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TRANSCRIPT OF  
MEETING  
of

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA

February 23, 1967

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MEETING OF

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA  
February 23, 1967

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PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Houston I. Flournoy, Controller, Chairman

Hon. Robert H. Finch, Lieutenant Governor

Hon. Gordon P. Smith, Director of Finance,  
not present; represented by:

Mr. Gordon Kaylor  
Chief Deputy Director of Finance

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Warren J. Abbott, Deputy Attorney General

APPEARANCE:

Mr. Harry D. Aggers  
Vice President, T H U M S

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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 minutes 1/24/67			1
3 PERMITS, EASEMENTS, RIGHTS- OF-WAY, NO FEE:			
(a) U.S. Dept. of Interior Bureau Land Management	34	1	1
4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, NO FEE:			
(a) Herman Akers	33	4	2
(b) A. C. Burdette	9	5	2
(c) Glen D. Penrod	22	6	2
(d) Decon Corporation	10	7	2
(e) Pacific Gas & Elec. Co.	35	8	2
(f) Pacific Gas & Elec. Co.	13	9	2
(g) Southern Pacific Pipe Lines	14	10	2
5 OIL-AND-GAS AND MINERAL LEASES AND PERMITS:			
(a) R. W. Cypher	20	11	2
(b) Joseph I. O'Neill, Jr. and Ashmun and Hilliard	29	14	2
(c) Atlantic Richfield Company	28	17	3
(d) Phillips Petroleum Company and Pauley Petroleum Inc.	27	18	3
(e) Texaco Inc.	6	19	3
(f) Union Oil Co. of California	4	20	3
(g) Pan Petroleum Co. Inc.	1	21	3

continued

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
5 OIL-AND-GAS AND MINERAL LEASES AND PERMITS: cont'd			
(h) Texaco Inc.	19	22	3
(i) Mobil Oil Corporation	7	23	3
(j) San Diego Gas & Elec. Co.	2	24	3
(k) Signal Oil & Gas Co.	26	25	4
(l) Los Angeles, City of	17	28	4
6 CITY OF LONG BEACH:			
(a) Subsidence remedial work W strip & Seaside Blvd. on Terminal Island 2nd ph.	15	31	6
(b) Determination allowable subsidence costs Port of L.B. Nos. 207, 282, 630, etc. and authorization execute instruments	8	33	6
(c) Determination exp \$50,230 by City for purchase Beach Lot 3, Block 46 in accord with Ch 138/64, etc.	16	36	6
(d) Revised expenditure of \$1,187,500 - Navy Landing	24	38	6
(e) Tenth Modif. 1966 Plan Long Beach Unit	18	40	6
(f) Second Modif. 1967 Plan Long Beach Unit	25	41	6
(g) Documents re interest of Allied Chemical in L.B. Unit	5	43	6

continued

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
7 LAND SALES & ACQUISITIONS:			
(a) Exchange of State lands for Fed. lands in San Bernardino County.	31	45	7
(b) Parcels 2 and 3, Inyo County to Archie G. Hall	21	48	8
(c) Parcels 1 and 5, Riverside county to Mark Armistead, Inc	30	50	8
(d) 570.69 acres Mono County to Dept. Public Works	3	52	8
8 PROPOSED ANNEXATION:			
(a) Parcel 2 Seaside Park Addn City of San Buenaventura	12	54	10
9 BOUNDARY AGREEMENTS:			
(a) City of L.A., Pacific Ocean Park, Inc. and State	38	56	11
(b) City of Santa Monica, Irving Kay, and State	39	61	11
(c) City of Redondo Beach, L&M Invest. Co. and State	37	66	11
(d) Clear Lake	23	71	12
10 ADMINISTRATION:			
(a) Stipulation re State's interest Parcel 70 near 29 Palms	32	72	14
(b) Schedule meetings 1967	36	73	14
11 INFORMATIVE: Litigation	40	74	15
12 PROPOSED 1967 LEGISLATION	41	76	18
Discussions re vacancies and strike at Long Beach			19

