenues, seventy percent of the  
25 total, would be used for beach improvements.

26 Our rationale for the 30%-70% distribution of

1 revenues concerns the need for an outlying drillsite which  
2 will not conflict with environmental factors. It is common  
3 for the owner of an outside drillsite to receive as compensa-  
4 tion five percent of the gross proceeds of production obtain-  
5 ed from that drillsite. In our case here, thirty percent of  
6 our one-sixth royalty interest constitutes the equivalent of  
7 five percent of gross proceeds and, hence, we have determined  
8 that the Board of Public Works, which administers the drill-  
9 site area, should participate to that extent in revenues  
10 forthcoming from our offshore parcel.

11           Should the Commission not be impressed with our  
12 rationale for the distribution of income, the City would be  
13 only too pleased to cooperate with the State for the selec-  
14 tion of a drillsite located upon the littoral, tide, and  
15 submerged lands themselves, in order that all our income de-  
16 rived from our tide and submerged lands might be committed  
17 to the development of the shoreline. Indeed, we have been  
18 in communication with State authorities to determine if a  
19 shoreline drillsite could be made available to the City of  
20 Los Angeles, but officials of the Resources Agency have  
21 stated that statutory authority prohibits such construction.

22           In summary, we believe the State Lands Commission  
23 not only can but should make the affirmative findings re-  
24 quired by the Public Resources Code statutes as interpreted  
25 by the Attorney General. The staff of the Commission, itself,  
26 believes that the Commission could make the first finding

1 relative to the presence of oil and gas beneath our parcel.  
2 In connection with the third finding, the Commission has indi-  
3 cated it would look with favor upon approving our project in  
4 the interest of serving the State. It is apparently the sec-  
5 ond finding of drainage which is troubling the Commission.  
6 If geologic conditions are as interpreted by the City's con-  
7 sultants, Babson and Burns and Ted L. Bear, the Commission  
8 must find that drainage is not merely a probability but an  
9 actuality. We believe that all three criteria are adequately  
10 satisfied by the testimony which we offer today, and we ask  
11 the Commission's approval of our petition.

12 Now, gentlemen, if your time permits, I should like  
13 to elaborate more fully about what we know of the subsurface  
14 conditions in the Hyperion oil field.

15 MR. CRANSTON: Yes.

16 MR. SPAULDING: I'd like to present Mr. James Burns  
17 representing the firm of Babson and Burns, and also the City  
18 of Los Angeles.

19 Frank, would you stipulate he is qualified?

20 MR. HORTIG: Without reservation.

21 MR. BURNS: Just to give you a little history of the  
22 development of the Hyperion oil field ....

23 MR. CRANSTON: Would it help any to have the staff  
24 first state questions, so you could respond directly to that  
25 and so we could limit the discussion to that?

26 MR. BURNS: Yes, whatever you want.

1 MR. CRANSTON: Frank, will you state the staff's  
2 position?

3 MR. HORTIG: The staff's position is the same as  
4 the last time this matter was before the Commission -- the  
5 same as stated by Mr. Spaulding; that is, apparently, that  
6 it is the second finding, the drainage, which is troubling  
7 the Commission.

8 In view of the fact that Mr. Spaulding's statements  
9 indicate geological conditions are as concluded by the City's  
10 consultants and this conclusion being based on data, as stated  
11 in the second paragraph:

12 "... much of the evidence which we will present  
13 has been only recently obtained, in fact, within  
14 the last week, and hence we have not had the  
15 chance of making it available to or discussing  
16 it with members of your staff."

17 and this having been heard by staff for the first time, I  
18 would feel the most help could come from the staff in an  
19 analysis of this additional data not heretofore made available  
20 to staff, not heretofore reviewed by the State Lands Commis-  
21 sion staff, which leads them to believe that the staff could  
22 make this conclusion on this second finding; but to date the  
23 staff has not had such data submitted which would permit this  
24 conclusion.

25 MR. CRANSTON: The staff, I suppose, would not be  
26 able to react to whatever was said at this time. It would  
27 need time.

28 MR. HORTIG: My recommendation, and this is not to

1 foreclose discussion as this would be helpful to the staff --  
2 I would suggest in the light of the presentation and the  
3 statements made, if data be available that the matter be re-  
4 viewed by staff and the matter be again brought before the  
5 Commission after that review.

