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Therefore, it is recommended that the Executive Officer be authorized to advise the United States of America that the State is not interested in purchasing the improvements located on State sovereign lands covered by User Permit Agreement P.R.C. 398.1.

This procedure, we realize, would result in the United States seeking to find another purchaser, who would be desirous to continue to operate at the wharf at the location, who will also have to secure a lease of the State lands from the State.

MR. CARR: Couldn't the State acquire right to access by exercising right of eminent domain?

MR. HORTIG: The only specific available to the State Lands Commission in connection with eminent domain is in connection with development of adjoining tide and submerged lands for the production of oil and gas.

MR. CARR: Has this proposal been submitted to any other State agency that might have use for it?

MR. HORTIG: No sir.

MR. CARR: I would suggest that before we turn this down we see if any other State agency has any other real use for this. There might be someone -- Beaches and Parks, Recreation and others are looking. I don't know whether this would be suitable property, but it would be appropriate to wait to see if others can use it.

GOV. ANDERSON: How could they use it if they needed

1 adjacent land?

2 MR. CARR: They might acquire it. Even if the State
3 Lands Commission could not acquire it under eminent domain,
4 they might acquire it. Is that right, Mr. Hortig?

5 MR. HORTIG: That may be correct. Of course, it may be
6 the right of first refusal is not in other agencies of the
7 State other than the State Lands Commission, who executed the
8 permit. Finally, the disposition by the State Lands Commis-
9 sion for its highest and best use, which is the best use for
10 this wharf, again would be in the jurisdiction of the State
11 Lands Commission.

12 However, on the other than, we are not aware -- other
13 than having received the notice of intent by the United
14 States -- that there is any critical timing involved, and
15 the staff would certainly be receptive to undertaking the
16 missionary job to see if we can sell it somewhere else.

17 GOV. ANDERSON: If there is no objection, then, Item 7
18 will be held over until it goes back on our calendar.

19 Item 8 is the adoption of revised rental rates and
20 policies pertaining to the commercial and recreational leasing
21 of State lands. Mr. Hortig.

22 MR. HORTIG: The Commission will recall that this report
23 has been under consideration and review by the Commission for
24 several meetings, Pursuant to a directive for study and review
25 of the commercial and recreational leasing policies relating
26 to State lands, which was issued by this Commission very

1 early in its tenure, the principal purpose of this review
 2 is to bring the Commission leasing policies and rates in line
 3 with present-day economic conditions. The study has been
 4 submitted to the Commissioners for review previously. The
 5 bases which went into consideration and conclusions have been
 6 reviewed by the Commissioners, and it is recommended that the
 7 attached schedule of leasing rates and policies be adopted by
 8 the Commission, superseding any schedules for this purpose
 9 established heretofore, to be applicable to all commercial
 10 and recreational leases, easements for rights-of-way, ark
 11 sites, cabin sites, minor structures -- recreational, commer-
 12 cial; grazing, agricultural leases, groins, and recreational
 13 pier permits as applications are received and acted upon by
 14 the Commission and by the staff after this date.

15 MR. CRANSTON: I move approval, Mr. Chairman, in accord-
 16 ance with the staff recommendation.

17 MR. GARR: Second.

18 GOV. ANDERSON: It has been moved and seconded. If
 19 there is no objection, so ordered. Then, at this time, you
 20 would like to have us return to Item 5 -- the authorization
 21 for the sale of 60 acres of lieu land in Shasta County to
 22 Einar Hansen.

23 MR. HORTIG: Mr. Chairman, the appraisal of the subject
 24 lands was made by our staff appraiser, Gene Billing; was
 25 reviewed by our supervising appraiser and by the Public Lands
 26 Officer of our land title and records section. The appraisal

1 is an actual field appraisal based on field review of the
 2 land and all the economic conditions that are on record in
 3 the county in which the land is located. The land was
 4 inspected on October 30, 1958. It was specifically located
 5 because established corners as set by the land survey office
 6 at the general land office were found in place. The land is
 7 one and one-half miles from the settlement of Cassel by
 8 improved public road.

9 The primary use, present highest and best use rated on
 10 a schedule from poor to excellent, is that it is fair for a
 11 homesite; and secondary use, it would make good hunting land.
 12 It is not occupied; there are no improvements; the land is
 13 not suitable for cultivation without artificial irrigation
 14 and of the total of 80 acres, about ten acres would make fair
 15 cabin sites. The rest of the land has lava outcroppings and
 16 lava beds covering it. It is accessible by a fair private
 17 dirt road. It has no water in the sense of any existing stream
 18 or spring. The possibilities of well water are fair.