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	1	21	3	24	38	6
2	2	24	3	25	41	6
3	3	52	8	26	25	4
4	4	20	3	27	18	3
5	5	43	6	28	17	3
6	6	19	3	29	14	2
7	7	23	3	30	50	8
8	8	33	6	31	45	7
9	9	5	2	32	72	14
10	10	7	2	33	4	2
11	11	not on calendar		34	1	1
12	12	54	10	35	8	2
13	13	9	2	36	73	14
14	14	10	2	37	66	11
15	15	31	6	38	56	11
16	16	36	6	39	61	11
17	17	28	4	40	74	15
18	18	40	6	41	76	18
19	19	22	3	Uncalendarred Discussions:		
20	20	11	2	Vacancies		19
21	21	48	8	Strike -		
22	22	6	2	Long Beach Unit		19
23	23	71	12			

1 FEBRUARY 23, 1967 - 10:05 A.M.

2  
3 MR. FLOURNOY: The meeting of the Lands Commission  
4 will come to order.

5 I gather we have the confirmation of minutes of the  
6 meeting of January 24th. Any problem with the minutes of the  
7 meeting of January 24th?

8 GOV. FINCH: I move the approval.

9 MR. KAYLOR: Second.

10 MR. FLOURNOY: No objection, so ordered.

11 It is our understanding that there is no one present  
12 here that has voiced an indication to the Lands Commission of  
13 a desire to testify on any of the items that are on the agenda  
14 this morning, so unless there is some other indication we will  
15 proceed on that basis as of now. If anyone here has an item  
16 they do want to discuss or address themselves to, we will be  
17 happy to hear them, but otherwise we will proceed with the  
18 agenda.

19 Permits, easements, and rights-of-way to be granted  
20 to public and other agencies at no fee, pursuant to statutes:  
21 We have one item there, with the U. S. Department of Interior  
22 on the issuance of a permit. Any questions or discussion on  
23 that item?

24 MR. HORTIG: Recommended for approval by the staff,  
25 Mr. Chairman.

26 MR. FLOURNOY: All right. Without objection, it

1 will be so ordered.

2           Number 4: Permits, easements, leases, and rights-  
3 of-way issued pursuant to statutes and established rental  
4 policies of the Commission; and there we have some seven  
5 items that are proposed here for appropriate action.

6           Is there any discussion?

7           MR. HORTIG: All of these items are in conformance  
8 with the statutes and the standards and are recommended for  
9 approval.

10          MR. KAYLOR: Move approval.

11          GOV. FINCH: Second.

12          MR. FLOURNOY: Without objection, those items will  
13 be approved.

14          Item Number 5: Oil-and-gas and mineral leases and  
15 permits issued pursuant to statutes and established policies  
16 of the Commission -- some eleven items.

17          MR. HORTIG: If I may summarize, Mr. Chairman, items  
18 (a) and (b) represent a series of assignments of already exist-  
19 ing leases for geothermal resources from the lessee, ultimately  
20 to be held by Imperial Thermal Products, and are routine as-  
21 signments as are authorized under the statutes and under the  
22 terms of the lease; but action recommended with the anticipa-  
23 tion that experimental operations and pilot plant operations  
24 will be carried forward immediately by Imperial Thermal Products  
25 as the new lessees.

26          MR. KAYLOR: Do I understand these items are at the

1 request of the applicant?

2 MR. HORTIG: Yes.

3 MR. FLOURNOY: If there is no objection let's ap-  
4 prove those items, (a) and (b).

5 MR. HORTIG: Items (c), (d), (e) and (f) are re-  
6 quests for deferment of drilling requirements with respect to  
7 existing leases, in order to permit further studies and ex-  
8 ploration dependent upon availability of equipment; and items  
9 (c), (d), (e) and (f) are recommended for approval by the  
10 Commission.

11 MR. FLOURNOY: Any objection to granting those  
12 deferments? (No response) Without objection, the deferments  
13 will be granted.

14 MR. HORTIG: Items (g), (h) and (i) relate to ex-  
15 tension of geophysical exploration permits heretofore issued  
16 by the State Lands Commission, in order to permit the continu-  
17 ation of geophysical exploration operations. In accordance  
18 with the permit terms, all of these permits are also subject  
19 to concurrent permits by the Fish and Game Commission to  
20 assure complete protection of marine life in the conduct of  
21 those explorations.

