

TRANSCRIPT OF
MEETING
OF

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
JULY 30, 1959 -- 9:00 A. M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Glenn M. Anderson, Acting Governor, Chairman
Alan Cranston, Controller

(Mr. Bert Levit, Director of Finance, absent)

F. J. Hortig, Executive Officer

Fred Zweiback, Executive Secretary to
Gov. Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Dan Kaufmann, Assistant Attorney General

GUEST:

Mr. John E. Carr, Director of Finance-Appointee

APPEARANCES:

Mr. Harold Lingle, Deputy City Attorney for
the City of Long Beach

Reporter: Louise E. Lillieo
Division of Administrative Procedure

I N D E X

(In accordance with Calendar Summary)

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ITEM CLASSIFICATION	CALENDAR ITEM NUMBER	PAGE OF CALENDAR	PAGE OF TRANSCRIPT
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(In accordance with Calendar Summary)

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1 The meeting was called to order and Mr. Cranston
2 moved that Lieutenant Governor Anderson (Acting Governor)
3 serve as Acting Chairman.

4 GOV. ANDERSON: The first item on the agenda, then, is
5 confirmation of the minutes of the meeting of June 25th.

6 MR. HORTIG: May I, Mr. Chairman, add that it would be
7 in order for the Commission also to consider at this time
8 confirmation of the minutes of July 13th, at which time the
9 Commission approved the two cooperative water flooding agree-
10 ments for the City of Long Beach in the short meeting held
11 in Sacramento on July 13th.

12 MR. CRANSTON: I move that both sets of minutes be
13 approved as submitted.

14 GOV. ANDERSON: If there is no objection, approved as
15 submitted.

16 The next item is the special order of business -- Long
17 Beach tide and submerged lands boundary determination. Reports
18 to be given by representatives of the City of Long Beach, the
19 Attorney General's office, and the staff of the Commission.

20 MR. HORTIG: By way of introduction, if the Chairman
21 please, I believe the reports can best follow chronologically
22 and keep the information in proper sequence for the Commission
23 if the Commission will first hear the report on status from
24 Assistant Attorney General Dan Kaufmann.

25 MR. KAUFMANN: I can report to the Commission that the
26 representatives of the City and of the State are still

1 consulting and that following the last meeting, that would be
 2 the June meeting of the Commission, we worked out with the
 3 City Attorney of Long Beach an agreement which we believe will
 4 adequately protect the rights of the State due to the time
 5 lapse because of these negotiations. The agreement has been
 6 considered by our office and the Attorney's office in the
 7 City and, as I say, we are satisfied with it.

8 Now, it is my understanding that the City Council would
 9 not act this quickly on the precise language that we have used
 10 but that the matter was to have been presented to them on
 11 Tuesday to see if they concurred at least generally with the
 12 ideas presented by this agreement. I don't know if the rep-
 13 resentative

14 MR. LINGLE: I can speak.

15 MR. KAUFMANN: I think a representative of the City
 16 Attorney's office can speak about that. We feel this agree-
 17 ment will adequately protect the rights of the State for the
 18 time being. It does not cover both the items considered in
 19 the June meeting. Point 2, as to the matter of impounding funds,
 20 we consider should be put over for a future meeting.

21 MR. CRANSTON: Point 1 is fully covered?

22 MR. KAUFMANN: Point 1 is fully covered and we have
 23 adequately covered the rights of the State at this time.

24 MR. LINGLE: I am Harold Lingle, Deputy Attorney of the
 25 City of Long Beach. Although I was not present at the Council
 26 meetings, I can report that our Council held two meetings on

3
1 Wednesday, voted to accept a waiver -- voted to accept in
2 principle a waiver such as described by Mr. Kaufmann. They
3 did not consider any specific language, but in principle that
4 waiver is acceptable to our City Council.

5 MR. KAUFMANN: The next step will be for them to get
6 the approval of the City Council to specific language such as
7 we now have an agreement on with the City Attorney's office.

8 MR. CRANSTON: Is it your recommendation that we con-
9 tinue the matter to give you time to consider this?

10 MR. KAUFMANN: I believe that is advisable since the
11 agreement has not been implemented.

12 MR. CRANSTON: I so move -- that we take it up at the
13 next meeting.

14 MR. HORTIG: If it is satisfactory, may I add to that
15 the suggestion that the Commission at this time convey to the
16 Executive Officer authority to execute the proposed stipula-
17 tion which will insure the State's rights during the negotia-
18 tion period, as outlined by Mr. Kaufmann.

19 MR. CRANSTON: I would include that understanding in
20 my motion.

21 GOV. ANDERSON: If there is no objection, then, it is
22 so ordered. That completes, then, Item 2 -- the special order
23 of business.
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1 GOV. ANDERSON: Item 3 is the permits, easements and
2 rights-of-way to be granted to public and other agencies at no
3 fee, pursuant to statute. Now, we will just read the title
4 and if there is no question go on -- is that the normal
5 procedure?

6 MR. HORTIG: Yes sir.

7 GOV. ANDERSON: Item (a) -- Fish and Game -- 49-year
8 permit, Tehama County; Item (b) Freedom County Sanitation
9 District -- 49-year easement for two sewer outfalls in
10 Monterey Bay.

11 Now, I had a question on that, I believe. What pro-
12 tection is there against pollution of the beaches on this type
13 of thing?

