

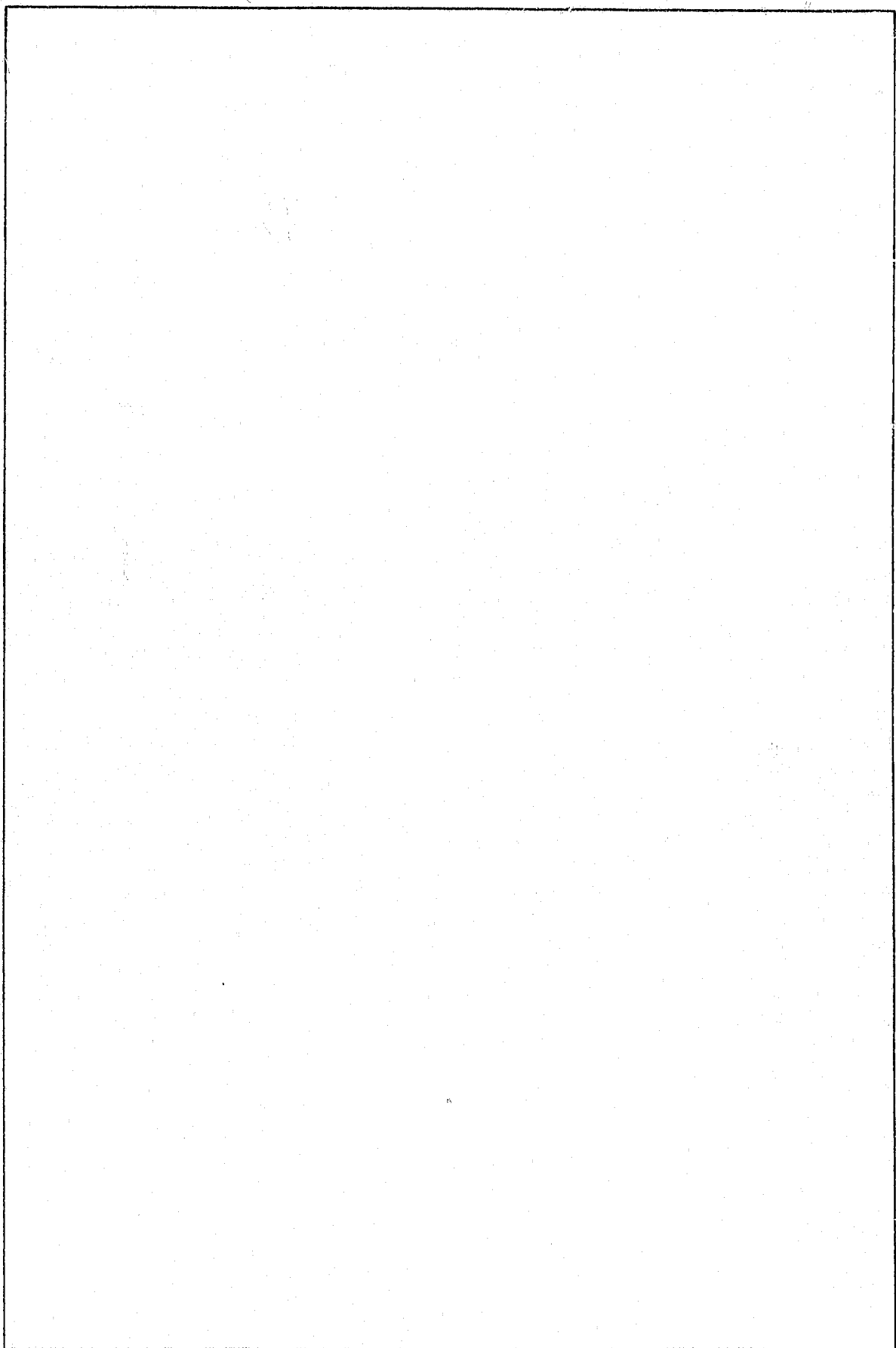
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MEETING  
STATE LANDS COMMISSION

ROOM 2117  
STATE CAPITOL  
SACRAMENTO, CALIFORNIA

MONDAY, DECEMBER 1, 1975  
10:00 A.M.

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MEMBERS PRESENT

Hon. Kenneth Cory, Controller, Chairman

Hon. Mervyn M. Dymally, Lieutenant Governor

MEMBERS ABSENT

Hon. Roy M. Bell, Director of Finance

ALSO PRESENT

Mr. William F. Northrop, Executive Officer, State Lands  
Commission

Mr. R. S. Golden, Assistant Executive Officer, State  
Lands Commission

Mr. D. J. Everitts, Manager, Energy and Mineral  
Resources Development

Mr. James F. Trout, Manager, Land Operations, State  
Lands Commission

Mr. N. Gregory Taylor, Deputy Attorney General

Mr. Robert C. Hight, Staff Counsel, State Lands  
Commission

P R O C E E D I N G S

--oOo--

CHAIRMAN CORY: Let's call the meeting to order. The Secretary will note the presence of Governor Dymally and myself. Mr. Bell is involved in other things today so we're going to have to proceed without him.

The first item is the confirmation of minutes of the regular meeting of October 29, 1975. Any corrections or additions to that hearing?

Hearing none, we will confirm them as presented.

Item 3, the report of the Executive Officer.

MR. NORTHROP: Thank you, Mr. Chairman, Governor.

A royalty oil sales contract between the State and U.S. Oil and Refining Company was issued in late 1973, covering the royalty oil produced from the ARCO lease in Tract 2 of the Long Beach Unit. This contract was awarded to the successful bidder at 74 cents above the posted price.

Deliveries were started on May 1, 1974. However, the Federal Energy Administration issued new regulations in January of 1974 and the next month repealed the State's exemption from crude oil price controls. FEA also ruled that removal of the State's exemption was retroactive to October of 1973 and that the supplier/purchaser relationship in effect between ARCO and the State December 1, 1973,

1 could not be terminated. ARCO, therefore, could not be  
2 required to meet U.S. oil's bid offer.

3 On November 6, 1975, we received a Remedial Order  
4 from FEA requiring the State to resume deliveries of  
5 royalty oil from Tract 2 to ARCO. Appropriate notices  
6 were served, and the delivery to ARCO was effected on  
7 November 7th. The FEA order also provided that the State  
8 could file an appeal on any of the issues. An appeal was  
9 filed by the State on November 12, 1975.

10 The FEA Remedial Order pertains only to the  
11 injunctive aspect and specifically defers any ruling on  
12 the damages aspect until additional data is received from  
13 both ARCO and the State. Such information is currently  
14 being prepared by the staff.

15 Mr. Gregory Taylor from the Attorney General's  
16 Office will amplify this problem.

17 MR. TAYLOR: Mr. Chairman and Governor Dymally,  
18 since that time, virtually all the information required  
19 on the question of damages has been submitted to the FEA  
20 together with the briefs of their State's position appealing  
21 the order. ARCO has filed its papers and is seeking  
22 \$500,000 damages from the State which it alleges that it  
23 has suffered as a result of this action. The State is  
24 contesting and denying that ARCO is entitled to any damages  
25 whatsoever. The briefs have been filed and they will be

1 scheduled for argument in Washington shortly.

2 LIEUTENANT GOVERNOR DYMALLY: No problem.

3 MR. NORTHROP: The next item is the completion  
4 of a contract. The resources appraisal which the State  
5 Lands Division has been conducting regarding the federal  
6 OCS Lease Sale 35 offshore Southern California for the Office  
7 of Planning and Research has been completed and was forwarded  
8 to them.

9 The next item is the school land sale applications.  
10 The Division has on file four pending applications  
11 for the purchase of about 5,223 acres of vacant school  
12 lands. These applications have been on file since the  
13 late 1960's, and are from public agencies and political  
14 subdivisions. Attempts to process these applications  
15 through to a completed sale have not been successful.  
16 In fact, it appears that the sales will never be completed.

17 The Commission has directed staff to prepare,  
18 and diligently follow a management plan for the vacant  
19 school lands. The significant acreage now pending on  
20 these incomplete applications is inconsistent with this  
21 directive.

22 If you have no objection, it is staff's intent to  
23 submit a recommendation to the Commission at its next  
24 meeting to cancel these applications and restore the  
25 lands to unencumbered status.



1           CHAIRMAN CORY: Just so we clarify, these four  
2 applications are from public agencies and political  
3 subdivisions who want to buy the property that we have  
4 as school lands.

5           MR. NORTHROP: Right. And for one reason or  
6 another, we have been unable to complete it, not because  
7 of anything that the State Lands has done, but because  
8 either the entities have changed their minds or situations  
9 are different now than when the applications were made  
10 or for several reasons these sales cannot be completed.  
11 We would like to pull these applications out, advise the  
12 applicants that we're canceling them and move on putting  
13 them into our blocking program.

14           CHAIRMAN CORY: And the applicants will have  
15 a chance to appear before us here if they have some  
16 reason why we should not go ahead?

17           MR. NORTHROP: That's correct. It just makes  
18 this thing a little neater.

19           U.S. Department of Interior OCS Lease Sale  
20 No. 35, Southern California:

21           Immediately upon the U.S. Department of Interior's  
22 release of final tract maps for the proposed southern  
23 California OCS Lease Sale No. 35, I instructed F. D. Uzes,  
24 the Supervising Boundary Determination Officer for the  
25 Divisions, to check the tract maps to insure that offshore

1 areas claimed by California were not included in the tract  
2 sale. The check revealed that the Department of Interior  
3 had included in the proposed sale approximately 428 acres  
4 of lands to which California asserts ownership. Determination  
5 of the ownership of this acreage, together with several  
6 other offshore areas, is one of the issues remaining in  
7 the case of U.S. versus California, which is pending before  
8 the United States Supreme Court.

9 On November the 18th, I wrote Secretary of  
10 Interior Kleppe a letter informing him of the situation  
11 and strongly demanding that the disputed acreage be with-  
12 drawn from the proposed sale. Simultaneously, I asked  
13 the Office of the Attorney General to prepare to obtain  
14 an injunction from the United States Supreme Court to stop  
15 any lease of the acreage claimed by California. The  
16 necessary papers are prepared and are ready for filing.

17 Last Wednesday evening, the Department of  
18 Interior informed us that the disputed acreage is being  
19 withdrawn from the proposed sale. A notice to this effect  
20 will appear in the December 2nd Federal Register. The  
21 Division staff has checked the descriptions of the parcels  
22 to be withdrawn, and finds that all areas claimed by  
23 California have been withdrawn and a buffer zone of 800  
24 to 2000 feet beyond those areas has also been deleted.

25 We do have calendar item number 28 on the calendar

1 which will give us the authority in case the Register does  
2 not appear.

3 CHAIRMAN CORY: Why should we not proceed anyway  
4 given the fact that the Federal Government, I think,  
5 consistently showed any failure to cooperate all the way  
6 through on this procedure, and I would hate -- frankly,  
7 I think the Federal Government, Department of Interior  
8 is totally capable of lying. They've engaged in the whole  
9 situation in a form of deceit, deception and I do not  
10 want us to jeopardize any of our legal rights.

11 So I think at the appropriate time on the agenda,  
12 we should take all steps of the Attorney General and do  
13 whatever necessary to make sure that people who have not  
14 lived up to their word do, in fact, live up to their word  
15 in this regard and not lease property owned by the State  
16 of California on behalf of the Federal Government.

17 MR. NORTROP: Fine. We will, at the appropriate  
18 time in the calendar, insert the language we have prepared.

19 The last two items are instructional items.  
20 The Governor had asked that an Alaskan natural gas line  
21 report be prepared. Mr. Don Everitts, Manager of our  
22 Energy and Mineral Resources for the Division, will give  
23 you a progress report at this time.

24 Mr. Everitts?

25 LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman, at

1 the completion of this report, I intend to ask you for  
2 an oral report on the Zarb rip-off.

3 MR. NORTHROP: Good point.

4 MR. EVERITTS: As Bill has indicated, this is  
5 just a preliminary progress report on the investigation  
6 that you have requested the staff to make on the possible  
7 impact which the arrival of Alaskan natural gas from  
8 Prudhoe Bay might have on California.

9 Approved gas and oil reserves in the Prudhoe  
10 Bay on the north slope of Alaska are really very significant.  
11 You notice the Prudhoe Bay area up there. They actually  
12 represent approximately 27 percent of the total approved  
13 U.S. domestic reserves of crude oil and approximately  
14 10 percent of the approved U.S. domestic gas reserves.

15 CHAIRMAN CORY: Don, what figures are you using  
16 to come to those -- what is the date of that information?

17 MR. EVERITTS: The data that I'm using is from  
18 a report put out by SOHIO in October, which they estimated  
19 9.5 billion barrels of recoverable oil in the crude  
20 reserves, in the approved areas of the field, and 26  
21 trillion feet of gas.

22 CHAIRMAN CORY: Do you know when the data base  
23 was prepared? The reason I'm asking, I had information  
24 from a friend of mine who lives in Alaska who says that  
25 according to his contentions, there is a new well on the

1 east edge doing a step out from the area which they had  
2 previously drilled, and that came in, he said, in late  
3 September or October which they indicated the production  
4 is 32 thousand barrels a day.

5 There were several people all from Alaska there  
6 who were saying that the output is far greater than they  
7 are putting into the system, and I'm just trying to  
8 ascertain those figures whether --

9 MR. EVERITTS: As I say, they were the letter  
10 of effect; the first time I saw those figures were in May,  
11 1975 letter from SOHIO, so they would not have the  
12 September data in it.

13 CHAIRMAN CORY: Okay.

14 MR. EVERITTS: For the reason that much of the  
15 oil, whatever it may be, may be coming through California --  
16 it just about has to. The full report will also include  
17 our findings on any impact which could be generated by  
18 the construction and installation of deepwater ports.