22 MR. FLOURNOY: Any objection to those three items?  
23 (No response) So ordered.

24 MR. HORTIG: Item (j) is a request for deferment of  
25 operating requirements for a dredging operation authorized to  
26 San Diego Gas and Electric Company, who have to do periodic

1 dredging maintenance in San Diego Bay; and deferment of mini-  
2 mum operating requirements and continued payment of the lease  
3 rental is recommended.

4 MR. FLOURNOY: No objection, so ordered.

5 MR. HORTIG: Item (k) represents a proposal to this  
6 Commission for the first time under existing statutes, where  
7 the Commission is authorized to enter into and, on the basis  
8 of findings, negotiate oil or gas leases or compensatory oil  
9 agreements where the lands are of such small size, fragmented  
10 or so located, that they do not lend themselves to a bid for  
11 an oil and gas lease, -- in this case, the Colusa County Fair-  
12 grounds, which could only be explored by slant drilling of  
13 private lands outside the Fairgrounds.

14 It is recommended that the Executive Officer be  
15 authorized to negotiate a sub-surface gas lease, which the  
16 Colusa County Fair is agreeable to.

17 MR. FLOURNOY: No objection, we will so authorize  
18 the Executive Officer to negotiate.

19 MR. HORTIG: Item 5(1) is also an infrequent type  
20 of application to the Lands Commission. In this instance,  
21 the City of Los Angeles is the grantee in trust of tide and  
22 submerged lands in Santa Monica Bay in the vicinity of El  
23 Segundo, adjoining the Hyperion Sewage Treatment Plant.

24 There are oil wells on production on the uplands  
25 and adjoining lands and it is believed that it is possible and  
26 may be probable that by reason of this production the granted

1 tide and submerged lands are being drained; and the only way  
2 to prove this and also to protect the oil resources from  
3 drainage is by means of slant drilling wells out into the  
4 tidelands and producing, if there is production, for the  
5 benefit of the Recreation Fund of the City of Los Angeles.

6 GOV. FINCH: Has the City of El Segundo taken a  
7 position on this?

8 MR. HORTIG: No, sir. These particular lands are  
9 granted lands and in front of a section of the City of Los  
10 Angeles, and no objections from any of the adjoining communi-  
11 ties have been voiced.

12 The method of operation or development or explora-  
13 tion would be by means of oil equipment placed, again, within  
14 the exterior limits of the Hyperion Sewage Treatment Plant,  
15 which is already an industrial complex. There would be no  
16 operations conducted on the beach or out in the water.

17 Therefore, it is recommended that the proposed  
18 lease by the City of Los Angeles be approved by the Lands  
19 Commission, as required by statute.

20 MR. FLOURNOY: Is there any objection to approval?

21 MR. KAYLOR: Do I understand that the lease itself  
22 will be back for approval?

23 MR. HORTIG: Well, in effect, as to the award, this  
24 is correct - - The Attorney General corrects me. We have had  
25 the lease form, of course, before the staff and it has been  
26 reviewed, and it is presented here in connection with the

1 application. It already does contain the restrictions and  
2 provides only for conduct of operations from the uplands, so  
3 that all the conditions that the Lands Commission would desire  
4 to have included are included and would be approved by the  
5 action before you today.

6 MR. FLOURNOY: They are in the lease?

7 MR. HORTIG: Yes, sir.

8 MR. FLOURNOY: Any further discussion? (No response)

9 Without any objection, it will be so approved.

10 Number 6: We have some seven items with regard to  
11 the City of Long Beach.

12 MR. HORTIG: As the Commission is aware, economic  
13 control over the development of the Long Beach Unit of the  
14 Wilmington Field, approval of expenditures by the City of  
15 Long Beach for subsidence alleviation and protection, and  
16 nonobjection with respect to capital investment projects in-  
17 volving \$50,000 or more, are all assigned responsibilities of  
18 the State Lands Commission.

19 Items (a) through (f) recommend, on the basis of  
20 all three of these items, subsidence costs, determination of  
21 nonobjection for capital expenditures, and approval of modi-  
22 fications of the Plan of Development and Operations and  
23 Budget for current operations. These are included in items  
24 (a) through (f) and are all recommended.

25 Item (g) represents an application requesting  
26 approval of assignment of and establishing of production

1 payment procedure with respect to a share of the production  
2 held currently by Allied Chemical Corporation; and such  
3 assignment is subject to approval both by the City and State,  
4 and is recommended for approval by the Lands Commission, sub-  
5 ject to approval by the City Manager of Long Beach, as is  
6 required by contract.