19 It has 40 acres of grass and scrub pine, the rest of it
 20 is lava beds and brush. What soil there is that is visible,
 21 not under the lava beds, is decomposed lava.

22 Under the heading of "Comments on Valuation of Factors
 23 Influencing the Appraised Value": "(a) Usable acreage not
 24 more than ten acres; (b) Well water possibly available at about
 25 ten feet; (c) No access. Principal demand would come from
 26 adjacent property owners; (d) Good deer hunting area; (e) Lava

1 beds infested with rattlesnakes. Over-all rating -- "fair."
2 So the ten acres of cabin site potentials were appraised at
3 \$35, or \$350; and the 70 mountain acres at \$5 per acre, \$350 --
4 which rounds off at \$700, but was totaled out and rounded off
5 at \$9 per acre or a total of \$720 appraised value recommended
6 for this sale.

7 MR. CARR: Is there any value put on the rattlesnakes?

8 MR. HORTIG: Not even a negative one.

9 MR. ZWEIBACK: Is there any bidding procedure that
10 comes into being under this indemnity selection?

11 MR. HORTIG: There is not. Under the law that has
12 been in existence since the seventies, on application the
13 State acquires the land and sells it to the applicant. Under
14 the procedure for many years and particularly prior to there
15 being any State Lands Commission, such lands were sold at a
16 flat price. It is only in the experience of the postwar
17 State Lands Commissions that this value of sale has actually
18 been predicated upon true appraised value and the reasonable
19 market value of the lands.

20 MR. CARR: Well, does the individual that has selected
21 this land and made the application to have the State acquire
22 it and sell to him -- does he automatically acquire the right
23 to buy it at the appraised price?

24 MR. HORTIG: Yes sir.

25 MR. CARR: Does any other rule exist such as in the
26 sale of school lands or probate proceedings, that anybody can

28
1 bid ten per cent over his offer?

2 MR. HORTIG: No sir.

3 MR. CARR: What happens if we turn this application down?

4 MR. HORTIG: An action in mandate, seeking to compel
5 the Commission to sell it to the gentleman under the statutes
6 under which he made his application. There is one advantage
7 to recognize here and that is that in connection with these
8 lieu selections, in connection with the lieu selection pro-
9 cedure under which these lands are acquired for a purchaser,
10 the Federal government does transfer to the State equal
11 acreages in lieu of other losses to the school land grant
12 without reference to value, and the first time the value comes
13 into play is when the State appraises it and sells it to the
14 individual.

15 MR. CARR: Mr. Chairman, I don't want to belabor this
16 question but the reason for going into detail is that I have
17 been given to understand that there are people who are maybe
18 more aptute than us hillbillies in California, that are coming
19 from the east and locating these school lands and similar
20 lands, and are attempting to form a syndicate and even suggest-
21 ing making a proposition to the State of California that they
22 acquire all existing surplus lands whatsoever at some average
23 price, thereby taking it out of the public domain and putting
24 it on the tax rolls and so forth; and we can expect a pretty
25 intense scrutiny of the whole land situation.

26 Now, I think the intention of the law is to permit people

1 to select these lands and acquire them at a reasonable price,
2 with or without the homeless rattlesnakes. Maybe it would
3 be defeated if we didn't take a second look at this.

4 This particular thing, I have no comment one way or the
5 other, except it indicates a possibility of this rumor, for
6 want of a better word. (There is no better word than "rumor.")
7 The intelligence I have received is there is going to be and
8 still is an intensive search for the purpose of making a
9 perfectly legitimate profit; but I'd like to be sure anything
10 the State sells in this way, they get their money's work.

11 MR. MORTIG: Mr. Chairman, may I respond to that -- not
12 necessarily in the order of your remarks, Mr. Carr, but as
13 they reoccur to me, possibly in inverse order.

14 The lands under discussion here are of the type that
15 would not be available for sale on application as vacant
16 State school lands are. These lands would not have been sold
17 but for an application from an individual who sought it out
18 and applied for Federal land. In this instance, therefore,
19 the State is the mechanic to handle the details of the sale
20 for the benefit of the school land fund, but selling lands
21 which the State did not have title to in the first instance
22 and which an individual could not acquire directly from the
23 Federal government.

24 Secondly, in other words, your wholesale acquisitions
25 could not be applied to State land in the same manner to
26 anyone's advantage or disadvantage.

