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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

-00-

Room 447
State Capitol
Sacramento, California

ORIGINAL

Thursday, January 27, 1983
10:00 A.M.

Cathleen Slocum, C.S.R.
License No. 2822

PETERS SHORTHAND REPORTING CORPORATION
3435 AMERICAN RIVER DRIVE SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 972-6894

MEMBERS PRESENT

1
2 Kenneth Cory, State Controller, Chairperson
3 Leo McCarthy, Lieutenant Governor, Commissioner
4 Del Pierce, representing Michael Franchetti, Director
5 of Finance, Commissioner

MEMBERS ABSENT

6
7 NONE

STAFF PRESENT

8
9
10 Claire Dedrick, Executive Officer
11 James Trout
12 Robert Hight
13 W. M. Thompson
14 Lance Kiley
15 Jane Smith, Secretary
16

ALSO PRESENT

17
18 N. Gregory Taylor, Deputy Attorney General
19 Rick Frank, Deputy Attorney General
20
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I N D E X

	<u>Page</u>
2	
3	
4	
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7	
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Proceedings 1

Confirmation of Minutes of meetings of December 16 and December 22, 1982 1

Report of Executive Officer 2

Consent Calendar 3

Regular Calendar:

Item 22 - Approval of acceptance of two quitclaim deeds known as Jane No. 1 through Jane No. 4, Riverside County 4

Item 23 - East Bay Regional Park District 4

Item 24 - Approval of certification of Negative Declaration for Last Chance timber Sales, Plumas County 5

Item 25 - Quarterly report to the Legislature 5

Item 27 - City of Long Beach, notification of intent for a capital improvement project 6

Item 28 - City of Long Beach, construct a life guard station at 72nd Place 6

Item 29 - City of Long Beach, construction of Shoreline Bicycle Trail, Staging Area and Alamitos and Golden Avenue parking lots 7

Item 30 - City of Long Beach, sell off crude oil from Tract 1 of the Long Beach Unit 7

Item 31 - Approval of Ninth Modification of the Plan of Development and Operations and Budget, Long Beach Unit 7

Item 32 - City of Long Beach, participation in Clean Coastal Waters 8

Item 33 - Approval of assignment of 75 percent interest in Geothermal Prospecting Permit at Sonoma State Hospital 8

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Consent Calendar - Items C10 and C19:

Donna Wetterer on behalf of Assemblyman Jack O'Connell

Question-and-Answer Session

Commission action re Item C10

Discussion of Item C19

Question-and-Answer Session

Commission action re Item C19

Regular Calendar:

Item 34 - Repeal of regulations in Title 2, Div. 3 Chapter 1, Articles 3, 5 and 4

Item 36 - Approval of boundaries proposed by City of Pittsburg

Item 37 - Authorization to file disclaimer

Item 39 - Approval of amendment of tide and submerged lands within the bed of Batiquitos Lagoon, to the City of Carlsbad, San Diego County

Item 40 - Authorization to file disclaimer

Item 41 - Approval of authority to execute agreement with a private consultant to study the replacement of IBM 1130 computer in Long Beach

Adjournment

Certificate of Reporter

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P R O C E E D I N G S

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CHAIRPERSON CORY: 10:00 o'clock. The first item is confirmation of the minutes of December 16 and 22nd. Are there any corrections or additions to those meetings?

Claire.

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman. There are three corrections to the minutes. On page 5, line 22, the last word in the line, I said "short" and I meant "long."

On page 103, line 6 of the evening session, "MPDS" should be "NPDES." That's the National Pollution Discharge Elimination System, and I couldn't have told you that if I weren't reading it.

One more correction, on the morning session of 12/23, page 15, line 20, "California" should be "Mexico." That is to say, I have those federal lease sales in the Gulf of California and they belong in the Gulf of Mexico. I don't think there's any authority over the Gulf of California.

MR. HIGHT: We're working on it.

CHAIRPERSON CORY: Okay. So are we, at this point, are you wishing to have us correct those minutes or note in the minutes of this meeting that those errors

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1 are existent in the previous transcript?