7 MR. FLOURNOY: Is there any discussion with regard  
8 to any of these items on Long Beach? (No response) Without  
9 objection, they will be so approved.

10 Number 7: Land sales and acquisitions. We have  
11 some four items pending.

12 MR. HORTIG: Item (a) is one procedure by which  
13 the State is slowly acquiring satisfaction of deficiencies to  
14 the School Land Grant of 1853. Lands having been selected  
15 and having finally been approved by the Department of the  
16 Interior will be received by the State of California.

17 There is an application by a private individual to  
18 purchase these lands, who made the original suggestion to the  
19 State of California. This is no longer the procedure. This  
20 was long ago that this selection application was filed, and  
21 the policy of the Commission has been substantially altered  
22 and private applications are no longer being accepted; but  
23 applications for the benefit of the State are continuing to  
24 be made. This is a proposed consummation of a transaction  
25 which has been pending for many years.

26 GOV. FINCH: How many acres are you talking about?

1 MR. HORTIG: This will appear on page 45. The  
2 State is now selecting 2209.40 acres of Federal land.

3 GOV. FINCH: In return for which?

4 MR. HORTIG: In return for which we would release  
5 lands of equal value in the amount of 8,220 acres -- which  
6 are, however, unavailable to the State for development,  
7 utilization or any other program because they are within the  
8 limits of the Twentynine Palms Marine Corps Base, which has  
9 a fence around it.

10 MR. FLOURNOY: Is there any objection to approving  
11 that item? (No response)

12 MR. HORTIG: By this action the Commission will  
13 only be accepting these lands and completing this exchange.  
14 The further sale, if any, is still subject to final approval  
15 by the State Lands Commission.

16 MR. FLOURNOY: Without objection, it will be so  
17 ordered, then.

18 MR. HORTIG: And the balance of the items, (b), (c),  
19 and (d) are straightforward authorizations for sale to the  
20 highest qualified bidder; in items (b) and (c) with the  
21 appraised price as the minimum bid, and item (d) for sale at  
22 the appraised price but without competitive public bidding  
23 because the sale would be to the Department of Public Works,  
24 Division of Highways.

25 GOV. FINCH: When did negotiations begin on item (b),  
26 roughly?

1 MR. HORTIG: I do not have that before me, but in  
2 all probability it was within the past year because this was  
3 a straightforward sale.

4 April 14, 1966 the application was received, but  
5 this was an application to purchase lands to which the State  
6 Lands Commission had full clear title and so there was no  
7 imposition or problem of acquiring these lands from the  
8 Federal Government first.

9 GOV. FINCH: This just raises the over all policy  
10 of whether we are peddling lands for the sake of peddling it,  
11 where we do have clear title; whether we want to take a halt  
12 at some point; whether we want to let that land go.

13 MR. HORTIG: There is one significant item already  
14 in the policy and you will note it in the heading, Governor.  
15 These are all cleared with all State agencies having a land  
16 acquisition program. So it has been determined that there is  
17 no State agency that has a program in the foreseeable future  
18 where they feel there would be a higher public use.

19 GOV. FINCH: This would be the Inyo School Board?

20 MR. HORTIG: No, the State agencies -- not the local  
21 districts.

22 GOV. FINCH: Are they consulted?

23 MR. HORTIG: They are sent a notification and can  
24 object.

25 GOV. FINCH: And there was no objection?

26 MR. HORTIG: There have not been. With respect to

1 the preceding item, item (a), there have already been indi-  
2 cations -- and I mentioned there would be further approval  
3 of the Lands Commission required -- there are probabilities  
4 that there will be public agency objection to that item.

5 GOV. FINCH: All right.

6 MR. FLOURNOY: If there is no further discussion  
7 on these three items -- (b), (c), and (d) -- without objec-  
8 tion the sales will be authorized.

9 Item 8 -- Proposed annexations.

10 MR. HORTIG: After approval by a local agency  
11 formation commission where annexation of tide and submerged  
12 lands is desired, the statutes require that the State Lands  
13 Commission review the boundaries of the proposed annexation  
14 to determine that it is reasonable, equitable, will not inter-  
15 fere with the coastal activities of adjoining communities,  
16 and will also eliminate the possibilities of shoestring  
17 annexations to the detriment of other upcoast or downcoast  
18 organizations.

