

ORIGINAL

1
2
3
4
5
6
7 TRANSCRIPT OF

8 MEETING

9 of

10 STATE LANDS COMMISSION

11
12
13
14
15
16
17 LOS ANGELES, CALIFORNIA

18 June 28, 1966
19
20
21
22
23
24
25
26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

PARTICIPANTS:

THE STATE LANDS COMMISSION:

Honorable Alan Cranston, Controller, Chairman

Honorable Glenn M. Anderson, Lieutenant Governor

Mr. A. W. Pfeil
Assistant Executive Officer of
State Lands Division

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson
Assistant Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. Frederick Eissler,
representing the Sierra Club

Mr. Roy Lynam
Humble Oil & Refining Co.

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

ITEM

PAGE

1	Call to order.	
2	Award of Oil and Gas Lease, Parcel 38, W.O. 6090, to Union Oil Company of California	1
3	Consideration of award of Oil and Gas Lease, Parcel 41, W.O. 6125, to Standard Oil Company of California, Humble Oil & Re- fining Company and Atlantic Richfield Company (T & S lands Santa Barbara Channel northerly of San Miguel Island)	2
4	Award of sand and gravel extrac- tion lease Sonoma County, W. O. 5293, to Utah Construction & Mining Co.	1

1 JUNE 28, 1966 - 2:30 P.M.

2
3 MR. GRANSTON: The meeting will please come to
4 order.

5 The first item is consideration of award of oil
6 and gas lease, approximately 1,660 acres of submerged lands
7 in Santa Barbara Channel, Santa Barbara County (Parcel 38 -
8 W.O. 6090), to Union Oil Company of California, for cash
9 bonus payment of \$1,320,760.

10 The staff has recommended approval. Motion is in
11 order.

12 GOV. ANDERSON: I'll so move.

13 MR. CRANSTON: Approval is moved. I second it.
14 Is there any discussion? (No response)

15 The approval is so ordered.

16 I'd like to skip to Number 4 and come back to
17 Number 3. Item 4 is consideration of award of sand and grav-
18 el extraction lease, approximately 325 acres sovereign lands
19 of Russian River, Sonoma County (W.O. 5293), to Utah Construc-
20 tion & Mining Co. in consideration of royalty bid of \$0.06
21 per cubic yard for all material extracted; annual rental
22 \$325.

23 Motion is in order.

24 GOV. ANDERSON: So move.

25 MR. CRANSTON: Approval is moved. I second it.
26 Is there any discussion? (No response) If not, so ordered.

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

To come back to Item Number 3 -- Consideration of award of oil and gas lease, approximately 5,646 acres of tide and submerged lands in Santa Barbara Channel northerly of San Miguel Island, Santa Barbara County (Parcel 41 - W.O. 6125), to Standard Oil Company of California, Humble Oil & Refining Company, and Atlantic Richfield Company, for cash-bonus payment of \$101,214.

Mr. Eissler has indicated he would like to speak on this.

GOV. ANDERSON: Mr. Eissler?

MR. CRANSTON: Sierra Club.

MR. EISSLER: Thank you very much, Chairman Cranston. I am representing the Sierra Club today regarding the bid or the lease proposal at the west end of San Miguel Island.

We presented testimony before the State Lands Commission at a special hearing -- Mr. Hortig was the only one present at that time -- at Santa Barbara on March 4th; and at that time we suggested or requested that the Lands Commission consider the possibility of dedicating or reserving a one-nautical-mile zone around San Miguel Island, as well as the other islands in the Channel Islands group for park purposes; or at least keep them in a condition so that, at the time the National Park Service is prepared to move in there, the esthetic and scenic values would be preserved.

There has been a history on the Channel Islands park proposal that should, perhaps, be reviewed briefly.

1 You may know that in 1963 Clair Engle introduced a
2 bill including all five of the islands for a Channel Islands
3 monument -- Anacapa; Santa Barbara; the two privately-owned
4 islands, Santa Cruz and Santa Rosa; and the Federal-owned
5 island , San Miguel. The California Legislature at the
6 time memorialized Congress to pass the bill.

7 Prior to that time the National Park Service con-
8 ducted a Pacific Coast Recreational Survey in 1959, which
9 indicated the superb park value of that five-island unit.

10 Now, since that time the Santa Barbara County
11 General Plan showed the islands as park potential. The plan
12 has recently been amended to indicate the east end as valuable
13 for subdivision development and park development. Both sub-
14 division and park development were mentioned.