2 MR. TAYLOR: I think they should be noted in
3 this meeting's minutes that those corrections should be
4 made and that will give a record of the changes and what
5 their significance was.

6 CHAIRPERSON CORY: And the interested parties
7 will be notified?

8 MR. TAYLOR: It will be included in the record
9 that's being prepared for the lawsuit.

10 CHAIRPERSON CORY: Without objection, such will
11 be the order.

12 Report of the Executive Officer.

13 EXECUTIVE OFFICER DEDRICK: Yes. The Executive
14 Officer's Report is before you.

15 CHAIRPERSON CORY: Okay. This is the Steinhart
16 Aquarium in San Francisco had some emergency repairs and
17 needed an underground seawater collecting pipe into the
18 Pacific Ocean for the aquarium.

19 EXECUTIVE OFFICER DEDRICK: That's correct.

20 CHAIRPERSON CORY: And you granted permission
21 for that?

22 EXECUTIVE OFFICER DEDRICK: Yes, I did.

23 CHAIRPERSON CORY: Okay. And that was to keep
24 the critters alive; right?

25 EXECUTIVE OFFICER DEDRICK: Right, sir.

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Protecting the fish among other things.

CHAIRPERSON CORY: The only loyalty she has greater than to her commissioners is to the creepy crawlies.

Okay. On the Consent Calendar, for those in the audience, these are the items that will be taken up without debate or discussion. Unless there is objection to the proposed action that the staff has recommended, we will take them up all in one single motion.

We are removing from the Consent Calendar to the regular calendar items 10 and 19. Items 15 and 16 will not be taken up today. They are on the Consent Calendar and are being removed and not to be taken up at this meeting at all.

Are there any other items on the Consent Calendar -- those are the items that are prefixed with the letter "C." Does anyone in the audience have disagreement with the proposed staff action?

Okay.

Without objection then, we will approve the Consent Calendar as amended as to items by action here. Without objection, the Consent Calendar will be approved.

For those in the audience, item 21, item 35, and item 38 have been removed from the calendar and they will not be taken up at this session.

The first item is item C10, Exxon's request for

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1 approval of a five-year General Lease-Industrial Use for
2 installation and maintenance of one mooring buoy off of
3 a pier. Is there anyone in the audience on this item?

4 EXECUTIVE OFFICER DEDRICK: Mr. Chairman,
5 Assemblyman O'Connell of Santa Barbara County, requested
6 time to testify on item C10 and C19. I don't think he's
7 here yet. Would you like to put them over?

8 CHAIRPERSON CORY: If you could contact his office
9 and we will hold these items until he arrives or we get
10 to the end of our meeting.

11 EXECUTIVE OFFICER DEDRICK: Okay.

12 CHAIRPERSON CORY: Okay. We will then skip 19
13 and the next item will be Item 22 is the approval of
14 acceptance of two quitclaim deeds conveying rights and
15 interest in Placer Mining claims known as Jane through 4
16 located in Riverside County.

17 Is there anyone in the audience on this item?
18 Questions from Commissioners?

19 Without objection, approval is granted.

20 Item 23, East Bay Regional Park, consideration
21 of whether East Bay Regional Park has substantially
22 improved, restored, preserved the granted lands in the
23 Martinez Regional Shoreline in accordance with the grant
24 statute.

25 Is there anyone in the audience on this item?

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Questions from Commissioners?

Without objection, item 23 is approved as presented.

Item 24, approval of Certificate of Negative Declaration for the Last Chance Timber Sale on school land within Plumas County.

Anybody in the audience on this item?

Questions from Commissioners?

Without objection, item 24 is approved as presented.

Item 25, we have the quarterly report to the Legislature on oil and gas development.

Anybody in the audience on this item?

Questions from Commissioners?

This is informative only and this report will go on to the Legislature.

EXECUTIVE OFFICER DEDRICK: That's correct.

CHAIRPERSON CORY: Without objection, proceed with that.

Item 26, Long Beach is notifying us of their intent to spend \$1,012,500 of tidelands money on a capital outlay project on reestablishing beach between 60th Place and 71st Place and including some artificial kelp.

EXECUTIVE OFFICER DEDRICK: Yes, sir.