19 In this instance, it is recommended that, inasmuch  
20 as the area proposed to be annexed is immediately offshore an  
21 area that has already been annexed on the upland, the proposed  
22 boundaries be approved at this time.

23 This is also step one in an annexation proceeding,  
24 in that after this approval request must be made by the pro-  
25 posed annexing agency for a valuation of the tide and sub-  
26 merged lands by the State Lands Commission, and a statement

1 of objection or nonobjection to the proposed annexation,  
2 which will be before the Commission in the future.

3 This approval today does not constitute a commit-  
4 ment in ...

5 GOV. FINCH: It merely approves the boundaries.

6 MR. HORTIG: It merely approves the boundaries, in  
7 order that additional procedural steps that are specified can  
8 be carried forward.

9 MR. FLOURNOY: Any objection to approve the annexa-  
10 tion at this time? (No response) No objection, so ordered.

11 Item 9 -- Boundary agreements and determinations.  
12 We have some four items there.

13 MR. HORTIG: Items (a), (b) and (c), Mr. Chairman,  
14 represent a series of boundary determinations in Santa Monica  
15 Bay, determining the boundary line between granted tide and  
16 submerged lands and lands still under the possible jurisdic-  
17 tion of the State Lands Commission, where because of artifi-  
18 cial conditions having interposed it becomes feasible to fix  
19 the boundary lines for all times by boundary agreements, as  
20 authorized in the statute, adopted by the State Lands Com-  
21 mission.

22 These are also with the consent and approval of the  
23 Office of the Attorney General and will permit the develop-  
24 ment of adjoining uplands, in that the upland owner will for  
25 the first time have a legally certain boundary and thereby be  
26 in a position to complete his title insurance and financing.

1 Items (a), (b) and (c) are, therefore, recommended.

2 MR. FLOURNOY: Are there any objections to those  
3 boundary agreements being executed? (No response) Without  
4 objection, (a), (b) and (c) are approved and authorized.

5 How about item (d)?

6 MR. HORTIG: Item (d) is somewhat analogous in that  
7 it provides generally, rather than specifically, with respect  
8 to one upland operator a formalization of the boundary line  
9 between the State jurisdiction and the low water mark and the  
10 adjoining uplands.

11 While it has been standard practice for many years  
12 to consider elevation zero on the Rumsey Gauge on Clear Lake  
13 to depict the location of the low water mark of Clear Lake --  
14 and this has been utilized both by other State agencies and  
15 the State Lands Division in Clear Lake and by local commis-  
16 sions on the upland; and, indeed, in litigation locally,  
17 which litigation the State was not a party to -- it was felt  
18 desirable, in order to establish a clear boundary under which  
19 the planning commissioners and local owners can operate, that  
20 the Lands Commission should formalize the understanding that  
21 the low water mark and boundary between State and privately  
22 owned land at Clear Lake is the intersection of zero on the  
23 Rumsey Gauge at an elevation of 1,318.65 feet, sea level datum  
24 of 1929 as modified by the 1956 adjustment of the Coast and  
25 Geodetic Survey with the last natural shore line.

26 GOV. FINCH: Did the Supervisors act on this?

1 MR. HORTIG: Individually they are in favor of a  
2 fixation of this boundary line.

3 GOV. FINCH: This covers the entire lake?

4 MR. HORTIG: Yes, sir. As a matter of fact, this  
5 is a part of a survey that was incumbent upon the County of  
6 Lake as a result of leases from the State, pursuant to legis-  
7 lative directive, which, however, was never consummated; and,  
8 in turn, the County quitclaimed the leases back to the State.  
9 So the problem came back to the State Lands Division within  
10 the past two years, which is why this action today is desir-  
11 able, even after this long delay.

12 GOV. FINCH: Will this leave any problems with  
13 respect to construction on some work that has been done?

14 MR. HORTIG: Very definitely. There has been  
15 filling and some construction on the water side of this  
16 boundary line to be formalized.

17 GOV. FINCH: Will the resolution of those problems  
18 be up to the Supervisors there or will it come back to the  
19 State Lands Commission?