19 Nationwide, the United States consumes 22 trillion  
20 cubic feet of natural gas per year, over 8 percent of  
21 that is consumed by California, and only 14 1/2 percent  
22 of what California consumes is supplied by California  
23 production; the rest is imported.

24 That consumption has been steadily increasing  
25 since about 1945, and at the same time, production within

1 the State has been decreasing. To meet the demand, out  
2 of state imports have been required.

3 As California production decreases and present  
4 sources of outside gas are withdrawn, imports from Alaska  
5 and foreign countries will be necessary to satisfy the  
6 State's energy requirements.

7 Now, I indicated that this curve here I took  
8 from a report recently put together by PG&E and Southern  
9 California Gas by the PUC. They predicted total require-  
10 ments over here in MCF in equivalent barrels of oil.  
11 California's production steadily declining; firm commitments  
12 basically home heating, industrial and the electrical  
13 utility. As you can see, available gas -- no new supplies --  
14 continue to decline; very moderate growth, I think  
15 approximately 6 percent. The difference between this  
16 black curve, this curve here, and this curve, has got  
17 to be supplied by crude oil or oil. We're talking about --  
18 there is an equivalent of graphs, 170,000,000 barrels  
19 and 470,000,000, so some 300,000,000 barrels of oil will  
20 be needed if we get no new supplies of gas. Now, assuming  
21 that you get gas from Alaska by one of the many proposals,  
22 we can minimize that to some extent. Another reason,  
23 of course, why we think that the report should discuss  
24 crude oil from Alaska as well as gas, because we're going  
25 to be handling a lot of oil for our own purposes. Several

1 companies competing for natural gas reserves expected to  
2 be available for delivery to the United States, has  
3 proposed various routes and methods of transportation,  
4 and have filed applications to the Federal Power Commission.  
5 The Alaskan Natural Gas Transmission System has proposed  
6 installing a 48-inch buried line from Prudhoe Bay through  
7 Alaska. That's this line here, through Canada.

8 LIEUTENANT GOVERNOR DYMALLY: Who proposed that?

9 MR. EVERITTS: This is the Alaskan Natural Gas  
10 Transmission System.

11 CHAIRMAN CORY: Who are they?

12 MR. EVERITTS: That's basically El Paso -- well,  
13 it's not now really; it's a consortium of the companies.

14 CHAIRMAN CORY: But are they composed of utility  
15 distribution companies, or are they composed of gas  
16 transmission companies?

17 MR. EVERITTS: I guess the answer is "Yes." It's  
18 really the consortium of transmission companies and  
19 utility companies, consumer oriented companies.

20 CHAIRMAN CORY: Okay.

21 MR. EVERITTS: The El Paso Gas Company specifically  
22 has proposed laying a 42-inch pipeline from Prudhoe Bay  
23 to Valdez. We're talking about the red one, paralleling  
24 the 48-inch crude oil line that's currently under  
25 construction. Under this proposal, the gas would be

1 liquefied near Valdez and transported to California in  
2 LNG vessels. It would then be regasified and distributed  
3 to various points within the state.

4           The importation of oil and gas from new sources  
5 would have, or probably would have, additional impact in  
6 California's environment. So, our review of that impact  
7 may be summarized by pointing out that number one, we  
8 feel underground high pressure natural gas pipelines are  
9 common in California. Systems similar to those proposed  
10 are transporting natural gas from Alaska have been  
11 successfully installed and are presently in use with a  
12 minimal effect on the environment.

13           The worldwide movement of LNG currently exceeds  
14 500 billion cubic feet annually and is expected to reach  
15 2 trillion cubic feet by 1980. There are actually  
16 additional plants with a total capacity of 14 trillion  
17 cubic feet per day are in the planning or construction  
18 stage. So, we feel the viability of liquefaction, ocean  
19 transport, revaporization of LNG has been thoroughly  
20 demonstrated.

21           It is possible, however, that liquefied natural  
22 gas could produce some adverse impacts. There would be  
23 increased tankership activity in certain areas. There  
24 would certainly be the visual impact of piers, storage  
25 tanks and buildings. We feel those could be minimized



1 or mitigated perhaps, by locating the loading facilities  
2 further out to sea, perhaps locating the facilities further  
3 back into the hinterlands. It is not an impossible dream.  
4 Currently in Maryland, the Columbia Gas System is constructing  
5 a LNG System that has 6,000 feet of buried underground  
6 water lines, so there's no reason why you couldn't do  
7 it at 12,000 feet or more. You could get the plants out  
8 of sight.

9 If you go to the Los Angeles or Port. Hueneme  
10 areas for a plant, it's possible that certain portions  
11 of the seacoast be made unavailable to the public. We  
12 suggest as one possibility, would be the Point Conception  
13 area which is at least isolated and generally not available  
14 to the public. Some of the problems in the cooling of  
15 sea water through extraction of heat for revaporization  
16 could adversely affect some marine life. Maybe we could  
17 go into the Alaskan King Crab business or something. But,  
18 you can diffuse the discharge of that cold water, so it  
19 wouldn't be all that troublesome. There are other ways  
20 to vaporize, we've discussed that -- waste heat, solar  
21 heat. Those things can and probably are being considered.

22 Finally, the transfer and handling of LNG is  
23 potentially hazardous and could cause fires and explosions.  
24 The FPC has made calculations that indicate that if one  
25 of the tanks in an LNG transport should rupture, that it's

1 possible that the explosive plume could form as far as  
2 three miles downwind from the source. I suppose that is  
3 true, all the more reason to get out in an isolated area  
4 where the public probably wouldn't be near it.

5 As far as the status of the applications, the  
6 Federal Power Commission is currently considering the  
7 applications of both the oil line and the LNG program,  
8 or gas line LNG program. Hearing have been going on  
9 throughout the year. A 17-volume Draft EIS was issued  
10 by the U.S. Department of Interior in June of 1975. The  
11 document, however, deals mostly with the natural gas line  
12 and just barely touches on the LNG proposal. El Paso  
13 has not filed an application with the Interior for the  
14 right-of-way permits on the LNG. It's possible that the  
15 FPC might grant permits to both companies.

16 As I stated, this has been a summary of the  
17 investigation, and we'll have a, I think, a complete  
18 report soon.

19 I might just point out one thing on this map  
20 over here.

21 This PG 74, this network of blue lines is  
22 essentially California's source of gas -- PG&E which  
23 provided about 40 percent of California's consumption  
24 coming in from the north of Canada, Southern California,  
25 Southern California Gas for the Southern part. California

1 Southern Gas Company asserts that they have not been able  
2 to get any new supplies or any new contracts since 1969  
3 on gas. So they are probably hurting more than PG&E,  
4 but it could be that the government is supposedly going  
5 to do something about it and probably cut us off, too.  
6 So the problem is pretty serious.

7 You also throw this line in here. This is  
8 the proposed line that SOHIO wants to convert. It is a  
9 gas line now, proposed to convert to a crude oil line  
10 to handle the crude oil in conjunction with the gas. We  
11 will have some comments on that in the final reports.

12 LIEUTENANT GOVERNOR DYMALLY: We take the crude  
13 oil from one of the similar port locations, you are  
14 speculating now?

15 MR. EVERITTS: Based on the May '75 data of  
16 nine and a half billion barrels of oil, SOHIO asserts  
17 that their share is approximately a half million barrels  
18 per day, at a million barrel per day rate. They say that  
19 the rate probably could be raised to a million and a half  
20 barrels per day. But any higher than that, under the  
21 reserves that they are reporting, would be unable to  
22 handle. This facility basically would be a 42-inch line,  
23 probably would handle a million, maybe handle two million  
24 barrels a day of crude if you could get tankers and line  
25 and pump just as fast as you could get in there. Practically,

1 I think it would handle about three-quarter million barrels  
2 a day. They have said that --

3 CHAIRMAN CORY: This is the line?

4 MR. EVERITTS: The red line.

5 LIEUTENANT GOVERNOR DYMALLY: That's an old  
6 gas line.

7 MR. EVERITTS: That's the old gas line. The  
8 dotted line, as you look at this later on, those are  
9 sections that they may have to build. But, the basic  
10 line is the existing gas line. They can parallel that  
11 line, there is a 30-inch line, they can parallel another  
12 30-inch line and essentially double the capacity. Of  
13 course the 48-inch line here will handle perhaps two  
14 million barrels a day, too. It is designed right now  
15 for a million barrels a day, if they can up the pump  
16 capacity.

17 LIEUTENANT GOVERNOR DYMALLY: So take the crude  
18 from the lease and bring it down to California and ship  
19 it into Texas.

20 MR. EVERITTS: If there exists a surplus --

21 LIEUTENANT GOVERNOR DYMALLY: When it gets to  
22 Texas will they refine it?

23 CHAIRMAN CORY: There are other pipelines.

24 LIEUTENANT GOVERNOR DYMALLY: Okay, yes. It's  
25 shipped. That's different from the gas. You are talking

1 about crude not gas?

2 MR. EVERITTS: Right. But you get the gas from  
3 the crude; you can't produce one without the other. So  
4 it's really a combined, it's a total problem.

5 CHAIRMAN CORY: I keep getting confused about  
6 SOHIO and the other people, there seems to be so many  
7 proposals for ports along the California coast. How do  
8 the volumes of each of those proposals add together?

9 MR. EVERITTS: This is, of course, part of the --  
10 what we would like to do. The thing is, you got three  
11 people up there that own the nine and a half billion barrels  
12 of oil. SOHIO owns 55 percent of it, something like  
13 that; Exxon and ARCO own the rest of it.

14 MR. NORTHROP: Mr. Chairman, the other locations  
15 of it, Port Hueneme and the Southern California Gas  
16 people inform me that unofficially, that they plan on  
17 bringing Indonesian gas.

18 MR. EVERITTS: Now, you are talking about gas  
19 or oil?

20 CHAIRMAN CORY: Well, I think it's incumbent  
21 upon us to contact all local governments and get all  
22 of the various proposals on the drawing board to see how  
23 those figures of importation capacity compare with the  
24 figures that they say they have up there. I mean, I just  
25 get puzzled by the Port of Long Beach using one set of

1 figures, L.A. Port seems to be feuding over something,  
2 then I hear talk about the central coast with Stan Cal  
3 wanting some facilities there. I just get very confused.  
4 I think we need to take both oil and gas and compare  
5 what they're telling the people out in the boondocks and  
6 see if they add up, because something is very confusing  
7 about all of these various proposals. It would seem to  
8 me that there should be a finite number if we're in such  
9 short supply situation. Maybe we aren't in such a short  
10 supply situation and they're unwilling to tell us.

11 MR. EVERITTS: I thought I was narrowing it  
12 down to a finite number until they told me about a 32,000  
13 barrel a day well.

14 CHAIRMAN CORY: Yes. So, maybe these indications  
15 which are just at this point rumors and so forth, but  
16 from people who are in a relatively small community,  
17 Alaska isn't too large and these are people that are  
18 supplying and working in those areas talking to the workers  
19 up there, and they say they've got gas and oil far beyond  
20 what they are telling us about. And if in fact we find  
21 empirical evidence that they are talking to various local  
22 entities about various plans, and their capacity exceeds  
23 that which they have. I begin to want to put a little  
24 more stock in the rumors, assuming they are prudent people  
25 and don't waste money.

1           LIEUTENANT GOVERNOR DYMALLY: When you talk  
2 about SOHIO, you are talking about SOHIO B and P, right?

3           MR. EVERITTS: Right.

4           CHAIRMAN CORY: Their interest is a combined  
5 interest?

6           LIEUTENANT GOVERNOR DYMALLY: BP has bought into  
7 SOHIO.

8           MR. EVERITTS: Right.

9           LIEUTENANT GOVERNOR DYMALLY: BP-SOHIO has taken  
10 over some of their marketing divisions, so there's a  
11 consortium between BP and SOHIO.

12           So as of now, the FTC is considering both  
13 applications, the Valdez and other blue line applications.  
14 Who is proposing Valdez, the Valdez line?

15           MR. EVERITTS: That is El Paso.

16           LIEUTENANT GOVERNOR DYMALLY: Are they also  
17 involved in the blue line, too?

18           MR. EVERITTS: They're involved in it.

19           LIEUTENANT GOVERNOR DYMALLY: So they can't  
20 lose, can they?

21           MR. EVERITTS: Not really.

22           LIEUTENANT GOVERNOR DYMALLY: Okay, thank you.

23           MR. NORTHROP: Mr. Chairman, the Governor asked  
24 me to comment on Zarb's ruling of the crude oil differential.

25           The week of November 17th, I was advised that

1 we were turned down on our appeal for a comparative price  
2 for crude oil that would bring the old crude oil price,  
3 or at least the crude produced on State property as an  
4 average of approximately \$4.20 a barrel, in line with the  
5 \$5.25 generally considered old oil price. Mr. Zarb  
6 turned this down because the reading was because it would  
7 cost money to the consumer. But yet, we're in a position  
8 where we're going to have to start shutting oils back  
9 and replace it with \$14 oil. I really don't understand  
10 his judge's calculations. So along that line, we have  
11 contacted Congressman Hannaford's office and he has  
12 arranged a meeting with the State and the City of Long  
13 Beach and some independent producers who are likely to --  
14 who have the same problem of shutting and production.  
15 We are scheduled to meet with him on Thursday to ask him  
16 to reconsider his appeal.

17 So, that's where we are on that, Governor.

18 LIEUTENANT GOVERNOR DYMALLY: If he turns us  
19 down again, do we have any further plan?

20 MR. NORTHROP: I would have to refer that to  
21 our counsel. I think we have taken all of our administrative  
22 remedies. Mr. Taylor, would you care to comment?