14 MR. HORTIG: Number one, the Public Resources Code,
15 pursuant to which such easements are issued by the State Lands
16 Commission, prohibits pollution. Number two, both the U. S.
17 Public Health Service and State Department of Public Health
18 are involved in the construction, operation and maintenance
19 of these projects and, of course, enforce both State and
20 Federal anti-pollution statutes.

21 GOV. ANDERSON: That same explanation, then, would
22 cover the next one -- Half Moon Bay Sanitation District?

23 MR. HORTIG: Exactly, and the two on the next page
24 relating to sewer easements for the City of Stockton, Items
25 (1) and (m) in the tabulation.

26 GOV. ANDERSON: The next would be Item (d) -- the

1 Division of Highways right-of-way across lands of East Canal,
2 Marin County; Item (e) is Division of Highways right-of-way
3 across the lands of the Brickyard Canal in Marin County; Item
4 (f) is Division of Highways right-of-way across lands of Oyster
5 Canal in Marin County; item (g) is Division of Highways right-
6 of-way across the lands of Middle Canal, all Richardson Bay.

7 MR. HORTICO: At that point, may I bring to the attention
8 of the Commission that the four items for Division of Highways
9 are patently all one highway project. They will require ease-
10 ments over tide and submerged lands in which currently title
11 is in the State of California, but as of September 17th will
12 be in the County of Marin by reason of tideland grants by the
13 Legislature in the last session. For that reason, approval of
14 the County of Marin was requested and received with respect to
15 these easements at this time, because these easements will
16 constitute an encumbrance upon the lands which the County ex-
17 pects to receive.

18 GOV. ANDERSON: Item (h) -- Chandler Lloyd, Trustee --
19 dredging of approximately 79,000 cubic yards of material from
20 lands in Ozol, Contra Costa County, for improvement of navi-
21 gation.

22 Item (i) is the Department of Power and Water, City of
23 Los Angeles -- acceptance of quitclaim deeds on easements over
24 State school lands in San Bernardino County; Item (j) --
25 Merced County Road Department -- removal of sand from San
26 Joaquin River; Item (k) - Pacific Telephone and Telegraph

1 Company -- approval of submarine cable across tide and sub-
2 merged lands of San Francisco Bay. I had a question on
3 that, as to why there was no fee for the use of this land.

4 MR. HORTIG: For the Telephone Company easement,
5 Governor?

6 GOV. ANDERSON: Yes.

7 MR. HORTIG: Section 7901 of the Public Utilities Code
8 which constitutes a codification of statutes which have been
9 on the California statute books for many years, authorizes
10 telephone and telegraph companies to put telephone and tele-
11 graph lines along highways and across sovereign lands, particu-
12 larly tide and submerged lands, at no fee -- the consideration
13 being the public use and benefit by reason of this installation.

14 GOV. ANDERSON: Mr. Zweiback is asking if that is
15 mandatory or permissive.

16 MR. HORTIG: It is an authorization to the telephone
17 companies to do so and, as a matter of fact, they did, without
18 notice to any State agency, for many years prior to the time
19 of the creation of the State Lands Commission; and we have been
20 successful since the creation of the State Lands Commission
21 in having the telephone companies agree to execute specific
22 easement documents so that all their telephone occupations of
23 State lands are of record and we know precisely where they are.
24 Before the creation of the State Lands Commission, they just
25 occupied the lands willy-nidly and no one knew where they
26 were.

1 MR. ZWEIBACK: Is it your interpretation the State
2 would have no authority to charge a fee?

3 MR. HORTIG: This is in accordance with the Attorney
4 General's opinion.

5 MR. ZWEIBACK: Or performance bond?

6 MR. HORTIG: Or performance bond. The Commission could
7 demand -- in circumstances where the circumstances might be
8 deemed to be hazardous, could require performance bond. In
9 this specific instance, that is not considered to be the case
10 so no performance bond is required. It would be within the
11 province of the Commission to require a performance bond if
12 one were necessary.

13 GOV. ANDERSON: Item (l) City of Stockton -- 49-year
14 easement for sewer line across Mormon Slough, San Joaquin
15 County; (m) -- City of Stockton, 49-year easement for sewer
16 line across the Stockton Channel, San Joaquin County.

17 That completes Item 3. Is there a motion on that?

18 MR. CRANSTON: I move approval of all of those items.

19 GOV. ANDERSON: There is no objection and so ordered.
20 Next, Item 4 -- permits, easements, leases and rights-of-way
21 issued pursuant to statutes and established rental policies of
22 the Commission.

23 Item (a) -- Argus Development Company -- deferment of
24 operating requirements, mineral extraction lease, Inyo County;
25 Item (b) -- Eldredge Combs -- approval of crude oil sales con-
26 tract for oil produced under easements in Orange County. I

1 believe I had a question on that -- the question of explain-
2 ing a little bit. Now, the calendar item on page 18 -- that
3 first paragraph wasn't too clear to me. Could you, Mr.
4 Hortig, explain that?

5 MR. HORTIG: This results undoubtedly from the inverse
6 language which was included in leases issued as late as 1940,
7 following the prototype that had actually been established by
8 a State Lands Division prior to a State Lands Commission as
9 early as 1929, and which had been standard language in industry
10 leases -- in that the provisions are for, ordinarily, delivery
11 of the State's royalty portion of the oil in actual barrels of
12 oil, with the alternative that the State could elect, in lieu
13 of taking the oil, to take its royalty in money. All current
14 leases provide for a royalty payment in dollars cash. At the
15 option of the State, if the State so desires, the State may
16 elect to have its royalty in actual barrels of oil if there
17 were a reason, whereby the State could secure a better market
18 for the oil or in some circumstances might have use for the
19 oil -- if we had a State refinery, which we don't have. On
20 some of the royalty leases heretofore, the policy has been to
21 take the State's gas royalties rather than taking any money.