20 MR. HORTIG: No, it will be a problem of the State  
21 Lands Commission in negotiating settlement or leases; but for  
22 staff support it is desirable to have Lands Commission formal-  
23 ization, so that the boundary line under discussion is univers-  
24 ally agreed to be the boundary line.

25 MR. FLOURNOY: Without objection, we will fix that  
26 boundary line.

1 Item Number 10 -- Administration.

2 MR. HORTIG: I believe it is self-explanatory, Mr.  
3 Chairman.

4 MR. FLOURNOY: Are there any objections to accept-  
5 ing \$10 for payment of the State's 1/16th mineral interest in  
6 a parcel near Twentynine Palms, which I do not understand has  
7 any minerals there, but the total consideration is \$10? Is  
8 there any objection to that item to authorize the execution  
9 of that stipulation? (No response) Without objection, it  
10 will be so authorized.

11 Item (b) -- Confirmation of schedule of meetings  
12 of the State Lands Commission for the 1967 calendar year.

13 MR. HORTIG: It is proposed that the meeting sched-  
14 ule for the State Lands Commission for the balance of the  
15 year be set for the fourth Thursday for each month, with the  
16 exception of November, where the fourth Thursday would fall  
17 on Thanksgiving and, therefore, the fifth Thursday would be  
18 substituted.

19 MR. FLOURNOY: If we adopt this, it doesn't mean we  
20 can't change it?

21 MR. HORTIG: No, sir. At any time, at the request  
22 of the Commission, we will resolve a conflict; but it is  
23 helpful both to the staff and the public to have an indica-  
24 tion of the meetings.

25 MR. FLOURNOY: Is there any objection to setting  
26 that schedule? (No response) So confirmed.

1 Item 11: (a) Report on status of major litigation.

2 MR. HORTIG: I don't believe there is any amplifi-  
3 cation over the written report, except -- if I may ask the  
4 Deputy Attorney General - -

5 Would you like to report on that, please?

6 MR. ABBOTT: Mr. Chairman, on the item of Standard  
7 Oil Company v. Cit of Carpinteria, et al., one of the et als  
8 being the State Lands Commission, they have now filed their  
9 petition for a writ of mandate and an alternative writ has  
10 been issued, returnable on March 16th in Los Angeles Superior  
11 Court.

12 The basic problem is an annexation of tide and sub-  
13 merged lands. The County of Santa Barbara is the grantee in  
14 trust and the State has reserved the minerals. Standard and  
15 Richfield are the State lessees on most of the area.

16 Pursuant to the statute, the State Lands Commission  
17 first fixed the boundaries and later submitted valuation of  
18 the State interest, which valuation is considerably higher  
19 than the Assessor's valuation of Standard's interest. Conse-  
20 quently, Standard's protests to the annexation were not ef-  
21 fective because they did not have fifty percent of total  
22 value, so Standard is challenging the Lands Commission on two  
23 counts -- that the valuation should be reduced to twenty-five  
24 percent and, two, even if it is reduced, they challenge the  
25 method used by the State Lands Commission.

26 They are also challenging the County Assessor's

1 method in which he apportioned improvements on the lease.

2 MR. FLOURNOY: Standard Oil has protested the  
3 annexation on the basis of their share interest and if they  
4 get this change, their protest will be taken care of?

5 MR. ABBOTT: Yes, sir.

6 GOV. FINCH: On Calendar Item 4, on what basis does  
7 Fluorite base its title? Is that the situation where they  
8 established a facility where they thought they had acquired  
9 legitimate title?

10 MR. ABBOTT: Yes, sir. Their basic claim was that  
11 this wasn't State land -- the mine was somewhere else. On  
12 that portion, the court has ruled in our favor. The only  
13 question left is the question of damages. They have counter  
14 claims of damages; and the negotiations are proceeding, as I  
15 understand it, quite well at this point.

16 GOV. FINCH: Is this another case where there was  
17 some question -- where, if we had resources in the State  
18 Lands Commission to post this property, maybe it wouldn't  
19 happen?

20 MR. HORTIG: It is possible, Governor. With  
21 600,000-odd acres scattered through thirty-eight counties in  
22 California, the maintenance of an effective posting system  
23 might be difficult. On the other hand, more frequent evalua-  
24 tion and inspection of the lands, if we had the resources,  
25 would certainly be justified and would also probably have  
26 precluded this operation taking place.