23 MR. TAYLOR: If we have exhausted our administra-  
24 tive remedies, we would be in a position to do that, to  
25 go to court and get a ruling.



1           LIEUTENANT GOVERNOR DYMALLY: What about some  
2 form of Congressional hearing or appeal in that matter?

3           MR. NORTHROP: It has been suggested, Governor,  
4 by yourself and others in other areas but it might be  
5 well to -- at least the Commission to memorialize Congress  
6 to investigate the entire crude oil pricing in the FEA  
7 as it applies to discrimination in California's consumption.

8           LIEUTENANT GOVERNOR DYMALLY: I want to so  
9 move, Mr. Chairman, so we are on record instructing the  
10 staff to explore the Congressional delegation --

11          CHAIRMAN CORY: Without objection, that will  
12 be the order.

13          LIEUTENANT GOVERNOR DYMALLY: -- and we can take  
14 through the Congress in the form of amendments to  
15 legislation in the form of hearings, Congressional remedy  
16 through negotiation.

17          CHAIRMAN CORY: That is the intent, as I  
18 understand it, the Governor's motion is not just to pass  
19 a resolution memorializing them. We're willing to go to  
20 work and see what needed piece of legislation this could  
21 be tacked onto.

22          MR. NORTHROP: Fine.

23          CHAIRMAN CORY: Now, so we can go back to --  
24 our situation is such that we are sometime in the next  
25 coming six to eight months going to be faced with actually

1 stopping oil production, curtailing oil production in  
2 specific wells which our cost exceed our income.

3 MR. NORTHROP: Right. We are very close to  
4 that point now, and its average, it keeps some of them  
5 alive right now but, if we were to look at specifics,  
6 we could well start shutting --

7 CHAIRMAN CORY: So, we have individual wells  
8 which currently are costing us more money to pull out  
9 of the ground then they are currently receiving for them.

10 Where are we, vis a vis, the question of gift  
11 of public funds on those specific wells, Counsel?

12 MR. TAYLOR: We are researching that in connection  
13 with another problem. I couldn't give you an answer now,  
14 but we're looking into it.

15 CHAIRMAN CORY: Since they have told us this,  
16 I don't want to have to repay the people of California  
17 that money.

18 MR. TAYLOR: I don't think we have that problem,  
19 but we'll look into it.

20 LIEUTENANT GOVERNOR DYMALLY: I want my motion  
21 to be construed as liberally and broadly as politically  
22 and humanly possible, so that the staff will use every  
23 bit of energy and genius in pursuing that problem so  
24 we can see some solutions.

25 CHAIRMAN CORY: Can the staff confer with some of

1 your staff so we can get some of their genius to working  
2 on these plans?

3 (Laughter.)

4 LIEUTENANT GOVERNOR DYMALLY: Whichever. If  
5 it's necessary for the Commissioners to go back to  
6 Washington, I think our budget was amended slightly to  
7 permit us to travel.

8 MR. NORTHROP: The presentation on Thursday,  
9 I think it would be well if the Federal Government understood  
10 that the State of California is of one mind on this thing  
11 and the Commissioners as well as the Governor's representa-  
12 tive, or at least a letter from the Governor accompany  
13 this.

14 LIEUTENANT GOVERNOR DYMALLY: I want to, not  
15 necessarily for the motion, but for you to consider a  
16 possible meeting with the Chairman of the Lands Commission  
17 and the California delegation, or in his absence, I'd  
18 be prepared to accompany or make that trip myself to  
19 dramatize the significance of that early in January,  
20 or when they reconvene, possibly after the Christmas  
21 holidays.

22 MR. NORTHROP: I will pave the way this time  
23 to start setting it up.

24 LIEUTENANT GOVERNOR DYMALLY: Fine, thank you.

25 MR. NORTHROP: The last item on my report is

1 a report or informational section on some of the trespass  
2 areas of Bethel Island. Jim Trout from our Land Program,  
3 will make that presentation.

4 Incidentally, Senator Nejedly had asked to  
5 appear before the Commission. He said he would be here  
6 around 11:00 o'clock.

7 MR. TROUT: To kind of put this in perspective,  
8 our review of the total data situation including most  
9 of the natural waterways in that area, indicates to us  
10 that there are between 1,200 and 1,400 trespassers  
11 occupying state types of submerged lands without a lease.  
12 There are 372 at Bethel Island, and we've been able through  
13 several visits down there to contact 61 of these people.

14 With the slides, we would like to quickly give  
15 you a kind of an overview of the situation of what we're  
16 talking about.

17 (Thereupon a slide presentation was made.)

18 MR. TROUT: This is an example of some of the  
19 kinds of facilities that are occupying the State Lands.  
20 These slides are actually of Bethel Island. You can see  
21 that that's no small structure housing several large  
22 vessels. These are not small boats. But particularly,  
23 look at the two on the far right.

24 Slide number two, here's another structure out  
25 over the levee with a finger slip there.

1 MR. NORTHROP: How many boats does that accommodate  
2 in that finger slip, Mr. Trout?

3 MR. TROUT: Four, I believe, with a little  
4 fishing boat besides.

5 Slide number three, here's another structure  
6 out over the water with a landing float in front of it  
7 and a covered boat shed alongside of it. Here again you  
8 can see that this is certainly not a small boat, that's  
9 a significant thing. You can also see just by the stern  
10 of the other vessels in there what we're talking about.

11 I don't mean to indicate necessarily that all  
12 of these are trespass; some of these may be lease. But  
13 these are pictures taken by our own agents in the delta.

14 Again, you can see the sliding glass doors,  
15 the fiberglass covering over the boat slip. These are not  
16 just huts, these are significant structures.

17 Here's another one, two boat sheds there with  
18 a house and a patio extending out over the water. You  
19 can see another structure on the left, a long ramp coming  
20 out over the water.

21 CHAIRMAN CORY: Is the house an intrusion into  
22 State property?

23 MR. TROUT: That we are not entirely certain of.  
24 For example, in this particular case, I can't answer it.  
25 In some areas, the waterways have been widened; but under

1 the interpretation of recent court decisions, as they  
2 have been explained to us by the Attorney General, the  
3 Commission does have the authority to control the incursion  
4 into the waterway, even if it had been artificially created,  
5 if in fact it is part of the public waterway. The  
6 Commission has the authority to control structures in  
7 that area, whether we own the bid at that particular  
8 point or not.

9 All of these are natural waterways, either as  
10 they are or as they have been altered slightly by dredging.

11 And this is a little smaller structure, but  
12 it does show the kind of things that we're talking about.

13 Again, obviously, not a small boat, a large boat  
14 and covered boat shed beside it.

15 More of the same, here. I think it's -- these  
16 are pretty typical of the situation we're talking about.  
17 This happens to be just Bethel Island, and I have here --  
18 in addition, I might just pass up to the Commissioners  
19 for a quick look some aerial photographs to give you  
20 an example of the kinds of intrusions into the waterways  
21 that exist. You can see just solid lines all along these  
22 waterways in the delta.

23 LIEUTENANT GOVERNOR DYMALLY: Now, this was  
24 the piece of legislation carried by Senator Ayala that  
25 had to do with this?

1 MR. TROUT: Mr. Moory and Senator Ayala had  
2 to do basically with single family residences, and some  
3 of these are larger and would be noncommercial leases.  
4 But again, it would affect this kind of thing, right?

5 LIEUTENANT GOVERNOR DYMALLY: I don't know if  
6 we can reintroduce a bill, but if we can, I would like  
7 to have these slides there for presentation so that some  
8 of my colleagues can see what we're talking about.

9 MR. TROUT: We have these slides printed; I  
10 have them over there. We have them printed on fairly  
11 large illustration board.

12 Basically, that's the situation. It's, of course,  
13 of concern to the property owners down there who have  
14 occupied public lands without any payments for a substantial  
15 period of years. But, as the Chairman said, in a press  
16 release some time ago, it is in effect ripping off the  
17 public. They are using public land without paying for it.

18 That's basically the summary of the situation  
19 in the Delta. The slides illustrate Bethel Island, but  
20 it's entirely typical of the entire Delta.

21 LIEUTENANT GOVERNOR DYMALLY: I can't tell you  
22 how incense I am about that. When one looks at someone  
23 jaywalking having to pay a ticket, and then look at  
24 other people who are supposed to know better, they take  
25 over, in effect, State lands without payment of bill,

1 structurally, I just think it's incredible that we're  
2 permitting this to go without some legislative remedy or  
3 some legal remedy. It is incredible.

4 MR. TROUT: As a result of the augmentation  
5 of the budget, we've had as many as four land agents down  
6 in the Delta for periods of time, knocking on doors,  
7 contacting people and over the next few months, we will  
8 make an effort to contact every property owner that we  
9 can find of record.

10 MR. NORTHROP: That concludes my report,  
11 Mr. Chairman.

12 CHAIRMAN CORY: We will go ahead and proceed  
13 with the agenda.

14 Senator Nejedly is due here at --

15 MR. NORTHROP: I have a note here that he will  
16 be here at 11:00 o'clock.

17 CHAIRMAN CORY: We'll go back to the last item  
18 on the report --

19 MR. NORTHROP: As I understand, that's what  
20 he wants to discuss.

21 CHAIRMAN CORY: -- when he comes in at 11:00  
22 o'clock.

23 Item 4, Boundary Line Agreement and Recreational  
24 Lease for item (A) Jack Wynn, Albert J. LaTorre, et al.

25 MR. NORTHROP: This is a boundary line agreement



1 up near Humboldt Bay, Mr. Chairman and Governor, in which  
2 some land immediately adjacent to our land is being set  
3 in a boundary line agreement.

4 CHAIRMAN CORY: And the terms and conditions  
5 are satisfactory to both the Attorney General and our  
6 staff. We are in essence, getting what we think is ours.

7 MR. NORTHROP: Yes.

8 CHAIRMAN CORY: Without objection --

9 MR. TAYLOR: Excuse me, Mr. Chairman. The  
10 quitclaim by the applicants will be both to the district  
11 and to the State, because the State has reserved interests  
12 and retained interests in the area. To that extent, the  
13 calendar items on page 2 should indicate that it's a quit  
14 claim to the district and state and the appropriate  
15 recommendations would be changed similar. Both the State  
16 and district will get it, and the Commission should  
17 authorize our acceptance of that written agreement which  
18 will be implicit in your approval.

19 CHAIRMAN CORY: This is on page 2 not in the  
20 summary, but in the --

21 MR. TAYLOR: No, in the regular --

22 CHAIRMAN CORY: With that understanding, Item 4(A)  
23 will be approved with the agreement going both to the  
24 district and to the State.

25 Without objection, such will be the order.

1 Item "

2 MR. NORTHROP: Mr. Chairman, this is an initial  
3 attempt by State Lands to set up a new bidding procedure  
4 and declare an area a known geothermal area. There is  
5 a 130 acres up in the Geysers completely surrounded by  
6 geothermal leases and producing geothermal properties.  
7 The staff is requesting the Commission to declare this  
8 a known geothermal area; and secondly, authorize the  
9 offering for public bid these lands based on a net profits  
10 factor in the operation of this geothermal field.

11 CHAIRMAN CORY: Second. Motion and second before  
12 us.

13 Mr. Hight.

14 MR. HIGHT: Unfortunately, we didn't get the  
15 appropriate language in to declare this a known geothermal  
16 area, so with your permission, I would like to read that  
17 into the record.

18 CHAIRMAN CORY: Okay. Would you please read  
19 that?

20 MR. HIGHT: Mr. Chairman, we will make this  
21 4(A), and the existing 4, 4(B).

22 "Determine that Section 46, Township  
23 11 North" --

24 CHAIRMAN CORY: This is 5 or 4?

25 MR. HIGHT: What I'm reading will become 4(A)

1 and the existing 4 will become 4(B). This is on page  
2 7, Resolution number 4.

3 CHAIRMAN CORY: Just so we can clarify what  
4 we're talking about --

5 MR. HIGHT: 4 now reads "Declare that a parcel  
6 described herein".

7 CHAIRMAN CORY: You are talking about -- the  
8 reference is not to the Calendar Summary Item 4, but  
9 instead a subsection of Calendar item 5, Arabic number four.  
10 So everybody understands what slight of hand we pull.

11 (Laughter.)

12 MR. HIGHT: "Determine that Section 46,  
13 Township 11 North, Range 8 West, MDM, contains a well  
14 capable of producing geothermal resources in commercial  
15 quantities and classify such area as being a known  
16 geothermal resource area."

17 This will become 4(A) and the existing 4 will  
18 become 4(B).

19 CHAIRMAN CORY: Is there anyone here who wishes  
20 to speak on Calendar item 5, subparagraph 4(A)?

21 Don't let their inability to organize their  
22 work confuse you.

23 (Laughter.)

24 MR. NORTHROP: This is the result of the new  
25 calendar reorganizational committee.

1           CHAIRMAN CORY: Hopefully, our next calendar  
2 will avoid some of these problems, because I'm having  
3 the same problem you are having, Mr. Taylor.

4           Nobody wishes to speak on that. Without objection,  
5 we declare it passed as read.

6           4(B) is now before us. Without objection,  
7 Governor Dymally moves; without objection, such will be  
8 the order.

9           We will go on to Classification 6(A).

10          MR. GOLDEN: The 6(A) is a permit for a 5-year  
11 use permit for a recreational boating buoy. The rates  
12 are set forth there as in our regulations.

