

1 MEETING

2 STATE LANDS COMMISSION

10 ROOM 2117

12 STATE CAPITOL

13 SACRAMENTO, CALIFORNIA

18 THURSDAY, OCTOBER 28, 1976

20 10:00 A.M.

22 ORIGINAL

24 C.S.R. License No. 3252

25
PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 363-3601

	<u>I N D E X</u>	
		<u>Page</u>
1		
2		
3	Proceedings	1
4	Roll Call of Commissioners	1
5	Confirmation of Minutes of September 30, 1976 meeting	1
6	Report of Executive Officer	1
7	Executive Officer Northrop	1
8	Land Consolidation Report	2
9	Mr. R. S. Golden	2
10	Draft Coastal Regulations	
11	Mr. R. S. Golden	3
12	Approval of Consent Calendar	5
13	Approval of Item C 13	5
14	Calendar Item 19	7
15	Mr. Jan Bush	7
16	Mr. N. Gregory Taylor	9
17	Calendar Item 20	17
18	Mr. Dennis Eagan	18
19	Calendar Item 22	20
20	Calendar Item 23	22
21	Calendar Item 24	23
22	Mr. D. G. Couvillon	24
23	Calendar Item 25	25
24	Calendar Item 26	26
25	Calendar Item 27	26
	Mr. Hight	26

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

	<u>INDEX CONTINUED</u>	<u>Page</u>
1	Calendar Item 28	28
2	Mr. Robert Hight	28
3	Calendar Item 29	29
4	Calendar Item 31	30
5	Mr. Donald J. Everitts	31
6	Calendar Item 32	32
7	Mr. Robert Hight	32
8	Mr. N. Gregory Taylor	32
9	Calendar Item 33	33
10	Calendar Item 34	33
11	Calendar Item 35-38	35
12	Calendar Item 36	35
13	Calendar Item 36	35
14	Calendar Item 37	36
15	Mr. W. M. Thompson	36
16	Calendar Item 38	37
17	Mr. W. M. Thompson	37
18	Calendar Item 39	38
19	Mr. Robert Hight	38
20	Calendar Item 40	39
21	Mr. Dennis Eagan	40
22	Calendar Item 41	43
23	Mr. Robert Hight	43
24	Mr. N. Gregory Taylor	44
25	Calendar Item 42	45

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 363-3601

INDEX CONTINUEDPage

1	Mr. R. S. Golden	45
2	Calendar Item 43	46
3	Calendar Item 45	48
4	Executive Officer Northrop	48
5	Mr. N. Gregory Taylor	49
6	Mr. Kenneth Martyn	51
7	Adjournment	54
8	Reporter's Certificate	55
9	--oCo--	
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
 SACRAMENTO, CALIFORNIA 95826
 TELEPHONE (916) 303-3601

MEMBERS PRESENT

Hon. Roy M. Bell, Director of Finance, Acting Chairman
Mr. Richard Thomson, Assistant to Lieutenant Governor
Mr. Sid McCausland, Deputy Director of Finance

MEMBERS ABSENT

Hon. Kenneth Cory, Controller
Hon. Mervyn M. Dymally, Lieutenant Governor

STAFF PRESENT

Mr. William F. Northrop, Executive Officer
Mr. R. S. Colden, Assistant Executive Officer
Mr. Robert C. Hight, Staff Counsel
Mr. James F. Trout, Land Operations

ALSO PRESENT

Mr. N. Gregory Taylor, Assistant Attorney General
Mr. Dennis Eagan, Deputy Attorney General

P R O C E E D I N G S

--oOo--

ACTING CHAIRMAN BELL: Ladies and gentlemen, I would like to get the meeting started. Roll call, see who's here.

EXECUTIVE OFFICER NORTHROP: Mr. Cory's absent here, Mervyn Dymally, represented by Mr. Thomson, Mr. Roy Bell.

ACTING CHAIRMAN BELL: All right. Because Mr. Cory's absent, I guess I get to be Chairman.

The minutes of September 30th were distributed with the Agenda. If there are no corrections or other comments by Commission members, they will be approved.

First item on the Agenda is a report of the Executive Officer, Mr. Northrop.

EXECUTIVE OFFICER NORTHROP: Thank you very kindly, Mr. Chairman.

Mr. Chairman, and Mr. Thomson, in previous action the Commission approved participation in a joint public hearing regarding the Dow Petrol Chemical Project. The Office of Planning and Research has arranged for this joint public hearing to be held on December 8th and 9th. Staff is prepared to issue a notice of the hearing on behalf of the Commission. The Director of the Office of Planning and Research will be contacting you individually to determine the possibility of your participation in this two-day session.

1 The staff conducted a public hearing on October
2 the 14th in Huntington Beach to receive input for the
3 Environmental Impact Report covering the proposed resumption
4 of drilling by Aminoil USA in the Huntington Beach off-
5 shore oil field. No formal comments were presented. However,
6 two individuals indicated they would be submitting written
7 comments at a later date.

8 The staff has drafted a Land Consolidation Report
9 as the Commission has requested. Mr. Golden, the Assistant
10 Executive Officer, will bring you up to date on this matter.

11 ACTING CHAIRMAN BELL: All right. Mr. Golden?
12 At least until Friday, it was a pretty good report.

13 MR. GOLDEN: An update of the report made to you
14 on the March 25th meeting on this subject, copies of an
15 initial working paper have now been provided to you. The
16 President has just signed into law a bill known as the
17 BLM Organic Act. This law will have a major impact on the
18 management and use of federal lands within California.

19 The staff is completing a detailed analysis of
20 this legislation and will rewrite their initial consolidation
21 working paper as needed.

22 It's obvious that this federal statute will have
23 a significant impact on the recommendations that are included
24 in this initial report to you. A revised Land Consolidation
25 Report should be available before the next regular meeting of

1 the Commission, and copies of it will be forwarded to you
2 immediately upon completion.

3 ACTING CHAIRMAN BELL: All right. So much for what
4 otherwise would have been a very interesting report.

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, public
6 hearings were held on draft coastal regulations. Mr. Golden,
7 again, will summarize where we are on those hearings regarding
8 the coastal regulations.

9 MR. GOLDEN: Public hearings were held on the
10 draft coastal regulations on October 18th in San Diego,
11 October 19th in Long Beach, and October 20th in San Francisco.
12 A number of comments were received at these hearings and it's
13 expected that more specific written comments will be received
14 by November 10. Several affected groups requested conferences
15 with staff to iron out language problems. All of these
16 concerns will be addressed, and it's anticipated that a final
17 draft will be reported back to you at the meeting of December
18 15th for your consideration.

19 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, in
20 addition to this, and for the record, Item 16 and 17 have
21 been withdrawn. Item 21, 30 and 44 have been put over.

22 ACTING CHAIRMAN BELL: What were the last three
23 items?

24 EXECUTIVE OFFICER NORTHROP: 21, 30 and 44.

25 ACTING CHAIRMAN BELL: Okay. Let me catch up with

1 it. Okay. That was the Hastings Slough deal.

2 EXECUTIVE OFFICER NORTHROP: 21 is Hastings Slough,
3 30 was the discussion on Humboldt Bay, and 44 was a Lake
4 Tahoe environmental assessment. So we'll put those over.

5 ACTING CHAIRMAN BELL: That one's put over also
6 to next time.

7 EXECUTIVE OFFICER NORTHROP: Also, Mr. Chairman,
8 because of the potential controversy of Item C 13, which
9 is otherwise on the Consent Calendar.

10 ACTING CHAIRMAN BELL: On the Consent Calendar?

11 EXECUTIVE OFFICER NORTHROP: It's on the Consent
12 Calendar. Staff would recommend this perhaps should be
13 considered separately from the Consent Calendar. We have no
14 indication anyone wishes to speak to this today; however,
15 there well may be someone who wishes to speak to it. For
16 that case, we'd like to have that taken out of the Consent
17 Calendar to avoid the appearance of any problem.

18 ACTING CHAIRMAN BELL: We will remove Item C 13
19 from the Consent Calendar and pick it up immediately after
20 completion of the Consent Calendar.

21 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, that
22 concludes my report.

23 ACTING CHAIRMAN BELL: All right. Do we have the
24 Consent Calendar? Are there any objections to any other
25 items that appear on the Consent Calendar, which is C 1

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 through 18, as I recall?

2 Well, since there appears to be no controversy --

3 COMMISSIONER THOMSON: Move the Consent Calendar.

4 ACTING CHAIRMAN BELL: I have a motion to move
5 the Consent Calendar and I'll second it. All those in favor,
6 say aye. Opposed? Consent Calendar is approved with the
7 exception of C 15 which we've removed. Now, we go to C 13.