1 Also, the lieu land selection procedure and exchange
2 procedure applications, of which this application is in the
3 first category, were suspended some two years ago by the
4 State Lands Commission to permit a completion of all the
5 applications then on file and to permit a true inventory and
6 determination of what the procedure should be for the future.
7 So this application is one of long standing and, again, could
8 not be duplicated today. As a matter of fact, the acknowledg-
9 ment of receipt of this lieu land application is dated Novem-
10 ber 9, 1954. This is the first time we asked Uncle Sam for
11 this land so we could sell it to Mr. Hansen, so he has been
12 extremely patient, waiting for five years for us to complete
13 this.

14 MR. CARR: I move. I understand rattlesnakes only
15 multiply in wet years. Do you suppose that they are suffer-
16 ing from this long dry spell?

17 MR. HORTIG: I am afraid this doesn't have to enter
18 into our appraisal.

19 MR. ZWEIBACK: In further response to Mr. Carr's query,
20 at a recent meeting of the Commission, I believe two or three
21 or four months ago, there was a request to make an exception
22 to the rule, whereby we have sold the State vacant school lands
23 in more than section size. I think there was an exception
24 where this party had made application for about fifteen or
25 twenty sections and he wanted it all to be put up at one bid,
26 one publication. The Commission stated at that time that all

1 these applications, whether one man made application for
 2 fifteen sections, that all these things be broken down --
 3 which makes it possible for the smaller operator to bid on
 4 smaller parcels, rather than having to bid on seven or eight
 5 thousand acres, so we do have this protection.

6 MR. HORTIG: The Commission has also directed, and
 7 there is under way, a complete study and review of the land
 8 sales policies of the Commission, in which the factors that
 9 you brought up, Mr. Carr, are specific items of consideration
 10 on which recommendations will be brought to the Commission in
 11 the near future as to adoption of a policy for our future
 12 sales.

13 GOV. ANDERSON: That has been moved ...

14 MR. CRANSTON: Second.

15 GOV. ANDERSON: No objection, so ordered. Item 9 is
 16 the status of major litigation. Mr. Hortig.

17 MR. HORTIG: Since the preparation of this item, in
 18 which the status of the first case, U. S. versus Anchor, is
 19 still as you gentlemen reviewed last month in Long Beach;
 20 the Alamitos quitclaim litigation is still set for trial on
 21 November 24, which is next Tuesday -- we have from the press
 22 today a report that the principal support to Orange County
 23 in the case of County of Orange versus State of California,
 24 which support was being rendered to the county for litigation
 25 funds by the American Marine Exploration Company -- notice of
 26 withdrawal of that support and request that any part that

1 American Marine has in the litigation be dismissed was served
2 on the Board of Supervisors of Orange County yesterday. The
3 ultimate dismissal of all the action and no further proceed-
4 ings, of course, would only result from determination by the
5 Board of Supervisors of Orange County not to proceed independ-
6 ently or with other support; but as of yesterday, both their
7 existing support, as well as their retained special counsel
8 for this action, both withdrew.

9 On page 20, item 4 -- the Abbot Kinney case -- which is
10 noted not because the Lands Commission is in this litigation
11 as a party litigant in the first instance, but because it in-
12 volves so many elements of interpretation which could be
13 applicable to boundary line determinations -- past, present
14 and future -- involving the State Lands Commission.

15 We have asked Deputy Attorney General Jay Shavelson,
16 who argued this case before the Supreme Court, to give the
17 Commission a brief report, so that the Commission can see the
18 far reaching effects and why it is essential that we be repre-
19 sented in this case, as we now are. In other words, through
20 the Attorney General's office we invited ourselves in.

21 GOV. ANDERSON: Mr. Shavelson.

22 MR. SHAVELSON: Thank you. The first time that our
23 office learned of this case was when the decision in the
24 District Court of Appeal was filed and that opinion contained
25 language that we felt was very detrimental to the State's posi-
26 tion as to the law of accretions that are effected by artificial

1 structures. The State has taken the position that such
2 accretions do not affect title. In other words, if former
3 tidelands are covered by artificial accretions, we have always
4 taken the position that the State does not lose title to them
5 by artificial accretions, as it does by natural and gradual
6 accretions; and also when we read this decision we felt the
7 State was an indispensable party because it did involve a
8 title to and boundary of tidelands that had been granted in
9 trust to the City of Los Angeles and Section 6308 of the Public
10 Resources Code makes the State a necessary party to such pro-
11 ceedings.