22 None of these has been deemed to be economically prac-
23 tical, but the circumstances may still arise in the future,
24 depending upon the economics of the oil business, when one or
25 the other of these alternates may be selected by the Commis-
26 sion, whichever is most beneficial to the State.

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2 GOV. ANDERSON: Item (c) -- Roland Elrod and Leonard
3 Elsbree -- 15-year lease on 1.04 acre strip of land alongside
4 the Sacramento River; Item (d) Ed Filippelli -- five-year
5 grazing lease in Lassen County; Item (e) -- Edith Knight --
6 five-year grazing lease in San Bernardino County; Item (f)
7 Chandler Lloyd -- permission to enlarge existing structure
8 covered by lease at Port Costa in Contra Costa County; Item
9 (g) -- Myco Mining Company, two-year prospecting permit,
10 Fresno County; (h) Myco Mining Company, two-year prospecting
11 permit on State school lands in Fresno and San Benito Counties;
12 Item (i) -- a Site Six Resort Corporation -- 49-year right-of-
13 way easement over submerged lands in San Bernardino County.

14 MR. HORTIG: If I may call the Governor's attention
15 there -- there is a case where there is a corporation which
16 is not a public utility corporation and does not have the type
17 of authority the telephone companies have to occupy State
18 sovereign lands, so in order to put a cable across they must
19 secure an easement and pay established rentals, distinguished
20 from public corporations.

21 GOV. ANDERSON: Item (j) Standard Oil Company of Cali-
22 fornia and Humble Oil and Refining Company -- rescission of
23 Commission action of February 24th, as portions of area in-
24 cluded have been granted in trust to Santa Barbara County;
25 issuance of corrected 49-year easement in Santa Barbara County;
26 Item (k) -- termination of lease in Santa Barbara County,
27 rescission of action March 25, 1959; Item (l) -- Standard Oil

1 Company, Western Operations -- issuance of geological survey
2 permit from 8/15/59 to February 15, 1960 on tide and submerged
3 lands in Santa Barbara, Ventura and Orange Counties -- Com-
4 missions costs to be reimbursed.

5 I believe I had a question on that.

6 MR. HORTIG: I proposed to present some discussion to
7 the Commission on that.

8 GOV. ANDERSON: We are setting a little precedent on
9 this?

10 MR. HORTIG: Yes sir.

11 GOV. ANDERSON: Would you like to explain it?

12 MR. HORTIG: Yes sir, we would. The statutes have
13 provided since 1956 for the issuance of geological and geo-
14 physical survey permits on State tide and submerged lands by
15 the State Lands Commission on such terms and conditions as
16 the Commission desires to prescribe.

17 The original geological survey permit conditions which
18 were established on May 18, 1956 by the then Commission,
19 covered the operations of drilling so-called submarine core
20 holes -- where, from floating marine equipment, the holes are
21 drilled into the ground and geological samples are taken from
22 there or electrical measurements or other diagnostic measure-
23 ments are made in the hole to reveal the geology of the sub-
24 strata. At the time of the adoption of the original condi-
25 tions for a permit for this type of operation, the statute
26 also provided that such permits were only required for holes

1 drilled deeper than 500 feet into the ocean floor. In other
2 words, the first 500 feet did not require any permit; and,
3 amazingly, the reports were that all core holes then being
4 drilled only went to 499 feet.

5 There were, of course, no State inspectors aboard be-
6 cause no permits or State inspection were required.

7 A few holes were drilled beyond 500 feet, for which
8 permits were issued, which resulted in the establishment of
9 these conditions on May 18, 1956 for a permit. At the incep-
10 tion of the program, it was not clear as to how deep operations
11 should be permitted to go -- whether permits should be allowed
12 which would actually result in complete exploration of a pros-
13 pective oil field as distinguished from the industry inter-
14 pretation of a core hole, which is for geological data but
15 not for production data, this being the basic distinction be-
16 tween a core hole and well drilling permit and also having
17 been the distinction utilized by the State Division of Oil and
18 Gas in permits issued on uplands (privately owned uplands)
19 as against a permit for drilling a complete oil well.

20 Language was adopted which it was hoped would restrict
21 the drilling to distinguish between geological data and pro-
22 duction data by providing in the original permits that a
23 permittee might drill only so deep as necessary to reach the
24 first competent or correlative stratigraphic bed. This means
25 the first diagnostic bed of earth from which they could tell
26 where they were in point of time and space under the ocean

1 floor. This is theoretically excellent and a precise limit,
2 except that you don't know you have reached this point until
3 after you have passed this point, and made your diagnoses and
4 compared your geological data available on the uplands; and
5 in many areas on the California coast, the geology of the
6 upland isn't known and the geology under the ocean floor is
7 even more not known. So, setting in advance a limitation of
8 depth, or even at the time the drilling was going on in an
9 entirely unknown area, has in fact been impossible.

10 We have been remarkably successful in connection with
11 cooperation between our State inspectors, who are now on every
12 one of the geological drilling boats when they are operating
13 in cooperation with the permittee on reaching reasonable inter-
14 pretations as to when these depths have been reached; but it
15 still has left an aura of doubt in those areas where a permit
16 has been issued, where there have been no core holes drilled
17 heretofore and the depths of the geological strata are utterly
18 unknown.