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, C 13
9 is an authorization to execute a permit between the State
10 Lands Commission and the Department of Agriculture, for
11 forest, to give the State access to some forest property it
12 has in the Tahoe National area.

13 ACTING CHAIRMAN BELL: All right. Is there anyone
14 here to appear on Item C 13? Either, well, particularly in
15 opposition? All right. If not, may I have a motion?

16 COMMISSIONER THOMSON: So move.

17 ACTING CHAIRMAN BELL: All right. I have a motion
18 to approve Item C 13. Without objection, it shall be
19 approved.

20 We now leave the Consent Calendar and go to the
21 more controversial items, and the first one, I think wouldn't
22 be surprising to say, it's Item 19, Standard Oil Company of
23 California, Exxon, and Arco, approval of resumption of
24 drilling operations on leases in the Santa Barbara channel.

25 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, last

PETERS SHORTHAND REPORTING CORPORATION

24 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 month, the Commission heard this matter and in their
2 deliberations it was discovered that the County of Ventura
3 was somehow overlooked in a distribution of the preliminary
4 EIR. When that was brought to our attention, the Commission
5 recommended that we go back and contact the County of Ventura
6 and get their comments on the EIR. We have done that and
7 we have now in the document an addendum which includes the
8 County of Ventura's objections or comments, rather. And
9 the report from staff addressing itself to those comments.

10 The staff feels that the comments were of such
11 nature that there were points that were raised, had already
12 been addressed in the EIR. However, we took the necessary
13 steps to point this out in an addendum to complete the EIR
14 process on this.

15 ACTING CHAIRMAN BELL: All right. I received mine
16 yesterday. And I read it.

17 EXECUTIVE OFFICER NORTHROP: And Mr. Chairman, I
18 would like to note for the record that we have a telegram
19 from, in protest by Mrs. George Sidenberg, President of
20 Carpinteria Valley Association. Mrs. Sidenberg appeared in
21 person last meeting and the objections are congruent with
22 what she raised last time.

23 ACTING CHAIRMAN BELL: I should say that
24 Mr. Sid McCausland, my Deputy Director, sitting at my right
25 was here at the Commission hearing last month in my place,

1 and I brought him along just to cover any carry-overs from
2 the last month for continuity. Do you have any questions
3 regarding this telegram that she spoke of? I read the
4 written comments of the Ventura people. Is there anyone
5 in the audience who wishes to speak on this item? All right.
6 Would you care to come forward?

7 MR. BUSH: Mr. Chairman, Members of the Commission,
8 my name is Jan Bush. I'm the Director of the Air Pollution
9 Control District in the Ventura County and I'm sorry I'm
10 late, but I heard you say as I walked in that you had read
11 our statement.

12 ACTING CHAIRMAN BELL: Yes.

13 MR. BUSH: In order for you not to reread it, I'll
14 summarize our concerns and that is, that although this issue
15 is apparently a minor issue in the minds of the State Lands
16 Commission, that it in addition to all the other development
17 that is proposed to be developed in the OCS area around
18 Ventura and Santa Barbara Counties, together these projects
19 can have a substantial impact if tankers are allowed to be
20 used for all the different operations. And OCS, sale, 35,
21 the other sales being proposed, the development of transport
22 of oil from Elk Hills possibly to Port Hueneme and et cetera
23 are going to indicate that a substantial amount of tankers
24 are going to be used to transport oil into and out of the
25 Ventura-Santa Barbara area. And for these reasons, we are

1 violently concerned that the impact on air quality from a
2 virtually uncontrolled source can have a substantial negative
3 impact on an already difficult problem with air quality in
4 that area.

5 And it is my feeling that the, as expressed in our
6 letter to you, that the environmental impact statement doesn't
7 really reflect air quality impacts that have been, that are
8 possible in Ventura County from this project and that the
9 alternative of a pipeline has not been adequately assessed
10 and found to be a better alternative from all standpoints,
11 air quality as well as water quality, et cetera.

12 ACTING CHAIRMAN BELL: That would be the latter
13 comments, was particularly, pertained to all of the oil
14 companies pooled together in a joint pipeline instead of
15 having one company do it, huh?

16 MR. BUSH: That's right. As I understand it, no
17 one oil company has an adequate amount of oil development
18 to justify it on its own. However, there have been studies
19 by the Office of Planning and Research that indicates that
20 the pipeline is a feasible alternative, economically, and
21 the environmental impacts of that indicate that it would be
22 a substantially beneficial way of handling this situation.

23 ACTING CHAIRMAN BELL: Mr. Northrop, any comments?

24 EXECUTIVE OFFICER NORTHROP: Yes, Mr. Chairman.
25 I was contacted by the Santa Barbara, a staff member from the

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 Santa Barbara County Board of Supervisors, and he informs me
2 that they're, the Board of Supervisors, is planning in mid-
3 December a government industry meeting to address this pipe-
4 line problem. And he requests that, while we can't make it
5 a condition to the issuance of the permit, the attorneys tell
6 me however it would be well to ask lessees if they would not
7 lend their good offices in support and participate in this
8 meeting in December so that we may get this pipeline as
9 recommended by Ventura and others.

10 ACTING CHAIRMAN BELL: Very desirable alternative
11 from the standpoint of being the least damaging. Yes,
12 Mr. Taylor?

13 MR. TAYLOR: Mr. Chairman, I think the record
14 should also indicate that the staff and the State Lands
15 Commission has prepared and supplied to the County of Ventura
16 the written responses to staff and that copies of those
17 responses have also been given to each member of the
18 Commission and are before you today for your consideration
19 on this item, generally which discuss the problem in this
20 area that while pipelines might be desirable, this is an
21 existing field. These are additional wells on an existing
22 platform. This is the tailend of recovery in this area, and
23 that the pipeline problem is really addressed more to
24 additional drilling in other areas and with regard to air
25 quality, that the air quality will not exceed present

1 standards, present emissions, except for a very limited
2 period during this operation and generally will be less.

3 Also, the amount of air quality received in Ventura
4 County, the percentages of that, and amount of potential
5 pollution to Ventura County as opposed to Santa Barbara
6 County, is discussed in that letter. But, I believe for
7 purposes of a complete record, those items should be before
8 the Commission today.

9 ACTING CHAIRMAN BELL: Mr. Taylor, I'm glad you
10 said that and I really should have included that in my
11 comments that I had received Mr. Bush's comments, because
12 I did get the State Lands comments along with it, I have
13 read it.

14 MR. BUSH: Could I make one last comment and that
15 is that in the EIR and in the subsequent letters, regarding
16 our correspondence, one thing has not been addressed. It
17 was spoken to, but has never been addressed in EIR and that
18 is the impact on oxidant formation and all of the work that's
19 been done, they're talking about the primary pollutants being
20 emitted and where they go. They're not talking about the
21 secondary effects of these pollutants and it's our belief
22 that the worst case impact is going to be in Ventura
23 County, not in Santa Barbara County. It takes a number of
24 things to form oxidant, and oxidant in Ventura County is
25 more substantial than it is in Santa Barbara. I'm not

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 suggesting that they don't have a problem, but you have to
2 follow these primary pollutants that are emitted and to
3 their worst case place and that happens to be in our case,
4 Ojai. And it is a photochemical problem that has not
5 been addressed at all in this EIR.

6 ACTING CHAIRMAN BELL: All right, Mr. McCausland
7 just requested that he could make a comment on your remarks,
8 because he was here at the last meeting.

9 COMMISSIONER McCAUSLAND: Thank you, Mr. Bush.
10 I just wanted to attempt to correct your opening comments.
11 This Commission, I believe, has taken this matter very
12 seriously and has been grappling with it ever since 1969,
13 and I think the fact that it is now 1976 suggests that it's
14 been no lighthearted or insignificant problem for this
15 Commission to grapple with. I think also the fact that last
16 month the Commission rescinded its action in approving the
17 final EIR in deference to your request to have an opportunity
18 to comment on it. It is further indicative of the fact that
19 the Commission thinks it's a very serious matter.

20 I do believe, however, that the Commission has
21 found itself in a somewhat difficult position of having to
22 administer contracts that the State has entered into in good
23 faith, and because this is the final development of this
24 particular field, that the damages that would be associated
25 with the State not carrying out the portion of the contracts

1 outweigh other factors that are under consideration. And
2 that the safeguards built into this environmental impact
3 statement, the contingency plans for handling future problems
4 in that field have been addressed as adequately, if not more
5 adequately than ever before done by State government.

