

STATE LANDS COMMISSION

TRANSCRIPTS

MAY 1, 1991,

MAY 23, 1991

AND

JUNE 15, 1991

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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

AUDITORIUM
744 P STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 1, 1991
10:20 A.M.

Nadine J. Parks
Shorthand Reporter

MEMBERS PRESENT

1
2 Leo T. McCarthy, Lieutenant Governor, Chairman

3 Jim Tucker, representing Gray Davis, State Controller,
Commissioner

4 LaFenus Stancell, representing Thomas W. Hayes,
5 Director of Finance, Commissioner

6
7 Staff Present

8 Charles Warren, Executive Officer

9 James Trout, Assistant Executive Officer

10 Robert Hight, Chief Counsel

11 Jan Stevens, Deputy Attorney General

12 Lance Kiley

13 Paul Mount

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P R O C E E D I N G S

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3 CHAIRMAN MC CARTHY: Welcome, ladies and
4 gentlemen, to the meeting of the State Lands Commission.
5 My name is Leo McCarthy. My colleagues on either side are
6 Commissioner Stan Stancell, representing the Department of
7 Finance; Commissioner Jim Tucker, representing the State
8 Controller.

9 The minutes of the last meeting are approved
10 as reviewed.

11 The consent calendar, as I understand it,
12 there was removal of three sections from the consent
13 calendar: Item 1-H, I, and J, all dealing with Union Oil
14 Company. Those three sections of Consent Calendar 1 are
15 off.

16 The remainder of Item 1 is still on the
17 consent file. Also pulled off consent are Consent Items
18 8, 11, and 13. The remainder of the consent calendar is
19 before the Commission. Is there any objection to any of the
20 remaining consent items remaining on the consent calendar?

21 If there is none, it's moved, and the consent
22 calendar, as amended, is adopted.

23 Mr. Warren, let's go to the next item on the
24 regular calendar.

25 EXECUTIVE OFFICER WARREN: Mr. Chairman, you

1 have to announce the regular calendar --

2 CHAIRMAN MC CARTHY: I'm sorry. Regular
3 calendar item 34 is also off the calendar.

4 EXECUTIVE OFFICER WARREN: Also Item 38 and 31.

5 CHAIRMAN MC CARTHY: Items 31, 34, and 38 are
6 off calendar. Let's proceed.

7 EXECUTIVE OFFICER WARREN: All right. The
8 next calendar item will be presented by Mr. Trout.

9 ASSISTANT EXECUTIVE OFFICER TROUT: Item No.
10 24, Mr. Chairman, is the approval of the annual plan and
11 development operations and budget for the Long Beach unit
12 in the Wilmington Field.

13 The proposed budget sent to the Lands
14 Commission by the City of Long Beach totaled \$169 million
15 an increase over last year.

16 Our staff has reviewed the budget. We have
17 reached agreement on the terms of the budget with one
18 exception. The City of Long Beach has agreed to reduce
19 the amount by \$5 million, which basically just reduces
20 the contingency and, if necessary, can be added to if the
21 Commission finds it necessary later in the year.

22 The remaining issue, then, of what would then
23 be \$164 million budget, is the question of the well
24 approvals. And I'd like Mr. Paul Mount, who is the
25 Division Chief, to come up and explain his position with

1 regard to the drilling schedule.

2 The city has proposed a six-month well
3 drilling schedule review period. It is the position of
4 staff that the period should be -- wells should be reviewed
5 every four months. And I'd like Mr. Mount to give you his
6 assessment of why that's necessary.

7 I believe the City of Long Beach may be
8 represented and would want to make a statement.

9 MR. MOUNT: Good morning, Mr. Chairman.

10 CHAIRMAN MC CARTHY: Good morning.

11 MR. MOUNT: I'm Paul Mount right here beside
12 you, sir.

13 CHAIRMAN MC CARTHY: Thank you, Mr. Mount.
14 It proves I don't have eyes in the side of my head.

15 MR. MOUNT: In 1983, it was proposed that well
16 drilling be planned better than it had been previously.
17 And previously, it had been done and approved on a well-by-
18 well basis. In 1983, a six-month drilling list was
19 developed between the city and State Lands in order to
20 plan for future drilling in the Long Beach unit. That
21 six-month list was continued until 1986, when the oil
22 price fluctuations caused radical changes in operations and
23 uncertainties in the future.