CHAIRPERSON CORY: Plastic kelp?

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EXECUTIVE OFFICER DEDRICK: Yes, sir. The purpose is to test the artificial kelp to see if it will prevent further beach erosion.

CHAIRPERSON CORY: Is there anybody in the audience on this item?

Any plastics manufacturers?
Questions from Commissioners?

COMMISSIONER MCCARTHY: No.

CHAIRPERSON CORY: Without objection, item 26 will be approved as presented.

Item 27, notification of spending by the City of Long Beach, \$76,250 on resurfacing the Davies Launch Ramp parking lot.

Questions from Commissioners?
Anybody in the audience on this item?

Without objection, item 27 is approved as presented.

Item 28, notice of intent of Long Beach to spend \$75,800 on life guard station at 72nd Place.

Anybody in the audience on this?

I'll have to say I used to go to the beach right in front of 72nd Place in Long Beach and that's a very important life guard station. I know that they have removed the initials from the existing one already. Very important mementos there.

1
2 Without objection, item 28 will be approved as
3 presented.

4 Item 28 [sic] is a notification of \$20,000
5 spending on a Bicycle Trail and Staging Area, the Alamitos
6 and Golden Gate Avenue parking lots.

7 Anybody in the audience on this item?

8 Questions from Commissioners?

9 Without objection, item 29 is approved as
10 presented.

11 Item 30, notification to City of Long Beach to
12 direct field contractor to sell off crude oil from Tract
13 1 of the Long Beach Unit.

14 Anybody in the audience on this item?

15 This is the in-kind oil the State received and
16 this is to try to test the marketplace and maximize our
17 revenue.

18 Questions from Commissioners?

19 Without objection, item 30 is approved as
20 presented.

21 Item 31 is the Ninth Modification of the Operations
22 and Budget of Long Beach, and this is --

23 EXECUTIVE OFFICER DEDRICK: Cellars.

24 CHAIRPERSON CORY: Cellars on?

25 EXECUTIVE OFFICER DEDRICK: Freeman.

CHAIRPERSON CORY: Freeman. But it's an internal

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funds transfer, no increase in cost. It will be at the tail end and not adversely affect this year's cash flow.

EXECUTIVE OFFICER DEDRICK: That's correct.

CHAIRPERSON CORY: Moose Thompson, the record will note, is nodding affirmatively.

MR. THOMPSON: Yes.

CHAIRPERSON CORY: Questions from Commissioners? Anybody in the audience?

Without objection, item 31 is approved as presented.

Item 32 is a request for City of Long Beach and the operator to participate in the combining into clean coastal waters the two cooperative oil spill units; is that correct?

Anybody in the audience on this?

Questions from Commissioners?

Without objection then, item 32 will be approved as presented.

Item 33, approval of the assignment of a 75 percent interest in a geothermal lease from Larry T. Durkan to CFS Geothermal Resources, Inc. This is in Sonoma County.

Is there anybody in the audience on this item?

Questions from Commissioners?

Without objection, item 33 will be approved as presented.

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1 We have Donna Wetterer. You are here to
2 represent --

3 MS. WETTERER: Jack O'Connell.

4 CHAIRPERSON CORY: And you want to talk to us
5 about items 10 and 19.

6 "Why don't you come forward and we'll go ahead
7 and take care of those and get you on your way.

8 MS. WETTERER: Do I just sit here?

9 EXECUTIVE OFFICER DEDRICK: Yes.

10 Your name for the record, Donna?

11 MS. WETTERER: Donna Wetterer, W-e-t-t-e-r-e-r.

12 I have to admit that you're more punctual than
13 the Assembly on starting on time.

14 CHAIRPERSON CORY: What would you like to tell
15 us about Exxon's request?

16 MS. WETTERER: I'm here on behalf of Assemblyman
17 Jack O'Connell who cannot be here. He's on the Assembly
18 Floor right now. He would like me to offer his testimony,
19 and this is it.

20 The State Lands Commission has before it today
21 two lease requests; one from Exxon for a mooring buoy and
22 one from Aminoil for the termination of one lease and the
23 approval of another for an existing marine terminal and
24 submarine loading pipeline.