13          LIEUTENANT GOVERNOR DYMALLY: Moved.

14          CHAIRMAN CORY: Without objection, such will  
15 be the order.

16          MR. GOLDEN: 6(B) is the extension for 6 months  
17 of a permit for a temporary maintenance of a pipeline  
18 for fire protection purposes at Donner Lake. The last  
19 6-month permit was given with the understanding that  
20 there would be action taken to establish a district or  
21 in some way provide permanent fire protection. Such  
22 action has been taken, and we recommend a 6-month extension.

23          CHAIRMAN CORY: Without objection, such will  
24 be the order.

25          6(C)?

1 MR. GOLDEN: 6(C) is an Amendment to Right of  
2 Way for a telephone line, submarine telephone line, crossing  
3 several of the Islands in the Mokelumne River, and it's  
4 exempt by law.

5 CHAIRMAN CORY: Without objection, such will  
6 be the order.

7 6(D)?

8 MR. GOLDEN: 6(D) is a 49-year Industrial Lease  
9 to the California and Hawaiian Sugar Company for a 42-inch  
10 diameter outfall line.

11 The rates there are as set in our regulations  
12 and the 10¢ per cubic yard of material dredged is for  
13 dispersion of the items back into the river at that place.

14 CHAIRMAN CORY: This is for a storm drain?

15 MR. GOLDEN: It's an outfall line for their  
16 industrial waste, and it has been cleared by the Water  
17 Quality Board.

18 CHAIRMAN CORY: Without objection, such will  
19 be the order.

20 6(E)?

21 MR. NORTHROP: 6(E) is a former trespass  
22 who is coming into lease.

23 MRS. PERRY: I'm here. If you're talking about  
24 6(E), that's me. And I don't like to be called a trespasser.

25 CHAIRMAN CORY: Would you identify yourself?

1 MRS. PERRY: Mrs. Anona Dunbar Perry.

2 CHAIRMAN CORY: Let's have Mr. Northrop try  
3 to minimize his editorializing and tell us what the item  
4 is about and then we'll hear from you.

5 MR. NORTHROP: This is a Commercial Lease on  
6 1.38 acres of tide and submerged land for the maintenance  
7 of an existing boating facility. This is the initial  
8 lease.

9 The amendment handles the insurance as prescribed.  
10 The consideration is \$345 a year. And we have fixed the  
11 right to set a different rental as of December 30, 1975.

12 CHAIRMAN CORY: This is for an annual --

13 MR. NORTHROP: This is on the maintenance of  
14 an existing marine boating facility.

15 CHAIRMAN CORY: Okay.

16 Mrs. Perry?

17 MRS. PERRY: This lease isn't on the marine  
18 boating facility at all. It's on the gas dock and we  
19 lease 15 acres out from our property line. Therefore,  
20 the price is rather high.

21 I don't exactly know what I'm insuring for this  
22 State. I already carry insurance from the gas company  
23 on everything I own. It's very confusing to me to know  
24 exactly what I'm guaranteeing.

25 CHAIRMAN CORY: The insurance is a liability

1 insurance.

2 MRS. PERRY: That's true.

3 CHAIRMAN CORY: So that if somebody somehow runs  
4 into the dock and gets injured and decides that they're  
5 going to sue the State because we permitted you to have  
6 that dock there, that there is an insurance company  
7 protecting the taxpayers of California.

8 MRS. PERRY: Well, in effect, that's a very  
9 unlikely situation. Everybody is going to sue me, and  
10 they are not going to even know about you, as far as that  
11 goes.

12 CHAIRMAN CORY: Well, unfortunately being the  
13 Controller, I get sued several times a day.

14 Mr. Taylor of the Attorney General's Office  
15 perhaps can explain that.

16 MR. TAYLOR: If she has existing liability  
17 insurance in this amount, she can name the State as the  
18 co-insurer.

19 MRS. PERRY: That's what I was doing, but I  
20 don't understand why. And the amount, the amount is far  
21 too high.

22 CHAIRMAN CORY: Mrs. Perry, the amount relates  
23 to the liability, and the liability is to the injured  
24 party. If a person ran into the dock and was injured,  
25 they would sue for the damages to them, not to your dock.

1 They really wouldn't care about your dock. They would  
2 be concerned about what happened to their multi-million  
3 dollar cabin cruiser and their children and the major  
4 wage earner in the family who was injured. And that is  
5 very possible for a relatively inexpensive dock to create  
6 a rather large liability in terms of property damage and  
7 bodily injury. And that is the purpose for the large  
8 limits. The large limits concept for the State of California  
9 derives from a general historical problem that the State  
10 is a target risk. If anybody can find liability against  
11 the State, juries tend to award large amounts of damages.

12 MRS. PERRY: I don't know, it seems like you  
13 are picking on little people with all your rules and  
14 regulations. Mr. Dymally doesn't know why people, as he  
15 calls it, trespass on the river. It is because we pioneered  
16 the river, we worked and struggled and we pay high taxes  
17 because we have water on our property and we can't stick  
18 our toe in it because it belongs to the State of California.  
19 You might as well tell us we can't breathe our air. You  
20 also have your own harbors in competition with us and  
21 you do nothing for us. You take our gas money and you  
22 say if we happen to build a little dock out in the water,  
23 we're trespassing.

24 LIEUTENANT GOVERNOR DYMALLY: Well, aren't you?

25 MRS. PERRY: No. We have a right. We have a right



1 to be in peace. We pioneered all of that kind of business  
2 and I don't think now it belongs to the State of California.  
3 No, I believe there should be some control on what you  
4 build on it.

5 LIEUTENANT GOVERNOR DYMALLY: To whom does it  
6 belong?

7 MRS. PERRY: Well, I think we have riparian  
8 rights.

9 LIEUTENANT GOVERNOR DYMALLY: When you say "we"  
10 who are you talking about?

11 MRS. PERRY: The people that own the property  
12 have riparian rights to use it for what they had it for.

13 LIEUTENANT GOVERNOR DYMALLY: To come all the  
14 way down to the river?

15 MRS. PERRY: To build a dock out in the water,  
16 a little innocent dock out in the water. There's a little  
17 lady up there who can hardly walk and the State's been  
18 interviewing her and getting her all excited. She's  
19 got a little dock out there, a little fishing dock. I  
20 think this is too much. I don't think that our government  
21 is meant for.

22 LIEUTENANT GOVERNOR DYMALLY: I'm with you.  
23 I just want to get the logic. You are saying if you have  
24 a piece of property on the riverbed, then you have a right  
25 to build --

1 MRS. PERRY: Use if for a certain amount. I  
2 don't think you have a right to go way out in the river,  
3 no. But a reasonable thing --

4 LIEUTENANT GOVERNOR DYMALLY: Even if that  
5 property doesn't belong to you?

6 MRS. PERRY: Well, you can go out in the street  
7 and that doesn't belong to me. I'm paying for taxes  
8 on a levee that doesn't belong to me. Everybody else  
9 in the world has a right.

10 LIEUTENANT GOVERNOR DYMALLY: But everybody  
11 has use of the street, though.

12 MRS. PERRY: That's right.

13 LIEUTENANT GOVERNOR DYMALLY: But we can't  
14 build in the street.

15 MRS. PERRY: Well, I don't know. There are a  
16 lot of things on the street. People sit down there and  
17 sell pictures and whatnot. There is a reasonable right.  
18 I hate to say it, but I think the State Land has just  
19 gone overboard.

20 LIEUTENANT GOVERNOR DYMALLY: Okay, fine.

21 MRS. PERRY: And I'm 70 years old, and I better  
22 say it right now.

23 LIEUTENANT GOVERNOR DYMALLY: Well, we will  
24 probably never settle this matter, but just one more  
25 point. You are saying that those who build and who have

1     pioneered that area have a right to build to the riverbed,  
2     right?

3                 MRS. PERRY:   Right.

4                 LIEUTENANT GOVERNOR DYMALLY:   What about someone  
5     who didn't build but felt that they have a right to build  
6     next to you without State permission. Do you think they  
7     have that same right?

8                 MRS. PERRY:   Well, if they are building on  
9     the property --

10                LIEUTENANT GOVERNOR DYMALLY:   No, no. They have  
11    no property. If you took a little piece of State riverbed  
12    and I have the same right as a citizen to build whatever,  
13    do you think they have a right to?

14                MRS. PERRY:   No, not if they don't own anything.  
15    I think my taxes entitle me some right for me to use my  
16    land what it was meant for.

17                LIEUTENANT GOVERNOR DYMALLY:   But you are  
18    assuming that the riverbed belongs to you?

19                MRS. PERRY:   I'm not on the bed, I'm just on  
20    the edge of it. If you go out far, you should have to  
21    pay, you should be under control.

22                LIEUTENANT GOVERNOR DYMALLY:   I just want to  
23    let you know that a number of my colleagues agree with  
24    you; I disagree with you. I just want you to know that  
25    you are ahead of me because the bill failed, so you are

1 probably right and I'm wrong. But I believe that people  
2 shouldn't be permitted to do something, use State land  
3 without paying at some measure.

4 MRS. PERRY: There's just too many departments  
5 in this thing -- 44 agencies to go through to get a permit  
6 is rather ridiculous.

7 LIEUTENANT GOVERNOR DYMALLY: I'm introducing  
8 legislation to cut that down.

9 MRS. PERRY: And also a threat as the one such  
10 as the Land Commission threatening to go to court, when  
11 it takes 44 departments --

12 LIEUTENANT GOVERNOR DYMALLY: Of course, all  
13 of that bureaucracy, but I have a feeling that some people  
14 have abused their privilege by using State land and  
15 others don't have the right to do so. If everybody had  
16 a right to build on a riverbed, it would be all right  
17 with me; but I just don't believe that some people can  
18 and others shouldn't.

19 As I said, you are ahead of me because the  
20 Legislature killed a bill both in the Assembly and the  
21 Senate and you'll probably win again next year.

22 CHAIRMAN CORY: Thank you, Mrs. Perry. We have  
23 this before you. I'm prepared to vote for the lease  
24 subject to those conditions, but if you find those  
25 conditions intolerable or unacceptable, then we probably

1 should not go ahead with an idle act. I don't see how  
2 we could legally issue the lease unless the State is  
3 adequately protected in terms of liability. I don't  
4 know what your insurance agent is saying what that's going  
5 to cost you. It would seem to me --

6 MRS. PERRY: He said he wouldn't write it. He  
7 said it was something he never heard of. And that is  
8 Travelers, and when Travelers says that, that's malpractice.

9 CHAIRMAN CORY: The Travelers, they've got some  
10 serious financial difficulties of their own which may  
11 be predicated that statement.

12 MRS. PERRY: I just get insurance like any  
13 individual would get, and when they say they won't write  
14 it, I can't help that.

15 CHAIRMAN CORY: I do not want you to leave here  
16 if we approve this with you having any thoughts that it's  
17 been approved without the requirement. Because as I  
18 understand the law and our responsibility, you are going  
19 to have to have the insurance if you are going to have  
20 a valid lease. Now, is that where we are, Mr. Taylor,  
21 in terms of --

22 MR. TAYLOR: It's the policy of the Commission  
23 and also the position of the Department.

24 MRS. PERRY: I agree with you. You are going  
25 to be on my lease, but I still don't think it's right.

1 That's the way I'm leaving.

2 MR. HIGHT: Mr. Chairman, at the October 24th '75  
3 Commission meeting, the Commission approved liability  
4 insurance for Mrs. Dunbar (sic) in the amounts of 300,000  
5 and 6,000,000. She found that amount unable to obtain  
6 and part of this calendar item authorizes reduction of  
7 that to 100,000 for property damage and 300,000 for a  
8 single injury. These limits are in conformance with  
9 General Services.

10 LIEUTENANT GOVERNOR DYMALLY: This \$345 per  
11 annum does not include the insurance premium?

12 MR. HIGHT: No.

13 LIEUTENANT GOVERNOR DYMALLY: She has to go  
14 get that on her own?

15 MR. HIGHT: Yes.

16 LIEUTENANT GOVERNOR DYMALLY: Is she disputing  
17 the \$345?

18 MR. HIGHT: I don't believe so.

19 LIEUTENANT GOVERNOR DYMALLY: Do you find the  
20 \$345 reasonable or unreasonable?

21 MRS. PERRY: I prefer to not go into that because  
22 that's a matter of a ten year's lawsuit and settlement  
23 with the Lands Commission. I feel that they should leave  
24 me alone. They have ruined my life long enough. I've  
25 told that many times. First time I've got to tell the

1 heads of it, though.

2 Anyone that's gone ten years and ten months  
3 through the court, the Supreme Court, has suffered plenty.  
4 And our settlement was with this lease for 45 years,  
5 before it's up, 20 years, it's now changing it and they  
6 are making it entirely different. And it isn't a lease;  
7 anything that can be changed every two seconds is not  
8 a lease, that's just a convenience for your Commission.

9 CHAIRMAN CORY: Mrs. Perry, you are telling  
10 us some things that people are confused about.

11 MR. HIGHT: I'm unaware of the Lands Commission  
12 having a suit against you. Can you tell me something  
13 about that?

14 MRS. PERRY: For ten years and ten months, I  
15 went through the courts proving title to my land. In  
16 the settlement, I was to have my land. I gave up part  
17 of my slough, my waterway; I gave you \$1,000 more or less  
18 to leave me alone. You gave me a lease, and I hoped I  
19 would live the rest of my life without ever seeing any  
20 of you again.