12 In light of those factors, it was too late to file an
13 appeal, so we asked the Supreme Court by its own motion to
14 take over this case and they did; and we argued it before the
15 court and the decision was just handed to me. I haven't had a
16 chance to read it carefully, but it seems that the Supreme
17 Court has upheld our contention that the State is an indis-
18 pensable party and has rested its decision on that ground and
19 has not discussed the point of artificial versus natural
20 accretions, so that by virtue of our entering into this case
21 I think I can say we have wiped off the books a decision
22 that would have been extremely damaging to our position because
23 once the Supreme Court takes over, the decision is not pub-
24 lished in any of the District Court of Appeals reports, so it
25 is not a valid opinion. So I think we have a very solid
26 accomplishment here and we at least have an interest we would

1 not have had otherwise in future litigation. Therefore, now
 2 the State will be enjoined as a party to this proceeding and
 3 we will probably have engineers engaged by the State give
 4 active testimony. In other words, it is being remanded for
 5 a new trial. We will participate; the State Lands Commission
 6 will be a party to that proceeding.

7 GOV. ANDERSON: Anything further, Mr. Hortig?

8 MR. HORTIG: Only the last item -- confirmation of
 9 date and place of the next Commission meeting Thursday,
 10 December 17, Sacramento, 9 a.m.

11 MR. CARR: Mr. Chairman, may I ask a question before
 12 we adjourn?

13 GOV. ANDERSON: Mr. Carr.

14 MR. CARR: I recall at a prior time Long Beach -- I
 15 believe it was Mr. Ridings, who is still here -- requested
 16 (either through their attorney or somehow) that we request
 17 the Attorney General's office to assign lawyers full time,
 18 attorneys full time to the problems, working with the City
 19 down there; and we discussed that informally and I think that
 20 we informally agreed to ask a question here of the City of
 21 Long Beach, inasmuch as we felt that the Attorney General's
 22 office was covering this pretty well now, if there is any
 23 change in the thinking of the City of Long Beach and if there
 24 are any matters pending or not resolved by the Attorney General's
 25 office now which would give us any further reason to request
 26 the Attorney General to assign any of the staff full time to

1 this problem.

2 MR. RIDINGS: Yes, Mr. Carr. First, I want to make it
3 eminently clear that what we are after in no way implies any
4 criticism at all of the work that has been done in the past
5 or that's going on right now by either the Lands Commission
6 staff or the Attorney General's office. It's only our extreme
7 anxiety that we get this thing done without any more hitches
8 than are absolutely necessary.

9 I just received this morning -- in fact, it was distri-
10 buted this morning to the management committee -- what is
11 believed to be the final draft for Fault Blocks II and III.
12 All the attorneys are in agreement, other than for commas and
13 typographical errors, that this is complete and that the
14 lawyers have put into words what they intend, are in accord
15 with it. The legal committee expects to have the unit operat-
16 ing agreement completed some time next week.

17 These are terribly complicated documents. I handed
18 Mr. Hortig certain copies of this one and others are available
19 to him. There's 62 pages to this one and the unit operating
20 agreement is just as large; and while the attorneys are meeting
21 actively on this, while there is still time to make changes,
22 while they are meeting together, we would like to know if
23 there is anything we have left out -- if there are any sugges-
24 tions your staff might wish to make, we can make them and
25 once they come before you for approval there will be no need
26 for your staff to then study it and perhaps come back and call

1 for changes which would mean calling back everybody to make
2 the changes.

3 To answer your specific question, there is no matter
4 pending before you that needs specific approval. It is only
5 that you be with us while we are in these final steps, so
6 the suggestions are incorporated in the final drafts.

7 GOV. ANDERSON: Mr. Shavelson.

8 MR. SHAVELSON: I might comment that, as indicated by
9 the fact that there is no present delay -- nothing presently
10 being held up, our office has devoted our full resources to
11 taking care of these problems as expeditiously as possible;
12 and as far as asking for any additional assignment to take
13 care of this problem immediately, it would be impossible for
14 an inexperienced attorney, one not fully familiar with these
15 problems already, to be of any great help in further expediting.

16 This is highly technical stuff and it's not the kind
17 of thing that you can call in any young person in the office
18 to handle; and I think that the people who are familiar with
19 this field are presently working virtually full time on this
20 matter. Howard Goldin is, I think, devoting his energies
21 entirely to the Anchor case, the Alamitos Bay litigation, and
22 in approving these various aspects of the unitization agree-
23 ments; and I also am working, spending most of my time on Long
24 Beach problems, as well -- as are other attorneys in the office.
25 So I don't know what else the office can do on short notice to
26 increase the service, and as far as I know the service has been

1 satisfactory up to this time.