15 Now, there is a real possibility and we are quite
16 confident that there will be a park bill introduced in this
17 session of Congress. Secretary Udall has told us and told
18 the Santa Barbara Board of Supervisors that a park bill will
19 be introduced. We feel there has been sufficient support
20 among Senators we have contacted and others, and we feel
21 confident a bill will be introduced.

22 In 1957, when the Federal Government was consider-
23 ing the possibility of a Naval oil sanctuary in San Miguel,
24 a report was made on San Miguel Island. The Federal Govern-
25 ment stated that a reasonable line all around the island
26 should be established to protect the fauna, especially those

4
1 having marine habits. That report mentioned the marine fauna
2 that might well be preserved in the national park as an attrac-
3 tion for tourists, as well as scientists. We know that the
4 offshore area there is unique in that the Point Conception and
5 the southern waters intermix and there is an intermixture of
6 foreign fauna, which would certainly be worth protecting in
7 an undersea national park.

8 In view of all this interest in a park and a one-
9 nautical-offshore sanctuary, where facilities would not be
10 evident, we would like to first ask what provisions have been
11 made in any lease arrangement to honor this particular concept;
12 and, secondly, what the State Lands Commission might do to
13 work along with the National Park Service in a type of gentle-
14 men's agreement.

15 The State Lands Commission made a statement in Santa
16 Barbara County, which was well received, to the effect that
17 the Federal Government should not move into the Santa Barbara
18 sanctuary; and it has been the feeling of our people locally,
19 and I am sure it is a sentiment that would be shared by the
20 National Park Service and all Department of Interior offi-
21 cials, that on the same grounds -- because of the desire to
22 preserve scenic beauty -- that perhaps the Lands Commission
23 could honor a sanctuary around San Miguel Island.

24 You know there is a one-nautical-mile sanctuary
25 around Anacapa and Santa Barbara. We would hope that the
26 Lands Commission would continue that around the other islands.

1 MR. CRANSTON: What is the nature of the one-mile-
2 sanctuary around Anacapa and Santa Barbara Islands?

3 MR. EISSLER: It was written into the monument
4 legally -- the Channel Islands Monument Act. I suppose that
5 would be established by Presidential decree. How binding
6 that is, I do not know in view of the Supreme Court decision;
7 but I assume the National Park Service feels it has validity.
8 We feel it has validity.

9 We have studied that particular region around
10 Anacapa. It is extremely rich. The water fauna there rivals
11 the Guadeloupes. According to a symposium by Santa Barbara
12 scientists and others, the flora and fauna of the marine
13 biota are more spectacular, more significant, than the land
14 biota on the Channel Islands -- which is quite a statement
15 because there are eighty endemic plants on the Channel Islands
16 and there are a number of animals there.

17 MR. CRANSTON: Could the staff shed any light on
18 the questions he asked?

19 MR. PFEIL: The staff, in accordance with the pro-
20 visions of the Code, secured authorization of the State Lands
21 Commission on November 18, 1965 to publish notice of considera-
22 tion to offer the area offshore the western forty percent of
23 San Miguel Island for oil and gas lease offer. This was
24 authorized by the Commission; therefore notice was published
25 as required by the Code.

26 After thirty days, no affected county or city had

1 requested that a public hearing be held. However, the Com-
2 mission at its own discretion directed the Executive Officer
3 to hold a meeting in Santa Barbara to discuss terms and condi-
4 tions of the oil and gas lease that should be included.

5 Mr. Eissler was there and presented a paper.

6 After consideration of everything that was presented
7 at the meeting, it was determined by the staff and recommended
8 to the Commission that we proceed with the lease offer, be-
9 cause it did not appear that an oil and gas lease offer on
10 the western end of the island would result in impairment or
11 damage to residential or recreational properties.

12 This report was sent to you, along with a reading
13 of Mr. Eissler's paper, in April; and the Commission author-
14 ized the staff to offer six parcels off the Channel Islands.

15 GOV. ANDERSON: Did they present at that time this
16 one-mile zone around the island?

17 MR. EISSLER: Yes.

18 GOV. ANDERSON: And the staff rejected that idea?

19 MR. PFEIL: We have such a provision east of Gaviota
20 in Santa Barbara County, but west of Gaviota we have no re-
21 striction.

22 GOV. ANDERSON: I wish that had been brought up be-
23 fore. This comes as a little bit of a surprise to me. I had
24 understood or assumed all of this had been worked out there
25 at the meeting. That's why we had the meeting called in
26 Santa Barbara, so the city and county and interested people

1 could come before the staff and make their presentations;
 2 and I had assumed, because nothing to the contrary had come
 3 to my attention, that everything was fine. Therefore, we
 4 went ahead and passed a resolution and assumed we went along
 5 with the people that want oil produced and the conservation-
 6 ists and the people who wanted to get money into the State
 7 Treasury.