1           GOV. FINCH: How long were they in there operating  
2 and to what extent did they have the facility before we dis-  
3 covered they were on State lands?

4           MR. HORTIG: They were in there for many years and  
5 established a large mill, complete with equipment, all of  
6 which was not discovered except fortuitously as a result of  
7 an application to purchase other vacant State land in the  
8 county in the general vicinity. When the appraiser went to  
9 appraise the land for which application had been made, he  
10 discovered this large structure and facility on lands which,  
11 according to his records, were vacant State school lands;  
12 and this is what served as a basis for the notice to the  
13 applicant.

14           I might point out under Federal mining law, a min-  
15 ing location may be filed on any of the public domain.  
16 Literally, however, all vacant State school land in Cali-  
17 fornia, which is not subject to Federal mining law, has had  
18 Federal mining claims posted on it. They are invalid, but  
19 somebody has gone to the effort of doing it; and this is  
20 probably one of the most enthusiastic developments that was  
21 discovered on State land, where the Federal mining law was  
22 not applicable.

23           MR. FLOURNOY: Is there any other discussion with  
24 regard to the status of the cases? (No response) If not,  
25 we will move on to the last item of our agenda -- proposed  
26 1967 legislation.

1 MR. HORTIG: If I may, Mr. Chairman, refer you,  
2 starting on page 77, it is proposed that a series of bills  
3 be authorized to be introduced on behalf of the State Lands  
4 Commission, in order to achieve clarification and elimination  
5 of ambiguities of which we have been made aware during the  
6 past year.

7 For example, Exhibit A: Section 1007 of the Civil  
8 Code for many years has stated that title could not be ac-  
9 quired by prescription, adverse possession, and so forth, of  
10 public property, listing county, city, and county, city irri-  
11 gation districts, and so forth; and as long as it is in the  
12 Civil Code, because it was a State statute, everyone including  
13 the Office of the Attorney General have read this as meaning  
14 it was applicable to the State.

15 We have now had the question raised that since the  
16 State is not specifically mentioned herein, it does not apply  
17 to the State; and we are recommending that the Legislature  
18 add "the State," as stated. This would be a clarification of  
19 existing law and would not constitute a change.

20 MR. FLOURNOY: Do you want to take these up indi-  
21 vidually?

22 MR. HORTIG: Either way.

23 MR. FLOURNOY: I have looked over most of them and  
24 I assume most of the members have looked over them.

25 MR. KAYLOR: They are all very similar.

26 MR. FLOURNOY: I think we ought to recommend the

1 program as outlined be proposed to the Legislature by the  
2 Executive Officer of the State Lands Commission.

3 Are there any other items to be taken up?

4 GOV. FINCH: I'd like to ask the progress on fill-  
5 ing the various vacancies and ask Mr. Hortig where he stands  
6 with regard to Smith's department.

7 MR. HORTIG: Having conferred as of nine o'clock  
8 this morning with Mr. Smith and Chief Deputy Director, Mr.  
9 Kaylor, I am happy to report that I have unanimous directive  
10 from members of the State Lands Commission to proceed with  
11 carrying out the mechanics of filling all existing vacancies  
12 that are included in the authorized budget of the State Lands  
13 Commission.

14 GOV. FINCH: Specifically, how many positions will  
15 be involved, Mr. Hortig?

16 MR. HORTIG: We have a problem of establishment of  
17 six positions for next year at Long Beach, which is still  
18 under discussion; and I am getting an estimate of other  
19 State Lands Division personnel - - between twenty and  
20 twenty-five.

21 MR. FLOURNOY: Total vacancies?

22 MR. HORTIG: Total vacancies.

23 MR. FLOURNOY: Any other questions?

24 MR. HORTIG: I think I should report to the Commis-  
25 sion, lest someone feel for the public record that the Com-  
26 mission is not completely informed, that the operations with

1 respect to the development of the Long Beach Unit are in part  
2 currently subject to a strike being conducted by Equipment  
3 Operators' Union against the drilling contractor who has the  
4 contract for drilling the wells on Island A for the THUMS  
5 organization.

6 I had word this morning that not only THUMS, but  
7 the City and State offices were also being picketed.

8 Drilling operations are still going forward to the  
9 extent that there is equipment available on the island and  
10 all the wells that have been on production are continuing on  
11 production, as well as all injection wells.