19 Therefore, it is proposed to authorize pursuant to
20 application by Standard Oil Company of California, Western
21 Operations, Inc. a permit at this time -- and to any other
22 applicant who in the future might wish to receive such a per-
23 mit -- a revised permit containing all conditions heretofore
24 established as limiting core drilling with the exception that
25 the limitation to the first competent or correlative strati-
26 graphic bed would be stricken and, instead, a depth -- a

1 maximum depth permitted would be specified in the permit,
2 which would be issued and approved by the staff only for those
3 areas where the geology is not already known and control
4 depths are not already known.

5 In the event that, in achieving such depth under the
6 revised permit, oil sands are contacted or discovered in fact,
7 there would be no further permits for drilling further holes
8 into the oil sand, and that hole on such contact would have
9 to be suspended and thereupon immediately abandoned, and no
10 direction tests would be permitted from such hole -- so that
11 in the majority of instances a permit of this type again would
12 authorize simply a permittee who is interested in exploring
13 the State off-shore to get as much stratigraphic geological
14 exploration information on the off-shore as can be gotten in
15 any one particular location, in order from that time forward
16 to have some frame of reference from which to carry on his
17 further operations.

18 As it is, with as much off-shore as there is in Cali-
19 fornia, there are hundreds and actually thousands of square
20 miles where the geology is literally unknown.

21 GOV. ANDERSON: Do they actually try to reach into the
22 oil pool or the strata above?

23 MR. HORTIG: Ordinarily the attempt is to get the
24 relationship of the geology with respect to other segments of
25 California and the upland, and as it is related to other oil
26 fields in California, without actually reaching an oil pool;

and in the majority of instances, no oil pool will be reached as a result of this core drilling.

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GOV. ANDERSON: Have they ever?

MR. HORTIG: Yes, they have; but they have also suspended operations immediately. But, there again, we were drilling assumedly to the first competent or correlative stratigraphic bed and before we recognized we had done such, we also contacted an oil sand which had never heretofore been known to have existed; but no further core holes were permitted to be drilled. This probably was the case in connection with some of the portions of land which the State leased last year which resulted in the top bidding of all time, and so it has been beneficial.

MR. ZWEIFACK: Do you feel we have enough inspectors covering all these various sites? You mentioned that they go right to the sites.

MR. HORTIG: In connection with a core drilling permit which authorizes a particular vessel and equipment and instrumentation to proceed to a particular spot to dig a hole, there is 24-hour-a-day inspection of the State with the vessel at the time the operation is actually conducted and until that is plugged and abandoned and the vessel has left the site.

MR. ZWEIFACK: Who pays for that?

MR. HORTIG: The permittee.

MR. CRANSTON: Is it your belief that granting this type of survey permit is apt to lead to added resources?

1 MR. MORTIG: It is going to expedite and enhance
2 interest in the State tideland development.

3 GOV. ANDERSON: If there is no objection, then, we will
4 pass to item (m) -- Tidewater Oil Company, acceptance of
5 quitclaim and termination of lease in Santa Barbara County;
6 and item (n) -- Tine Oil Company, a 15-year lease on 8.31
7 acres land in Carquinez Strait, Contra Costa County.

8 That completes the items under Item 4.

9 MR. CRANSTON: I would like to ask one question in
10 relation to items like items (d) and (e). What effect would
11 that have on a subsequent desire of someone to purchase?

12 MR. MORTIG: None whatsoever. Under the statutes,
13 upon the sale of land on which there is a grazing lease, the
14 grazing lease ipso facto is cancelled.

15 (At this point Mr. John E. Carr, the Director of
16 Finance-appointee, arrived and was introduced.)

17 GOV. ANDERSON: Mr. Carr, we have gone about half way
18 or better through the calendar already. It is our feeling
19 that any discussion or questions or anything that you would
20 like to say during our discussion -- just feel free.

21 MR. CRANSTON: I move approval of Item 4.

22 GOV. ANDERSON: Approval granted to items under Item 4.
23 If there is no objection, so ordered.

24 Item 5 -- sale of vacant school lands, and the first
25 item is (a) - Robert Allen. I'll just read the name and the
26 item, rather than trying to describe it, unless someone wishes

1 to ask a question or raise a point. Item (b) Reginald
2 Cooknell; item (c) - Maria Dekker; item (d) - Division of
3 Highways, Department of Public Works; item (e) - Paul E. Hood;
4 item (f) - Allen Jayne; item (g) - Palmcrest Development Com-
5 pany; item (h) Frederick Stowell; item (i) - Will Rudd and
6 John Kynder; item (j) - Stanford C. Shaw; item (k) - Frederick
7 Stowell; item (l) - Frederick R. Stowell.

8 MR. HORTIG: That is it. For the benefit of the Com-
9 mission, the high bids received were all equal to or greater
10 than the appraised values of the lands. It is recommended
11 that the lands be authorized for sale, subject to the required
12 statutory reservations on minerals, etcetera.

13 MR. GRANSTON: I move approval of Item 5.

14 MR. ZWEIBACK: I am sure you have the right answer on
15 Item (c) - Maria Dekker's application. In the first paragraph,
16 I assume she submitted a deposit of \$800.....