6 But, I appreciate your comments on this particular
7 one, and as an old student of oxidant, I'm very sympathetic
8 to those issues as well. Thank you, Mr. Bush.

9 ACTING CHAIRMAN BELL: Thank you, Mr. McCausland.
10 A little bit more of that continuity from the last meeting.

11 All right. Is there anyone else who would care
12 to address the Commission on this issue?

13 If not, are you ready to act on this?

14 COMMISSIONER THOMSON: Well, Mr. Chairman, I think
15 it would be useful if Mr. Northrop would state for the people
16 here and for the record the specific issue on which we're
17 voting.

18 EXECUTIVE OFFICER NORTHROP: The Commission is
19 voting on the following: Determine that a final Environmental
20 Impact Report has been prepared for this project by the
21 division following evaluation of comments and consultation
22 with public agencies which will issue approvals for the
23 project.

24 2. Certify that the final Environmental Impact
25 Report has been completed in compliance with the California

1 Environmental Quality Act of 1970, as amended, and the State
2 guidelines and that the Commission has reviewed and considered
3 the information contained therein.

4 3. Determine that the project will not have a
5 significant effect on the environment.

6 4. Authorize the resumption of drilling operations
7 from existing facilities on State oil and gas leases PRC 1824.1,
8 PRC 3150.1, and PRC 4000.1, in accordance with the terms
9 and conditions of the leases and the rules and regulations
10 of the State Lands Commission, subject to the understanding
11 that Standard Oil Company of California as operator of said
12 leases has agreed to the following provisions:

13 A. Standard Oil Company of California will
14 furnish to the State Lands Commission on their
15 request a certificate of insurance from a
16 recognized insurance company doing business in
17 the State of California, in the sum of \$10
18 million, including the state as a named insured
19 and evidencing insurance against liability for
20 damages to third persons arising out of any
21 and all drilling and production activities
22 under said leases -- which certificate shall
23 not be cancelable except upon 30 days notice
24 and Standard Oil Company of California shall
25 agree to keep a certificate of insurance

1 meeting the above requirements at all times
2 until all drilling and production from said
3 leases shall have terminated and all wells
4 have been properly abandoned as required by
5 law.

6 B. Should any event occur causing a
7 substantial number of claims for damages to
8 be filed against the Standard Oil Company of
9 California, as a result of operations under
10 said leases, Standard Oil Company of Califor-
11 nia shall, within ten days after such event,
12 cause to be opened, or open, a claims office
13 within the city of Santa Barbara staffed with
14 sufficient personnel and authority to process
15 all claims and to settle all uncontested claims--
16 barring unusual circumstances, the staffing
17 of said office shall be sufficient to process
18 all claims and settle all uncontested claims
19 within 60 days of the establishment of said
20 office; all drilling and production shall be
21 conducted under said leases in accordance with
22 applicable law. The rules and regulations of
23 the State Lands Commission and the Division of
24 Oil and Gas, and the procedures heretofore
25 adopted by the State Lands Commission, and

1 referred to or described in the final
2 Environmental Impact Report relating to
3 drilling operations from existing Standard
4 Oil Company of California platforms in the
5 Santa Barbara channel adopted by the State
6 Lands Commission in part two of this
7 resolution.

8 C. Standard Oil Company of California
9 shall implement and maintain sufficiently
10 the oil-spill contingency plan on file
11 with the office of the Commission

12 D. To facilitate the settlement of
13 contested claims by third persons without
14 necessity of litigation, Standard Oil
15 Company of California will agree to media-
16 tion procedures approved by the Executive
17 Officer after consultation with the Office
18 of the Attorney General.

19 I might add here also for the record items AB, item
20 4A, B, C, and D were addended to the contract after the
21 original drilling permit by the existing Commission.

22 ACTING CHAIRMAN BELL: A, B, C and D were.

23 COMMISSIONER THOMSON: On item 3, determine
24 that the project will not have a significant effect on the
25 environment. Should that read significant adverse effect?

1 EXECUTIVE OFFICER NORTHROP: Yes, sir. It should.

2 ACTING CHAIRMAN BELL: Probably should be corrected,
3 because this project by itself will not have that.

4 EXECUTIVE OFFICER NORTHROP: Right. And you will
5 note, sir, I departed from the text of the, as printed to
6 add, "upon our request." We, the Standard has asked us if
7 we would request when the additional bonding is needed and
8 we told them we would give them a letter for removal at
9 the time it was needed.

10 ACTING CHAIRMAN BELL: All right. Should we include
11 in this at least a comment in regard to that December meeting
12 that we would hope or --

13 EXECUTIVE OFFICER NORTHROP: Oh, yes, I think --

14 ACTING CHAIRMAN BELL: -- request that the lessees
15 participate in that meeting.

16 EXECUTIVE OFFICER NORTHROP: Yes, I think it would
17 be a strong recommendation of staff to the Commission that
18 they participate in the government industry pipeline meetings
19 in December to resolve that problem. I have indication
20 from Standard that that's acceptable.

21 ACTING CHAIRMAN BELL: Mr. Northrop, I was on the
22 Board sometime ago, but I'm sort of fuzzy on this. If we
23 don't carry through our contractual obligations, doesn't
24 the State stand to lose very significantly on it?

25 EXECUTIVE OFFICER NORTHROP: The Attorney General

1 has been hesitant to give that opinion in public, however I
2 would imagine that that would be a matter for Executive Session
3 on that. I'm practicing law without a license.

4 ACTING CHAIRMAN BELL: I would like to discuss that
5 at some time with you, gentlemen. I know it's rather severe.

6 COMMISSIONER THOMSON: Mr. Chairman, I move the
7 approval of Item 19.

8 ACTING CHAIRMAN BELL: All right. I have a motion
9 that Item 19 be approved as amended. With the suggested one
10 word addition to item 3 and the addendum of the request that
11 the lessees participate in the assembly meeting. All those
12 in favor say aye.

13 COMMISSIONER THOMSON: Aye.

14 ACTING CHAIRMAN BELL: Aye. Opposed? It is
15 unanimously approved.

16 Item 20?

17 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 20
18 deals with Pacific Gas and Electric, and PG&E has requested
19 a letter. Initially this is a pipeline through-put agreement
20 and PG&E has requested a letter from the Executive Officer
21 outlining PG&E's obligation to pay volumetric rental under
22 this lease amendment. Should a court later be through,
23 amended that the Commission volumetric rental is invalid.
24 They've also inquired concerning disposition of rentals
25 paid pending resolution of any such litigation.

1 If you recall, a similar letter was provided to
2 Pacific Refining last July in connection with their volumetric
3 rental payments. The staff is agreeable with sending such
4 a letter, the letter will provide that any volumetric rental
5 over and above the minimum rental will be paid into a special
6 treasury account, pending the result of present litigation,
7 challenging the Commission's new rental regulations.

8 Should volumetric rentals be held invalid, these
9 excess rentals would be refunded, together with the interest
10 actually earned on the money. A copy of the letter, I'm
11 advised by counsel, is in front of you, we will ask the
12 Commission to authorize a sending of this letter to PG&E in
13 addition with the approval of the lease amendment. Mr. Taylor,
14 from the staff; Mr. Dennis Eagan will be available to answer
15 questions if you care to ask.

16 MR. EAGAN: I think the Calendar Item is self-
17 explanatory. The additional matter of the letter was some-
18 thing that was raised by Pacific Refining Corporation in
19 connection with their lease amendment which was approved by
20 the Commission last June, and a similar letter was requested
21 by PG&E and to the staff as amendable to providing such a
22 letter to PG&E. The Calendar Item, however specifically does
23 not provide for such a letter, and that is the occasion for
24 the special remarks of the Executive Officer and the draft
25 of the letter being placed before the Commissioners today.

1 ACTING CHAIRMAN BELL: I certainly have no objection
2 to the letter itself.

3 EXECUTIVE OFFICER NORTHROP: So, what we have here,
4 Mr. Chairman, is a volumetric rental with an \$868 minimum
5 for 2,580 linear feet of line with a minimum of 868 and a
6 through-put rental of one-tenth of a mil or .0001 dollars.

7 ACTING CHAIRMAN BELL: That's a tenth of a mil?
8 And that would be in addition to the 868?

9 EXECUTIVE OFFICER NORTHROP: The one-tenth of a
10 mil, that would be the amount of money held in the expense
11 account.

12 ACTING CHAIRMAN BELL: And that would be the one
13 that we put in there in effect almost condemnation.

14 COMMISSIONER THOMSON: That would not be in addi-
15 tion, that would be the rental, right, which would come to
16 somewhat more than 868?