24 At that point, they went to a four-month
25 drilling list because of the uncertainties and the

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1 question of whether they would even continue to have a
2 drilling rig active.

3 Recently, the city requested that we go back
4 to a six-month drilling list from a four-month drilling
5 list as proposed or has been done since 1986.

6 We felt that it was a prudent thing to do to
7 continue with the four-month list, because it allowed the
8 State Lands Commission and city and staff to review the
9 success or lack of success on drilling that had occurred
10 over the previous four months, and to reevaluate any work
11 that had been done in preparation for future drilling,
12 and take advantage of any lessons that we learned.

13 And, in fact, with a \$30 million drilling
14 budget -- in fact, it's 33 on this budget -- we felt it
15 was critical that we have an opportunity to look at the
16 expenditures and the justification for those expenditures
17 more frequently than once every six months.

18 In the past, there had been times when we
19 even stopped drilling in certain areas based on the lack
20 of success or information learned from doing that work.

21 The four-month list does involve a little more
22 time, in that the city and State have to get together more
23 frequently to review the list. Other than that, we
24 provide enough wells on the four-month list currently to
25 allow the city and Thums (phonetic), the contractor,

1 a considerable amount of flexibility planning for the
2 drilling.

3 ASSISTANT EXECUTIVE OFFICER TROUT: Mr.
4 Chairman, staff recommends approval of the plan and
5 budget as submitted by the City of Long Beach with the
6 condition that the city submit a first modification that
7 reduces the budget by \$5 million and the schedule that's
8 already been agreed to with staff, and schedule well
9 approvals on a four-month interval.

10 CHAIRMAN MC CARTHY: Questions by Commissioners?
11 Mr. Tucker.

12 ACTING COMMISSIONER TUCKER: Can we hear from
13 Long Beach on this?

14 CHAIRMAN MC CARTHY: We have three witnesses
15 we're going to hear from. Is there any question of the
16 staff at this point, Mr. Mount?

17 I have three witnesses, Mr. Alesso,
18 Mr. Colazos, and Mr. Brown. All right. Why don't you
19 please come up in whatever order you want to address us.
20 Thank you.

21 MR. ALESSO: Thank you, Mr. Chairman, members
22 of the Commission. My name is Richard Alesso, Deputy
23 City Attorney, representing the City of Long Beach.

24 As Mr. Trout has indicated, the city and the
25 staff have agreed upon the budget portion of the plan, which

1 include a modification -- which includes a modification
2 of expenditures by \$5 million. The one aspect of the
3 plan is an operational portion of the plan to which the
4 city and the staff have not agreed.

5 The city has proposed a two month -- two
6 six-month drilling lists for the year; staff is seeking
7 to have the Commission modify the city's proposal to have
8 three four-month drilling lists.

9 Mr. Xen Colazas, the Director of the city's
10 Department of Oil Properties, and Mr. Frank Brown, the
11 president of the Thums Long Beach Company, the field
12 contractor for the Long Beach unit, would like to briefly
13 explain the operational aspects of this issue in
14 relationship to good oil field practice. Mr. Colazas.

15 MR. COLAZAS: Thank you, sir.

16 CHAIRMAN MC CARTHY: Very impressive name.

17 MR. COLAZAS: Thank you, sir. Mr. Chairman
18 and members of the Commission. My name is Xen Colazas,
19 and I'm the Director of Oil Properties for the City of
20 Long Beach.

21 I would like to briefly summarize how we
22 arrive at the annual plan and budget. By law and by
23 Chapter 138, we have to declare an annual plan and budget,
24 which has to be submitted and approved by the Long Beach
25 City Council and also by the State Lands Commission.

1 Our City Council approved this particular
2 1991 budget on March 5th, 1991, and it was submitted to the
3 State Lands Commission on March 19, 1991.

4 The budget is prepared jointly by both the
5 City of Long Beach and Thums Long Beach Company, which is
6 the contractor for the city. Both the city and Thums
7 spent literally thousands of hours in the preparation of
8 this complex document, because it provides for the orderly
9 operation of the oil field, the Long Beach unit.