17 GOV. ANDERSON: Page 39.

18 MR. ZWEIBACK: ... in her initial bid she submitted a
19 deposit of \$800. That would be correct?

20 MR. HORTIG: Right.

21 MR. ZWEIBACK: Now, down in paragraph five, "Under
22 Section 2302....." it appears there she submitted an addi-
23 tional \$1800. Now, down at the bottom you have included the
24 final price of \$4,000; but I assume she would have had to
25 submit \$3200 more.

26 MR. HORTIG: I think we have skipped the one step there

1 that isn't specified in detail in the second paragraph, and
2 that is, after submitting the original \$800 or \$10 an acre
3 for eighty acres, the staff appraisal showed that the land was
4 worth \$27.50 an acre instead of \$10, so at that time the
5 applicant submitted the necessary amount to bring the amount
6 to \$2200. Then she was faced with a competitive bid of
7 \$4,000, so she for a second time submitted another \$1800 to
8 bring the deposit up to 4,000, to bring it to the high bid,
9 which she is privileged to do as first applicant for the land.

10 GOV. ANDERSON: It is moved, then, that we approve all
11 items under Item 5 -- sale of vacant State school land. If
12 there is no objection, so ordered.

13 Item 6 -- City of Long Beach. First project is water
14 injection system in Fault Blocks IV and V. Do you wish to
15 comment on any of these?

16 MR. HORTIG: For further information of the Commission,
17 the request for approval of expenditures for initial engineer-
18 ing study of an expanded water injection system relating to Fault
19 Blocks IV and V is an augmentation of a program previously
20 approved by the State Lands Commission for other fault blocks.
21 This, therefore, represents another step in the entire
22 integrated program of hopefully in the not too distant future
23 having completed the studies and actually having effected
24 water injection programs in all fault blocks of the Wilmington
25 Field.

26 Therefore, it is recommended that the Commission approve

1 this expenditure -- which, incidentally, is restricted to
 2 expenditure of the City's share of tideland oil funds, but
 3 because it does come from tideland oil funds it requires ad-
 4 vance approval of the expenditure by the Commission, pursuant
 5 to the requirement of Chapter 29 of the Statutes of 1956.

6 GOV. ANDERSON: Item (b) -- a parking lot on tideland
 7 beaches -- approval of the expenditure by the City of Long
 8 Beach not to exceed \$235,900 from its share of tideland
 9 revenues to construct a parking lot waterward of Ocean
 10 Boulevard.

11 MR. HORTIG: The recommendation of this item follows
 12 the report and opinion of the Office of the Attorney General
 13 that segments of the project proposed which are in fact located
 14 upon tide and submerged lands, as distinguished from the up-
 15 lands, are eligible to receive participation from tideland
 16 oil revenues in their construction and maintenance; and,
 17 therefore, this approval is recommended -- subject, again, to
 18 the standard reservations made by the State Lands Commission
 19 heretofore that upon completion of the project and at the end
 20 of the fiscal year, there will be a final audit and final
 21 engineering review to determine precisely which segments are
 22 authorized to receive this participation and the total amounts
 23 ultimately allowed will then be based on those findings.

24 GOV. ANDERSON: There are a couple questions on this:
 25 As a matter of policy, was a survey ever taken to show the
 26 need for a parking lot? Are there any parking fees? Who

1 maintains this? What involvement does the State Lands Commis-
2 sion have in this?

3 MR. HORTIG: If I may answer the questions in inverse
4 order, Governor, the taking of fees or any other revenues
5 derived by reason of rental or utilization of this project when
6 completed insofar as it relates to lands located upon the
7 tidelands -- those fees would be redeposited in the tideland
8 trust funds. No trust funds can be expended on any portions
9 of this operation that are located on the uplands and if there
10 were any upland fee collections on an upland portion, if this
11 should result this would come under general municipal funds
12 in the first instance and I assume would be remitted there,
13 outside of the jurisdiction of and not of interest to the
14 State Lands Commission.

15 As to the actual need for such a parking lot -- yes,
16 in general the entire Long Beach waterfront has been inven-
17 toried and the crowded conditions, particularly during the
18 height of the recreational season in Long Beach from out of town
19 visitors and so forth, I think speak almost automatically for
20 the necessity of this type of facility, although we do have
21 specific study data and survey data that was filed with the
22 original application for authorization of approval, and we
23 could amplify on that ad infinitum.

24 MR. CRANSTON: Does this have any relationship to the
25 coast sea wall?

26 MR. HORTIG: No sir. This is immediately seaward of

1 Bixby Park area at the foot of the bluff, down at the beach;
 2 and incidentally, there is another factor that I can see could
 3 well raise a question and that is about access roads and ramps
 4 and so forth. In view of the fact that this beach is located
 5 on actual filled tidelands and is at a so much lower level
 6 than the general street level passing the area, there is going
 7 to have to be some type of access and is such type of access
 8 approved for construction from tideland funds? This has been
 9 approved by the Attorney General -- that this being an
 10 integral part of this project, it is also entitled to funds.

11 I might point out further, the approval requested is
 12 as to whether the expenditure is entitled to be taken from the
 13 City's share of the tideland revenues. There is no request
 14 for a State portion. There is no contention that subsidence
 15 is being alleviated by this project.

16 MR. CRANSTON: Is this in the area of subsidence?

17 MR. HORTIG: This is outside of the area of surface
 18 subsidence under the jurisdiction of the Division of Beaches
 19 and Parks. This is a municipal beach area of the City of
 20 Long Beach.

