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MEETING
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 2170
SACRAMENTO, CALIFORNIA

ORIGINAL

WEDNESDAY, DECEMBER 20, 1978
10:00 A.M.

Wendy E. Stewart

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MEMBERS PRESENT

Hon. Kenneth Cory, Chairman
Ms. Betty Jo Smith, for Lt. Gov. Mervyn M. Dymally
Mr. Roy Bell, for Richard Silberman, Director of Finance

STAFF PRESENT

William Northrop, Executive Officer
R. S. Golden, Assistant Executive Officer
James Trout
Robert Hight
W. M. Thompson
Dianne Jones

ALSO PRESENT

Jan Stevens, Attorney General's Office

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P R O C E E D I N G S

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3 CHAIRPERSON CORY: Call the meeting to order.
4 Confirmation of the minutes of the previous
5 meeting. Any corrections or additions?

6 COMMISSIONER BELL: No, none.

7 CHAIRPERSON CORY: Without objection, approved
8 as presented.

9 Report of the Executive Officer, and may I say
10 to the staff as we get close to the holidays we probably
11 all have items we need to go to clean off our desk so
12 we can get our Christmas shopping done. So, move with
13 alacrity.

14 EXECUTIVE OFFICER NORTHROP: This Calendar Item 34
15 is being pulled and negotiations are continuing.

16 The Commission on October 11, 1978, approved
17 the assignment by Atlantic Richfield of its contractors'
18 interest in Tracts 1 and 2 to Producing Properties Company
19 of Denver, Colorado. As part of that assignment, Century
20 Resources Development, Inc. in the October 11 meeting
21 agreed to provide guarantees in the amount of \$625,000 for
22 Tract 1 and \$375,000 for Tract 2 to secure the City of
23 Long Beach and the State of California against failure
24 by Producing Properties Company or Century Resources
25 Development to fulfill all obligations under the contracts.

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1 Three alternative ways of providing these guarantees
2 are satisfactory to the State. These are letters of credit,
3 blocked cash accounts or trust accounts utilizing certificates
4 of deposit. This third method, certificates of deposits
5 in the same principal amounts held in a trust account, will
6 be used by CRD with the trust agency being Security Pacific
7 Bank. The final documents for the Consent and Assumption
8 Agreements, Consent and Release Agreement and Trust Agree-
9 ments are being executed at the present time. Pursuant
10 to the delegation by the Commission in your approval of
11 this assignment, and conditioned on finalization of
12 the Trust Agreement, I will probably execute prior to
13 December 28.

14 Mr. Chairman, before I conclude my report, we
15 understand that this is perhaps the last day the Miss Betty
16 Jo Smith will be sitting on the Commission, and at this
17 the staff would like to say thanks and on the record for
18 the help and guidance and sometimes tough questions that
19 you proposed. We appreciate it. Thank you very kindly.

20 That concludes my report with the thanks to
21 Miss Smith.

22 COMMISSIONER SMITH: I'd like to respond.

23 CHAIRPERSON CORY: Okay. Point of personal
24 privilege.

25 COMMISSIONER SMITH: I'd like to thank the entire

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1 staff for all the assistance they've given me, taking time
2 to take me on tours and giving me the extra things that
3 I needed since I was new to the Commission, and thank you
4 for understanding when I had to be a little bit tough
5 or ask tough questions. Thank you very much.

6 CHAIRPERSON CORY: We also would like the record
7 to reflect that a proclamation of the State Lands Commission
8 and staff proclaiming their appreciation to Lieutenant
9 Governor Mervyn Dymally for service rendered as a member
10 of the State Lands Commission in the discharge of his
11 duties for the people of the State of California. We ask
12 that it be further known that the State Lands Commission
13 staff extend their warmest appreciation for unselfish
14 personal contributions, and if this could be adopted I
15 guess on a two to one vote --

16 (Laughter.)

17 CHAIRPERSON CORY: We'll let the record reflect
18 that it was unanimous, and we'll have the appropriate --

19 COMMISSIONER BELL: The appropriate question is
20 moved.

21 CHAIRPERSON CORY: Move the unanimous vote,
22 and the record will so reflect. We wish both you two
23 well in the future.

24 COMMISSIONER SMITH: Thank you.

25 CHAIRPERSON CORY: We have the report of the

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1 Assistant Executive Officer, Mr. Golden.