6 MR. CRANSTON: I would like to ask the pleasure of  
7 the other parties. This has been in our lap for some time.  
8 I think we should do something before we depart. I am  
9 strongly inclined to see the City proceed, if it is possible.  
10 It is possible for the staff to hear about the geological  
11 data that is available -- I see no purpose in our seeing it.  
12 But I leave that to the pleasure of the others.

13 GOV. ANDERSON: I would agree with that, with the  
14 stipulation I want to make it clear that whatever I vote for  
15 I want to make sure there are no wells located out in the sub-  
16 merged land. One section of the staff report says that the  
17 most effective and economic drillsite is not where presently  
18 located, and the implication I get from that is that follow-  
19 ing the finding of sufficient oil down there there would be  
20 a move to go out in the water.

21 I am fully in favor of allowing the City to have  
22 this opportunity as long as it is made very, very clear that  
23 we are not talking about subsequent wells on a drilling plat-  
24 form or an island or something like that. I don't want to  
25 see anything that is going to destroy Santa Monica Bay from  
26 the point of view of esthetics and the boating and so forth.

1 I want it to be very clear that that is my feeling.

2 MR. CRANSTON: I have a strong feeling that we are  
3 not going to be much more certain when we hear this evidence.  
4 We just cannot know whether there is drainage or not from the  
5 geological data until they have drilled. If we can act --  
6 as I am sure Glenn wishes to assure, and I wish to assure --  
7 that we will not destroy the scenic values and recreational  
8 values of this scenic bay, we could proceed today.

9 MR. HORTIG: The Attorney General's Office says it  
10 is necessary that you be in a position to make an affirmative  
11 finding on this matter. So the only hope for you to make an  
12 affirmative finding is to see whether a re-review can reveal  
13 new data, to see if there is a technical reason for this  
14 determination.

15 MR. CRANSTON: Despite the Attorney General's  
16 opinion, I don't think I will be able to make a vote with  
17 absolute confidence; but perhaps we should have your informa-  
18 tion given to the staff instead of to us -- with the strong  
19 hope that we will be able to act at our next meeting.

20 Is that satisfactory?

21 GOV. ANDERSON: Yes.

22 MR. SHEEHAN: That's satisfactory.

23 GOV. ANDERSON: And can this be written a little  
24 more clearly as far as what the potential platform sites out  
25 in the water would be? It is vague here. I want to be very  
26 clear when I vote on this. I want to go along with this, but

1 I want to be sure we are not laying the groundwork for wells  
2 out in the water.

3 MR. HORTIG: I think you are perfectly right,  
4 Governor; but in light of the staff's recommendation, recom-  
5 mending denial of the petition of the City, no foreclosure  
6 or limitation in the permit to assure there would not be any  
7 offshore drilling was necessary to recite at the time; but we  
8 did feel that the Commission should be informed that with the  
9 normal, probable technical and economic pressures, if this  
10 operation is put into effect, the time will come when there  
11 will be another presentation before the State Lands Commission  
12 suggesting offshore platforms -- depending entirely on the ex-  
13 tent of this undetermined structure.

14 GOV. ANDERSON: This is the part I want to cover  
15 because I am confident that the people of Los Angeles, par-  
16 ticularly those fronting Santa Monica Bay, if they thought  
17 there was a chance of an orchard of wells going out in Santa  
18 Monica Bay would be very unhappy. If they thought there were  
19 going to be wells out there, we would have received all kinds  
20 of petitions, and rightfully so.

21 I want to do all I can to help, but ...

22 MR. CRANSTON: The statement by Mr. Spaulding says:  
23 "Upon being assured that all drilling operations would be  
24 confined within the Hyperion Sewage Disposal Plant, Lieutenant  
25 Governor Anderson stated that he no longer had any reserva-  
26 tions about our project upon esthetic grounds." I think the

1 matter is how you work out those assurances, so we know they  
2 are assurances and cannot be easily changed.