21 MR. HIGHT: Was the Lands Commission party to  
22 that suit?

23 MRS. PERRY: A very strong party. I was the  
24 first test case in this grabbing business.

25 MR. TROUT: I think it's probably the State

1 Reclamation Board.

2 MRS. PERRY: No. The State Land Commission --  
3 Mr. Joseph was the attorney. I'm of record in all the  
4 books.

5 CHAIRMAN CORY: But the lawsuit has been settled.

6 MRS. PERRY: And I settled. And one of the  
7 conditions --

8 MR. HIGHT: How long ago was this lawsuit settled?

9 MRS. PERRY: Eighteen years.

10 MR. HIGHT: No. How long ago?

11 MRS. PERRY: Eighteen years.

12 MR. HIGHT: Ago? The lawsuit was settled?

13 MRS. PERRY: Well, now you've got me confused.

14 CHAIRMAN CORY: But, the thing that's worrying  
15 me is that she said she settled a lawsuit, and one of  
16 the conditions of the settlement was a lease.

17 MRS. PERRY: Right.

18 CHAIRMAN CORY: And we're changing the terms  
19 and conditions of that lease.

20 MRS. PERRY: First they told me it would be  
21 90 years, and then they said they could only write it  
22 for 45 years.

23 LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman,  
24 may I make a suggestion? Mrs. Perry, is it inconvenient  
25 for you to come up here for another meeting?



1 MRS. PERRY: No.

2 LIEUTENANT GOVERNOR DYMALLY: You and I have  
3 a slight disagreement philosophically, but personally,  
4 I am sympathetic. And I don't want to be a party of any  
5 harassment of any person who expects to spend the rest  
6 of the year with the State harassing them.

7 I'd like, if you don't mind, to move to put  
8 this matter over for another month, so I can get your  
9 side of the story.

10 MRS. PERRY: Well, you'll have me worried for  
11 another month.

12 LIEUTENANT GOVERNOR DYMALLY: We're not going  
13 to bite you, I promise you.

14 CHAIRMAN CORY: The other thing is, as far as  
15 I understand the facts at this point, unless there is a  
16 radical change in those, you got at least approval of  
17 this calendar item. I think maybe that if you have an  
18 18 year old court order that we might be violating by  
19 the terms of this; I don't want to be a party to that.  
20 And your statement seems to imply that there was some  
21 litigation that the staff is apparently unaware of that  
22 we want to look at. Because if you settle and there are  
23 written terms and conditions of that settlement that you  
24 were supposed to have something at a given rate, then  
25 I would be very reluctant to overturn the deal, and we'd

1 go back to what you thought your deal was if it was  
2 supported by the fact that you were parties to this suit.

3 LIEUTENANT GOVERNOR DYMALLY: Why don't we  
4 have the staff brief us.

5 MRS. PERRY: I don't know. If you are saying  
6 there is not a suit, I can't imagine why they'd say that  
7 for.

8 CHAIRMAN CORY: Well, 18 years ago, Bob Hight  
9 was in diapers.

10 (Laughter.)

11 CHAIRMAN CORY: Okay. We'll put Item 6(E) over  
12 for the next meeting, and the staff will be in touch with  
13 Mrs. Perry as to whether or not she needs to be at the  
14 next meeting, because it's likely to just go through the  
15 former or make you better in terms of your conditions.

16 LIEUTENANT GOVERNOR DYMALLY: Mrs. Perry, this  
17 is a friendly staff.

18 MR. NORTHROP: Mr. Chairman, Senator Nejedly is  
19 here.

20 CHAIRMAN CORY: Yes. Senator Nejedly?

21 We'll go back to the last item on the Executive  
22 Officer's Report, which I think the question of Bethel  
23 Island Senator Nejedly would like to speak to.

24 SENATOR NEJEDLY: If I could just take a moment  
25 of your time, I don't expect any response to the suggestion.

1           We're dealing with the problems in the Delta  
2 in the State Lands Commission on a case-by-case basis,  
3 and we don't have any general statement of intention by  
4 the Commission as to the lands that they feel are within  
5 their jurisdiction; what their policies are with reference  
6 to them, and what in general the landowners can expect  
7 as those policies are applied to each particular situation.  
8 I think it would be extremely helpful for us if the  
9 Commission could take the time to outline in general the  
10 lands that are felt to be within the jurisdiction of the  
11 Commission itself, and what the general procedures and  
12 policies are with reference to the utilization of those  
13 lands particularly by the landowners. And if in the  
14 development of the policy, we could arrange a meeting  
15 in the Delta somewhere at your convenience both timewise  
16 and insofar as location is concerned, for all of the  
17 people who might be potentially affected by the decisions  
18 to be present, and at least have their views heard.  
19 It would be extremely helpful to me, because otherwise,  
20 we are just repeating ourselves case by case, instance  
21 by instance. And we are taking more time with your staff  
22 and certainly the time of the Commission ultimately, in  
23 this kind of a broad relationship with the landowners in  
24 particular.

25           So if that suggestion has any merit, I would --

1           CHAIRMAN CORY: The Commission meeting after  
2 first an identification of the policies potential landowners  
3 is that specifically feasible?

4           MR. NORTHROP: Mr. Chairman, we had a bill SB 469  
5 by Senator Dills last year, that gave us the legislative  
6 mandate to do this by 1981, and we're in the process now,  
7 as the Senator mentioned, of putting this together. The  
8 first thing we'll do will be to handle the Delta and to  
9 set those boundary lines. Because again, where is the  
10 boundary line?

11           CHAIRMAN CORY: But the question the Senator  
12 is bringing up, rather than having him deal with the  
13 individual landowner who is apprised of his difficulties  
14 on an individual basis, is it possible for us to outline  
15 the principles by which we are proceeding to define those  
16 boundaries? And can we, in fact, get a list of where  
17 those areas of trespass are, so that we could in essence  
18 allow all of them to have their shot, rather than the  
19 Senator spending, I would imagine, a significant portion  
20 of his staff's time responding to each individual landowner  
21 as they get notice.

22           Is that a fair summary?

23           SENATOR NEJEDLY: That's pretty generally -- I'm  
24 aware it's going to take some time to implement it. I  
25 am only pointing out that this is an area of immediate

1 concern of many of the property owners throughout there  
2 who are being affected differently in what they consider  
3 to be similar circumstances by differing staff interpreta-  
4 tions and particularly, the lands in which the Commission  
5 feels that they have an interest. These lands are shifting  
6 currently by new staff or Commission determinations, if  
7 that is in fact the case, and people who have previously  
8 had decisions rendered in their case are finding that  
9 they are now being affected by new decisions and new  
10 policies and new rules. It's a very confused situation.  
11 I would hope that in some fashion we could implement the  
12 Act or the intentions of the Commission by delineating  
13 the areas in which the Commission feels the State has an  
14 interest, and what are the general rules applicable to  
15 those areas. And if we could have at least that, then  
16 I think we would be in a position to request a specific  
17 meeting on this with some more intelligence than what  
18 we're dealing with at this level today.

19 I can only suggest that it's very confusing  
20 even to me, who has at least contact with a number of cases  
21 in which the decisions aren't reconcilable.

22 MR. TAYLOR: Mr. Chairman, it has certainly  
23 been customary to have meetings with groups of people  
24 to explain the legal principles involved in determining  
25 the boundaries. I think the only change that Senator Nejedly

1 could be referring to is the high water situation where  
2 a court has indicated and the title industry has indicated  
3 and this Commission has asked us to reexamine the question  
4 where the boundary runs, whether it's the high or low  
5 water. That may be creating some confusion that could be  
6 explained easily, in a meeting.

7 The basic problem, though, is that in areas such  
8 as the Delta where there's been extensive man-made works,  
9 where there have been changes, where the precise boundary  
10 is may be the subject of considerable difficulty and  
11 actually go to litigation before you can say "This is  
12 the boundary."

13 The effect of changes is subject to expert  
14 interpretation. We can explain how that's done. And  
15 as for areas, it may be better to take areas and determine  
16 the boundary within an area. In other words, take six  
17 or seven lots that have a common problem and take those  
18 at one time or a slough that seems to have a common  
19 problem. But sometimes, these can radically change.  
20 For instance, a person may have been in an inlet or a  
21 little cup and they filled that and their position may  
22 be completely different than the neighbor on either side  
23 who have always been next to a very stable line.

24 So, it is a very complicated problem. We can  
25 explain it, and I think in the past in other areas, the

1 degree of understanding could be worked out between the  
2 parties. This is the ballgame. But it still may take  
3 either an agreement after everyone contributes their  
4 input as to what they have for boundary lines and locations.  
5 Maybe it will be possible to reach an agreement; if it's  
6 not possible to reach an agreement, all that information  
7 will have to be submitted to a judge for ruling on which  
8 line is controlling.

9 CHAIRMAN CORY: I have found in the past that  
10 the Senator has asked for these kinds of meetings and  
11 they have been very beneficial to me.

12 Now, are we currently in the position where  
13 we can relatively quickly establish a meeting to discuss  
14 the general principles and find out through some of the  
15 people particularly what it is we are trying to accomplish?

16 MR. NORTHROP: Yes, we can do that without  
17 any wait at all.

18 MR. TAYLOR: We can also indicate to them the  
19 kind of information that we're searching for and seek  
20 their assistance, and also ask them to have our technical  
21 people -- our technical people that work to see if a  
22 common understanding can be reached as to some controlling  
23 principles. The biggest problem is the facts, and the  
24 facts can go back to such a long period of time.

25 CHAIRMAN CORY: Senator Nejedly, would that be

1 a sufficient first step?

2           SENATOR NEJEDLY: I would certainly -- if that  
3 is a direction to staff to arrange a meeting, that  
4 certainly would be helpful to us if at that meeting we  
5 could also have some more precise statements by the staff  
6 in the areas in which they feel the Commission has an  
7 interest; if in some point in time it seems to me that  
8 the State has a responsibility to determine what it thinks  
9 it owns in the line where that ownership is determined.  
10 And I would like to be more specific if we can be rather  
11 than just develop the rules which will be helpful, as to  
12 where these areas are that they are going to be applied.

13           CHAIRMAN CORY: It is my understanding that  
14 we are starting in the Delta some of the areas of Donner  
15 Lake, and we will in essence move throughout the State  
16 to clear up the title and ascertain the inventory of all  
17 State property. Unfortunately, there is not an inventory  
18 of State property. We've been unable to convince the  
19 Department of Finance under any Governor to sufficiently  
20 fund the project in establishing an inventory.

21           So, Senator, I'm not sure of giving a list,  
22 you know, these are the items, it's something we're going  
23 to have to do a little bit each year.

24           MR. NORTHROP: We can certainly give the areas.  
25 We cannot show a line of demarcation.



1           MR. TAYLOR: It is possible to show the areas  
2 where problems exist. And in that context, we work with  
3 a group of people or with the specific landowner involved.  
4 What is impossible to do is give a precise line as to  
5 what is the actual controlling boundary. I don't think  
6 that the research has been completed to that degree to  
7 satisfy anyone on that. But we can tell an owner if he's  
8 got a problem or not, and we can set out a program to  
9 work out the problem, and hopefully we will resolve it  
10 by negotiations. Pending that, we can expedite a trial  
11 if the parties will cooperate with the development of  
12 a common understanding of facts; and in some areas that's  
13 worked very well.

14           SENATOR NEJEDLY: In the budget, I certainly  
15 want to espouse the cause if that's the issue as to the  
16 appropriation of sufficient monies to at least advise  
17 the public what the line is that the State feels it has  
18 an interest in. I think ultimately, it would be a lot  
19 cheaper to do it in that fashion than to do it in either  
20 the litigation route or the expense and time consuming  
21 route that we are undergoing now administratively in this  
22 case by case bit.

23           That's where we are.

24           LIEUTENANT GOVERNOR DYMALLY: When we go to  
25 Senate Finance and Assembly Ways and Means, I'd like to

1 get a copy of this transcript so I can use your testimony  
2 here.

3 (Laughter.)

4 SENATOR NEJEDLY: You tell me when it's going  
5 to be and we'll have the people there. I think we can  
6 make a very clear case.

7 CHAIRMAN CORY: We've always gotten the Legislature  
8 to appropriate the money, we've never been able to get  
9 the Governor to leave it in the budget.

10 SENATOR NEJEDLY: Maybe we ought to invite him  
11 for a little trip down the Delta.

12 CHAIRMAN CORY: We will proceed and also renew  
13 our efforts to try to get the money allocated to delineating  
14 these things so we can be more precise with the people.

15 But we can start with the staff meetings and  
16 get those under way, and somebody from our shop will be  
17 in touch with you as to how we can get those set up.

18 SENATOR NEJEDLY: I don't want to impose on your  
19 time, you've been generous to this point. I'd like to  
20 if I may, though, because this issue involves our county,  
21 the Dowrelia Boat Works for the Commission has made a  
22 determination with reference to the amount to be paid.  
23 I would appreciate it if you would set that for some  
24 hearing at your convenience. If we could put the case  
25 to you a little more illusively, I don't think the

1 Commission is aware of the circumstances.

2           What we have here, very briefly, is a case in  
3 which a boat owner is an operator and attempting to operate  
4 privately the very small facility. He now has an annual  
5 fee of \$2,000 to the State. In order to pay that \$2,000,  
6 he's trying to dredge the harbor to accommodate the small  
7 drab boats, and the State is now saying to him that he  
8 has to pay a royalty for the removal of the dredges,  
9 which is presenting a financial situation to him which  
10 may mean closing of the harbor entirely because he simply  
11 isn't making it. I've gone over his books. I spent two  
12 days with his people down there and I can tell you very  
13 quickly that he's not making it. The only way he survives  
14 at all is by contributing his own time at no expense to  
15 the business. And that what the State is going to do if  
16 they impose this charge is to lose the \$2,000, the public  
17 lose the convenience, and we have nothing and the county  
18 loses the assessed valuation of the facility because it's  
19 going to rapidly deteriorate if he goes out of business.

20           So, I think we got to a point where the  
21 Commission really doesn't understand what is the fact  
22 of the situation.