2 MR. GOLDEN: Thank you, Mr. Chairman, members.

3 There are two items of interest for your informa-
4 tion. Pickleweed Associates is the first one.

5 At last month's meeting, I reported that we
6 expected to bring the proposed residential project of
7 Pickleweed Associates in Mill Valley, Marin County, before
8 you this month for consideration. This project has been
9 stalled at the local level for several years before coming
10 to our attention through an application to the San Francisco
11 Bay Conservation and Development Commission. Title problems
12 were presented by the application. This is to report that
13 this item was not calendared for today's meeting because
14 the city failed to file the required Notice of Determination
15 with the Resources Secretary in a timely matter. The
16 Notice was filed last week and the project should be on
17 this Commission's agenda for the January meeting.

18 Second item; item is City of Berkeley live-
19 aboards policy. Recently, the City of Berkeley initiated
20 a proposal to allow live-aboards in 40 out of nearly 1,000
21 berths at the Berkeley City Marine located on granted lands.
22 To implement this proposal, the city has adopted a new
23 local ordinance. Staff has reveiwed the ordinance for
24 its regulatory provisions and for consistency with the
25 public trust.

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1 The purpose in permitting live-aboards is to
2 provide needed security-surveillance services. Furthermore,
3 cruising-type vessels are designated in the ordinance as
4 opposed to houseboats or arks.

5 CHAIRPERSON CORY: Wait a minute. We're opposed
6 to arks?

7 MR. GOLDEN: Yes. We have a number of these in
8 Corte Madera Creek.

9 COMMISSIONER BELL: Those that are on our trust
10 territory that we won't let them rebuild?

11 MR. GOLDEN: That's right.

12 CHAIRPERSON CORY: What's the definition of
13 an ark?

14 MR. GOLDEN: It's not a bellweather of things
15 to come, I don't think, necessarily. It's just a rundown
16 sort of houseboat.

17 CHAIRPERSON CORY: When does it become an ark?

18 COMMISSIONER BELL: When does a houseboat become
19 an ark?

20 CHAIRPERSON CORY: When they've got animals on
21 it or what.

22 (Laughter.)

23 MR. GOLDEN: It would pretty well fit under the
24 term "houseboat". One is kind of a degenerate-type
25 houseboat.

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1 CHAIRPERSON CORY: That's what bothers me. If
2 somebody doesn't like the marine architect that happened
3 to put this one together, then that's an ark?

4 MR. GOLDEN: Just that they've been there for
5 quite a long time and they probably are not seaworthy
6 any longer, whereas a houseboat is generally seaworthy,
7 I think, and can move about.

8 CHAIRPERSON CORY: What I'm trying to get at is
9 if a man has a boat and it's a standard 100-foot destroyer
10 parked there and it's there for a long time, does it become
11 an ark because it's been there a long time?

12 MR. GOLDEN: I doubt it.

13 CHAIRPERSON CORY: Unless you don't like him.
14 Nobody is worried about this?

15 Okay.

16 COMMISSIONER BELL: If this is not a word of art,
17 perhaps it should not be used. I have seen it used quite
18 often.

19 MR. GOLDEN: It has been adopted as kind of a term
20 of use specifically in the Carle Madera area and Sausalito,
21 down in that part of the Bay Area.

22 CHAIRPERSON CORY: Okay. Keep proceeding and
23 hopefully we'll get to the New Testament where we don't
24 have to worry about this.

25 (Laughter.)

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1 MR. GOLDEN: These vessels must be kept
2 seaworthy and must in fact be moved out of the marina every
3 90 days for at least six hours to assure their seaworthiness.
4 Those granted live-aboard privileges are taken on a
5 first come-first served basis, specific conditions being
6 inserted to assure non-discriminatory treatment. Based on
7 a careful review of the proposal by both our staff and the
8 Attorney General's staff, it has been determined that this
9 ordinance would not be in violation of the public trust
10 and the general policy of prohibiting residences on
11 public trust lands.

12 That concludes my report, Mr. Chairman.

13 CHAIRPERSON CORY: Questions from Commissioners?

14 COMMISSIONER SMITH: No.

15 CHAIRPERSON CORY: We'll leave it at that. The
16 next items are the Consent Calendar. They're on the
17 public agenda preceded by the letter "C", and they are
18 items C1 through 17. Unless there's objection from anyone
19 of the audience, we will take all of these items up
20 together and approve the staff recommendation.

21 Is there anybody in the audience who has any
22 problems with the proposed staff recommendations?

23 Without objection, Consent Calendar Items C1
24 through 17 inclusive will be approved as presented.

25 Item 18. This is Mr. Seiglitz.

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1 EXECUTIVE OFFICER NORTHROP. Mr. Chairman, this
2 is a recommendation by staff of denial of a general use
3 permit for the recreational lease for Mr. Robert Sieglitz.
4 The staff is unable to find places where Mr. Sieglitz can
5 get insurance, and because of the deep pocket liability
6 concept, counsel informs us that we have some serious
7 problems in allowing the lease.