17 EXECUTIVE OFFICER NORTHROP: It would be over 868.

18 MR. EAGAN: To clarify, the lease amendments
19 contemplates that in all events, there will be a minimum
20 rental paid of \$868. As the volumetric rental accrues, that
21 \$868 will be applied against the first \$868 of the volumetric
22 rental based upon the figures we were given by PG&E concerning
23 their proposed volume of oil through this pipeline, it was
24 estimated that the volumetric rental annually would be
25 approximately \$2,500. The current rental, I believe, is

1 approximately \$250 for slightly less land.

2 ACTING CHAIRMAN BELL: All right. I think my
3 inquiry was primarily to determine whether we get the \$868
4 independent of any amount of money set aside in the special
5 treasury account for litigation.

6 EXECUTIVE OFFICER NORTHROP: It is my understanding
7 that we do, sir.

8 ACTING CHAIRMAN BELL: All right. Are there any
9 objections to Item 20? If not, may I have a motion?

10 COMMISSIONER THOMSON: So move.

11 ACTING CHAIRMAN BELL: All right. I have a motion
12 for Item 20. All those in favor say aye?

13 COMMISSIONER THOMSON: Aye.

14 ACTING CHAIRMAN BELL: Aye, Item 20 is approved
15 and I think separately, I would like to also have a motion
16 approving the sending of this letter.

17 COMMISSIONER THOMSON: So move.

18 ACTING CHAIRMAN BELL: All right. I have a motion
19 and seconded, all those in favor say aye?

20 COMMISSIONER THOMSON: Aye.

21 ACTING CHAIRMAN BELL: Aye, opposed? The approval
22 to send a letter is granted.

23 Item 21 is removed from the Calendar, Item 22,
24 City of Los Angeles, Department of Recreation and Parks.

25 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this

1 is a request for the expenditure of tideland funds and for
2 the establishment of Cabrillo Marine Museum and John S.
3 Gibson, Jr. Parks. Staff finds that these items are within
4 the areas of the grant, trust areas, and they're trust
5 expenditures.

6 ACTING CHAIRMAN BELL: This is within the definition
7 of trust expenditures?

8 EXECUTIVE OFFICER NORTHROP: Right.

9 ACTING CHAIRMAN BELL: All right.

10 COMMISSIONER THOMSON: Mr. Northrop, it is my
11 understanding that we do not, we're not voting on the
12 inherent merit of these projects, merely that they are within
13 the definition; is that correct?

14 EXECUTIVE OFFICER NORTHROP: That is correct. It
15 is my understanding from counsel that the interpretation is
16 that we, our jurisdiction, or our area of purview is limited
17 to whether or not it is within the trust or the area, not
18 up to us to determine whether it's the best use of the mine.

19 ACTING CHAIRMAN BELL: I see. And is there a
20 ceiling on the \$1,860,000 or is this something that can cost
21 us more later?

22 MR. TAYLOR: That is all for approving at this time.

23 MR. TROUT: The money came from a sale or a lease
24 of tidelands for extraction of oil at Standard Oil Company.
25 The money was deposited with the city treasury and earned

1 some interest, but the money and the interest is the ceiling
2 and it's not State money, it's money the city got under
3 their grant.

4 ACTING CHAIRMAN BELL: Okay. All right. We'll
5 do that finding in effect, we'll just approve it, the
6 legitimacy of the trust, I suppose. Make a motion?

7 COMMISSIONER THOMSON: So move.

8 ACTING CHAIRMAN BELL: All right. Without objection,
9 Item 22 is approved.

10 Item 23, 24 go together or just 23?

11 EXECUTIVE OFFICER NORTHROP: No, take 23. This is
12 an amendment of an industrial lease with Standard Oil Company
13 of California for two terminals. This is probably best
14 described as a housekeeping procedure wherein we executed
15 a lease with Standard Oil Company and it was the intent of
16 staff and I believe also of Standard Oil Company to put a
17 rent review in these leases. And what we are attempting to
18 do with this amendment is to place a rent review that was
19 according to our staff inadvertently left out.

20 ACTING CHAIRMAN BELL: All right. This would provide
21 for review and resetting of annual rent each 5th anniversary?

22 EXECUTIVE OFFICER NORTHROP: That's correct, sir.

23 ACTING CHAIRMAN BELL: Consideration \$27,000?

24 EXECUTIVE OFFICER NORTHROP: That's the present
25 consideration, sir.

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 ACTING CHAIRMAN BELL: All right. Is there any-
2 one to comment on Item 23? On these two particular terminal
3 leases?

4 COMMISSIONER THOMSON: Move to approve.

5 ACTING CHAIRMAN BELL: If not, I have a motion to
6 approve and the item will be approved.

7 Item 24.

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
9 Standard Oil Company advises staff that the company is
10 undergoing some reorganization and I, from my understanding,
11 is they're attempting to place many diversified companies
12 in operations under a single umbrella known as Chevron USA,
13 Incorporated. And this is a, that would necessitate all
14 of the leases and documents executed with State Lands to be,
15 to reflect that name change and this item is to accomplish
16 that.

17 ACTING CHAIRMAN BELL: So, all this does is just
18 in effect, change the sign by name, by the new name?

19 EXECUTIVE OFFICER NORTHROP: That's correct.

20 ACTING CHAIRMAN BELL: Is that basically all
21 their production or does this include their research?

22 EXECUTIVE OFFICER NORTHROP: As I understand it,
23 Mr. Couvillon is here from Standard Oil. Perhaps he'd care
24 to address that. Right, production and leases of terminals,
25 equipments and pipelines, equipment locations, sites of

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 pipelines, and that sort of thing.

2 ACTING CHAIRMAN BELL: They have quite a few of
3 these, don't they?

4 EXECUTIVE OFFICER NORTHROP: Yes.

5 MR. TROUT: Mr. Chairman, there's 55, split about
6 half and half. Half in extraction and half --

7 MR. COUVILLON: I'm D. G. Couvillon, Standard of
8 California. I think Mr. Northrop has stated the essence of
9 the proposal today, sir. Our company is, our marketing
10 purposes primarily are elected to place all the assets of
11 Standard Oil Company of California into a new corporation
12 called Chevron USA, Inc. in the domestic United States which
13 represents an operational change which does not eliminate
14 Standard of California from operating, of course, in the
15 United States as such, nor from any responsibility for any
16 of the contracts or obligations that it had previously
17 incurred. And the process, this will be a formal assignment
18 from Standard to this new corporation which will be wholly
19 owned by Standard of California, which will become the owner
20 of those assets and, of course, will expressly assume, in
21 addition to the continuing responsibility of Standard of
22 California, all obligations to third parties on existing
23 contracts and we'll, of course, conduct business with the
24 State of California and tax matters and other regulatory
25 matters in the name of Chevron USA, but from the standpoint

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 of responsibility, there's no change whatsoever.

2 ACTING CHAIRMAN BELL: Thank you, Mr. Couvillon.

3 MR. COUVILLON: Thank you.

4 COMMISSIONER THOMSON: I move adoption.

5 ACTING CHAIRMAN BELL: I have a motion. Item 24
6 stands approved.

7 Item 25?

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, in light
9 of the recent Attorney General's opinion on the position of
10 recreational piers as it applies to rentals charged therefor
11 and the general salvage permit and the general, some of the
12 general leasing procedures, staff is requesting authorization
13 to conduct administrative hearings to revise our Administra-
14 tive Code.

15 ACTING CHAIRMAN BELL: All right. This is merely
16 to authorize your hearings and this is not the final by the
17 Commission on that. So, without objection, Item 25 is
18 approved.

19 Item 26, Port of San Diego.

20 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, in
21 Item 26, the Port of San Diego, when it received its grant,
22 there was an area of about seven and a half quarter acres
23 that was left out of the original survey. It was clear the
24 legislative intent because of bulk headlines and other
25 indications indicate that the legislative intent was to include

1 perhaps an additional 7.25 acres in the grant. However, it
2 was not included. So what we are asking this time is a
3 49-year lease use permit for San Diego to allow them to have
4 that within their area as well.

5 ACTING CHAIRMAN BELL: All right. The fact is it
6 just straightens the line out, doesn't it?

7 EXECUTIVE OFFICER NORTHROP: That's right.

8 COMMISSIONER THOMSON: We're giving this to San
9 Diego for nothing?

10 EXECUTIVE OFFICER NORTHROP: Yes, we are.

11 ACTING CHAIRMAN BELL: Public use and benefit for
12 San Diego, taking whatever.

13 EXECUTIVE OFFICER NORTHROP: Mr. Thomson, I under-
14 stand what you're saying, and if the legislative intent
15 weren't so very, very clear, we probably would take some
16 other steps.