23           CHAIRMAN CORY: So it's a question of a request  
24 from the Senator on a hearing on this matter.

25           LIEUTENANT GOVERNOR DYMALLY: So move.

1           John, I wasn't here last month; I don't know  
2 what the facts are.

3           CHAIRMAN CORY: Okay. Thank you, Senator.

4           Item 6(F) on our calendar, Commercial Lease of  
5 June Greening for nine tenths of an acre of tide and  
6 submerged land in Sacramento; \$250 per annum with the  
7 State reserving the right to fix a different rental on  
8 April 28th and on each fifth anniversary of the lease  
9 thereafter.

10           Is there any controversy on this item?

11           Anyone here wish to speak on this item?

12           LIEUTENANT GOVERNOR DYMALLY: So move.

13           CHAIRMAN CORY: Without objection, this will  
14 be the order.

15           Item 6(G), Assignment from John H. Pietz of  
16 a Commercial Lease to Western Water Ways, Inc.; normal  
17 insurance requirements; consideration 857.50 per annum,  
18 reserving the right to alter or determine the lease by  
19 April 27, '76.

20           Is there anyone here who wishes to address  
21 themselves to this item?

22           Any controversy on this item?

23           LIEUTENANT GOVERNOR DYMALLY: So move.

24           CHAIRMAN CORY: Without objection, Item 6(G)  
25 is approved as presented.

1           6(H); Assignment and Amendment of Commercial  
2 Lease of Lawrence H. Kerns, Sacramento River near Oak Hall  
3 Bend, Yolo County; consideration of \$3,120 per annum.

4           Anyone wishes to address the Commission on this  
5 item?

6           LIEUTENANT GOVERNOR DYMALLY: So move.

7           CHAIRMAN CORY: Item 6(H) is approved as presented.

8           6(I), Huntington Harbour, Assignment of Noncommer-  
9 cial Lease from the Huntington Harbour Corporation, the  
10 developer, to the Sea Harbour State Channel Slip Owners  
11 Association.

12          MR. NORTHROP: A homeowner group in the harbor.

13          CHAIRMAN CORY: Consideration \$4,875.67 per  
14 annum.

15          Is there anyone who wishes to address themselves?

16          LIEUTENANT GOVERNOR DYMALLY: So move.

17          CHAIRMAN CORY: No objection, Item 6(I) will be  
18 approved as presented.

19          Item 6(J), Recreational Pier Permits in Contra  
20 Costa, Placer and Sacramento Counties.

21          Is there anyone here who wishes to address  
22 themselves?

23          I think that Calvin L. Schmidt is a judge from  
24 Orange County who is a friend of mine.

25          LIEUTENANT GOVERNOR DYMALLY: Move to postpone.

1 CHAIRMAN CORY: I mean, I know the guy, but I've  
2 never talked about this with him.

3 Okay. I'm making a disclosure of the awareness.  
4 But if it is the same Cal Schmidt, he's never mentioned  
5 this to me, and it's standard procedure --

6 LIEUTENANT GOVERNOR DYMALLY: So moved.

7 CHAIRMAN CORY: Without objection, Item 6(J)  
8 will be approved as presented.

9 7(A), Burmah Oil and Gas. These are for six  
10 wells --

11 MR. NORTHROP: Mr. Chairman, these are for four  
12 wells.

13 CHAIRMAN CORY: Four new wells, and two injection?

14 MR. NORTHROP: Two injection, right.

15 CHAIRMAN CORY: Without objection.

16 LIEUTENANT GOVERNOR DYMALLY: So move.

17 CHAIRMAN CORY: 7(A) is --

18 MR. FINK: Mr. Chairman, what is the procedure  
19 for a member of the public -- I regret that I was late  
20 on arriving here -- to be heard on an item such as 7(A)?

21 CHAIRMAN CORY: Come forward and identify  
22 yourself and tell us what you want to tell us. It's very  
23 easy.

24 MR. FINK: My name is Jim Fink, F-i-n-k.  
25 My mailing address is Post Office Box 28759, Sacramento,

1 California 95828.

2 With regard to the oil situation, Mr. Chairman,  
3 I wish to let it be known that I feel that it is important  
4 that these applications be approved, particularly in view  
5 of the situation which I realize the State of California  
6 has no direct control over, mainly the nationwide energy  
7 crunch.

8 I feel that we have a situation here that  
9 warrants the interests of all Californians inasmuch as  
10 we're all paying high prices at the gas pumps to keep our  
11 cars in operation, and until such time as RT has state-  
12 wide services, I think we are still going to need our  
13 cars.

14 One of the situations developed unfortunately,  
15 was the 1969 Santa Barbara oil spill. However, I have  
16 information in front of me that indicates that this was  
17 blown way out of proportion by the mass media. I am  
18 quoting now from the report conducted by the University  
19 of Southern California marine biologists under the  
20 chairmanship of Dr. Dale T. Straughan. And to spell that  
21 for the record it is S-t-r-a-u-g-h-a-n.

22 And his report states, quote: "That no ill  
23 effects on animal and vegetable plankton were observed.  
24 No damage from the oil spill could be found on sandy  
25 beaches. The channel fish catch was actually found to have

1 been greater for the six month period following the oil  
2 spill than in a comparable period before. Nor has the  
3 spill defamated the bird population. Of the 12,000 birds  
4 in the channel at the time of the spill, 3,500 died from  
5 all causes. Yet by May, the bird population has risen  
6 to 85,000 because of seasonal migrations."

7 The conclusions of Dr. Straughan and his team  
8 unfortunately became one of the best kept secrets since  
9 the disappearance of June Crater.

10 Now, one other point that was made in this same  
11 \$250,000 study which by the way ran some 900 pages.

12 CHAIRMAN CORY: Who paid the \$250,000?

13 MR. FINK: The University of Southern California,  
14 as I have it.

15 CHAIRMAN CORY: What is their source of money?

16 MR. TAYLOR: The industry paid for the report  
17 as a result of the litigation that was arising or in  
18 connection with it. Whether it was directly a part of  
19 the litigation or not, it was used in the litigation by  
20 the industry.

21 CHAIRMAN CORY: Okay.

22 MR. FINK: This same report also states quote,  
23 "Not only had overall damage by the spill been greatly  
24 overestimated, but where damage had been done, nature had  
25 returned it to normal."



1           Now, the fact of the matter is that for centuries,  
2 there have been crude oil influxes even before man ever  
3 thought of drilling.

4           You have a situation here where there is natural  
5 seats of a place known as Coal Oil Point, down there on  
6 the Santa Barbara Coast.

7           CHAIRMAN CORY: The item we have before us relates  
8 to Orange County, Huntington Beach.

9           MR. FINK: I realize this.

10          CHAIRMAN CORY: And we're willing to give you  
11 substantial latitude, but if you could focus in on whether  
12 or not we should put in these wells. We're probably going  
13 to approve them, but if there is some specific information  
14 to help us in that area, we'll be glad to take it.

15          But, go ahead and proceed.

16          MR. FINK: Let me explain my reasoning for  
17 bringing up the Santa Barbara issue. It was the result  
18 of the Santa Barbara issue that offshore oil drilling  
19 was indefinitely banned in the State of California, and  
20 so that is the tie-in.

21          LIEUTENANT GOVERNOR DYMALLY: Mr. Fink, there  
22 might be a more appropriate time for you to focus on  
23 that particular issue, when the question of new applications  
24 comes up. I think it probably will next year. Standard  
25 will probably reapply to drill in the channel, and there

1 will be some public hearings. At that time, it seems to  
2 be more appropriate for you to focus on that issue and  
3 your testimony will be more relevant. Right now, we are  
4 probably about to approve what is a routine application.  
5 But, I think next year that you might be a very valuable  
6 witness for the oil companies and other people who believe  
7 that we should continue to drill in the Santa Barbara  
8 channel.

9 MR. FINK: Thank you very much.

10 LIEUTENANT GOVERNOR DYMALLY: I would instruct  
11 the staff to so inform the industry, so that you could  
12 testify in their behalf.

13 MR. NORTHROP: That's correct.

14 LIEUTENANT GOVERNOR DYMALLY: And Standard is  
15 going to renew the application next year, as I understand it?

16 MR. NORTHROP: Yes, they will.

17 MR. FINK: I would appreciate notification of  
18 when the hearings are occurring.

19 MR. NORTHROP: As you leave, we will be sure  
20 to get your name and address.

21 CHAIRMAN CORY: Okay. Item 7(A), any further  
22 discussion?

23 Without objection, 7(A) will be approved as  
24 presented.

25 7(B), a royalty adjustment from Atlantic Richfield.

1 MR. NORTHROP: According to the lease, they  
2 are allowed to deduct.

3 LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman, we  
4 have no other choices on this matter but to vote for it.

5 MR. NORTHROP: It's according to the lease,  
6 they have the right to it.

7 CHAIRMAN CORY: Without objection Item 7(B)  
8 will be approved pursuant to the terms of the lease.

9 7(C), Marin County wants to do some dredging.

10 MR. NORTHROP: Yes. The dredging has already  
11 been done.

12 CHAIRMAN CORY: We're adjusting the price because  
13 they didn't put them where they said they were going to  
14 put them.

15 LIEUTENANT GOVERNOR DYMALLY: So moved.

16 CHAIRMAN CORY: Without objection, Item 7(C)  
17 approved as presented.

18 8(A).

19 MR. NORTHROP: Mr. Chairman, this is the First  
20 Amendment to the Stretford Process which is part of the  
21 budget program.

22 CHAIRMAN CORY: This is just to handle the  
23 details of the accounting procedure for the cost of  
24 operating the Stretford plan?

25 MR. NORTHROP: Right.

1 CHAIRMAN CORY: Without objection?

2 LIEUTENANT GOVERNOR DYMALLY: So moved.

3 CHAIRMAN CORY: 8(A) will be approved as presented.

4 8(B) is a review of the tideland project in  
5 Long Beach, and this is the final --

6 MR. NORTHROP: This is the final closing on that.

7 CHAIRMAN CORY: \$6,086.86 Long Beach wants, and  
8 that is bound to be owing due to the Subsidence costs.

9 Without objection, it will be approved as  
10 presented.

11 Item 9(A).

12 MR. NORTHROP: Mr. Chairman, this is a delegation  
13 of authority to attorneys to enforce the nonpayment of  
14 rent through unlawful detainer actions.

15 CHAIRMAN CORY: These are the people who stopped  
16 paying rent, to allow us to go ahead and get money back?

17 MR. HIGHT: That's correct.

18 LIEUTENANT GOVERNOR DYMALLY: So moved.

19 CHAIRMAN CORY: Item 9(A) will be approved.

20 9(B).

21 MR. NORTHROP: Mr. Chairman, 9(B) is a report  
22 that was asked for by the Legislature and prepared by  
23 Mr. Trout's unit, and I'd like to have Mr. Trout discuss  
24 it with you.

25 MR. TROUT: I think the Commission is fully aware

1 that their jurisdiction extends over something like 4 1/2  
2 million acres of land. In effect, the Legislature said  
3 that the Commission should inventory this entire round  
4 of land and determine originally which portions of the  
5 land were environmentally unique.

6 For a year, there was a very difficult problem  
7 between your staff, the Office of Planning and Research  
8 and the Resources Agency about what was unique. The  
9 following year, the Legislature changed the word "unique"  
10 to "significant," so we were then asked on your behalf  
11 to inventory State owned lands under the jurisdiction  
12 of the Commission which were environmentally significant.

13 So this calendar item is the final step in a  
14 significant project. And it seems appropriate to kind  
15 of summarize the steps that were taken.

16 The Commission was required to inventory and  
17 identify the lands under its jurisdiction. This task  
18 was completed last December, and a draft report was  
19 circulated state-wide. Comments were received and will  
20 be incorporated into a final inventory.

21 Each of the Commissioners has been furnished  
22 the mock-up of the final report which has a yellow cover  
23 on it. It is the successor to a draft report which had  
24 a similar cover that was bright orange.

25 As can be expected, the staff was unable to

1 investigate each individual parcel of land under the  
2 Commission's jurisdiction. Therefore, nominations were  
3 solicited from other governmental agencies as well as  
4 organizations out of the more than 100 organizations and  
5 agencies contacted, over 50 responded. In addition, some  
6 100 reports were reviewed with 19 determined by the staff  
7 to have direct value on the inventory.

8 As a result, we feel the inventory is comprehensive  
9 as well as an exhaustive report.

10 A substantial percentage of the lands were  
11 determined to possess --

12 CHAIRMAN CORY: Pardon me. How does that follow?  
13 Pardon me, maybe this isn't the place to do this. You  
14 just stated that we weren't able to do an actual physical  
15 inventory ourselves, so we have asked other governmental  
16 agencies to do it by invitation. Half of those that  
17 you requested to responded, and then another value  
18 determination was made with 19 that you thought significant.

19 If that is the premise of the work, how can  
20 you come to the conclusion that that's comprehensive?

21 MR. TROUT: 19 were in addition to the 50. There  
22 were 19 additional reports out of 100 reports that were  
23 reviewed,

24 We feel that it's comprehensive because the  
25 agencies that responded, such as the Department of Fish and

1 Game and other agencies that have broad based field  
2 personnel, the Sierra Club, the Nature Conservancy, and  
3 other people who have the ability and interest to cover  
4 the state state-wide were the agencies that responded.