12 THUMS and the City of Long Beach, having day to day  
13 operational control, are in continuous negotiations with re-  
14 spect to resolution of this strike. The Assistant Manager of  
15 Operations for THUMS is with us this morning if the Commis-  
16 sion would like any further details or have any specific  
17 questions; but we feel for the public record it should be  
18 noted that the Commission has been notified.

19 GOV. FINCH: What is the precise basis for the  
20 grievance?

21 MR. NORTIG: Harry?

22 MR. AGGERS: We have ....

23 MR. FLOURNOY: Will you identify yourself for the  
24 record?

25 MR. AGGERS: Harry D. Aggers. I am Vice President  
26 of THUMS. We have executed a contract with Island Drilling

1 Company, which is a Denver, Colorado corporation. They, in  
2 turn, were in the process of moving equipment on Island B and  
3 had rigged up one well when the Operating Engineers of Local  
4 12 evolved an organizational picket line.

5 The problem seems to be that Island is asking for  
6 an NLRB election for their people to determine whether they  
7 want a union or don't want a union. One other dispute is  
8 whether the drillers should be in the union or out, on the  
9 basis they are supervisory employees.

10 So the two issues have not been settled, although  
11 there is a hearing scheduled for tomorrow on the question of  
12 whether the drillers should be in or not; but the date has  
13 not been set for the election.

14 The Operating Engineers feel they have enough in-  
15 tent cards to represent themselves without an election and  
16 they want to enter negotiations on a contract basis. They  
17 feel more than fifty percent of the employees want them to  
18 negotiate.

19 GOV. FINCH: How many employees are we talking about?

20 MR. AGGERS: At the present time there are fifty,  
21 but there will be probably a hundred.

22 MR. KAYLOR: Is this a legal strike?

23 MR. AGGERS: Well, it appears to be. The strike,  
24 or the picket line, was placed first around the boat landings  
25 and it was placed by the Strike Council of the Long Beach  
26 Building Trades Council; and they picketed our boat landings

1 because they were alleged to be the entrance or departure  
2 gate to our facilities.

3 This council constitutes about twenty-two different  
4 unions -- welders, construction men and other trades; and the  
5 teamsters would not pass the picket line.

6 The Inland Boatmen Union, who operate the boats, are  
7 not a party to this because they don't belong to the Building  
8 Trades Council, so our boats are still operating, but union-  
9 represented firms will not cross the picket lines.

10 So we cannot supply the islands with material and  
11 as soon as our supplies are exhausted, then our drilling  
12 operations will be shut down. However, our construction opera-  
13 tions are completely shut down.

14 As of yesterday morning, THUMS, City of Long Beach  
15 and State of California were named on the picket signs. Up  
16 to that time, it had been only Island Drilling Company that  
17 had been named on the picket line. Now they have enlarged it  
18 on the basis -- THUMS, because we are the prime contractor  
19 to the City and this is a subcontractor to us; we in turn  
20 have a contract with the City of Long Beach; and they in turn  
21 mention the State of California.

22 GOV. FINCH: I am a little hurt they didn't mention  
23 us by name -- the State Lands Commission.

24 MR. FLOURNOY: Do you have any idea how long this  
25 will carry on?

26 MR. AGGERS: We don't have any idea. We will

1 probably be able to operate our drilling wells for two weeks  
2 and then they will be shut down.

3 MR. FLOURNOY: And you have no idea when the elec-  
4 tion will be set?

5 MR. AGGERS: I believe the election must be set by  
6 agreement between the employer and the union and they have not  
7 set an election date yet. I don't feel the union wants an  
8 election because they feel they have enough of these cards to  
9 indicate that they should be the bargaining agent and they  
10 feel this is adequate without an election; but there is an  
11 election in the wind someplace because an application has  
12 been made before the International Labor Relations Board for  
13 an election, but no date has been set.

14 MR. FLOURNOY: Thank you.

15 Any other matters? (No response)

16 I will entertain an appropriate motion.

17 GOV. FINCH: I move we adjourn.

18 MR. FLOURNOY: We will be back the 23rd of March.

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20 ADJOURNED 10:45 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing twenty-three pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION of the STATE OF CALIFORNIA at Sacramento, California, on February 23, 1967.

Dated: Los Angeles, March 6, 1967.

Louise H Lillico