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MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

STATE CAPITOL
FINANCE CONFERENCE ROOM
SACRAMENTO, CALIFORNIA

ORIGINAL

FRIDAY, JULY 11, 1986
8:51 A.M.

Eileen Jennings, C.S.R.
License No. 5122

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COMMISSIONERS PRESENT

- Lizabeth Rasmussen, Chairperson, Commission Alternate for Kenneth Cory, State Controller
- Nancy Ordway, Commission Alternate for Jesse R. Huff, Director of Finance
- Jock O'Connell, Commission Alternate for Leo T. McCarthy, Lieutenant Governor

STAFF PRESENT

- Claire T. Dedrick, Executive Officer
- James Trout, Assistant Executive Officer
- Robert Hight, Chief of Litigation
- Jack Rump, Assistant Chief Counsel
- Rick Ludlow, Staff Counsel
- D. J. Everitts, Assistant Chief, Extractive Development
- A. D. Willard, Supervising Mineral Resources Engineer
- Jane Smith, Commission Secretary

ALSO PRESENT

- N. Gregory Taylor, Assistant Attorney General
- Nancy Saggese, Deputy Attorney General

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I N D E X

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| Proceedings | 1 |
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| Approval of Item 1 | 2 |
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PROCEEDINGS

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3 CHAIRPERSON RASMUSSEN: Call the meeting to order.
4 You wanted to make a statement about these two
5 voting?

6 MR. RIGHT: For the record, Lizabeth Rasmusen will
7 be sitting in a non-voting capacity for the State Controller
8 and Jock O'Connell will be sitting in a voting capacity for
9 the Lieutenant Governor.

10 CHAIRPERSON RASMUSSEN: We have one item on the
11 agenda.

12 EXECUTIVE OFFICER DEDRICK: This is an application
13 of the Norris Oil Company, a Consideration of Status and
14 Propcsed Amendments to the oil and gas leases in the Rincon
15 Field in Ventura.

16 To make it a short story, the leases are very old,
17 54, 55 and over 35 years -- 56 and over 35 years old. I know
18 this because I thought, yee, God, I wasn't born when that one
19 was issued and I'm the oldest guy around here.

20 COMMISSIONER ORDWAY: Not quite.

21 EXECUTIVE OFFICER DEDRICK: Not quite? Well, yeah,
22 there's Everitts.

23 Anyway -- which goes to show that oil leases last
24 longer than we think.

25 At any rate, as you know, there's been a substantial

1 drop in the price of oil, severe operating difficulties with
2 the leases as a result of that loss of funding, loss of
3 revenue. The proposal is to adjust the lease conditions,
4 reduce the royalties and replace the bond with a
5 million-dollar payment to the state from Norris Oil Company.
6 It's a serious problem. Staff is recommending this solution.

7 I'd be happy to answer questions. Mr. Dorobek from
8 Norris Oil Company is here, as is Mr. Tate of the First
9 Interstate Bank. If you would like more detail, we'd be
10 happy to give it to you.

11 CHAIRPERSON RASMUSSEN: Are there any questions by
12 Commissioners?

13 COMMISSIONER ORDWAY: I'd just like to know if the
14 staff proposal is acceptable to Norris Oil.

15 MR. DOROBEK: Yes, it is.

16 CHAIRPERSON RASMUSSEN: Are there any other
17 questions?

18 COMMISSIONER ORDWAY: I move the item.

19 CHAIRPERSON RASMUSSEN: Moved.

20 COMMISSIONER O'CONNELL: Okay with me.

21 CHAIRPERSON RASMUSSEN: Seconded. The item is
22 approved as presented by consensus of the Commission.

23 Are there any other items to come before us?

24 EXECUTIVE OFFICER DEDRICK: That's it.

25 COMMISSIONER ORDWAY: Move to adjourn.

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CHAIRPERSON RASMUSSEN: Let's adjourn. Thank you
(Thereupon the meeting of the State Lands
Commission was adjourned at 8:54 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, EILEEN JENNINGS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Eileen Jennings, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of July, 1986.


EILEEN JENNINGS
Certified Shorthand Reporter
License No. 5122