10 About three weeks ago, we met with some members
11 of your State Lands Commission staff, and we discussed the
12 expenses, some of the projects, and we discussed the
13 arrangements and rescheduling. We took that under
14 advisement and we went back to the Thums Long Beach
15 Company and we discussed the budget again. And then we
16 finally reduced the budget by about \$5 million. We did
17 so. I called the State Lands Commission staff, and we
18 agreed that, you know, we agree with the \$5 million
19 reduction in the budget.

20 Unfortunately, there's one small issue that has
21 not been resolved yet, a small issue according to what I
22 think. However, unfortunately very important, in that the
23 issue of planning a six-month drilling schedule versus a
24 four-month drilling schedule plan, as the State Lands
25 Commission wants it, I would like to briefly summarize now

1 what the advantages would be of the six-month plan versus
2 the four-month plan. And Mr. Frank Brown is going to
3 operationally given you the advantages of the six-month
4 drilling schedule plan.

5 According to -- as you know, the Long Beach
6 unit has more than 1300 wells drilled now. And it's
7 becoming a pretty, pretty busy oil field. I have shown
8 that to Mr. Tucker before and other members of the
9 Commission, and I would like to show you again what this
10 area looks like. (Holding up map.)

11 Therefore, a longer drilling time, a longer
12 planning -- this is what it looks like. A longer drilling
13 time is required by the contractor in order to lay those
14 wells out properly.

15 Number two is that the Chapter 138 actually
16 does call for a one-year plan -- one-year drilling
17 schedule to be submitted with the annual plan and budget,
18 which can be modified according to discussion between the
19 city and the State. And we have done so many times in the
20 past.

21 In 1981, the State Lands Commission produced
22 an audit of the Thums Long Beach Company by Deloitte,
23 Haskins, and Sells, which was prepared for the State Lands
24 Commission. And in that, I would like to quote, they said
25 the following: It is recommended that the units should

1 approve and maintain maximum leadtime in the drilling
2 schedule and minimize changes in it. By mutual compromise,
3 the city and the State got together, and we went to a six-
4 month drilling schedule.

5 Now, the -- it is common agreement that there
6 are many wells in the Long Beach unit to be drilled. The
7 State Lands had long-term plans, in which they said they
8 were going to have 150 to 300 wells to be drilled. The
9 City of Long Beach and Thums Long Beach Company published
10 a five-year plan in which we stated there we have about
11 150 to 300 wells to be drilled.

12 Arco has put forward an optimized plan
13 saying they have about 200 to 300 wells to be drilled.
14 Therefore, it is common agreement that we have plenty of
15 good candidates to be drilled.

16 What we're asking for really is we're asking
17 that we have a six-month drilling plan rather than a four-
18 month drilling plan. We have three drilling rigs right
19 now which are active, and they're moving very fast; therefore,
20 we do need at least a six-month drilling plan. We have
21 always worked with the State Lands Commission before in
22 order to delete, add, or modify wells, and we're willing to
23 do so in the future.

24 We should, I think, between the city and the
25 State and Thums, we have a six-month drilling schedule. We

1 have more than a six-month drilling of work of wells to be
2 drilled. I recommend, with your permission, that the
3 recommendations remain as proposed by Mr. Tucker, however,
4 I feel I would like to propose that the last recommendation
5 number two read in the last two lines deleted, which
6 would read as follows: No. 2. Approve the 1991 Long
7 Beach Unit Plan and Budget. This approval is conditional
8 upon submission by the City of Long Beach to the State
9 Lands Commission for approval of the First Modification
10 of the 90-92 plan of development and operations and budget
11 that revise downward the 1991-92 plan and budget and
12 expenditures.

13 Mr. Chairman and members of the Commission,
14 thank you very much for listening. And now, Mr. Brown
15 is going to address the Commission. Thank you very much.

16 CHAIRMAN MC CARTHY: Thank you, Colazas.

17 MR. BROWN: My name is Frank Brown, president
18 of Thums Long Beach Company. I want to speak to the
19 three main areas operationally in support of the six-month
20 list as opposed to a four-month drilling list. The three
21 areas are people, the equipment, and the acquisition of
22 materials and supplies.