25 While neither of these individual projects seems

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1 particularly significant, the State Lands Commission could
 2 be receiving a number of similar requests over the next
 3 several years. As you know, several oil companies,
 4 including Getty, Exxon, Aminoil and ARCO are preparing
 5 plans for onshore oil bases and tanker loading terminals
 6 off Santa Barbara's coast, at Gaviota, Las Flores Canyon,
 7 Elwood, and possibly at Vandenberg Air Force Base.

8 It is the stated policy of the County of Santa
 9 Barbara that these individually planned facilities be
 10 consolidated into one facility for use by all companies
 11 to avoid a proliferation of industrial sites along the
 12 coast. Such a policy is also clearly in the best interests
 13 of the public. Furthermore, extensive studies are now being
 14 done by the County Petroleum Transportation Company, PTC,
 15 to determine whether, or to what extent, the use of tankers
 16 to transport oil is appropriate.

17 I would, therefore, urge the State Lands
 18 Commission to add a termination clause to the Aminoil lease
 19 which would give the Commission the authority to terminate
 20 with notice this Aminoil marine terminal lease at such
 21 time as a single marine terminal, if any, for use by all
 22 oil companies becomes operational. I would furthermore
 23 urge that the State Lands Commission not approve any
 24 additional leases for any new marine terminals or piers
 25 related to supply-based functions until a decision has

1 been reached as to where the primary facility is to be
2 located.

3 Thank you.

4 CHAIRPERSON CORY: Questions from Commissioners.

5 COMMISSIONER McCARTHY: I have a couple, Mr.
6 Chairman.

7 As I understand these items before us, they are
8 existing leases and the lessees are trying to exercise
9 their option to renew the lease under this legal instrument.

10 Are there two existing marine terminals servicing
11 these two lessees? Is this one terminal?

12 MR. TROUT: Mr. McCarthy, on item C10, the
13 approval of the five-year lease, that is just for mooring
14 a crew boat which is attendant to the existing pier and
15 it's just used to, the boats are used to ferry people out
16 to the existing platforms. It is not an existing lease,
17 however. It is a new lease for a small mooring buoy. It's
18 not for a tanker anyway.

19 CHAIRPERSON CORY: But the newness is that portion
20 for the buoy --

21 EXECUTIVE OFFICER DEDRICK: That's correct.

22 CHAIRPERSON CORY: -- not for the oil extraction
23 or the pier.

24 MR. TROUT: Right.

25 CHAIRPERSON CORY: Currently they have been tying

1 the vessel either out at the platform or at the pier and
2 they would like to remove it from the side of the pier
3 and have it on a buoy next to the pier, and that is the
4 net change of CIO.

5 MR. TROUT: Yes. They're just adding one more
6 buoy. I think there are two buoys there now.

7 CHAIRPERSON CORY: But the new lease that you
8 use in your language is not a new oil lease, it's a new
9 buoy lease?

10 MR. TROUT: Correct, Mr. Chairman.

11 COMMISSIONER McCARTHY: Do they have authority,
12 does Exxon have the legal right under any of the conditions
13 of the lease we are being asked to review to construct
14 any other kinds of facilities?

15 MR. TROUT: No, sir. Only mooring buoy.

16 COMMISSIONER McCARTHY: I listened to Assemblyman
17 O'Connell's request which I would like to respect, and
18 I'm trying to understand how the Exxon request before us
19 which you just heard described is in conflict with his
20 desirable approach to try to consolidate the marine terminal.

21 MS. WETTERER: I think he's concerned about the
22 effect of several over the years such requests are made.
23 He would like them all to be consolidated into one.

24 COMMISSIONER McCARTHY: This lease renewal is
25 not for construction of any facility. It's to give them

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1 permission to attach their boats to the buoy instead of
2 alongside the existing pier. So we're not talking about
3 any new construction. I'm sympathetic to the point made
4 about there ought to be some sort of consolidation of
5 terminals for whatever offshore drilling proceeds in the
6 next few years. Now, this renewal is not in conflict with
7 Assemblyman O'Connell's expressed desire. Do you get the
8 point I'm --

9 MS. WETTERER: I see what you're trying to say,
10 but I think they're just, as you know, the situation in
11 Santa Barbara, they're just concerned about anything that's
12 done.