2 GOV. ANDERSON: How close to the day to day discussions
3 on unitization -- how close do you keep to those? In other
4 words, discussing this problem, after they work out a unitiza-
5 tion agreement then they bring it up here. Would there be
6 any way of your eliminating any of the delays or bottlenecks?

7 MR. SHAVELSON: I can't speak from first hand experience
8 but it is my understanding that these agreements up to now,
9 as soon as they have been drafted, have come to our office and
10 that Howard Goldin has devoted immediate attention to them as
11 soon as they do come up and has indicated his comments on them
12 within very few days, I believe, of the time they are received.

13 As I say, that isn't my department. I can't speak
14 first hand, but isn't that your understanding, Frank, that
15 they are getting virtually immediate attention as soon as
16 they are received?

17 MR. HORTIG: That has been the general practice and,
18 as a matter of fact, in that connection there are now pending
19 in Mr. Goldin's office (and this is as a result of an inventory
20 at noon today) no formal requests, but only reviews which are
21 being made on an attorney-to-attorney level at the request of
22 the City of Long Beach for expression of legal opinion on
23 really rough drafts of documents, which it is hoped will ulti-
24 mately come to the point of being marked "Final Draft" -- as
25 these are which were handed to me just before the Commission
26 meeting today, but which actually also in their separate

1 components have already been looked at, studied, and conferred
2 about in their rough stages by the Attorney General's office.

3 MR. ZWEIBACK: Mr. Shavelson has directed his answer to
4 the immediate problem and that apparently there are not a
5 large amount of these drafts coming into the office, that we
6 would not have to assign anyone at this point; but I would ask
7 this, Mr. Shavelson: If we are increasing the tempo of these
8 drafts of these various agreements and as we go along and
9 they become more critical timewise, as Mr. Ridings has indi-
10 cated, would this not be the time to start breaking in a man
11 rather than waiting until the burden is upon us?

12 MR. SHAVELSON: We are doing that. We have new people
13 assigned to assist Howard in his work and I think I am going
14 to be more concerned with this aspect -- of course depending
15 on the vicissitudes of the possible boundary litigation. We
16 have these imponderables of not knowing exactly what is going
17 to develop as far as litigation is concerned. For example,
18 if we go into litigation on the boundaries, that would take
19 up my full time and Mr. Kaufmann's full time and perhaps that
20 of another attorney; but right now I think this is something
21 we ought to discuss. If there is any anticipation that we
22 won't be able to -- that we will get bottlenecks, perhaps we
23 ought to sit down and work this out. I don't know of any
24 problems right now.

25 MR. RIDINGS: If I might add one other word, we took a
26 very careful survey of those present and that was all companies

1 represented at this management committee meeting this morning,
 2 against the specific question of - Would it be possible to
 3 have these documents (that is, the unitization of II and III)
 4 completed and agreed to by all parties prior to Admiral James
 5 and his staff coming from Washington on December 7th. No one
 6 is willing to commit themselves that they will absolutely do
 7 that; but hopefully and cheerfully, no one raised any thought
 8 but what it could be done and everyone expressed a willingness
 9 to work on it with whatever effort was necessary.

10 This leads up to the fact that it is very possible that
 11 a completed document could be before your Commission at your
 12 next meeting on December 17th; and while, of course, we are
 13 not permitted to sign it because of the legal situation in-
 14 volved, we want to be sure that this document we do go to court
 15 with has the blessing of everyone. So time is getting short
 16 and it will perhaps be a matter of a relatively few days or
 17 a week or two between the time the document is completed and
 18 the next meeting you folks might hold, at which you might be
 19 requested to act on it.

20 I would like to add something on this: I think you
 21 have copies of this injection rate as of last night
 22 360,600 barrels in the field; in the critical shipyard area
 23 they have designated it is 104,584; but in that area Admiral
 24 James spoke of, 160,000 barrels a day against 175 he told us
 25 we should have by the end of December.

26 GOV. ANDERSON: Thank you, Mr. Ridings. Any further

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comments? (No response).

On the date of the next meeting, I don't have my calendar here, but is there any objection to our meeting at ten o'clock instead of nine, because I know I will be flying up and can't be there at nine o'clock?

MR. CARR: Which date is that?

GOV. ANDERSON: On the 17th of December. If there is no objection, we will adjourn at this time until our next meeting in Sacramento at ten o'clock in the morning on December 17th.

ADJOURNED 3:13 P.M.

CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing thirty-four pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION OF THE STATE OF CALIFORNIA held in Los Angeles, California on November 18, 1959.

Dated: Sacramento, California, November 20, 1959.

Louise H. Lillico