17 COMMISSIONER THOMSON: I hope San Diego's grateful.
18 I so move.

19 ACTING CHAIRMAN BELL: Mr. Thomson's motion, Item
20 26, will be approved.

21 Item 27, California Blue Valley, Inc., Trustee.

22 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Mr. Hight,
23 Staff Counsel, will address this issue.

24 MR. HIGHT: Mr. Chairman, this is an extension for
25 six months for California Blue Valley, Inc., for a temporary

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 fire protection pipeline. This pipeline has been in some
2 year and a half, and it's to be used only in the event of
3 fire protection purposes.

4 COMMISSIONER THOMSON: Mr. Hight, have there been
5 previous requests for extensions?

6 MR. HIGHT: Yes, I believe this is the third.

7 ACTING CHAIRMAN BELL: Third six-month extension?

8 MR. HIGHT: Right.

9 COMMISSIONER THOMSON: Is there any chance that
10 this will be the final request for an extension?

11 MR. HIGHT: Well, staff will make every effort to
12 coordinate with the respective parties in Donner Lake to
13 get them to get together to have a unified fire protection
14 district. We are not really directly involved in this matter
15 other than the fact that they have their pipeline in
16 Donner Lake. We will do everything we can to get them to
17 put a district together.

18 COMMISSIONER THOMSON: Is there any real justifica-
19 tion for this delay?

20 MR. HIGHT: There are numerous districts and there
21 has been difficulty getting all of them together. There are
22 four or five separate districts and they don't seem to work
23 together as good as one would hope.

24 ACTING CHAIRMAN BELL: Mr. Thomson, we might
25 encourage them to get together a little bit more to say that

1 we would expect some specific action on their part before
2 we consider something else.

3 COMMISSIONER THOMSON: Is there any damage that's
4 being done by this delay? Is the State Lands being injured
5 in any way?

6 MR. TROUT: Mr. Thomson, I don't think the State
7 Lands are being injured, but I think maybe the public is
8 being disbenefitted in some way in that this pipeline is
9 laying on the surface of the beach and is both visually
10 unattractive and somewhat of an impediment to progress or,
11 you know, passage along the beach. So, if I understand the
12 essence of the Commission, that further extensions would be
13 looked at with some question. I think we will take efforts
14 to notify the parties concerned of the Commission's concern.

15 COMMISSIONER THOMSON: Even in the Capitol, we can
16 do most things in 18 months. Well, with that understanding,
17 I move the item.

18 ACTING CHAIRMAN BELL: All right. I have a motion.
19 With that understanding, Item 27 is approved.

20 Now we go to the energy and mineral resources
21 statewide item, Item 28.

22 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 28
23 deals with legal and tax problems, so Mr. Hight, Counsel, is
24 going to attempt to explain it.

25 MR. HIGHT: Item 28, Mr. Chairman, is an assignment

1 of the State's production payments from Cabot Oil to 110
2 North Wachter Drive Foundation. In order that Cabot may get
3 a lease, a loan from Continental Illinois National Bank and
4 Trust Company of Chicago. The Wachter Drive Foundation is
5 a nonprofit tax-exempt organization in Illinois whose sole
6 purpose is to provide revenue for Cabot College. This
7 transaction --

8 EXECUTIVE OFFICER NORTHROP: Not Cabot College.

9 MR. HIGHT: Carlton College, I'm sorry. This
10 transaction is legal and one that is required in Illinois
11 in order for, because banks cannot own real property in
12 Illinois. They have to go through a middleman.

13 ACTING CHAIRMAN BELL: They can't really get their
14 tax problems solved without this type of negotiation, isn't
15 that the basic problem?

16 MR. HIGHT: That's partially true, yes.

17 ACTING CHAIRMAN BELL: Well, it's an Illinois tax
18 shelter, not a California tax shelter.

19 COMMISSIONER THOMSON: So move.

20 ACTING CHAIRMAN BELL: I have a motion to approve
21 Item 28 and so it shall be approved.

22 Item 29, Crescent City Harbor?

23 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Crescent
24 City Harbor's asked for a permit to do some maintenance
25 dredging on a public and, in a public area, and the spoils

1 would be disposed in either a small boat basin or along the
2 breakwater. It's 120,000 cubic yards.

3 ACTING CHAIRMAN BELL: Can you dump it on their
4 own carpeting?

5 EXECUTIVE OFFICER NORTHROP: Yes, sir.

6 ACTING CHAIRMAN BELL: Okay. I have no problem.

7 COMMISSIONER THOMSON: So move.

8 ACTING CHAIRMAN BELL: All right. 29 is approved.

9 Item 30 is taken off the Agenda, Item 31, City of
10 Morro Bay.

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
12 City of Morro Bay has a problem with literal drift sands
13 along some of their beach front, particularly on the road
14 from the City opposite Morro Rock. They've asked for
15 permission to remove 5,000 cubic yards of drift sand and
16 if they dispose of it to a contractor, they will pay the
17 State 15 cents per cubic yard.

18 ACTING CHAIRMAN BELL: Okay. Now, this is just a
19 specific one-time 5,000 cubic yards, so if we find that the
20 city's getting into the sand selling business, we can catch
21 up with them next time around.

22 EXECUTIVE OFFICER NORTHROP: Staff will be instructed
23 to pull them up short if that seems to be the intent.

24 ACTING CHAIRMAN BELL: I'm sure they aren't.

25 COMMISSIONER THOMSON: What's the going rate for

1 sand these days, do you know?

2 ACTING CHAIRMAN BELL: Retail?

3 COMMISSIONER THOMSON: Well, to the contractor?

4 ACTING CHAIRMAN BELL: It's pretty high.

5 COMMISSIONER THOMSON: Fifteen cents?

6 EXECUTIVE OFFICER NORTHROP: It's much higher than
7 15 cents, maybe in the order of nine to ten times higher.

8 COMMISSIONER THOMSON: To the contractor?

9 EXECUTIVE OFFICER NORTHROP: To the contractor in
10 washed, delivered, sifted form.

11 Mr. Chairman, Mr. Everitts would care to address
12 that point.

13 MR. EVERITTS: I'd like to comment to this. It's
14 a fact that the park the public uses is gradually being taken
15 over by this sand. I personally inspected the area and
16 the city is going to have to pay something like a dollar a
17 yard to have the material taken out. What we're really
18 trying to do is work up a situation with the contractor
19 to remove this unwashed, salty sand at no cost to the city,
20 but in any event, we want 15 cents which we think is about
21 ten percent royalty. We think it's a reasonable exchange.

22 COMMISSIONER THOMSON: So move.

23 ACTING CHAIRMAN BELL: All right. Item 31 is
24 approved. Primarily getting down by the rocks, roughly
25 down by the rock?

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 EXECUTIVE OFFICER NORTHROP: Yes, down in that
2 general area.

3 ACTING CHAIRMAN BELL: 32, Del Norte County.

4 MR. HIGHT: Yes, Mr. Chairman, Number 32 is --
5 the County of Del Norte, Department of Public Works would
6 like to install two temporary wing dams on the Klamath River.
7 The purpose of these wing dams would be to constrict the flow
8 of the river and raise it in fishing season.

9 COMMISSIONER THOMSON: What's the relation between
10 this and our other problems in that area?

11 MR. HIGHT: This is on the opposite side of the
12 river from the other problems.

13 COMMISSIONER THOMSON: So, there is no effect?

14 MR. TAYLOR: Well, it may. It's in the same
15 general vicinity. But the county feels they can get them in.

16 EXECUTIVE OFFICER NORTHROP: We contacted the
17 county yesterday so we'd have it up to date and it was
18 their feeling yesterday that the problem in that area with
19 gill nets and other had been sufficiently handled so that
20 this would be a worthwhile venture for the fishermen. It
21 would be kind of strange.

22 ACTING CHAIRMAN BELL: Announced purpose would be
23 improved fishing access.

24 COMMISSIONER THOMSON: So move.

25 ACTING CHAIRMAN BELL: All right. I have a motion

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 to approve Item 32. Anyone else want to comment on that?
2 If not, it will be approved.

3 Item 33, E. L. Yeager Construction Company. Excuse
4 me.

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
6 Yeager Construction Company requested permission to take
7 7,000 yards of fill and use it as a bridge, foundation for
8 a temporary bridge while a permanent bridge on Route 86,
9 Imperial County, is being repaired.

10 ACTING CHAIRMAN BELL: Sort of a detour type of
11 thing?

12 EXECUTIVE OFFICER BELL: Yes, and they agree to
13 not only pay 25 cents a cubic yard for the material, but
14 when the project is finished, return it to the place from
15 which they got it.