13 COMMISSIONER McCARTHY: Nor is Exxon authorized
14 to proceed under renewal of this lease with the construction
15 of any facility.

16 MS. WETTERER: Well, I think they're also talking
17 about the second one as well.

18 COMMISSIONER McCARTHY: We'll get to the second
19 one in a minute, but I just wanted to --

20 MS. WETTERER: This addresses I think both of
21 the situations.

22 COMMISSIONER McCARTHY: -- have Assemblyman
23 O'Connell understand that this one was first, the renewal
24 of this lease which frankly we're obliged to do anyway
25 since they have the legal right to exercise the renewal

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option. But even so, it's not in conflict with Assemblyman O'Connell's expressed desire and I guess the County's expressed desire. All right.

MS. WETTERER: Okay.

COMMISSIONER McCARTHY: Thank you, Mr. Chairman.

CHAIRPERSON CORY: Essentially I tend to concur with at least from the testimony of the Assemblyman's concern, that I am prepared to vote to approve the Exxon buoy and I think that is consistent with the Assemblyman's wishes given the legal ramification, if there is no objection.

COMMISSIONER McCARTHY: I don't have any objection, Mr. Chairman.

I might ask a point for my own information. Does our staff know whether Exxon is specifically proposing construction of terminal facilities along the Santa Barbara coast?

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman. I'm sorry, Mr. McCarthy.

There is a proposal before Santa Barbara County and the local governments to construct a terminal at the mouth of Las Flores Canyon. Exxon has a lease from the State Lands Commission for that area. The lease would not allow construction of that terminal until the terminal itself is planned, presented to the Commission, and the Commission has the discretion to approve or disapprove

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that terminal.

COMMISSIONER McCARTHY: Mr. Chairman, I don't know what point we are at in trying to accede to the kind of request being advanced by Assemblyman O'Connell here. I don't even know if the issue is ripe yet. Are we at the point where there's been any discussion between our staff and the Santa Barbara County staff and oil company representatives about trying to consolidate whatever facilities are built?

EXECUTIVE OFFICER DEDRICK: Yes. We've had extensive discussion. We've been working with Santa Barbara County and the other local and state agencies for over a year and a half. The State Lands Commission has a member on that pipeline study committee that Donna was talking about and it is true that there are proposals coming to us which have not come to us yet for a total of three offshore terminals and a couple of onshore facilities that will require pipelines.

CHAIRPERSON CORY: So we're there but it's not yet at the point where an application is before us?

EXECUTIVE OFFICER DEDRICK: That's correct. The companies all understand that their best course of action is to have all those dealt with simultaneously so that prudent decisions can be made by local governments and by this Commission.

COMMISSIONER McCARTHY: Thank you.

1 CHAIRPERSON CORY: Without objection then, item
2 C10 will be approved which is the buoy adjacent to Elwood
3 for Exxon.

4 The second item is 19, the Aminoil request which
5 is the termination of the 15-year lease and the approval
6 of a 10-year new lease, and this is a renewal?

7 EXECUTIVE OFFICER DEDRICK: That is correct.

8 Mr. Taylor, did you want to address this?

9 MR. TAYLOR: This in essence is Aminoil's exercising
10 of a right of renewal for ten years. If you notice on
11 page 110, it talks about the terms of the original lease.
12 It was 15 years from February the 29th, 1968, and the renewal
13 options were three successive periods of ten years each.
14 The Commission is entitled -- it must renew it on reasonable
15 terms and conditions. The reasonable terms and conditions
16 here are a substantial increase in rent, our renewal of
17 their agreement to abide by all the tanker safety
18 regulations which this Commission developed several years
19 ago, and a number of other housekeeping items as well as
20 using a new lease form which is a cleaner object.

21 If Aminoil had not agreed to that and insisted upon
22 its right of renewal, the same old lease would have been
23 used with a whole bunch of paragraphs just tacked on. It
24 wouldn't have been as clear to understand or to read.
25 So it was decided by both parties that the way to handle

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1 the renewal was just to rewrite the lease.