23 For the people side of it, by going -- dropping
24 one planning cycle out, we get about a 33 percent
25 improvement in the utilization of people. And there are

1 many man/days spent on this planning process. So, I think
2 we feel, especially with increased drilling rig activity
3 that we have, you know, we have definitely used those
4 man/days of work, both in the city and the Thums Long
5 Beach Company.

6 The utilization of our equipment in the form of
7 drilling rigs, being able to look a little ahead and
8 schedule the rig moves and the locations gives us many
9 advantages and sometimes to avoid unnecessary drilling
10 moves. One of the main advantages I think we see is the
11 acquisition of materials and supplies, and being able to
12 look a little head in the future and get with our
13 suppliers and get price breaks and cost savings by doing
14 this.

15 So, these are the three main areas I see. And
16 I guess I don't see any downside. Looks like an opportunity
17 to have a productivity gain on three fronts. You don't
18 normally have those set of alternatives available to you.

19 In summary, Thums Long Beach Company proposes
20 that we go to a six-month drilling list. And we want to on
21 the record to support that. Thank you.

22 CHAIRMAN MC CARTHY: Thank you, Mr. Brown.
23 Any questions from either Commissioner?

24 COMMISSIONER TUCKER: I have some questions.

25 CHAIRMAN MC CARTHY: Commissioner Tucker.

1 ACTING COMMISSIONER TUCKER: Is there somebody
2 that represents Thums?

3 CHAIRMAN MC CARTHY: Mr. Brown.

4 ACTING COMMISSIONER TUCKER: So, you're saying
5 the operator feels that this is the best approach; is
6 that right?

7 MR. BROWN: Yes. I think we -- yeah, we
8 think we have a list of wells, like I said, we don't have
9 any problem with changing or altering the slate of wells,
10 just have an opportunity to eliminate that planning cycle.

11 ACTING COMMISSIONER TUCKER: Okay. When does
12 this budget have to be adopted by, submitted?

13 MR. BROWN: Today.

14 ACTING COMMISSIONER TUCKER: All right. As I
15 understand it, if the Arco bill is passed, that we would
16 go to a different procedure anyway; is that correct?

17 MR. HIGHT: Right.

18 ACTING COMMISSIONER TUCKER: And so, if there's
19 some way that we could avoid having to make this decision
20 now, that would be my preference. So that maybe we could
21 approve the budget, take out any references to any period
22 of review for now, revisit this in three or four months when
23 we have a better idea -- or earlier -- if we know earlier
24 what's happened with the Arco bill. And then, if we need
25 to deal with it, we can deal with it. I do think it's a

1 serious issue. I am concerned about, you know, a company
2 being run with essentially three boards of directors.
3 You got the operator, we've got the city, and then we've got
4 the Lands Commission. And they all seem to have a vote,
5 and an opinion, and unfortunately sometimes their opinions
6 seem to be different. And I don't quite understand how you
7 can run a company this way, because that's really what
8 we're doing.

9 So, I think it's a serious issue, but I would
10 prefer that we not have to deal with it until it's something
11 that must be addressed. Now, I don't think at this point
12 it has to be addressed. And really, it seems to me that
13 is part of the benefit of the O'Connell bill, is to
14 streamline this procedure and make it more efficient and
15 more effective, at the same time protecting the city's
16 interest in subsidence and everyone's interest in the
17 safety and environmental issues, et cetera.

18 So, my question would be to Mr. Warren as to
19 whether or not we can approve the budget, delete any
20 reference to review at this point, you know, and just
21 reserve that issue to decide three months from now whether
22 it's going to be a four-month review or six-month review,
23 or whether it's all irrelevant.

24 EXECUTIVE OFFICER WARREN: Let me inquire of
25 either Mr. Mount or Mr. Colazas -- is the present list
approved for the six months or --

1 MR. COLAZAS: The present list has been
2 submitted for a six-month list.

3 EXECUTIVE OFFICER WARREN: For a six-month
4 period.

5 MR. COLAZAS: Yes. It is about eight months
6 worth of wells.

7 EXECUTIVE OFFICER WARREN: All right.
8 The suggestion, Mr. Tucker, has merit in the staff's
9 opinion. Mr. Chairman, we have a present drilling list,
10 the basis for which the field can be operated for the
11 next several months. Mr. Mount advises that the substantive
12 aspect of the issue can be deferred until sometime in
13 late September, at which time that we know the fate of
14 AB 227.