16 ACTING CHAIRMAN BELL: Temporarily borrow and put it
17 back, huh?

18 EXECUTIVE OFFICER NORTHROP: Rent it kind of a
19 thing.

20 ACTING CHAIRMAN BELL: Rent it?

21 COMMISSIONER THOMSON: No move.

22 ACTING CHAIRMAN BELL: Without objection, Item 33
23 is approved.

24 Item 34, Great Western Cities Geological Information.

25 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the State

1 of California owns mineral reservations on considerable
2 amount of property of which the surface is owned by Great
3 Western Cities. The Great Western Cities has approached the
4 staff with a proposal that they would like to develop this
5 area and our main concern is the mineral content.

6 What they would like to do is take core samples
7 from their selected areas which they would like to have to
8 attempt to see if there is any minerals, in fact, in the
9 area. And then, if there is or if there is not, well then
10 come back to the Commission with some kind of proposal,
11 perhaps. If there being no minerals there, perhaps the
12 Commission at that time would entertain an exchange or release
13 of the mineral rights or some other mineral rights in some
14 other location or work out some other agreement.

15 ACTING CHAIRMAN BELL: Is there any commitment
16 connected with the core drilling permit?

17 EXECUTIVE OFFICER NORTHROP: No, sir. Just a core
18 permit so that we may take a look at what's there.

19 ACTING CHAIRMAN BELL: Finding of fact, no commit-
20 ment beyond that point?

21 EXECUTIVE OFFICER NORTHROP: None at all.

22 ACTING CHAIRMAN BELL: So that can't cause us any
23 trouble at all. We'll all find out what's there.

24 Without objection, Item 34 is approved.

25 Now, to the Long Beach items. Item 35 through 38.

1 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, on Item
2 35, in the original budget submitted by the contractors in
3 the City of Long Beach, staff dropped in excess of \$12 million
4 from the budget. Because of the potential now for economic
5 development of oil in these reservoirs, staff is requesting
6 an \$8.3 million augmentation to supplement this with drilling
7 and water flood and other activities supportive to increasing
8 oil production.

9 ACTING CHAIRMAN BELL: The basic purpose of this is
10 to increase oil production; is that correct?

11 EXECUTIVE OFFICER NORTHROP: That's correct.

12 ACTING CHAIRMAN BELL: And I'm familiar with it.
13 Do you have any problems?

14 COMMISSIONER THOMSON: No, sir.

15 ACTING CHAIRMAN BELL: Any comments by anyone else
16 in the audience? We're sort of just starting up again some-
17 thing we deliberately slowed down.

18 EXECUTIVE OFFICER NORTHROP: Right, because it
19 was just violation probably of the constitution.

20 ACTING CHAIRMAN BELL: All right. Without objection,
21 then, Item 35 is approved.

22 Item 36, approval of ERDA amendment.

23 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item
24 36 as far as the Executive Officer is concerned is an
25 unnecessary item. However, we have had approved by the

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601

1 Commission --

2 ACTING CHAIRMAN BELL: City of Long Beach doesn't
3 think so.

4 EXECUTIVE OFFICER NORTHROP: That's true. A pilot
5 demonstration micellar project. We feel the contract with
6 the Long Beach Harbor Department Tidelands Parcel and the
7 contractor is adequate. However, the contractor feels very
8 strongly that he would like to have an amendment to his
9 contract which directs him to participate in this micellar
10 flood project. So, for that reason, we've placed this on
11 the Agenda.

12 ACTING CHAIRMAN BELL: All right. So all this
13 amendment does is give them that assurance because we've
14 already made the decision on the micellar project.

15 Without objection, Item 36 will be approved.

16 Item 37?

17 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, on Item
18 37, Mr. Thompson from our Long Beach operation will go over
19 the mechanics of this.

20 ACTING CHAIRMAN BELL: Mr. Thompson?

21 MR. THOMPSON: Actually, Item 37 is a retroactive
22 act of some contracts that were cancelled back in 1963 and
23 that is tightening of the bookkeeping procedure on this,
24 natural impact on this.

25 ACTING CHAIRMAN BELL: Actually, they're nonproducing

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 or they're --

2 MR. THOMPSON: They were covered on another contract
3 and this is just tidying up these with some that were not
4 handled at that time and there was another contract avoided
5 those and it is just a legal procedure to have them cleaned
6 up.

7 ACTING CHAIRMAN BELL: Without objection, Item 37
8 is approved.

9 Item 38?

10 EXECUTIVE OFFICER NORTHROP: Mr. Thompson?

11 MR. THOMPSON: All this is doing is in contract,
12 this job individually, dollar amount increased, therefore
13 we're increasing the dollar amount of the project and the
14 percentage is staying the same.

15 ACTING CHAIRMAN BELL: This is a smaller storm
16 drain than that last problem we had?

17 MR. THOMPSON: Yes, but this is a storm drain that
18 is being solved now. As the business came in, the project
19 cost is going up.

20 ACTING CHAIRMAN BELL: Okay. I see now. So Item
21 38 is approved.

22 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, before
23 we go to Item 39, if I may, several meetings ago, we had a
24 meeting in which we deleted some of the subsidence costs
25 particularly rising and lowering of oil wells and in the City

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 of Long Beach on a particular parcel known for identification
2 as the Gas Company Parcel, if you recall the meeting, in
3 which there was some raising and lowering that would run into
4 a considerable amount of money. And the staff felt that our
5 participation was somewhat less than 20 percent while Long
6 Beach felt it was 50.

7 Long Beach has informed me by letter yesterday that
8 they would like, at a future meeting, to make a lengthy
9 presentation on their position on that matter. So, the
10 record will reflect this meeting the receipt of that letter
11 and the request for Long Beach for the three-hour presenta-
12 tion on their part for this information. So, with that
13 aside, I would formally, make formal notification for the
14 record.

15 ACTING CHAIRMAN BELL: I'd like you to have notifi-
16 cation that we have received their request.

17 EXECUTIVE OFFICER NORTHROP: Thank you very kindly.

18 ACTING CHAIRMAN BELL: All right. Item 39, Conflict
19 of Interest Code.

20 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
21 Conflict of Interest Code has been prepared by Mr. Hight's
22 staff. Mr. Hight will address himself.

23 MR. HIGHT: Mr. Chairman, as you'll recall several
24 months ago, the Commission adopted a Conflict of Interest
25 Code. Since that time, the Fair Political Practices Commission

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 283-3601

1 has changed the certain definitions and this is a revision
2 of that code to reflect a change in the definitions.

3 Basically what it does is it does not go down in
4 the organization as deep as the other code did. This code
5 requires people who have substantial public contact and who
6 have substantial review capacity of other people's work to
7 file a Conflict of Interest Code.

8 ACTING CHAIRMAN BELL: That's the basic cut-off
9 point, is it?

10 MR. HIGHT: Yes.

11 ACTING CHAIRMAN BELL: Okay.

12 COMMISSIONER THOMSON: And your Code will be
13 reviewed at a subsequent hearing of the FPPC?

14 MR. HIGHT: Yes.

15 ACTING CHAIRMAN BELL: This is just to approve it,
16 and then send it back?

17 MR. HIGHT: It will review them for the hearing.

18 ACTING CHAIRMAN BELL: Not hearing but review.

19 COMMISSIONER THOMSON: They have a public hearing,
20 yes. It's quite a thorough procedure.

21 Move the item.

22 ACTING CHAIRMAN BELL: All right. Without objection,
23 Item 39 is approved.

24 Item 40?

25 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Mr. Eagan

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 from the Attorney General's Office will address himself to
2 this item.

3 ACTING CHAIRMAN BELL: Mr. Eagan?

4 MR. EAGAN: Mr. Chairman, this Calendar Item requests
5 the approval of the Commission of a proposed settlement
6 agreement of which arises out of litigation brought by the
7 Marin Municipal Water District against the State and the City
8 of San Rafael, which is the State's legislative grantee
9 regarding certain tidelands in the City of San Rafael.

10 The proposed settlement agreement is drafted in
11 accordance with a special settlement statute which was
12 enacted by the Legislature in 1971, and subsequent to the
13 drafting of the agreement, it has developed that there may
14 be certain imprecisions or inaccuracies in the property
15 descriptions which are contained as exhibits to the settle-
16 ment agreement.

17 And in connection with those ambiguities, I would
18 now like to read into the record a statement concerning them
19 and request a modification of one of the recommendations on
20 this item which is presently before the Commission.