8 This comes as a jolt to me. I don't like to vote
 9 on something like this.

10 MR. PFEIL: It was put on the calendar on April
 11 18th after we had the meeting March 4, 1966.

12 MR. CRANSTON: The Sierra Club was not present at
 13 that meeting in April and it certainly did not appear there
 14 was any question about this. So far as I am concerned, it is
 15 a new point that did not penetrate my skull.

16 MR. PFEIL: At that point objection should have been
 17 made, before the lease offer was approved; and now we have a
 18 bid. Under those conditions, I do not know exactly what
 19 would be the right step to take at this point.

20 MR. CRANSTON: Who is here as spokesman for the
 21 bidder? Can you come down here for a second?

22 MR. LYNAM: Roy Lynam, Humble Oil.

23 MR. CRANSTON: Would it be possible for you, if
 24 awarded this lease, to give us your assurance in any firm way
 25 that you would be able to develop without structures within
 26 the one nautical mile?

1 MR. LYNAM: Sir, it would not be possible for me to
2 make assurance on that matter today, without that matter be-
3 ing considered by our engineers and geologists.

4 MR. CRANSTON: I think we should consider putting
5 over approval and giving you time to see if you could come
6 back and give us appropriate legal guarantees, if that is
7 possible from your point of view. I think we should give
8 that consideration.

9 MR. LYNAM: All right.

10 MR. CRANSTON: What is the record on the other
11 parcels here? They were offered and there were no bids on
12 some of them?

13 MR. PFEIL: We offered six parcels adjacent to San
14 Miguel Island. We had bids on three.

15 GOV. ANDERSON: Which three?

16 MR. PFEIL: Parcels 41, 45 and 46.

17 MR. CRANSTON: What has occurred on 45 and 46?

18 MR. PFEIL: The bid opening on 46 we had this morn-
19 ing. We received a bid of \$121,652. On 45, which was opened
20 last Friday, we received a bid of \$167,685.

21 GOV. ANDERSON: Was the bid 121 or 101?

22 MR. PFEIL: The first bid was 121.

23 GOV. ANDERSON: \$121,652?

24 MR. PFEIL: Right.

25 MR. CRANSTON: What has occurred on 42, 43, and 44?

26 MR. PFEIL: We didn't receive any bids.

1 MR. CRANSTON: I'd like to see requests go to who-
2 ever the high bidders are on 45 and 46, before they get to us

3 GOV. ANDERSON: Isn't there some type of agreement
4 that the oil companies could voluntarily agree to that would
5 meet the objection of the Sierra Club?

6 MR. EISSLER: I think if there was some binding
7 agreement regarding the one nautical mile, this would be
8 agreeable to us.

9 GOV. ANDERSON: And what is it you wouldn't want
10 them to do in the first nautical mile?

11 MR. EISSLER: Well, if structures should be erected
12 and we are concerned, and I know the Park Service would be,
13 about onshore facilities, because storage facilities and
14 separation plants -- this type of development -- would be
15 considered a nonconforming use in any future park. How the
16 oil companies would manage this, I don't know; but, again, I
17 think this factor should be considered -- not only the off-
18 shore location of the wells, but the impact that this might
19 have on the onshore park values.

20 MR. CRANSTON: I'd like to ask the staff what
21 rights would they acquire, if this lease were granted, to an
22 onshore installation?

23 MR. PFELL: None whatever. I believe they would
24 have to get that from the Government, as long as the area
25 belongs to the Federal Government.

26 MR. CRANSTON: Who would that be?

1 MR. PFEIL: It is under the control of the Navy.

2 GOV. ANDERSON: Is the whole island under the con-
3 trol of the Navy, or just that eastern portion?

4 MR. PFEIL: I believe the whole island.

5 MR. CRANSTON: Does the gentleman who was here
6 representing the bidding group know whether there are plans
7 for or if negotiations have been consummated, if you are
8 awarded the bid, for onshore installations?

9 MR. LYNAM: Sir, though we would not plan any on-
10 shore installations, however I would want to answer that with
11 reservations. It is my understanding now we do not have such
12 plans.

13 GOV. ANDERSON: You would have platforms out on the
14 water?

15 MR. LYNAM: Yes, sir.

16 GOV. ANDERSON: And do the whole operation that way?

17 MR. LYNAM: Yes, sir.

18 GOV. ANDERSON: I'd like to see this put over to
19 get a little more information on it.

20 MR. CRANSTON: I'd like information both on off-
21 shore installations and onshore installations; and if they
22 can tell us what things are necessary, I'd like to clarify
23 that on all three bids.