3 MR. HORTIG: Mr. Chairman, I think I can assure you  
4 on behalf of the staff and assuming some positive determina-  
5 tion on a re-review of this original data, if we determine  
6 there is a basis for approval by the Lands Commission the  
7 recommendation by the staff would also include such limiting  
8 conditions for operation as would assure in the future devel-  
9 opment pursuant to the approval of this Commission, that  
10 there would not be any offshore operations conducted.

11 MR. SPAULDING: Mr. Chairman, the contract itself  
12 requires all operations to be in the plant. The drillsite is  
13 in the plant.

14 MR. CRANSTON: Let's proceed on that basis. The  
15 matter will go over to the next meeting, with the certainty  
16 it will be before us and the expectation we will find a way  
17 to approve it.

18 MR. SHEEHAN: I'll move approval of the other items.

19 MR. CRANSTON: Approval of the other items is moved...

20 GOV. ANDERSON: Second.

21 MR. CRANSTON:...seconded, and so ordered.

22 Item 6 -- City of Long Beach: (a) Approval of  
23 estimated subproject expenditures, from November 17, 1966 to  
24 termination of \$101,000, with \$13,534 (13.4%) estimated as  
25 subsidence costs, for raising and relocating gas and water  
26 facilities, Gerald Desmond Bridge (Entrance Channel Bridge)

1 (2nd Phase).

2 GOV. ANDERSON: So move.

3 MR. SHEEHAN: Second.

4 MR. CRANSTON: Approval is moved, seconded, so  
5 ordered.

6 Item 7 -- Land Sales: (a) Authorize the sale to  
7 Noel F. and Shirley F. Evans of 40 acres State school land in  
8 Shasta County, at \$4,666.99 (appraised value, \$3,320).

9 (b) Authorize the sale to L. J. Fee of 40 acres  
10 State school land in Modoc County at \$1,500 (appraised value,  
11 \$1,200).

12 (c) Authorize the sale to Joan S. Dyer of 197.68  
13 acres State school land in San Benito County, at \$5,159.45  
14 (appraised value, \$3,854.76).

15 GOV. ANDERSON: So move.

16 MR. SHEEHAN: Second.

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

19 Item 8 -- Administration: (a) Authorize the Execu-  
20 tive Officer (1) to announce and hold a public hearing on the  
21 proposed Leslie Salt Co.-State title transaction, in order  
22 that the interested general public and the Division may be  
23 informed completely and correctly on this subject prior to  
24 any action by the Commission; and (2) to make a report on the  
25 proposed title clarification transaction between Leslie Salt  
26 Co. and the State at a meeting of the San Francisco Bay

1 Conservation and Development Commission, said hearing, if  
2 authorized, to be set at a time and place as appears most  
3 convenient, based upon a canvass by the Division of all  
4 interested individuals and organizations.

5 GOV. ANDERSON: When would that be, Frank -- the  
6 hearing?

7 MR. HORTIG: Logically, I would feel, Governor, that  
8 this should follow the time of presentation of the statement  
9 and report to the San Francisco Bay Conservation and Develop-  
10 ment Commission, so that it might be the last hearing on the  
11 subject; and the time when the B.C.D.C. might wish to sched-  
12 ule such hearing is, of course, under their control -- although  
13 they would be informed of the availability of such report as  
14 requested by members of the B.C.D.C.

15 GOV. ANDERSON: Approximately when would this be?

16 MR. HORTIG: During December would be the very  
17 earliest for the B.C.D.C., which of necessity would put the  
18 public hearing on behalf of the Lands Commission into January  
19 of 1967 at the earliest.

20 GOV. ANDERSON: I want to say that I have received  
21 probably more communications on this item than almost any-  
22 thing else in the last three or four weeks. I am fully aware  
23 of the tremendous amount of work by attorneys and staff and  
24 everybody to try to work out an arrangement, but I don't be-  
25 lieve the public knows what is being done and somewhere along  
26 the line this has not gotten out to the public and we are

1 receiving a lot of letters questioning the motivation.

2 I would think a great deal of attention should be  
3 given to this matter, so the public knows about it -- so when  
4 you have the meeting the public knows what is going on. I  
5 would think this should be after the first of the year. I  
6 think if we put something through, they might think it is a  
7 last minute thing we are trying to do.