21 ACTING CHAIRMAN BELL: All right, Mr. Eagan, go
22 ahead.

23 MR. EAGAN: All right.

24 "The agreement before the Commission
25 for approval has been drafted in conformity

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 with the terms of a special settlement
2 statute enacted by the Legislature in
3 1971 to promote settlement of public and
4 private title claims in and adjacent to
5 the San Rafael Canal in the City of San
6 Rafael. The statute specifically pro-
7 hibits the City from quitclaiming any land
8 lying below the mean high tide line of
9 the existing canal. It has developed
10 that the property descriptions proposed
11 for inclusion in the agreement include a
12 record description for the northerly line
13 of the existing canal which may not conform
14 precisely with the mean high tide line of
15 the canal as it actually exists on the
16 ground. In order to insure that the City
17 will not be quitclaiming any lands in the
18 existing canal, all parties have agreed
19 that the existing mean high tide line
20 along the northerly line of the canal should
21 be surveyed and that a description of that
22 line should be incorporated in the property
23 descriptions set forth in the settlement
24 agreement.

25 "Since all parties are anxious to

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 conclude this settlement with minimum
2 delay, we propose that the Commission
3 authorize execution of the settlement
4 agreement as drafted, with the proviso
5 that its authorization is subject to the
6 Executive Officer and the Office of the
7 Attorney General first having determined
8 that the revised descriptions have des-
9 cribed a line for the northerly line of
10 the existing San Rafael Canal which
11 conforms to the existing mean high tide
12 line.

13 "Accordingly, Recommendation No. 1
14 on page 3 of the Calendar Item No. 40
15 should be amended by striking the period
16 and adding a comma after the word 'hereof'
17 on the last line and adding the words:
18 'said authorization being subject to a
19 prior determination by the Executive
20 Officer and the Office of the Attorney
21 General (1) that the description of the
22 parcel to be quitclaimed by the City and
23 State to the District and included in the
24 stipulated judgment does not include any
25 lands below the mean high tide line of

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 the existing San Rafael Canal, and (2)
2 that the description of the parcel to be
3 quitclaimed by the District to the City
4 includes all lands below the mean high
5 tide line of the existing San Rafael
6 Canal and lying northerly of the southerly
7 line of the parcel to be quitclaimed
8 to the City.'

9 "We ask that the calendar item, as
10 so amended, be approved by the Commission."

11 ACTING CHAIRMAN BELL: Thank you, Mr. Eagan. I
12 have no problems with that.

13 COMMISSIONER THOMSON: So move.

14 ACTING CHAIRMAN BELL: Without objection Item 40
15 will be approved with the specific amendment as entered into
16 the record by Mr. Eagan.

17 Item 41?

18 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 41
19 will be addressed by both Mr. Hight and perhaps the Attorney
20 General.

21 ACTING CHAIRMAN BELL: All right.

22 MR. HIGHT: Item 41, Mr. Chairman, is a settlement
23 of quiet title action brought by Glenn Roberts against the
24 City of Carpinteria. Since the State Lands was involved,
25 the State became a necessary party. The settlement of

PETERS SHORTHAND REPORTING CORPORATION

25 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 this suit is very favorable to the State in establishing a
2 boundary line.

3 ACTING CHAIRMAN BELL: We have a favorable settle-
4 ment in regard to that beach front?

5 MR. TAYLOR: This is a combination mean high tide
6 line and private vacation settlement. The private parties
7 have agreed that the portion of the beach limited to the
8 main high tide line is applied and dedicated, therefore,
9 it's not necessary to decide on the mean high tide line.
10 So, the area for public use in this area will be substantially
11 larger than just the high tide line.

12 This is the second settlement that has gone through.
13 This one is more favorable than for the other portion of
14 the frontage in Carpinteria by a few feet, according to the
15 State Lands Commission review of the maps that have been
16 supplied.

17 It should be pointed out that this settlement is
18 contingent on a number of other events occurring and the
19 parties have a certain amount of time. It will be an
20 interlocutory judgment which will not become final until
21 these events have occurred and if these events do not occur,
22 the interlocutory judgment may be set aside and the lawsuit
23 will resume, but there, we're confident that the conditions
24 will be met in any event that our position is not hurt by
25 entering into this kind of a settlement.

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 ACTING CHAIRMAN BELL: All right, Mr. Thomson?

2 COMMISSIONER THOMSON: No problem.

3 ACTING CHAIRMAN BELL: All right. Without objection,
4 then Item 41 will be approved.

5 Item 42?

6 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 42
7 will be addressed by Mr. Golden.

8 MR. GOLDEN: Item 42 request authorization for
9 legal counsel to take steps to identify the property interests
10 in Pete's Harbor in Redwood City. This arises because of a
11 formal resolution at a Bay Conservation Development Commission
12 that such a title investigation be undertaken and that the
13 tidal situation there be clarified. We have just received
14 a phone call from Mr. Uccelli's attorney, that is Pete Uccelli,
15 requesting that a statement made in the Calendar item be
16 amended. The item currently states that the private occupants
17 claim ownership of the parcel free of any right, title or
18 interest of the State.

19 Mr. Uccelli's attorney wanted us to clarify that
20 his client does not contend that he has ownership of submerged
21 lands within the parcel. This may be a hopeful sign that
22 some negotiations may be entered into at this point to solve
23 this problem.

24 ACTING CHAIRMAN BELL: All right. Is there any
25 necessity to indicate that change of recognize it?

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3101

1 MR. GOLDEN: I think the record will carry it.

2 ACTING CHAIRMAN BELL: Just the fact of the record,
3 because it's not part of our action.

4 MR. GOLDEN: That's right.

5 MR. TAYLOR: I think that by reading it into the
6 statement, it can be included into the minutes.

7 ACTING CHAIRMAN BELL: That would be sufficient.

8 COMMISSIONER THOMSON: So move.

9 ACTING CHAIRMAN BELL: All right. Without objection,
10 then, Item 42 is approved.

11 Now, Davis Lake Area Project? Item 43?

12 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Davis
13 Lake is a report that's been prepared by the staff and perhaps
14 Mr. Trout would care to address the Commission.

15 MR. TROUT: Yes. Mr. Chairman, about four years
16 ago, the Legislature, at the request of the Commission,
17 authorized additional staff to conduct a series of boundary
18 locations and determinations throughout the State. This is
19 one of the first ones that was undertaken, was along the
20 Colorado River and this first stretch is in the area known
21 as Davis Lake.

22 Preliminary maps have been made by our staff and
23 this report has been prepared and reviewed by the Office of
24 the Attorney General.

25 Following this, it is a practice to hold a public

1 information session in the local area so that title companies,
2 property owners, local government can get their input about
3 the State's suggested location for the boundary.

4 Following that, the maps would be either amended
5 or presented to the Commission for final approval with the
6 public comments. So, the matter will come back to the
7 Commission at a later time. We tentatively scheduled, with
8 the Commission's approval, a public meeting on this project
9 in Blythe on November 18th.

10 ACTING CHAIRMAN BELL: November 18th? Okay. Our
11 action merely approves the boundary study and the adminis-
12 trative maps, then I guess, you might say, hold public
13 hearings for negotiations with representatives of the State
14 of Arizona. Is that it?

15 MR. TAYLOR: Mr. Chairman, if I can make a comment
16 on behalf of our office, this is the first set of these maps
17 that have come forth as a result of these studies. It's a
18 new way of approaching the problem on an area basis and I
19 think that the Commission should be very pleased with the
20 work of its staff in its presentation of these maps and this
21 report and hopefully this will be a new way of approaching
22 these problems in a more systematic method rather than law-
23 suits here and there as they have been filed in the past.
24 It remains to be seen, this is a trial and error process.
25 It remains to be seen how our work will be received by the

PETERS SHORTHAND REPORTING CORPORATION

24 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 parties that are effected. But, we have one thing to offer
2 them and that is, if they agree with us they have much more
marketable title to their property than they have now.

4 ACTING CHAIRMAN BELL: I wonder how much more there
5 is in regard to settling the entire boundary line of the
6 river?

7 MR. TAYLOR: It's a lifetime.

8 ACTING CHAIRMAN BELL: It's practically a lifetime.

9 EXECUTIVE OFFICER NORTHROP: You should live so
10 long.

11 COMMISSIONER THOMSON: So move.

12 ACTING CHAIRMAN BELL: Without objection, then,
13 Item 43 is approved.

14 Item 44 has been pulled off the Calendar, that
15 was the Lake Tahoe environmental assessment. So, we're
16 down to the last item, Item 45, annexation of tide and
17 submerged lands, City of Huntington Beach.