2 You are not extending the rights under the original
3 lease. You are staying right with those. This proposed
4 lease will go for ten years and have two successive periods
5 of ten years. And if you add those together, that matches
6 the 30 years of renewal rights that are on the terms of
7 the original lease which both of these are seen on pages
8 110 and 111 of your calendar.

9 CHAIRPERSON CORY: So what you're telling us
10 is that we don't have a legal option to impose a standard
11 the Assemblyman would like us to do, that we are locked
12 into, in essence, 45 years of use of this specific property
13 for this purpose from 1968 and the only question is the
14 amount of money, that we really are obligated to renew?

15 MR. TAYLOR: That is correct. And also we have,
16 the staff has incorporated additional provisions in the
17 lease which bring it up to modern standards.

18 EXECUTIVE OFFICER DEDRICK: If Aminoil is --
19 oh, excuse me. I'm sorry.

20 COMMISSIONER McCARTHY: Mr. Chairman, if I may,
21 first question. I have looked at the rent out here, \$278.30.
22 How was that established?

23 MR. TAYLOR: That was the old rent.

24 COMMISSIONER McCARTHY: What is the new rent?

25 MR. TAYLOR: The new rent is --

1 MR. HIGHT: The new rent now is \$47,043.

2 COMMISSIONER McCARTHY: Annually?

3 MR. HIGHT: Yes.

4 COMMISSIONER McCARTHY: How is that established?

5 Briefly.

6 MR. TROUT: Lance Kiley, our Division Chief,
7 and Gary Horn can answer detailed questions. It's based
8 on an appraised value of the land which establishes a minimum
9 plus a throughput or a credit against that minimum on a
10 per-barrel transfer and then an additional rate beyond
11 that. So that's current market value. It's consistent
12 with leases that the Commission has issued recently to
13 other oil companies.

14 COMMISSIONER McCARTHY: This is an existing marine
15 terminal with submarine loading pipeline. This is already
16 built.

17 EXECUTIVE OFFICER DEDRICK: Yes.

18 COMMISSIONER McCARTHY: Is there any new
19 construction being proposed here?

20 MR. TROUT: Not in this lease. Aminoil is
21 considering a revision of their marine terminal, but there
22 is nothing in this lease which would allow them to expand
23 it or otherwise make additional use of it other than that which
24 has been authorized in the past.

25 COMMISSIONER McCARTHY: If they wish to expand

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1 it, what would they have to do?

2 MR. TROUT: They would have to apply to the Lands
3 Commission and to the County and other local governmental
4 agencies. There would have to be an EIR. And that's one
5 of the three that the Executive Officer mentioned, one
6 of the three proposals that should be tied together.

7 COMMISSIONER McCARTHY: What power do we have
8 to persuade, cajole Aminoil to somehow cooperate with other
9 oil corporations?

10 CHAIRPERSON CORY: We don't have to grant any
11 new leases. So when they come in with theirs we say:
12 No, we don't like it. That's fairly effective, I think

13 COMMISSIONER McCARTHY: New leases, not this
14 facility?

15 CHAIRPERSON CORY: They can't expand this one.
16 We're already hung out to dry. But if they want to expand
17 it, they will have to do their EIR. When they come in
18 we can look at the whole thing and we can come to a
19 conclusion that the State of California and all the
20 considerations are better served by combining into one
21 as the Assemblyman suggests based upon the evidence of
22 that EIR and the hearing that we have before us.

23 COMMISSIONER PIERCE: But they continue to
24 operate independently until such time.

25 CHAIRPERSON CORY: Yes.

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1 COMMISSIONER PIERCE: They can continue operation
2 regardless if they choose not to buy into a consolidated
3 terminal.

4 CHAIRPERSON CORY: But they cannot expand their
5 operation beyond what they have a lease right for now.

6 COMMISSIONER PIERCE: Which is an additional
7 30 years?

8 CHAIRPERSON CORY: Do they still have another
9 30 years to go on that lease? That we can't take away
10 from them because of their contractual rights. That's,
11 I guess, the distinction that may get lost in the press
12 of the community, but that's where we're at.