8 MR. CRANSTON: I don't think we should make the  
9 decision, but I think the meeting with the B.C.D.C. is some-  
10 thing else and we should provide as much information as  
11 possible. We are not necessarily thinking of a hearing in  
12 which the members of the Commission would participate, but  
13 where the staff would provide opportunity for the public to  
14 get all information on the narrow issue we are involved in  
15 and emphasize we are not making a decision on the broad issue.  
16 All those people who have shown interest should be somehow  
17 notified and invited to that hearing.

18 MR. HORTIG: This, of course, was the purpose of  
19 the staff recommendation, stating that the hearing, if author-  
20 ized, should be set at a time and place based upon a canvass  
21 of all interested parties.

22 You will recall that such a hearing was held in  
23 Oakland, California, in January 1965. This was before the  
24 B.C.D.C. Now, many citizens who have become interested in  
25 the San Francisco Bay complex, who have since become inter-  
26 ested in the B.C.D.C., who did not attend that public hearing

1 feel they have been foreclosed from getting the information --  
2 which is not the case.

3           Consequently, at a forum held three weeks ago at  
4 Foothill College at Los Altos Hills, a second annual regional  
5 conference, "Man and his Environment" was the subject for a  
6 competition in San Francisco Bay. I was approached by many  
7 participants, both in the conference and others, who con-  
8 tacted me for information. It occurred to me then that the  
9 only way to get the information to a new body of citizens  
10 would be that we have another meeting. The Redwood City  
11 people wanted it in Redwood City; the Oakland people wanted  
12 it on Oakland; and even San Francisco residents decried the  
13 fact that the Commission directed the hearing be held in  
14 Oakland because there was extensive land involved in Alameda  
15 County.

16           For this reason, I think we can try to decide on an  
17 optimum location and in the end we may have to hold two hear-  
18 ings to convey this information to the satisfaction of the  
19 citizens.

20           Approval of this item is going to be demonstration  
21 to the citizens who are vitally interested around San Fran-  
22 cisco Bay of the desire of the State Lands Commission to co-  
23 operate fully and get all the information to them -- as both  
24 you and the Chairman have said is a vital necessity.

25           GOV. ANDERSON: Who calls the hearing? Would the  
26 State Lands Commission call it or the B.C.D.C.?

1 MR. HORTIG: The Executive Secretary.

2 GOV. ANDERSON: Who would conduct the hearing?

3 MR. HORTIG: The Executive Secretary of the State  
4 Lands Commission.

5 GOV. ANDERSON: But you said the B.C.D.C. member-  
6 ship would have to be informed.

7 MR. HORTIG: That is a different issue. The B.C.D.C.  
8 chairman has suggested that it would be helpful to the B.C.D.C.  
9 to have a full report from the State Lands Commission to the  
10 Commission.

11 GOV. ANDERSON: After the hearing?

12 MR. HORTIG: No, first; just a report for them to  
13 consider in connection with all permit authorizations that  
14 they consider for the Bay. Then, separately, there would be  
15 a public hearing under the control of and that would be  
16 effectuated or considered or approved by the State Lands Com-  
17 mission; and the citizens interested in what action the State  
18 Lands Commission would take would attend.

19 GOV. ANDERSON: Doesn't the B.C.D.C. know what we  
20 are doing at the present time?

21 MR. HORTIG: Not specifically and not in complete  
22 detail because, as I said, the last public hearing on this  
23 matter was held in January 1965 and the B.C.D.C. did not come  
24 into being as an organization until September 1965.

25 GOV. ANDERSON: So then really the first thing you  
26 will do is your item (2) -- to make a report to the B.C.D.C.

1 of everything you have been doing so far with Leslie Salt;  
2 and following that you will pick a time and hold a hearing,  
3 probably with B.C.D.C. working with you on this?

4 MR. HORTIG: Not necessarily, but they will cer-  
5 tainly be welcome to be present -- because the B.C.D.C. does  
6 not have any jurisdiction over the title problems which are  
7 the responsibility of the State Lands Commission; but they  
8 want to know how this interrelates to their granting permits  
9 for operations on lands, irrespective of who owns them, in San  
10 Francisco Bay. And just because they also have received a  
11 tremendous amount of letters and inquiries, as you gentlemen  
12 have, they feel that in order to clear it in the public's  
13 mind and, for the record, in the minds of the B.C.D.C. Com-  
14 missioners, they would appreciate an explanation of the total  
15 project and where their jurisdiction is after this title  
16 clarification is accomplished.