8 Mr. Sieglitz is here. I have a request from
9 him to address the Commission at this time.

10 CHAIRPERSON CORY: Okay.

11 MR. SIEGLITZ: I'm Robert Sieglitz. I'm not
12 sure if it's an ark or a boat, but it's a 136-foot converted
13 mine sweeper. As stated during last month's meeting, owing
14 to the financial and emotional costs involved, I am willing
15 to sign the lease as proposed by the Commission as is
16 with the exception of the requirement for the liability
17 and the right of agents to go upon lands owned by me for
18 the purposes of inspection.

19 I have attempted to obtain the insurance required
20 at a reasonable cost and have been unable to do so, and
21 I cannot arbitrarily sign over my constitutional rights
22 against unwarranted searches. Public Resources Code
23 Section 6 does not in any way that I can see in reading
24 it authorize the Commission to control or provide permits
25 to boats when not used for navigational purposes as letters

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1 from the State Lands staff counsel provides. It does
2 specifically limit jurisdiction to the beds of the water
3 courses and not the water itself, which is in the domain
4 of the federal government.

5 As of January 1978 revisions, no citation of
6 any decision has given this jurisdiction to the State Lands
7 Commission. It appears that the staff counsel is using
8 the deep pocket of the state to intimidate and harass one
9 single citizen for the purposes of setting a precedent
10 for the control of waterways.

11 There are hundreds of boats along the Sacramento
12 River being used for other purposes than navigation. Here
13 are some photographs of two boats which are identical size
14 to mine. The one on the left and the one on the bottom
15 as not mine. These are identical size to mine and fastened
16 to the shoreland in an identical manner to mine within the
17 Sacramento region. Neither of these property owners or
18 these boat owners have been contacted by the State Lands
19 counsel for requiring a lease permit.

20 I respectfully request that if elected officials
21 wish to control all boaters on the waterways when not
22 navigating, that the Public Resources Code be amended,
23 and further request that the request for lease and the
24 multitudinous suits filed against me by the counsel be
25 dropped until this Public Resources Code is amended. I'm

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1 not occupying the bed of the river and have not kept anyone
2 from the use of that bed as stated in the suit.

3 CHAIRPERSON CORY: If that's where we are, I'm
4 prepared to approve the recommendation of the staff. I
5 thought we were trying to work out a problem last month.
6 We seem to have a change in attitude of Mr. Sieglitz. I
7 think he cited his position. I understand his position.
8 I appreciate it, but I'm prepared to move.

9 MR. SIEGLITZ: May I state that at the first
10 of my position I stated I'm still willing to sign the
11 agreement with the exception of those two documents.

12 CHAIRPERSON CORY: I understand that.

13 COMMISSIONER SMITH: I move that we approve
14 the staff recommendation.

15 COMMISSIONER BELL: Second.

16 CHAIRPERSON CORY: Moved and seconded. All those
17 in favor signify by saying aye.

18 (Ayes.)

19 CHAIRPERSON CORY: The motion is carried.

20 Item 19.

21 MR. SIEGLITZ: I'd like to say one thing. Even
22 though I've been turned down, I think your meeting has
23 been conducted very well the last two times I have been
24 here. I appreciate what you've done on other things,
25 not particularly on mine.

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1 CHAIRPERSON CORY: I understand that. There's
2 a way for that difficulty to be resolved, and I guess
3 we should proceed in those directions. Thank you.

4 Item 19.

5 CHAIRPERSON CORY: Mr. Chairman, 19 is Bolinas
6 Lagoon Plan, Marin County is substantially complying with
7 the grant requirements.

8 CHAIRPERSON CORY: Is there anybody in the
9 audience on Item 19?

10 Need authorization?

11 COMMISSIONER SMITH: Move.

12 CHAIRPERSON CORY: Without objection, such will
13 be the order.

14 Item 20.

15 CHAIRPERSON CORY: Mr. Chairman, Mr. Trout,
16 Chief of the Land Management Section, has done some
17 investigation on the compliance with the tideland grant
18 to the City of Avalon.

19 MR. TROUT: I think the Commission found that
20 the City of Avalon had substantially complied with the
21 terms of the grant, but one of the provisions was that
22 any unused areas would revert to State ownership. We've
23 asked the city and we've reviewed aerial photographs
24 of the area used during the busiest holiday seasons, such
25 as Fourth of July and Labor Day, and have determined that

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1 approximately 1,000 feet from the present shoreline and
2 enclosing along across the mouth of the bay would give
3 them all they needed.

4 I understand the City of Avalon feels that they
5 can live with that, although we have not received formal
6 agreement to it; but as I understand it -- they are not
7 here -- we just recommend approval of the calendar item
8 which would reduce the grant to the Bay of Avalon and
9 to a strip 1,000 feet out from the shoreline.