15 So, we would have no objection to having the
16 subject matter just deleted, as suggested by Commissioner
17 Tucker, and to be revisited at that time.

18 MR. COLAZAS: However, we do need some kind of
19 a plan either for four months or six months in order for
20 the contractor to be able to go ahead to have the wells
21 in the plan.

22 ACTING COMMISSIONER TUCKER: You have a plan.

23 MR. COLAZAS: In this particular budget, we're
24 going to have to have approval of their four-month plan or
25 six-month plan, and we don't mind either one of them to

1 expedite the operations. We just prefer six months.

2 EXECUTIVE OFFICER WARREN: We can approve the
3 six-month plan today.

4 ACTING COMMISSIONER TUCKER: Let's approve the
5 six-months, review it in four months. We are family here,
6 correct?

7 MR. COLAZAS: We have been family for 18
8 months now, yes.

9 MR. HIGHT: We just need a slight
10 clarification, I think, for the record. Your recommendation
11 is for approval of the six-month list and the city agrees
12 that in four months, we'll come back and revisit it.

13 ACTING COMMISSIONER TUCKER: Right. Right?

14 MR. COLAZAS: Right.

15 MR. HIGHT: Right.

16 MR. MOUNT: That would work as long as we
17 review it in four months and take a look at it.

18 CHAIRMAN MC CARTHY: Commissioner Stancell.

19 ACTING COMMISSIONER STANCELL: I just wanted
20 to make sure I understand something that was stated by
21 Mr. Brown. Mr. Brown, you said there would be a gain of
22 at least 33 percent in terms of the utilization of your
23 people resources if you stay on the six-month plan. In
24 other words, you would lose 33 percent.

25 MR. BROWN: We have three planning cycles a

1 year, and a lot of man/days are required. By going to
2 two a year, then you drop off one-third of the meetings,
3 and that's what I --

4 ACTING COMMISSIONER STANCELL: So, this
5 budget that we're being asked to approve, then, if we
6 were to adopt, based on what you just said, the cost would
7 increase?

8 MR. BROWN: It would not have any effect on
9 the budget. It would not be noticeable. It would just be
10 better utilization of the people in setting of the wells
11 we're proposing.

12 ACTING COMMISSIONER STANCELL: Thank you.

13 CHAIRMAN MC CARTHY: Any other questions?

14 The Commission approves as described and
15 recommended.

16 Next item.

17 EXECUTIVE OFFICER WARREN: Item 25 is merely
18 an informational item detailing the efforts of the staff
19 of the California Energy Commission and State Lands
20 Commission to explore cogeneration opportunities and
21 potentials in the Long Beach Harbor area in order to reduce
22 energy costs in the operation of the field.

23 Item 26, Mr. Chairman, will be presented by
24 Mr. Trout.

25 ASSISTANT EXECUTIVE OFFICER TROUT: Item 26 is

1 the eleventh modification of the 90-91 plan and budget to
2 transfer \$2.1 million into the direct oil well charges
3 account from development drilling. There's no increase in
4 the budget. We recommend approval.

5 CHAIRMAN MC CARTHY: Questions? Approved.
6 Next item.

7 ASSISTANT EXECUTIVE OFFICER TROUT: Items 27,
8 28, and 29 are similar. These are awards of royalty
9 oil sales. Item 27, Ultramar, provides for the sale of
10 royalty oil from the Belmont offshore field. Ultramar has
11 bid 25 cents a barrel over the average price. It'll be
12 2345 barrels a month, or about \$600 a month additional
13 royalty. We recommend approval.

14 CHAIRMAN MC CARTHY: Questions? Approved as
15 recommended.

16 Item 28.

17 ASSISTANT EXECUTIVE OFFICER TROUT: Item 28,
18 Enron Oil Trading and Transportation has bid 30 cents over
19 posted average for 45,000 barrels per month, for an increase
20 of about \$13,500 a month from that area. We recommend
21 approval.