13 MS. WETTERER: I understand.

14 COMMISSIONER McCARTHY: Our own counsel and the
15 Attorney General's Office are advising us that --

16 MR. TAYLOR: That's correct.

17 COMMISSIONER McCARTHY: -- there's no question
18 that Aminoil has a right to renew for ten years successively
19 for three periods of time, this being the beginning of
20 the first.

21 MR. TAYLOR: That's correct.

22 COMMISSIONER McCARTHY: And there is no doubt
23 as to their right at this time to pursue that renewal of
24 the lease.

25 MR. TAYLOR: That is correct.

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1 MR. HIGHT: Correct.

2 MR. TAYLOR: They have lived up to all the terms
3 and are in good standing at this point and they're exercising
4 their rights.

5 I think that you can see that the staff has
6 negotiated substantial improvements in this lease over
7 the earlier one. They feel that they pushed as far as
8 we can successfully under the reasonable provisions.

9 Mr. McCarthy, you asked for a copy of the original
10 lease and to be shown the paragraph. It's paragraph 20,
11 the term of the original lease. A copy of that original
12 lease is being handed to you and here is a copy of the
13 new proposed lease.

14 COMMISSIONER PIERCE: Mr. Chairman.

15 CHAIRPERSON CORY: Yes.

16 COMMISSIONER PIERCE: A question of the Attorney
17 General's Office. In converting to the new lease, the
18 new lease format and statement, does it in any way enhance
19 the lease agreement on the part of the lessee? Is there
20 added benefit to them and are there the provisions --

21 MR. TAYLOR: I think that their view of it probably
22 is that they have more stringent requirements under which
23 they must perform in terms of tanker safety, in terms of
24 some of the other requirements, and certainly in with regard
25 to the amount of money they're going to be paying. That

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was particularly, the funding was an item of great concern.
2 It is a tighter lease than the original terms of their
3 operation.

4 CHAIRPERSON CORY: I don't know of any particularly
5 significant benefits they got out of the deal other than
6 the fact of the price of doing business in California.

7 COMMISSIONER PIERCE: Thank you. We appreciate
8 that on our side of the shop.

9 CHAIRPERSON CORY: Okay. Any further questions
10 on this?

11 What is the wish of the Commissioners? Do you
12 wish to go ahead and approve?

13 COMMISSIONER McCARTHY: There's no latitude.

14 MS. WETTERER: So legally you cannot add a
15 termination clause in it if another facility is built to
16 be used by all oil companies?

17 CHAIRPERSON CORY: We have been able to negotiate
18 some additional benefits, but not the one that would be
19 taking away a clear right rather than the normal rental
20 renewal that I think was contemplated when the original
21 lease was signed. There was renewal provisions to
22 renegotiate price, but not the basic substance limitation-
23 wise.

24 MR. TAYLOR: I think that as Miss Dedrick has
25 pointed out, the location of terminals and the question

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1 of terminals and pipelines is one which is going to be
2 one of the hottest issues in the next few years and certainly
3 the Assemblyman has brought it to the attention of the new
4 Commissioners and it's one in which the Commission has
5 been involved. It's a very complicated problem. It's
6 been studied by OPR. It's being studied by the Coastal
7 Commission. It's been studied informally by the ARB.
8 Mary Nichols had a group that was studying the problem,
9 too.

10 I'm not sure exactly what the County's position
11 currently is, but they had signed the Memorandum of
12 Understanding with regard to the Exxon terminal which is
13 not yet existing which the County would have agreed to
14 that. Now, I don't know that there's been a change in
15 that position, but I know from the Coastal Commission's
16 standpoint there's been no hearing on that and that's going
17 to be quite a complicated problem.

18 COMMISSIONER McCARTHY: Mr. Chairman, one
19 concluding point. I know it may be difficult for several
20 oil companies who desire to have their own independent
21 operations and control over their own facilities to try
22 to do this, but I think it's important at this public hearing
23 for myself to indicate that I think Assemblyman O'Connell
24 has a very valid point and I intend to try to do whatever
25 is necessary to bring about a consolidation of those

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1 facilities down there so the least disturbance and
2 inconvenience will be caused to that area of the coastline.
3 I just want to mention that now. I'm aware this is going
4 to run for several years as an issue.