21 MR. CRANSTON: Have there been any local protests?

22 MR. HORTIG: Not on this project.

23 MR. ZWEIBACK: When you are speaking of the City's
 24 funds, you are speaking of the City's portion?

25 MR. HORTIG: The City's portion of the Harbor funds.
 26 They are divided as to 50% of the oil revenues and 100% of the

1 gas revenues that flow to the City's harbor trust funds are
2 remitted to the State. This leaves the City with 50% of the
3 oil revenues for use on trust purposes; and it is from this
4 latter 50% of the trust funds that funds would come for this
5 parking lot.

6 MR. ZWELBACK: It's a trust fund -- not the City's
7 funds?

8 MR. HORTIG: It is not general municipal funds, but it
9 is the City's share and in no wise would this project decrease
10 the State's share to be received from that trust fund.

11 GOV. ANDERSON: Item (c) -- the water flooding program
12 approval of release agreement, upper and lower terminal zones
13 of Fault Block V -- to release and discharge the City and its
14 drilling and operating contractors from any claims for damage.

15 MR. HORTIG: The Commissioners will recall the meeting
16 of July 13th, where two cooperative water flooding agreements
17 were approved -- which, in essence, provided that the City may
18 expand water flooding operations on the tidelands and be held
19 free and harmless from any damage to the upland. Those in-
20 stances provided for recapture of any excess production result-
21 ing from tideland oil actually migrating under the uplands.

22 The lease agreement under discussion here relates to
23 Fault Block V, in which it is contemplated that the City,
24 through the Board of Harbor Commissioners, desires to augment
25 water flooding in a tideland block. The adjoining upland
26 owners have not indicated any reason at this time that they felt

1 was justification for augmenting water flooding on their
2 parcels, but have agreed to release the City from any liability
3 from any possible damage caused on the uplands by the City's
4 operations in the expanded water flood.

5 Since it is all part of the ultimate water flooding
6 for the Wilmington Oil Field, the parties have, pursuant to
7 the provisions of the Public Resources Code (which requires
8 State Lands Commission approval for cooperative agreements)
9 made this release agreement subject to the approval of the
10 Commission. It has been reviewed by the Office of the Attorney
11 General, found to conform to law, and has been reviewed by
12 the State Lands staff to determine its engineering desirability
13 and feasibility, and it is recommended.

14 GOV. ANDERSON: Item (d) -- Spreckles Area, General
15 Fill -- Addition No. 1 to expenditures by Long Beach Harbor
16 Department April 1, 1956 to July 5, 1956.

17 MR. HORTIG: This is one that almost might be classi-
18 fied as a nuisance item, but to satisfy auditors and the
19 ultimate in our State system, the Office of the State Con-
20 troller, that we have accounted for everything absolutely and
21 properly -- the City of Long Beach received approval of costs
22 including subsidence costs on a project conducted April 1,
23 1956 to July 5, '56 in order to be certain that they had
24 advance approval for the total amount; and in this instance,
25 for the period prior to July 5, 1956, we have a court deter-
26 mination that the Commission is authorized to make retroactive

1 approvals because the statute under which the Commission
2 assumed jurisdiction here didn't become effective until
3 July 5, 1956, so we hardly could have given advance approvals
4 to projects that were running as early as April '56; and in
5 closing this project we found that we missed in our estimates
6 by \$53.84, so therefore will the Commission please approve it
7 now.

8 GOV. ANDERSON: Item (e) -- Town Lot Property Purchases
9 Addition to estimated expenditures July 30, 1959 to June 30,
10 1960.

11 MR. HORLIG: If I may, Mr. Chairman, point out that
12 essentially Items (e) through (j) following, represent the
13 balance of projects currently in effect in the Long Beach
14 Harbor District eligible for possible subsidence participation
15 under Chapter 29, or projects which are to be undertaken which
16 the Commission has heretofore approved by project for a fiscal
17 year; and all of these items, as I say, (e) through (j), as
18 you will note, carry a terminal date of approval of expendi-
19 tures proposed to be made up to June 30, 1960, in other words,
20 the balance of this fiscal year, and are all subject to the
21 standard reservation that the amount of subsidence participa-
22 tion actually allowed will be determined after final audit and
23 engineering review after the work has been completed, inasmuch
24 as that is the first time there really is the basic engineer-
25 ing data on which to base a true estimate of what the subsid-
26 ence portion of the project actually was.

1 GOV. ANDERSON: Item (f) -- Back Area, Piers A to D --
 2 estimated expenditures by Long Beach Harbor District. Any
 3 questions? (No response) Item (g) -- Pier A -- Addition
 4 No. 1 to estimated expenditures by the Long Beach Harbor
 5 District of \$194,000; Item (h) -- Roads and Streets, Addition
 6 No. 1 to estimated expenditures by the Long Beach Harbor
 7 District of \$76,000; Item (i) -- Channel 2 Properties --
 8 Addition No. 1 to estimated expenditures by Long Beach
 9 Harbor District of \$1,000; Item (j) -- Subsidence Studies --
 10 Addition No. 1 to estimated expenditures by Long Beach
 11 Harbor Department of \$50,000.

12 MR. CRANSTON: I move to approve Item 6.

13 GOV. ANDERSON: If there is no objection, so ordered.

14 Item 7 -- Waiver of statutory notice affecting the
 15 City of Belvedere's annexation of portions of Middle and
 16 East Canals in Marin County.