22 CHAIRMAN MC CARTHY: We're taking these items
23 together. 28 and 29 are also approved. Item 30.

24 ASSISTANT EXECUTIVE OFFICER TROUT: Item 30,
25 American Girl Mining Company. This is an amendment of a

1 mineral prospecting lease to allow them to do some core
2 drilling on the area using existing roads wherever possible,
3 and it extends for one year. We recommend approval.

4 CHAIRMAN MC CARTHY: Any questions? That's
5 approved. 31 was taken off calendar. 32.

6 ASSISTANT EXECUTIVE OFFICER TROUT: Item 32
7 provides for an agreement to sell lands at the Sierra
8 Army Depot. The Army needs a few extra months on the
9 existing lease to finalize that transaction. And so, we
10 recommend approval that the agreement would be amended
11 and approve the sale of 16,282 acres to the United States
12 Army Depot.

13 CHAIRMAN MC CARTHY: Questions? Approved as
14 recommended. 33.

15 MR. HIGHT: Item 33, Mr. Chairman, is the
16 authorization to file a disclaimer in a federal
17 condemnation action, which the Commission has no interest.

18 CHAIRMAN MC CARTHY: Questions? Approved as
19 recommended. 35.

20 ASSISTANT EXECUTIVE OFFICER TROUT: Item 35
21 is to rescind all prior delegations of the Commission to the
22 Executive Officer and approval of redelegations to the
23 staff and replace that with new delegations, which would
24 reflect the existing organization of the Commission. There's
25 no policy change involved.

1 CHAIRMAN MC CARTHY: Questions? The
2 recommendation is adopted. 36.

3 ASSISTANT EXECUTIVE OFFICER TROUT: Item No.
4 36 is Vollman-Clark Ranch, and that was before you at the
5 last meeting. Subsequent to the last hearing, we
6 have reviewed the marina -- commercial marina leasing
7 in the navigable waters of the State generally. We have
8 asked staff to review the criteria and standards which are
9 presently applicable to Commission review of these
10 applications. We asked staff to particularly review such
11 standards and criteria for the purpose of more clearly
12 demonstrating the public need and benefit of such
13 applications, inasmuch as their use of one public trust
14 purpose frequently results in the abridgement of other
15 public trust uses of these waterways. So we are
16 undertaking that review. We hope to be able to report
17 back to you within three months of our recommendations of
18 how much criteria and standards should be modified.

19 In the meantime, the Vollman-Clark lease is
20 before you. It's a standard lease for 25 years, which is a
21 standard provision for such leases. The Fish & Game
22 advises that they are still opposed. But the item's before
23 you for your consideration.

24 CHAIRMAN MC CARTHY: How would you involve
25 local government in the formulation of the benefit standards

1 for applications like the one before us?

2 EXECUTIVE OFFICER WARREN: That will be one
3 of the specific objectives that staff will seek to
4 accomplish. The State agencies involved consistently
5 indicated to the applicant their opposition to the proposal.

6 However, this project was permitted by the
7 county in which the commercial marina will be located
8 and, therefore, indicating to them that the project would
9 otherwise be acceptable. We feel that the review by the
10 county of the application is not -- does not conform to
11 what we believe are the requirements of the public trust
12 document would indicate. And it's for the purpose of
13 trying to involve local government more directly in that
14 kind of a review process that our review of the standards
15 and criteria is focused on.

16 CHAIRMAN MC CARTHY: What opportunity will
17 any potential applicants that would have to abide by such
18 standards have to comment on the appropriate regulations?

19 EXECUTIVE OFFICER WARREN: That would not be
20 abridged at all. There will be full opportunity for the
21 public generally to comment on any standards and criteria
22 that we propose to local government and we follow in the
23 review of these applications.

24 CHAIRMAN MC CARTHY: Questions by members of
25 the Commission?

1 ACTING COMMISSIONER TUCKER: I have just one
2 comment.

3 CHAIRMAN MC CARTHY: Mr. Tucker.

4 ACTING COMMISSIONER TUCKER: One thing I think
5 you ought to give some consideration to is whether we
6 should be at the beginning of the process. That's always
7 been a step I've been reluctant to take just for practical
8 reasons. You know, sometimes these things go away,
9 because they don't get local approval.