17 Then the hearing can be held as to what action can  
18 and should be taken and recommended to the State Lands Com-  
19 mission for title clarification.

20 This is an attempt to probably achieve the greatest  
21 distribution of information, and complete information, to the  
22 interested citizenry on any one single project that has been  
23 undertaken by any State board or commission.

24 MR. CRANSTON: As I understand it, the facts are  
25 that the Legislature authorized us to try to work out a  
26 boundary dispute with Leslie Salt involving certain sloughs

1 on property that is indisputably owned by Leslie Salt Company  
2 It is not a land swap; it is not a policy determination. It  
3 has no over-all or after effect on the massive fill proposed  
4 by Leslie Salt, so we cannot stop that. I think we can focus  
5 on that, because many people are fixing the responsibility  
6 for this larger plan with the State Lands Commission, rather  
7 than the B.C.D.C., and that larger plan can be one that  
8 affects not only the Bay and the wildlife inhabiting its  
9 waters and shores, but the lives of all humans living on  
10 the land nearby.

11 The more we can clarify this situation, the better.  
12 I suggest we try to clarify this, whether it be simply a  
13 staff hearing or one with the members if it will help.

14 MR. HORTIG: May I add something, Mr. Chairman,  
15 which would make it as complete as it possibly could be?  
16 In addition to your statement regarding clarification of  
17 boundaries of those lands that are indisputably legally, or  
18 probably legally, those of Leslie Salt ....

19 MR. CRANSTON: Indisputably probably?

20 MR. HORTIG: Or probably.

21 MR. CRANSTON: And/or.

22 MR. HORTIG: ... there is an additional advantage  
23 to the State and this has not become generally recognized.  
24 That is, there would be a clarification of record title in  
25 the State of California of some three thousand\* acres of  
26 sloughs which, according to the county records in Alameda,

\*later corrected by Mr. Hortig -- should be 1,500 acres.

1 Santa Clara and San Mateo counties, are privately owned and  
2 on which taxes have been paid -- but which are actually again  
3 and/or indisputably State-owned land. It is this clarifica-  
4 tion and returning to State records and State jurisdiction of  
5 over three thousand\* acres of potentially valuable slough  
6 land that is the largest advantage to the State.

7 MR. CRANSTON: Does anybody in the room want to  
8 make a motion?

9 GOV. ANDERSON: I'll move it.

10 MR. SHEEHAN: I'll second it.

11 MR. CRANSTON: It is moved and seconded. I want it  
12 understood this motion is now revised and leaves open to ques-  
13 tion as to whether or not it is to be conducted by the staff  
14 or whether the Commission will participate.

15 MR. BUTLER: Mr. Chairman, would it be possible to  
16 ask a question?

17 MR. CRANSTON: Certainly.

18 MR. BUTLER: I am Lewis Butler, representing a  
19 citizens' organization in Redwood City. We have certain in-  
20 formation on what you are talking about -- about what is a  
21 navigational slough. I am not so sure a public hearing is the  
22 way to proceed with these facts. I understand at the public  
23 hearing you want to explain to the public what you intend to  
24 do; but it might be helpful for us to have some procedure to  
25 work with the staff.

26 MR. CRANSTON: Would you please work with the staff?

\*later corrected by Mr. Hortig -- should be 1,500 acres.

1           Next item, 9, informative only, no Commission  
2 action required: (a) Report on status of litigation.

3           MR. HORTIG: If I may, Mr. Chairman, amplify:  
4 There is an action identified as People vs. Pacific Fluorite  
5 Company, et al. It appears on your calendar on page 41.  
6 This has been in process in two parts. First, there was a  
7 question, since the State was suing for damages to State-owned  
8 land which had been occupied by Pacific Fluorite Company in  
9 connection with a mining and milling operation without auth-  
10 orization. The court divided the proceedings in two parts --  
11 first, the determination of whether the State was the right-  
12 ful owner of the land and, thereafter, would determine what  
13 damages might be awarded the State.