17 MR. HORTIG: For the benefit of the Commission, the
 18 City of Belvedere annexed into its expanded city limits an
 19 area of tide and submerged lands, title to which is under the
 20 jurisdiction of the State Lands Commission of the State of
 21 California. For approximately a year and a half, the State
 22 law has required that where such an annexation takes place and
 23 questions of value are raised as to properties, in order to
 24 determine whether the owners of 50% of the value or more wish
 25 to object, then an appraisal has to be made by the State Lands
 26 Commission where the lands are State-owned, and reported to the

1 body proposing to undertake the annexation.

2 The City Attorney of the City of Belvedere forgot to
3 read the revised annexation law and they went through the
4 entire proceeding of annexation but failed to tell the State
5 Lands Commission about it.

6 However, on review of the annexation and all the hear-
7 ings and reports, there were no objections filed to the annexa-
8 tion, hence whether the State Lands Commission's portion of the
9 value was more or less than 50% would have been of importance
10 only in the event the Lands Commission had a basis for object-
11 ing to having these particular tide and submerged lands within
12 the municipal boundaries of the City of Belvedere. We have
13 been unable to find any basis for recommending to the Commis-
14 sion that there should be such objection.

15 Therefore, in post mortem, it appears there would be
16 no good purpose served at this time to tell the City of
17 Belvedere that they made a technical error and that we will
18 go through and appraise, they will republish, and they will
19 re-annex -- still without any objection. Therefore, it is
20 proposed to wipe the slate clean, to have the State Lands
21 Commission issue a notice of that, at the same time serving a
22 notice to any other municipalities who wish to go through any
23 such type of situation that this is the last forgiveness.
24 This is the first of this kind since the law has been revised
25 but we see no purpose in having them re-do the entire annexa-
26 tion when we can accomplish this with an appropriate waiver.

1 MR. CRANSTON: I so move.

2 GOV. ANDERSON: No objection -- so ordered.

3 Item 8 -- approval of agreement to exchange portions
4 of three State-owned tideland street areas for fee land owned
5 by applicant, Housing Authority of San Francisco. Any brief
6 comment on that?

7 MR. HORTIG: Yes sir. This is an item on which we
8 are very happy to report, inasmuch as the Housing Authority
9 of the City and County of San Francisco in contemplating a
10 filling project of a portion of the mud flats of San Francisco
11 Bay, immediately north of Candlestick Park, the ball park,
12 desire to acquire three areas of underwater tideland streets
13 that have been streets on the map since 1870 and were under
14 water at that time, and have remained under water ever since,
15 but the area is strategically desirable to the Housing Author-
16 ity.

17 We have appraisal of \$3,700 on the fee value of the
18 streets although they are impressed by street easements as
19 far as State use is concerned, and the Navy acquired similar
20 areas under court condemnation on the basis the lands were
21 actually valueless to the State and awarded us \$1 -- in return
22 for which and in exchange of these lands, the Housing Authority
23 is offering the State Lands Commission some fee-owned property
24 on the high and dry land with an appraised value of \$5,200.

25 So, before they can change their mind, we are recommend-
26 ing that the Commission authorize the exchange.

1 MR. CRANSTON: Move approval.

2 GOV. ANDERSON: Motion for approval of Item 8. If
3 there is no objection, so ordered.

4 Item 9 -- withdrawal from sale of vacant swamp and
5 overflowed land in San Bernardino County.

6 MR. CRANSTON: I move the approval of Item 9.

7 GOV. ANDERSON: No objection -- so ordered.

8 ITEM 10 -- Rental rates and policies -- deferment of
9 consideration to August meeting.

10 MR. CRANSTON: I'd like to ask that we be given as
11 much advance opportunity to look at that material, as possible
12 before the next meeting and I move to defer it until then.

13 GOV. ANDERSON: No objection -- so ordered. This is
14 one, too, that I would like to study over considerably.

15 MR. HORTIG: Basically, this is really the fundamental
16 reason for this request for deferment, Governor. We have
17 trouble catching the Lieutenant Governor. I wonder what we
18 are going to have with the Acting Governor.

19 MR. ZWEIBACK: What is the status of the policy review
20 we once discussed on vacant school land sales, relating to
21 the deposits and bidding conditions?

22 MR. HORTIG: This is ready for presentation to the Com-
23 mission, however has also been deferred -- but it didn't
24 require specific deferment by the Commission. It will be
25 presented at the next regular meeting of the Commission after
26 discussion with the Governor and other members of the Commission.

1 GOV. ANDERSON: We didn't table that at that time?

2 MR. HORTIG: You did not table it definitely. The
3 matter of rental you did table to a time certain, so we had
4 to have definite extension.

5 GOV. ANDERSON: Item 11 -- rules and regulations of the
6 State Lands Commission.

7 MR. HORTIG: Primarily, Section 1903, which relates to
8 fees to be collected by the Commission, will require revision
9 because of a statutory revision this last session of the Legis-
10 lature, which will be effective September 17th, which elimin-
11 ates a specific schedule of fees set in the early 1900's and
12 substitutes the opportunity for the Commission to set the
13 fees by policy in reasonable relation to current-day costs.

14 So it is proposed that the procedures required under the Cali-
15 fornia Administrative Code for amendments to rules and regula-
16 tions be authorized to be initiated, so that the staff can
17 return to the Commission with a report for final adoption
18 after all the hearing periods and written statements have been
19 received from all parties concerned, for a Commission hearing
20 on fees to be established by policy in lieu of the fixed fees
21 which will have been eliminated as of September 17th.