5 CHAIRMAN CORY: The question in my mind is  
6 that we're doing this the best job we can given the resources  
7 we have available, but I personally don't believe that  
8 that is a comprehensive way to inventory property. It seems  
9 to me that we are stating our limitations, and we should  
10 make that explicit and not get too wound up with where  
11 we are. I don't know what the Governor's views are.  
12 I'm hesitant because I can see where a significant parcel  
13 has very probably been left out just due to the financial  
14 limitations on the study. And if we discovered that and  
15 started to say defend title on another piece someplace  
16 else, somebody else can come back and say well your own  
17 records, your own comprehensive study of such and such  
18 show that it wasn't there.

19 MR. TROUT: I accept the change in language.  
20 The report itself does not --

21 CHAIRMAN CORY: Okay. I just --

22 MR. TROUT: The word "comprehensive" is the staff  
23 feeling. It is not indicated in the report. We've  
24 indicated the limitations and as you will see later in  
25 our presentation here, we feel that it is extremely

1 important to keep the doors open so that additional parcels  
2 may be added as it becomes apparent that they were over-  
3 locked.

4 CHAIRMAN CORY: Fine. I think it's important  
5 that we keep restating that, so that the report not be  
6 taken out of context.

7 Pardon me for jumping to it, but it just seems  
8 to be fraught with peril, but we have to start somewhere.  
9 And I appreciate what the staff has done. It's a good,  
10 excellent job given the limitations. But, let's not  
11 get wound up by thinking we've really solved the problem.  
12 We've got a lot of unanswered questions starting from --  
13 it seemed to me that there would be a better way to  
14 inventory this if someone would come up with the bread  
15 for us.

16 MR. TROUT: The Chairman is entirely correct.  
17 But even with these limitations, a substantial percentage  
18 of the lands were determined to possess significant  
19 value. Approximately 70 percent of the sovereign lands  
20 or the tide and submerged lands, 38 percent of the school  
21 lands are so listed in the report.

22 To show the magnitude of this, over 2 1/2 million  
23 of the 4.3 million acres under the Commission's jurisdiction  
24 has been identified as possessing some significant  
25 environmental values.



1           Today, two requirements remain for the Commission:  
2   The adoption of regulations to protect the identified  
3   lands; and recommendations for additional action.

4           At the July meeting, the Commission authorized  
5   the Division to hold hearings on the regulations. The  
6   proposed regulations were circulated and public hearings  
7   were held in September. These regulations which require  
8   your approval today established several procedures for  
9   the protection of the lands.

10           First, the Division may augment information in  
11   the inventory whenever additional information is received.

12           Two, the Division will classify all environmentally  
13   significant lands into one of three use classifications.

14           Three, the staff shall continually review  
15   environmental documents to determine if additional lands  
16   should be classified as having significant environmental  
17   value.

18           And four, the Commission would determine that  
19   it shall not allow the sale, lease or other use of  
20   significant lands without finding that adequate provisions  
21   have been made to assure the permanent protection of the  
22   prescribed values or that granting of the application  
23   will have no significant effect upon the values.

24           The only additional requirement for the final  
25   report is to recommend additional action. We have proposed

1 in the report several areas.

2 First, that you direct the staff to investigate  
3 the establishment of funds to be used to preserve the  
4 significant values when in danger.

5 Second, that an advisory committee be established  
6 to recommend solutions when significant values are in  
7 danger.

8 And third, the proposals be developed through  
9 the budgetary process to finance periodic inspections  
10 of the significant lands and identification of potential  
11 threat.

12 The findings of all these investigations if  
13 approved, would be reported back to you. With the  
14 adoption of the calendar item, the Commission is certifying  
15 that all requirements have been met.

16 We feel that this is the beginning of our  
17 planning process and will be a valuable tool for future  
18 use.

19 We therefore recommend that you approve this  
20 item, given the limitations recognized by the Chairman.

21 MR. TAYLOR: Mr. Chairman, during one of your  
22 comments to Mr. Trout, you indicated that this might  
23 have an effect on boundaries or State title claims. It's  
24 specifically provided in the statute that this does not  
25 effect title problems. It stated in the report and in the

1 regulations that are before you for adoption, it also  
2 states that this is only an environmental inventory, and  
3 it does not determine boundaries nor are boundaries really  
4 defined in this report. There is, as Mr. Trout pointed  
5 out, a flexibility of the Commission, if we've overlooked  
6 an area which turns out in the process of considering  
7 an item for action by the Commission which should be  
8 listed as environmentally unique; someone applies for  
9 a parcel of property to lease it or do something else  
10 to it, under these regulations that you are adopting  
11 today, they are given a copy of our criteria. And also  
12 we checked the inventories that tend to exist, and if it  
13 is on the inventory, he must meet the two requirements.  
14 If it is not on the inventory, the party must provide  
15 a statement description of the area so that the staff can  
16 review whether that should be given some environmental  
17 classification.

18 So, this process will continue to go on, and  
19 this is the beginning of that work.

20 CHAIRMAN CORY: In terms of a basic definition  
21 that was used in terms of significant, are all waterways  
22 and access to waterways dealt with as environmentally  
23 significant or not?

24 MR. TROUT: Not necessarily.

25 The legislation as amended gave to the Office of

1 Planning and Research the duty to establish the criteria,  
2 the definition of what is environmentally significant.

3 In general, as you can tell from the 70 percent of tide  
4 and submerged lands, most fell within this category.

5 Another consideration was that the Delta Master Recreation  
6 Plan and the Wild and Scenic Rivers Plan or proposal  
7 was to have been considered and was in the development  
8 of this area.

9 So that basically, it's the deep ocean that  
10 probably has the 30 percent, although it is possible for  
11 some waterways to not be environmentally significant.

12 Our Fish and Game found significance in nearly  
13 all of them, as an example.

14 CHAIRMAN CORY: The dispute that we have going  
15 is someplace in the Delta with a duck club, you know,  
16 is that waterway inventory in here, for example, as  
17 environmentally significant?

18 MR. TROUT: I'm not certain whether that  
19 particular one is or not.

20 The limitation, of course, has been that if  
21 someone did not nominate it or was not identified in any  
22 report, it is not included in this first version that  
23 we're turning out.

24 CHAIRMAN CORY: That's the question. It seems  
25 to me with the pressure on waterways generally, I would be

1 hard pressed not to find all waterways owned by the State  
2 to be environmentally significant. There may be one  
3 you can show me that isn't, but I would not leave an  
4 implication in this draft or by the adoption of that that  
5 something else is going to turn around and bite us in the  
6 back of the head on one of those other situations where  
7 they say it's obviously not environmentally significant.  
8 That's the kind of deletion that I'm worried about.  
9 Something that could be relatively small in terms of an  
10 overall thing, but very significant in terms of the  
11 pressures that we have upon us.

12 There was a time when upper Newport Bay was  
13 not considered very significant to the people of Orange  
14 County, and then it became very significant.

15 MR. NORTHROP: Your example happens to be in  
16 here, but your point is well taken.

17 CHAIRMAN CORY: So, if in the draft we are  
18 nebulous enough to include some of those smaller places --  
19 that's all I'm worried about.

20 MR. TAYLOR: There could be a statement included  
21 amended to your approval today of this report, that there  
22 be a paragraph added that the failure to include an item,  
23 a particular area, does not necessarily mean that it  
24 does not have environmental significance. Would that  
25 satisfy?

1 CHAIRMAN CORY: I would prefer to have that  
2 explicit statement.

3 MR. TROUT: Certainly, that is the reason we  
4 brought it before you; it can be added or amended, and  
5 in following your wishes today would then be --

6 CHAIRMAN CORY: To be placed fairly early so  
7 that anybody starting to skim would pick that up; this  
8 is the first step and this is the first inventory, and  
9 we expect there to be revisions.

10 Can we proceed with that amendment being added  
11 to the document?

12 Without objection, 9(B) approved as amended.

13 9(C), authorization to conduct public information  
14 sessions on various areas including the Truckee area,  
15 concerning the findings of the Earth Satellite Corporation  
16 into submerged areas of Donner.

17 Any questions or debate on this item?

18 Any questions from anybody in the audience?

19 Without objection, 9(C) will be approved as  
20 presented.

21 9(D).

22 MR. NORTHROP: Mr. Chairman, 9(D), (E) and  
23 (F) deal with the same subject matter, and Bob Hight from  
24 our counsel is going to address the Commission on this.

25 LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman, may

1 I suggest that we separate Item (F) from (D) and (E).

2 CHAIRMAN CORY: Okay.

3 MR. HIGHT: If we could take Item (D) and (E)  
4 as together.

5 CHAIRMAN CORY: Is there anyone in the audience  
6 who wishes to address the Items (D) or (E)?

7 MR. HIGHT: The Government Code provided that  
8 the State Lands Commission has to approve any boundaries  
9 of any area of which it is going to incorporate, and the  
10 incorporated area will include tide and submerged lands.  
11 The Commission staff has reviewed the boundaries and  
12 found that Items (D) and (E) are in conformance.

13 Is there any opposition?

14 CHAIRMAN CORY: No objection, Item 9(D) and (E)  
15 will be approved as presented.

16 Without objection, that's the order.

17 9(F).

18 MR. HIGHT: 9(F) is the incorporation of the  
19 City of Truckee. It includes Donner Lake.

20 It is the recommendation of the staff that  
21 based upon the problems with the boundary of Donner Lake,  
22 that it would not be in the best interests of the State  
23 for the Commission to approve this incorporation as  
24 described.

25 CHAIRMAN CORY: This relates back to Item 9(C) on

1 the agenda?

2 MR. NORTHROP: Yes.

3 MR. HIGHT: Yes.

4 CHAIRMAN CORY: Is there anyone who wishes to  
5 address themselves to Item 9(F)?

6 MR. PORTER: My name is Jim Porter, P-o-r-t-e-r.

7 And I would just like to question the staff's  
8 recommendation on this matter. We have begun proceedings  
9 for the incorporation of Truckee, and they -- the first  
10 step is to make application to LAFCO, the Local Agency  
11 Formation Commission, and then you go on from there on  
12 to an election. They cannot accept our application until  
13 the State Lands Commission approves our boundaries. So  
14 therefore, we are on a very tight calendar schedule trying  
15 to have our election next November, and we won't make it.  
16 I feel that it's almost impossible if we're put off at  
17 this point.

18 CHAIRMAN CORY: I think what is being suggested  
19 here is not that you be put off but that you be turned  
20 down.

21 MR. PORTER: I've read the ordinance. I have  
22 it here, and it states you shall approve or disapprove  
23 all portions of the boundaries of the proposed city.  
24 Well, the boundaries of the proposed city go around Donner  
25 Lake, not close to the center. None of the boundaries go



1 through Donner Lake. From my reading this ordinance, this  
2 Government Code Section, the considerations that the Board,  
3 the staff is to review, talk about right angles and how  
4 the city lines goes through the State Lands; and this  
5 doesn't affect us at all. I don't know what the intent  
6 is here.

7 LIEUTENANT GOVERNOR DYMALLY: What county is  
8 Truckee?

9 MR. PORTER: This is Nevada County.

10 LIEUTENANT GOVERNOR DYMALLY: You haven't been  
11 to LAFCO, yet?

12 MR. PORTER: We have been to LAFCO, but they  
13 will not accept our application. They say under this  
14 Government Code Section 34302.3, this is the section  
15 that gives you the power to review our boundaries. It  
16 says "We cannot make any application for incorporation  
17 until we have received approval of the State Lands Commission."

18 What I'm asking is you are saying let's wait  
19 until we determine the boundary problems of Donner Lake.  
20 Well, in my opinion, this is going to be several years  
21 down the line. There are some people who are very hot  
22 about what's happening at Donner Lake, and I won't make  
23 a decision on that. So, we are going to be waiting three  
24 or four years while you decide whether or not we should  
25 incorporate Truckee or not. I don't think that was the

1 intent of this ordinance.

2 CHAIRMAN CORY: The alternative, though, is  
3 for the incorporation not to include the disputed lands.

4 MR. PORTER: We could do that, but I would like  
5 to know -- we are not taking title to this property, of  
6 course. We aren't making any statement as to whether  
7 your moves or the new survey -- what effect that's going  
8 to have on the land. What is that going to have to do  
9 with you? This will just unnecessarily complicate things.

10 For example, under the ordinance, if we do  
11 have to exclude it, we will have to have a legal description  
12 excluding the boundary of Donner Lake. We'll have the  
13 incorporation boundaries and then the specific exclusion  
14 of Donner Lake. Well, I'm not even sure that there is  
15 a legal description, yet. Conceivably, we would have  
16 to wait three or four years to even get a description.

17 MR. HIGHT: We can describe the bed of Donner  
18 Lake with sufficient adequacy.

19 MR. PORTER: It has to be in the best interest  
20 of the State Lands Commission. What is the best interest  
21 of the State Lands Commission to refuse it --

22 CHAIRMAN CORY: To maximize our claims.

23 MR. PORTER: Well, how are your claims going  
24 to be affected adversely by having the City of Truckee  
25 incorporated?

1           LIEUTENANT GOVERNOR DYMALLY: Can we then have  
2 an amendment in the application before LAFCO which would  
3 separate Donner Lake pending the resolve of the problems,  
4 because there are some obviously legal squatters.

5           MR. PORTER: There obviously are, but I don't  
6 see how --

7           LIEUTENANT GOVERNOR DYMALLY: If you take away  
8 the lake from the State, it is conceivable that we may  
9 never solve this problem.

10          MR. PORTER: No, we are not taking the lake  
11 away. We are taking it from the County, the State owns  
12 it.

13          CHAIRMAN CORY: Let me back up, trying to get  
14 you on track. If your goal and objective is to expedite  
15 the process of LAFCO and all, for Truckee, I for one  
16 Commissioner, unprepared to vote for an incorporation  
17 boundary which includes the bed of Donner Lake.