5 CHAIRPERSON CORY: Del.

6 Okay. Without objection, C19 will be approved
7 as presented.

8 Thank you very much.

9 MS. WETTERER: Thank you.

10 CHAIRPERSON CORY: Back to the calendar. We
11 were at 34. 34 is repeal of regulations in Title 2,
12 Division 3, Chapter 1, Articles 3.5 and 4 in their entirety
13 and adoption of replacement Article 4.

14 Is there anybody in the audience on these new
15 regulations?

16 Questions from Commissioners?

17 Without objection, item 34 we will adopt in its
18 entirety, the repeal of the old and the adoption of the
19 new regs. Without objection, such will be the order.

20 Item 35 is off.

21 Item 36, it is the City of Pittsburg, approval
22 of the boundaries of proposed annexation which includes
23 tide and submerged lands located in the Sacramento River.

24 Is there anyone in the audience on this item?

25 Questions from Commissioners?

1 Without objection, approval is granted.

2 Item 37, authorization to file disclaimer regarding
3 2.09 acres of land, more or less, in Tuolumne County.

4 Anybody in the audience on this item?

5 Questions from Commissioners?

6 Without objection, such will be the order.

7 Item 38 is off calendar.

8 Item 39 is approval of an amendment of proposed
9 boundaries and annexation of tide and submerged lands within
10 the bed of Batiquitos Lagoon, to the City of Carlsbad.

11 Anybody in the audience on this item?

12 Questions from Commissioners?

13 Without objection, approval will be granted.

14 Item 40, authorization to file a disclaimer of
15 selected parcels in a lawsuit the City of Eureka has brought
16 against the State of California.

17 These are very specified parcels not dealing
18 with any of our ongoing Eureka problems.

19 MR. TAYLOR: No.

20 CHAIRPERSON CORY: Anybody in the audience on
21 this item?

22 Questions from Commissioners?

23 Without objection, item 40 is approved as
24 presented.

25 Item 41, this is a problem that we're having

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1 with an old computer that is no longer able to get
2 maintenance contracts from IBM and we'll authorize the
3 Executive Officer to negotiate a contract for the study
4 that will be necessary to figure out what we do with the
5 old computer and how we deal with the problem.

6 Whip saw General Services and the private sector
7 back and forth to try to get the lowest possible price.

8 EXECUTIVE OFFICER DEDRICK: For the best possible
9 computer if that's your will.

10 CHAIRPERSON CORY: Okay.

11 EXECUTIVE OFFICER DEDRICK: Can't leave Moose
12 down there without a computer.

13 CHAIRPERSON CORY: Questions from Commissioners?
14 I don't know how we're going to pay for it.

15 EXECUTIVE OFFICER DEDRICK: Neither do we.

16 CHAIRPERSON CORY: Take it from somebody who
17 will take a registered warrant.

18 Anybody in the audience on this item?

19 Without objection, item 41 is approved as
20 presented.

21 Do we have any other items to come before us?

22 Okay. I want to thank Lieutenant Governor
23 McCarthy and Del Pierce on getting us through in almost
24 record time. You know, things as they get older do improve
25 with new talent to help us through.

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1 Thank you much.

2 Stand adjourned.

3 [Thereupon the State Lands Commission
4 meeting was adjourned at 10:25 a.m.]

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CERTIFICATE OF SHORTHAND REPORTER

1
2
3 I, CATHLEEN SLOCUM, a Certified Shorthand
4 Reporter of the State of California, do hereby certify:

5 That I am a disinterested person herein; that
6 the foregoing State Lands Commission meeting was reported
7 in shorthand by me, Cathleen Slocum, and thereafter
8 transcribed into typewriting.

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

12 IN WITNESS WHEREOF, I have hereunto set my hand
13 this 5th day of February, 1983.

14
15
16 *Cathleen Slocum*
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18 Certified Shorthand Reporter
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