22 MR. CRANSTON: I move approval.

23 GOV. ANDERSON: No objection -- so ordered.

24 Item 12 -- correction of the minutes on Item 31, page
25 4997, meeting June 25, 1959 regarding reproduction services
26 for 1959-60 fiscal year, to read Chapter 1300 in lieu of 800.

1 MR. CRANSTON: I move approval.

2 GOV. ANDERSON: No objection -- so approved.

3 Item 13 -- Fix salary of Executive Officer effective
4 July 1, 1959. Salary range revised from \$1100 to 1250, now
5 revised to \$1150 to \$1300.

6 MR. CRANSTON: I move approval.

7 GOV. ANDERSON: It is my understanding this would be
8 1300.

9 MR. HORTIG: That's the only place to go if there is
10 to be a change.

11 MR. CRANSTON: Was that motion put in the proper terms
12 to achieve the desired effect? I move we fix the salary at
13 the maximum range possible.

14 GOV. ANDERSON: No objection -- so ordered.

15 Item 14 -- report on the status of major litigation.

16 MR. HORTIG: There is no comment required. The last
17 item you gentlemen have on the formal calendar is simply a
18 status report on all prospective litigation that is to come to
19 trial, already calendared for the future.

20 I wish to supplement that report briefly in that
21 yesterday we were served again with another action, contending
22 -- that is, the Lands Commission, together with the Attorney
23 General's office and the City Auditor of the City of Long
24 Beach were served with an action which seeks to point out that
25 the Lands Commission, nor the City of Long Beach, nor anyone
26 else can do the things that the Commission is currently doing

1 under Statutes of 1957 for fixing the boundary line.

2 " Because of the recent service of this, we haven't
3 had time to digest this complaint and it wasn't included with
4 this summary of litigation because, as I say, we received
5 service on it yesterday.

6 MR. GRANSTON: I move acceptance of that report.

7 (Mrs. Stahl distributed reports on legislation at
8 this point).

9 MR. HORTIG: Additionally, the secretary has just
10 handed to you a final report on the outcome of the legislative
11 program, both on the first page as to legislation which the
12 Commission had introduced (and we are very happy to report
13 that every one of the bills introduced at the request of the
14 Commission was signed by the Governor and will be law), and
15 the balance of the report relates to those bills which were
16 followed by the staff of the Commission inasmuch as they con-
17 tained items we think could have, and in the cases where passed
18 will, affect the administrative cognizance of the Commission.

19 Where changes of administrative procedure are required,
20 instructions are being prepared for the staff so that these
21 things can be placed into effect on the effective date under
22 the law.

23 Where changes in regulation are required, you gentlemen
24 have already authorized the change in the rules and regulations
25 relating to fees, so these things can also be put into effect
26 on the effective date of the legislation.

31
1 MR. CRANSTON: Do you have any knowledge of any interim
2 committee that is going to do any exploration of tideland mat-
3 ters? I have heard of something and know nothing about it.
4 I wonder if you do.

5 MR. HORTIG: Not specifically, Mr. Controller. I made
6 inquiry of the chairman of preceding interim committees with
7 respect to tide and submerged lands. In the Assembly, he
8 indicated that they were even then only starting to undertake
9 an outline of a program as to the scope of any study which
10 might be undertaken; and, as you are aware, the Senate this
11 year drastically revised its interim committee procedure and
12 assignments, and the number of committees or subjects have not
13 been fully advised by the Rules Committee of the Senate
14 at the time of my last report. However, the indications are
15 that one committee, if it can be authorized, is going to be
16 exceedingly interested in reviewing the entire problem of
17 tidelands grants, starting at the beginning, and as to what
18 policing controls and so forth possibly should be added at
19 this late date to tidelands grants that were made as early as
20 1950 with no restrictions, no reversions, no maintenance of
21 State interest whatsoever.

22 MR. CRANSTON: What committee is that?

23 MR. HORTIG: There was a two-year study of the Senate
24 Interim Committee on Oil and Gas, who submitted a report the
25 last day of the Legislature, which relates its studies solely
26 to this question of tidelands grants in general, and not to

oil and gas specifically. It was a committee which at the time was composed of Senator Collier, Senator Burns, and Senator Reagan.

MR. CRANSTON: Would you please re-explore this, because I heard from a source that couldn't pin it down that there was an interim committee that would study this.

MR. HORTIG: Well, as I say, the last time I heard, they were all in transit and were trying to get the word as soon as the Rules Committee makes the decision.

MR. CRANSTON: In view of the impending departure of Bert Levit and the arrival of John Carr in a few days, I would like to schedule a meeting for the purpose of electing a chairman to take care of the matters of the Commission.

MR. HORTIG: For this sole purpose?

GOV. ANDERSON: Offhand, I would say possibly Thursday.

MR. CRANSTON: Could we tentatively schedule it for Thursday, nine a.m.? I have the Board of Equalization the balance of the time.

GOV. ANDERSON: We will tentatively schedule it.

MR. HORTIG: We will verify that with your respective secretaries.

GOV. ANDERSON: Motion to adjourn is in order.

MR. CRANSTON: I so move.

ADJOURNED 10:10 A.M.

CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing thirty-two pages contain a full, true and correct transcript of the shorthand notes taken by me at the meeting of the State Lands Commission of the State of California, in Los Angeles, California, on July 30, 1959.

Dated: Sacramento, California, August 2, 1959.

Louise H. Lillico

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