24 MR. PFEIL: It was my understanding as to the off-
25 shore platforms that they really attract the fish and I don't
26 quite understand why they are so sure they would be a problem

1 as far as the park would be concerned.

2 MR. CRANSTON: I'd like to ask the staff -- Do you
3 have a written report that was submitted to us on this bid at
4 our meeting?

5 MR. PFEIL: Oh, yes.

6 MR. CRANSTON: Could I see that?

7 Mr. Eissler, did you want to come in on that ques-
8 tion?

9 MR. EISSLER: I think there should be a sanctuary
10 there on the same basis that Santa Barbara City and County
11 have a sanctuary in their particular area. There is the
12 scenic factor. There is, again, the question of the relation-
13 ship between an offshore site and onshore development; and
14 there are known pollutants under certain circumstances --
15 although this, again, is something that can be discussed after
16 the fact, but we feel that perhaps the opportunity for this
17 kind of thing shouldn't occur.

18 The National Park Service in its San Miguel report
19 has stated that the rookery of the sea lions and elephant
20 seals and so on at the west end should receive absolute pro-
21 tection; and as a guarantee of absolute protection, they
22 stress this one nautical mile. This takes the development
23 beyond the kelp beds and the concentration of rookery activity.

24 GOV. ANDERSON: Now, you raised the point earlier
25 that you questioned whether this would have any destructive
26 impact upon fish and game. Did you have testimony to this

1 effect from the Fish and Game Department?

2 MR. PFEIL: We do have reports from the Department
3 of Fish and Game that indicate that at those platforms off
4 Santa Barbara fish do tend to be there, because mussels and
5 other forms of marine life attach themselves to the rocks and
6 platforms and they do attract fish.

7 GOV. ANDERSON: Are you implying, then, that the
8 Department of Fish and Game would take a position contrary to
9 the Sierra Club in this regard?

10 MR. PFEIL: This, I don't know. I wouldn't like
11 to say that.

12 GOV. ANDERSON: With this kind of implication I'd
13 want to get some statement from our own Fish and Game Depart-
14 ment, and I respect the Sierra Club's view, and by the same
15 token I want to get the oil out of there. I think these
16 things might be worked out. I think we moved a little fast.

17 What would happen if we delayed this for a short
18 period of time?

19 MR. PFEIL: I don't know what our lessee would
20 think.

21 MR. SHAVELSON: I believe that a reasonable delay
22 for consideration would be proper and that the bid would
23 still be open, in our opinion.

24 GOV. ANDERSON: What would you consider reasonable?

25 MR. SHAVELSON: When was this originally opened?

26 MR. PFEIL: This was the 15th of June, I believe.

1 MR. SHAVELSON: I wouldn't want to make a definite
2 statement exactly; but I would think, for example, that a
3 delay until August 8th would not be unreasonable.

4 MR. CRANSTON: We are having a meeting in July.
5 Why don't we see if it is possible to have this matter re-
6 solved by then by representatives of the bidding companies
7 coming in with what would be their position on this point,
8 both as to offshore and onshore installations -- whether they
9 would agree they are not necessary.

10 MR. SHAVELSON: The Commission does have power to
11 hold it over, I think.

12 MR. CRANSTON: If there is no objection or further
13 discussion, that will be the position taken -- that we will
14 ask the companies with the winning bids on this and the other
15 two parcels to report to us, if possible by the July 12th
16 meeting, as to whether or not they can; and if they can, at
17 that time give us formal guarantees against installations
18 offshore and onshore.

19 GOV. ANDERSON: I'd also like to know whether it is
20 our plan to lease these out with the understanding that they
21 are not going to come on to the island itself with the pipe-
22 lines, and so on; and it is all going to be done offshore,
23 and what protection we have -- because I want to protect the
24 wildlife and what have you.

25 MR. CRANSTON: Alternatively, from the high bidders
26 what modified guarantees they would be able to give, if they

1 can't give the full guarantees that we suggest and desire.

2 Is there anything further to be said on this at
3 this time?

4 MR. EISSLER: Thank you very much.

5 MR. CRANSTON: I think there is nothing more to
6 come before us, unless there is something here we are not
7 aware of. If not, the meeting stands adjourned.

8 Thank you very much.

9

10 ADJOURNED 2:50 P.M.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

CERTIFICATE OF REPORTER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

I, LOUISE H. LILICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing fourteen pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Los Angeles, California, on June 28, 1966.

Dated: Los Angeles, June 28, 1966.

Louise H. Lillico