18           It is my judgment that that interferes with  
19 our claims, vis a vis, the ownership of that property.  
20 Now, I may be incorrect in that. Unfortunately, I am  
21 sitting here where I'm not going to defend that position,  
22 because I think it might tend to jeopardize the State's  
23 position in terms of its various legal battles.

24           Now, to the extent that you want to proceed,  
25 if you're willing to delete the thing from Donner, the

1 Donner Lake Bed, I'm willing to vote for it, because  
2 that leaves the thing neutral. But, I am not prepared  
3 to get into a defense of my judgmental factors on something  
4 that may later be litigated. I'm willing to state my  
5 position. If that helps you, we can proceed; if not,  
6 I'm afraid that there really isn't a quorum at which we  
7 can -- at least as far as my vote is concerned -- that  
8 we can help you.

9 LIEUTENANT GOVERNOR DYMALLY: Let me ask both  
10 counsels a question. Is it possible to proceed with the  
11 application before LAFCO, deleting the lake bed out of  
12 the area of incorporation?

13 MR. PORTER: And proceed and at some later time  
14 make a determination that it may be included.

15 Well, it certainly would be -- well, no, it  
16 probably would not. We go to LAFCO, have a public hearing,  
17 then we pass a petition of Notice of Intention to Pass a  
18 Petition and pass a petition, then all the time stating  
19 what the boundaries are in all of them. So, we have to  
20 pass a petition to do it, with duplicate copies, this  
21 will take us up to the election which will be next  
22 November. I see no way that these people here, that the  
23 State Lands is going to have any resolution on this matter  
24 for '76.

25 LIEUTENANT GOVERNOR DYMALLY: Could you not

1 exclude the land to your application?

2 MR. PORTER: Yes, we could exclude the land in  
3 the application.

4 LIEUTENANT GOVERNOR DYMALLY: I mean the bed  
5 of the lake.

6 MR. PORTER: Right.

7 LIEUTENANT GOVERNOR DYMALLY: And you could  
8 proceed on your incorporation, and then when we resolve  
9 this with the parties and with the Attorney General's  
10 Office or whomever, then the city can come back, assuming  
11 that you will incorporate, come back and negotiate with  
12 us.

13 MR. PORTER: Then, if we had a city, I suppose  
14 that would leave us an exit. Then, we would have to  
15 have another election and on and on, and cost the taxpayers  
16 more money.

17 LIEUTENANT GOVERNOR DYMALLY: You can negotiate  
18 with the Lands Commission.

19 MR. PORTER: The Lands Commission changed --  
20 well, they haven't made a decision. Well, later on  
21 they make the decision that they would not be opposed to  
22 the city taking in the bed of Donner Lake, then I suppose  
23 we can have another petition and another election and  
24 annex the bed of Donner Lake.

25 CHAIRMAN CORY: I don't think you have to have an

1 election, it would be an uninhabited territory.

2           LIEUTENANT GOVERNOR DYMALLY: Well, let's assume  
3 you do.

4           CHAIRMAN CORY: It would be pretty hard for  
5 annexation of uninhabited territory without an election.  
6 I don't think we've got anybody living on it.

7           LIEUTENANT GOVERNOR DYMALLY: My point is --

8           CHAIRMAN CORY: But if you do have people living  
9 on it --

10           LIEUTENANT GOVERNOR DYMALLY: That's the issue,  
11 here. If you do then, at some subsequent election, you  
12 could tie in with the School Board election or general  
13 election and put it on the ballot.

14           MR. PORTER: I appreciate your decision, but  
15 I still question the logic behind it. I see no logic  
16 behind it. We are not making a land grab, we are just  
17 changing the background government from the county to  
18 the city.

19           LIEUTENANT GOVERNOR DYMALLY: The problem is  
20 not with you and the petitioners. The problem is with  
21 some other people who don't even live in Donner Lake;  
22 they live in New York, for that matter. That's the  
23 problem we have here. We are not opposing your application.  
24 As a matter of fact, I am supportive of what you're doing.

25           MR. PORTER: That's the problem we have, is

1 people who live in New York and Chicago, right.

2 LIEUTENANT GOVERNOR DYMALLY: So, if you want  
3 to expedite this application, I would be prepared to vote  
4 for it if you would exclude that portion.

5 MR. PORTER: Are any of you not prepared at this  
6 time to state why you prefer to have it?

7 LIEUTENANT GOVERNOR DYMALLY: Oh, because of  
8 the problems we have with the squatters. It's an unresolved  
9 legal problem.

10 MR. PORTER: Perhaps you do not understand  
11 incorporation, that the problems you have with squatters  
12 and the water going out Donner Lake and all of this, the  
13 staff has recommended -- suggested to me that those are  
14 the problems. And they don't want to have a growth inducing  
15 impact, and maybe Dart Industries or Tahoe-Donner may  
16 be taking more water out. Those districts will probably  
17 not be taken over by the city. So I can assure you that  
18 there will be no affect of the corporation on the people  
19 of Donner Lake.

20 If that's your position, I would accept the  
21 acceptance of our application.

22 CHAIRMAN CORY: Can we approve it?

23 MR. HIGHT: Subject to the exclusion of Donner  
24 Lake, yes.

25 MR. PORTER: Then you don't approve it, then?

1           CHAIRMAN CORY: We'll approve it.

2           LIEUTENANT GOVERNOR DYMALLY: Without amendment,  
3 you don't get it.

4           MR. PORTER: You are saying that you are denying  
5 our request to include State Lands within proposed  
6 boundaries of the city, then there are no state lands and  
7 we don't have to apply to you.

8           So, you denied it, and there's no way --

9           MR. TAYLOR: Are there any other State Lands  
10 in the Donner thing?

11          MR. TROUT: No fee lands as far as we know within  
12 the city boundary.

13          MR. PORTER: So you deny it.

14          CHAIRMAN CORY: Failure to act positively could  
15 be taken as a denial.

16          MR. PORTER: One question I have, does the staff  
17 have the date as to when we made application for the  
18 approval of the State Lands Commission?

19          LIEUTENANT GOVERNOR DYMALLY: I'm going to offer  
20 a motion so we can resolve it.

21          I move that the application be approved with  
22 the exception of Donner Lake, and the staff would put  
23 the appropriate language to describe the exclusion.

24          CHAIRMAN CORY: I would second that motion with  
25 the understanding that that means we will approve it if



1 Donner Lake bed is not included in the city limits.

2 LIEUTENANT GOVERNOR DYMALLY: And the staff  
3 will put into legal language all of the observations.

4 MR. PORTER: Then, what are you approving?

5 MR. HIGHT: We are approving the boundaries of  
6 the incorporation but excluding from the area the area  
7 bed of Donner Lake.

8 CHAIRMAN CORY: If your position is correct,  
9 our act has no force and effect, you can proceed without  
10 it. But, in case there is something else, you've got  
11 approval of it.

12 So without objection --

13 MR. PORTER: Could the staff answer this one  
14 question, when we made application, because failure to  
15 make a denial or approval within 45 days is automatically  
16 an approval. And there are some questions in my mind as  
17 to whether our application -- when it came in.

18 LIEUTENANT GOVERNOR DYMALLY: This is a legal  
19 question, that if the application was made longer than  
20 45 days, that in effect, we have approved it.

21 MR. HIGHT: The application -- we are within  
22 the 45 days. We have the authority to approve or disapprove.

23 CHAIRMAN CORY: Okay. We have taken action  
24 and the staff clearly understands that the approval is  
25 only a conditional approval, if the lake bed of Donner Lake

1 is excluded from the application.

2 MR. PORTER: And if there is no other State  
3 lands within the proposed city, you've just denied our --

4 MR. NORTHROP: Disapproved.

5 MR. FINK: Mr. Chairman?

6 CHAIRMAN CORY: Yes.

7 MR. FINK: I respectfully request permission  
8 to make a point of information in case further controversies  
9 of this nature develop.

10 The question came up annexing unincorporated  
11 lands into a city if they were uninhabited.

12 A precedent for this kind of situation was  
13 established in the city of Napa in 1974, along a ranch  
14 hassle. I don't know if you are aware of that. This  
15 involved several thousand acres of land to the rest of  
16 the Silverado Country Club where the famous Kaiser Golf  
17 Tournament is played each year.

18 The proposal was to put in a tennis club and  
19 condominium unit and incorporate it into the city of  
20 Napa. The citizens of Napa formed an organization known  
21 as Citizens Against Urban Sprawl and demanded, and took  
22 it to court, elections as to whether or not this could  
23 be annexed. The city had annexed it under the uninhabited  
24 lands provision, because in fact there were no residences  
25 whatsoever on the property. It was pretty vacant land,

1 the only residences thereon having been burned to the  
2 ground.

3 The court ruled that an election had to be held,  
4 and in the subsequent election, the entire city of Napa  
5 voted on it and overwhelmingly nixed the annexation.

6 CHAIRMAN CORY: Okay. The staff is aware of  
7 that?

8 MR. NORTHROP: We made notes on that.

9 LIEUTENANT GOVERNOR DYMALLY: Thank you very much.  
10 Item 10(A).

11 MR. NORTHROP: Mr. Chairman, 10(A) is a piece  
12 of property known as the Hazard Unit which the State  
13 Lands has under lease to Imperial Thermal.

14 Fish and Game own the surface rights of the  
15 property and was administering it, and it contracted  
16 the work out for the Federal Government, the Department  
17 of Interior. The Department of Interior asked for a longer  
18 lease time; rather than give them a longer lease time,  
19 the Department of Fish and Game through General Services  
20 gave them the property.

21 Now, we have a problem with this property in  
22 the fact that we have a Lessee on the property which  
23 had been given away.

24 So, we asked for authorization to file declaratory  
25 relief and instruct the Attorney General --

1 CHAIRMAN CORY: Looks like the Attorney General  
2 has a problem.

3 MR. NORTHROP: In effect, the Fish and Game  
4 had given away lands which we had a lease.

5 MR. TAYLOR: We don't feel that all of the  
6 requirements for such a conveyance had been met and there  
7 may be some defects in that; and that's what our problem  
8 is.

9 CHAIRMAN CORY: Okay. They're saying they've  
10 got it all.

11 MR. NORTHROP: They've got it all and they've  
12 got a quitclaim deed on it.

13 CHAIRMAN CORY: Without objection, 10(A) will  
14 be authorized as presented.

15 10(B)?

16 MR. HIGHT: 10(B), Mr. Chairman, is the authoriza-  
17 tion for the staff and the office of the Attorney General  
18 to perfect title at Oak Hall Bend. This relates to Calendar  
19 item 6(H). The Lessee there is apparently leasing the  
20 upland from a private party, and it is the contention  
21 of the staff that the land is in fact State owned.

22 CHAIRMAN CORY: Without objection.

23 LIEUTENANT GOVERNOR DYMALLY: So moved.

24 CHAIRMAN CORY: 10(B) authorized as presented.

25 10(C). Do you want to do this?

1 MR. NORTHROP: 10(C). We'd like to go into  
2 Executive Session on part of that.

3 CHAIRMAN CORY: We will pass 10(C).  
4 10(D)?

5 MR. HIGHT: 10(D), Mr. Chairman, is the  
6 authorization to prevent a party in San Mateo County from  
7 filling any further land. We have received a letter  
8 from them this morning indicating that they will so stop  
9 filling the land. However, we feel that in the event  
10 that they default on their letter, we would like this  
11 authorization anyway.

12 LIEUTENANT GOVERNOR DYMALLY: So moved.

13 CHAIRMAN CORY: Without objection, 10(D) will  
14 be authorized as presented.

15 (E)?

16 MR. NORTHROP: Mr. Chairman, this is the  
17 authorization of counsel to proceed against the Department  
18 of Interior on the acreage under question in the Executive  
19 Officer's Report.

20 CHAIRMAN CORY: This is the disputed lands which  
21 they say they are taking out, but we don't know for sure.

22 MR. TAYLOR: Mr. Chairman, we have the pleadings  
23 in galley form. Anything to the Supreme Court has to  
24 be filed in printed form. We have held the final printings.  
25 If you like us to go ahead, we will have them printed in

1 final form. But I don't think we can file it until they  
2 go through with their actions.

3 CHAIRMAN CORY: Hold it, if for some reason  
4 that's not printed in the Registry when it's supposed to  
5 be, I suggest that you have to go ahead and have it  
6 printed and proceed, so we don't end up losing anything.

7 So 10(E) will be approved as presented; authoriza-  
8 tion is granted on those items.

9 Without objection, such will be the order.

10 The confirmation of date, time and place of  
11 next meeting of the Commission, we had January 14th in  
12 Sacramento.

13 Is there any other item to come before --

14 LIEUTENANT GOVERNOR DYMALLY: 10:00 a.m.?

15 CHAIRMAN CORY: 10:00 a.m.

16 Is there any further item to come before us?

17 Is there anyone in the audience that has anything?

18 If not, we will adjourn the public session to  
19 go into Executive Session to discuss litigation with  
20 counsel.

21 (Thereupon the meeting of the State Lands  
22 Commission held on December 1, 1975 was  
23 adjourned at 11:30 a.m.)

24 --oOo--

25

1 I, DIANE WALTON, a Shorthand Reporter for the  
2 State of California, do hereby certify:

3 That I am a disinterested person herein; that the  
4 foregoing State Lands Commission Meeting was reported in  
5 shorthand by me, Diane Walton, a Shorthand Reporter of  
6 the State of California, and thereafter transcribed into  
7 typewriting.

8 I further certify that I am not of counsel or  
9 attorney for any of the parties to said hearing, nor in  
10 any way interested in the outcome of said hearing.

11 Dated this 7th day of January, 1975.

12  
13 *Diane Walton*

14 DIANE WALTON  
15 Shorthand Reporter  
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