10 But I think here, we're talking about a
11 situation where probably we're the only ones along with
12 Fish & Game and some other State entities that are really
13 going to evaluate these public trust issues. I just don't
14 think it's realistic. I mean we certainly should give local
15 government an opportunity to encourage them to weigh these
16 considerations. But I just don't think they're going to
17 look at that. I mean, they're going to look at their
18 local plan and does this fit in with their plan. They
19 don't really have a mechanism that I'm aware of in
20 general to look at these issues of impact on resources
21 and impact on the public trust values, et cetera. And
22 ultimately, it seems to me that they would want to look
23 at it, they would want to ask Fish & Game and other State
24 agencies to help them out on that.

25 So, all I'm saying is I think you ought to give

1 some consideration to whether we should encourage people
2 in this instance, this type of situation to apply first
3 so that we don't get them, you know, winding through all
4 of the long path, only to get here and find that there is
5 a different consideration than was made at the local level.

6 And I think in these issues, we're not going
7 to be overruling local consideration, because I think in
8 most instances, they're really not going to be looking
9 at this point in such a way.

10 EXECUTIVE OFFICER WARREN: All right. Thank
11 you.

12 CHAIRMAN MC CARTHY: Any other questions?

13 We have the matter before us, and we have back
14 with us, Mr. Vollman and Mr. Clark, and Mr. Labrie.

15 We heard this matter at length last time.
16 Is there anything singularly unique or important that was
17 not stated last time that would not be repetitious of the
18 testimony last time?

19 MR. VOLLMAN: My name is Dennis Vollman. In
20 answer to the Chairman's question, the issue of conflicting
21 public trust that we talked about a little bit last time,
22 and the issue of need, which was a question that was
23 really not answered, only small amounts could be added
24 at this point in time. Public trust of accessing the
25 waterways and fishing, as well as boating purposes seems

1 to be fairly well addressed in the agenda item. As to the
2 access and need, I have not, nor has -- my associates
3 conducted a detailed study of the number of waiting lists,
4 people on those waiting lists in the general vicinity.
5 We have, in fact, ascertained that there are waiting lists
6 which don't have the hard facts as to how many people are on
7 them or how long they've existed.

8 Other than that, thank you for your
9 consideration.

10 CHAIRMAN MC CARTHY: You heard me state at the
11 last meeting that one thing that troubles me is that there
12 were no standards against which to weigh applications such
13 as yours so that we could come to some sort of consistent
14 policy judgment on it. You just heard Mr. Warren say
15 that within three months, they think they can, working with
16 local government, formulate such standards to make judgments
17 as to whether this kind of application is appropriate.

18 Do you have any comment on that?

19 MR. VOLLMAN: I think that's an excellent idea.
20 It seems to me that there would be a fairly reasonable way
21 to do that. Certainly, every county has a planning and
22 processing process that could certainly be added to to
23 further that checklist an applicant would have to go and
24 do first as opposed to last in line. If the guidelines are
25 clear, it should be something that would be very, very

1 beneficial to everybody.

2 CHAIRMAN MC CARTHY: My view of this whole matter
3 at this time, is that I hope this doesn't produce too
4 much chagrin. You've been weaving yourself through the
5 bureaucratic process for, as I remember, four or five
6 years on this matter. I started to think about the logic
7 last time of not having any standards against which to make
8 a judgment on your application. I'm still thinking that.

9 Mr. Warren, our Executive Officer, just told
10 us that in three months he would have those standards.
11 I'm just one of the three Commissioners here. I'd like to
12 suggest that we postpone any action on this application
13 without prejudice until we have those standards, and we
14 can make a judgment about the propriety of your
15 application weighed against the standards that are
16 formulated, with your knowledge and hopefully with your
17 participation as a citizen.

18 MR. VOLLMAN: Well, I certainly understand
19 that consideration. It's very logical. We have other
20 considerations that we have been working on for the last
21 actually five and a half years. Some of them are
22 financial. The opportunities that are available to us
23 may not be available to us some months down the road.

24 If we could certainly be assured that within
25 90 days, that we would be back here with a set of standards

1 and the same lease document that we have today, I --
2 speaking for myself without consulting with my associate,
3 that will be fine.

4 CHAIRMAN MC CARTHY: I don't think there's any
5 guarantee that it's going to be here in three months. But
6 I think they're telling us it's not going to take 12
7 months. Other Commissioners' comments of any kind?