14           On November 9th of this year, Judge John P. Knauf  
15 of the San Bernardino County Superior Court adjudged the  
16 State of California to be the owner of the subject land in  
17 the above entitled action. So step number one has been com-  
18 pleted and there will be a conference tomorrow between attor-  
19 neys, including representatives of the Attorney General's  
20 Office under Mr. Shavelson's direction, to determine whether  
21 a compromise basis can be arrived at on the damage portion  
22 of the action, which the State is now clearly entitled to  
23 receive, since the court has determined the Federal mining  
24 laws and all other adverse positions did not apply and there  
25 was actual trespass on the State-owned lands.

26           This is one we brought to the Commission and

1 suggested it be prosecuted in order to clear the record and  
2 also to set some precedent -- so that the citizens who were  
3 trying to operate with authorization would feel that they had  
4 a reason to come to the Lands Commission to get authorization  
5 in the first place, rather than doing it the easy and more  
6 economical way, as some people are trying to do, by simply  
7 occupying the lands without authorization.

8 MR. CRANSTON: There are two supplemental items.

9 Number 11 -- Approval of actions by the Executive  
10 Officer, consenting to following schedules for wells to be  
11 drilled for the 1966 Plan of Development and Operations and  
12 Budget, Long Beach Unit:

13 (a) Well A-663-I, to be drilled in November 1966  
14 from Island "A".

15 (b) Wells A-234 and A-302, to be drilled in December  
16 1966 from Island "A".

17 Motion is in order.

18 GOV. ANDERSON: So move.

19 MR. SHEEHAN: Second.

20 MR. CRANSTON: Approved unanimously.

21 Number 12 -- Authorization for Executive Officer to  
22 issue permit to Redwood City General Improvement District No.  
23 1-64 to dredge approximately 80,000 cubic yards of material  
24 from submerged lands in the bed of Belmont Slough, San Mateo  
25 County, at royalty of five cents per cubic yard.

26 MR. HORTIG: If I may add to that, Mr. Chairman,

1 this is the subject of an existing B.C.D.C. permit to conduct  
 2 these operations on these lands. There are some title ques-  
 3 tions involved, so the Lands Commission is authorizing this  
 4 operation, in fact, only insofar as the Lands Commission does  
 5 have title; and by bonds filed with the permit, the State  
 6 will be indemnified and be held free and harmless from any  
 7 action as a result of any title contest which would have to  
 8 be cleared by the Redwood City General Improvement District.

9 GOV. ANDERSON: Move it.

10 MR. SHEEHAN: Second.

11 MR. CRANSTON: Moved, seconded and so ordered.

12 Before the final item on the next meeting, I would  
 13 like to have one item placed on the agenda of the next meet-  
 14 ing and that is the Newport land exchange -- not with the  
 15 thought that there will be any definitive action taken by the  
 16 Lands Commission at the December meeting. However, the Lands  
 17 Commission has employed a consultant, Lawrence Livingston, to  
 18 investigate the present land swap and judge it and some alter-  
 19 nate ideas which might be put forward for the enjoyment of  
 20 the citizens. I'd like that on the agenda for discussion.

21 MR. HORTIG: And report of the consultant?

22 MR. CRANSTON: Yes.

23 Date and place of next Commission meeting --  
 24 Wednesday, December 14, 1966 in Sacramento. I note the time  
 25 of convening is not there. Is that supposed to be ten  
 26 o'clock?

1 MR. HORTIG: It is ten o'clock. We have since  
2 contacted all members and they have concurred.

3 MR. CRANSTON: December 14th, ten o'clock,  
4 Sacramento.

5 Thank you. We stand adjourned.

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ADJOURNED 11:10 A.M.

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CERTIFICATE OF REPORTER

1  
2  
3 I, LOUISE H. LILLICO, hearing reporter for the  
4 Office of Administrative Procedure, hereby certify that the  
5 foregoing thirty-four pages contain a full, true and accurate  
6 transcript of the shorthand notes taken by me in the meeting  
7 of the State Lands Commission at Sacramento, California on  
8 November 17, 1966.

9 Dated: Los Angeles, California, November 18, 1966.

10 Louise H. Lillico  
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