18 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
19 City of Huntington Beach has suggested the Commission in
20 writing, to give its approval supporting annexation of lands
21 owned by the State of California and some other lands.
22 And the staff is recommending no action. This no action
23 recommendation as we understand it, will allow this whole
24 annexation idea to be heard in public through LAVCO. And
25 there is a possibility an election would be involved later

1 involving the affected area. However, staff feels that it
2 would be very beneficial if the hearings were held in the
3 local areas so local input could be received on this annexa-
4 tion.

5 ACTING CHAIRMAN BELL: I certainly agree with the
6 end result of what would happen by that action. Mr. Thompson
7 do you have any comment?

8 COMMISSIONER THOMSON: So, you're asking us to
9 pass?

10 EXECUTIVE OFFICER NORTHROP: Asking for no action.

11 COMMISSIONER THOMSON: Subject to rescheduling?

12 EXECUTIVE OFFICER NORTHROP: No, no, this is --
13 the language as applied would read as, would read as follows.
14 Mr. Chairman: It is recommended the recommendation that you
15 take no action and I suppose I have to ask counsel how do you
16 do that?

17 ACTING CHAIRMAN BELL: We don't want to just
18 defer the item, we want to specifically move that no action
19 be taken.

20 MR. TAYLOR: I think you can either adopt this
21 resolution or you can take cognizance of the request and take
22 no action on it.

23 ACTING CHAIRMAN BELL: Specifically take no action.

24 MR. TAYLOR: Yes. You can take it the way the
25 resolution is here, that would probably be the easiest.

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

1 EXECUTIVE OFFICER NORTHROP: The resolution reads
2 as follows:

3 "It is recommended that the State Lands
4 Commission take no action pursuant to the
5 California Government Code Section 54795.1
6 as to the approval of the annexation of tide
7 and submerged lands owned by the State under
8 the jurisdiction of the State Lands Commission,
9 described in Exhibit 'a' attached and by
10 reference made a part hereof, and authorize
11 staff to send a written notice to the City
12 of Huntington Beach and the local agency
13 formation commission for the County of
14 Orange."

15 ACTING CHAIRMAN BELL: Just adopting this for
16 recommendation?

17 MR. TAYLOR: That would take care of it. The reason
18 for formally taking no action so that they know that it's
19 been considered and that they're not going to, within a
20 few days or whatever the period of time is, get something.
21 In other words, it clears it off so they can schedule to go
22 ahead.

23 ACTING CHAIRMAN BELL: All right.

24 COMMISSIONER THOMSON: All right. Then I move
25 the recommendation as stated by Mr. Northrop.

1 ACTING CHAIRMAN BELL: As stated by Mr. Northrop
2 under Item 45 on the Agenda.

3 I hadn't recognized the motion yet, but I was going
4 to ask if anyone was here to speak on either side of this
5 issue. Would you care to take just a minute, sir? We're
6 sort of acquainted with both sides and why both people want
7 it or don't want it, if that's all right.

8 MR. MARTYN: My name is Kenneth Martyn and I am
9 representing Amigos de Bolsa Chica which is a group formed
10 from the City Council, on the recommendation of the City
11 Council appointed environmental council, the Huntington Beach
12 Chapter of the League of Women Voters, and the Huntington
13 Beach Chapter of the Association American University Women.
14 The Amigos de Bolsa Chica supports the staff recommendation
15 for the very reason the staff has given and we think the
16 results of that action will be beneficial to keeping the
17 state-owned lands as an ecological preserve, including both
18 the state-owned lands and the state lease lands, should they
19 be acquired by the State, would more likely come at a lower
20 rate for the public than if this action were not taken.

21 So, it's not just a matter of allowing the open
22 hearings, which is advantageous, but that it also puts
23 the protection of open space designation to be the result
24 on the state-owned and leased lands.

25 ACTING CHAIRMAN BELL: I thank you. Are there

1 any other comments on the item?

2 If not, I have a motion to accept for recommendation,
3 approve for recommendation. Without objection, Item 45 is
4 approved.

5 MR. TAYLOR: We've had two new lawsuits against
6 the State, have been filed, and we have been dismissed with
7 one lawsuit in Redondo Beach regarding the development of
8 the tidelands in Redondo Beach. The taxpayer is alleging
9 that they have been improperly developed. This is the King
10 Harbor area and so on. And also a question of access. Two
11 days in trial, we made a motion to dismiss. The State and
12 the City joined with us. The State was dismissed from the
13 lawsuit, the City wasn't. We're not sure, I think there may
14 be some inconsistency in that order. For the moment, we're
15 out, but trial resumes in December and we'll see what the
16 City does in that time.

17 ACTING CHAIRMAN BELL: We may be back there, is
18 that sort of a possibility?

19 MR. TAYLOR: I don't think that we're permanently
20 out yet.

21 EXECUTIVE OFFICER NORTHROP: Incidentally, I think
22 you may want to talk about the Corvallis case at this time.

23 MR. TAYLOR: Mr. Northrop just mentioned that the
24 Corvallis case was argued and we hadn't reported to you on
25 it. The argument occurred on the first day of this term in

1 the court and was for an hour. At that time we had ten
2 minutes to present our views. It is very difficult to ever
3 predict the results of oral argument. I've always felt
4 exuberant after most of them and sometimes been surprised.
5 But, the court did indicate that it was having problems with
6 applying the Benelli Rule, which is the reason we were into
7 the case and, in light of that, we were somewhat encouraged
8 that there may be some clarification from the court in its
9 opinion.

10 ACTING CHAIRMAN BELL: I would hope, anyway. Ten
11 minutes?

12 MR. TAYLOR: Well, only five --

13 ACTING CHAIRMAN BELL: Five of our time and five
14 as somebody else's time?

15 MR. TAYLOR: No, we never were given any time. We
16 were using Oregon's time and I think Oregon was a little,
17 finally realized what our position was and had some -- we
18 were contrary to their position.

19 ACTING CHAIRMAN BELL: I'm surprised they gave us
20 that much. That's very interesting.

21 MR. TAYLOR: I would say that we would probably
22 expect an opinion by April. Definitely have an opinion before
23 the end of this term which would be in June or possibly in
24 July if they go over. It's very rare for a case to get
25 into the Supreme Court. Justice White was just giving the

1 figures on it. Only a thousand cases are considered each
2 year all over the United States and of those, only 4.5 percent
3 are considered by the Court. So, it was a rare opportunity
4 to get our licks in on Benelli.

5 ACTING CHAIRMAN BELL: All right. Are there any
6 other items to come before the Commission.

7 EXECUTIVE OFFICER NORTHROP: Staff has none to
8 present, Mr. Chairman.

9 ACTING CHAIRMAN BELL: All right. Do we have a
10 date of the next meeting?

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
12 next regularly scheduled meeting will be December the 15th,
13 1976, here in Sacramento. However, as I mentioned, there
14 well may be a special meeting prior to that.

15 ACTING CHAIRMAN BELL: Could possibly be.

16 EXECUTIVE OFFICER NORTHROP: Could possibly be.

17 ACTING CHAIRMAN BELL: Otherwise, it will be here
18 in Sacramento December 15th? All right. No other matters
19 to come before the Board, we'll adjourn.

20 (Thereupon the meeting was adjourned at
21 11:15 a.m.)

22 --oOo--

23

24

25

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383-3601

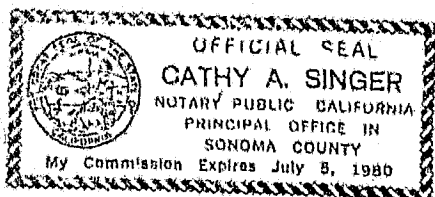
1 State of California)
 2 County of Sonoma) ss.

3 I, CATHY A. SINGER, a Notary Public in and for the
 4 County of Sonoma, State of California duly appointed and
 5 commissioned to administer oaths, do hereby certify:

6 That I am a disinterested person herein; that the
 7 foregoing State Lands Commission Meeting was reported in
 8 shorthand by me, Cathy A. Singer, a Certified Shorthand
 9 Reporter of the State of California, and thereafter transcribed
 10 into typewriting.

11 I further certify that I am not of counsel or attorney
 12 for any of the parties to said meeting, nor in any way
 13 interested in the outcome of said meeting.

14 IN WITNESS WHEREOF, I have hereunto set my hand and
 15 affixed my seal of office this 17th day of December, 1976.



Cathy A. Singer
 Cathy A. Singer
 Notary Public in and for the
 County of Sonoma
 State of California
 C.S.R. License No. 3252

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
 SACRAMENTO, CALIFORNIA 95826
 TELEPHONE (916) 383-3601