8 Commissioner Tucker.

9 ACTING COMMISSIONER TUCKER: One thing I want
10 to make clear so that you're not misled in this, is that
11 from my perspective, I'm still very uncomfortable with the
12 Fish & Game's opposition and uncomfortable in the sense
13 that, as I would weigh these competing public trust
14 values, I would give a great deal of weight to that versus
15 the need. Clearly, if there is a need, this isn't the
16 only way that that need can be met. I would assume,
17 you know, it's a big river, and I assume there are other
18 places that the need could be met. So, as you go away,
19 I just don't, from my perspective, I don't want you to be
20 misled into thinking that once these standards are
21 developed, they will inevitably lead to an approval of
22 your request.

23 From my own perspective, I still think there
24 are problems as long as Fish & Game has these concerns,
25 and has asserted there will be some impact on fishing. And

1 maybe, as these standards develop and our thinking gets
2 more sophisticated, we'll be able to deal with Fish &
3 Game's concerns.

4 But I don't want you to leave today -- you've
5 been through a lot, and I'm sympathetic to how much
6 you've had to go through. But then, I don't want you to be
7 misled in some way thinking, at least from my perspective,
8 that we are inevitably going to approve this lease once
9 this process is completed that Mr. Warren is talking about.

10 Just giving you notice. You don't really need
11 to respond to that. I just want you to understand.

12 CHAIRMAN MC CARTHY: I think Commissioner
13 Tucker is suggesting that he leans against your
14 application.

15 MR. VOLLMAN: I think I heard that.

16 CHAIRMAN MC CARTHY: In any action we may
17 take in the future. And maybe Commissioner Stancell and
18 I don't lean either way. We're waiting to look at these
19 standards and then we'll make a judgment.

20 MR. VOLLMAN: I understand that.

21 CHAIRMAN MC CARTHY: At this moment you have
22 no votes.

23 MR. VOLLMAN: I understand. I would like to make
24 a comment to Mr. Tucker. I understand that the conflicting
25 public trust issue -- I think it would be equitable if people

1 that had experienced meaningful onsite experience with
2 regard to this issue or any other issue -- this is a
3 thought process for standards to be developed for the next
4 applicant have an opportunity to submit either in writing
5 or testify personally, if they come to the hearing,
6 through their expertise and first-hand knowledge of the issue.
7 If there's not a conflicting situation, then there shouldn't
8 be a problem to overcome. I'm not real sure that
9 that's was absolutely clear last time.

10 CHAIRMAN MC CARTHY: Thank you.

11 EXECUTIVE OFFICER WARREN: Mr. Chairman, if I
12 may interrupt, I would suggest that this item not be
13 postponed. We will have to, because of AB 884, it will
14 have to be denied without prejudice. And of course, we will
15 waive any filing fees associated with refiling.

16 MR. VOLLMAN: I recall last time that we stopped
17 the clock and restarted the clock by our withdrawal
18 and needed reapplication. Is that not accurate?

19 MR. KILEY: I believe that's correct. I believe
20 that the application was stopped and restarted. We would
21 have, I believe, one year.

22 EXECUTIVE OFFICER WARREN: Thank you. Very
23 good. Thank you.

24 CHAIRMAN MC CARTHY: Thank you very much. Next
25 item.

1 MR. HIGHT: 37, Mr. Chairman, is the
2 authorization to conduct a public hearing on the cession
3 of concurrent criminal jurisdiction at Fort Irin. The
4 Commission staff will hold a hearing and report back to
5 you. Currently, the law requires every five years
6 these cessions of jurisdiction be renewed. This is a
7 typical renewal process.

8 CHAIRMAN MC CARTHY: Questions? So authorized
9 as requested. That concludes the calendar.

10 EXECUTIVE OFFICER WARREN: Yes, it does.

11 CHAIRMAN MC CARTHY: That concludes the public
12 hearing. Thank you very much.

13 (Thereupon, the hearing was
14 concluded at 11:05 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER1
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I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing meeting of the State Lands Commission was reported in shorthand writing by me, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney to any of the parties herein; that I am not interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of May, 1991.


Nadine J. Parks
Shorthand Reporter