10 CHAIRPERSON CORY: Is there anybody in the
11 audience on this item?

12 COMMISSIONER BELL: Mr. Chairman, I just wanted
13 to check again. The 1,000 feet does give them adequate
14 control of the harbor itself.

15 MR. TROUT: Yes. Actually, of course, the city
16 limits extend out three miles. So, they don't need the
17 actual ownership and jurisdiction to enforce their
18 ordinances.

19 COMMISSIONER BELL: I see.

20 MR. TROUT: This 1,000 feet would take in all
21 of the area that we could see as being used by boaters
22 who are anchoring on weekends and things like that.

23 COMMISSIONER SMITH: Move approval of the
24 staff recommendation.

25 CHAIRPERSON CORY: Without objection, Item 20 is

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1 approved as presented.

2 Item 21.

3 CHAIRPERSON CORY: Mr. Chairman, Item 21 is
4 rescission of prior lease authority given to the Nature
5 Conservancy and assignment of that lease to the United
6 States Fish and Wildlife Service for the development of
7 San Pablo Bay Wildlife Refuge.

8 CHAIRPERSON CORY: Is there anybody in the
9 audience on this item?

10 COMMISSIONER BELL: Just a question. You are
11 reading the statement from the back to the front.

12 EXECUTIVE OFFICER NORTHROP: Back to front.

13 CHAIRPERSON CORY: Without objection.

14 Item 22.

15 CHAIRPERSON CORY: Mr. Chairman, Item 22 does
16 the same thing, giving lands to transfer of control to
17 the same wildlife refuge.

18 CHAIRPERSON CORY: Without objection, such will
19 be the order.

20 23, quitclaim deed from the City of Vallejo.

21 EXECUTIVE OFFICER NORTHROP: To add to the
22 wildlife refuge.

23 CHAIRPERSON CORY: Anybody in the audience on
24 this item?

25 Without objection, 23 will be approved.

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1 Item 24. We're going to have a hearing.

2 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
3 lawyer is going to handle this one.

4 CHAIRPERSON CORY: Anyone in the audience on 24?
5 Without objection, Item 24 will be approved
6 as presented.

7 Item 25.

8 MR. HIGHT: 25, Mr. Chairman, is the lease to
9 Atchison, Topeka and Santa Fe for a dock that they have
10 in San Francisco Bay. The Commission is obtaining \$60,000
11 in back rent and an annual rental of \$4,000.

12 CHAIRPERSON CORY: Anybody in the audience on
13 this item?

14 COMMISSIONER BELL: This in no way affects
15 the dock?

16 MR. HIGHT: It brings the dock under lease.

17 CHAIRPERSON CORY: Okay. Item 25 will be
18 approved as presented.

19 Disclaimer in Item 26 on .65 acres, more or less,
20 in Calaveras County. Anybody in the audience on this?

21 We have no interest. Without objection,
22 it will be approved.

23 Item 27, disclaimer on 261.43 acres in Ventura
24 County. Anybody in the audience on this one?

25 Without objection.

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1 COMMISSIONER SMITH: No objection.

2 CHAIRPERSON CORY: 27 will be approved as
3 presented.

4 Item 28, 9.68 acres, more or less, in Ventura
5 again. Anybody in the audience on this one?

6 Without objection, it will be approved as
7 presented.

8 Item 29.

9 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 29
10 is an award of a bid for sell-off oil, and there were
11 seven bidders. A company by the name of Basin Petroleum
12 Company won the lottery. It's been indicated by Aminoil
13 that they don't want the oil, so we're going to proceed
14 with the sale.

15 COMMISSIONER SMITH: No objection.

16 CHAIRPERSON CORY: Anybody in the audience?
17 Without objection, it will be approved as drawn by lot.

18 Item 30.

19 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item
20 30 is a settlement of a dispute on some crude oil pricing
21 involving DOE regulations.

22 CHAIRPERSON CORY: Anybody in the audience
23 on this item?

24 COMMISSIONER BELL: Everybody happy on this one?

25 CHAIRPERSON CORY: Okay. Without objection, the

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1 agreement is approved as presented.

2 Item 31. Mineral extractions, San Diego County
3 on the filling basin. Is that what that one says?

4 EXECUTIVE OFFICER NORTHROP: It's going to
5 dredge out the intake basin.

6 CHAIRPERSON CORY: Anybody in the audience on
7 this item?

8 Without objection.

9 COMMISSIONER SMITH: No objection.

10 CHAIRPERSON CORY: Item 31 will be approved as
11 presented.

12 Item 32, we're going to go after molybdenum.

13 EXECUTIVE OFFICER NORTHROP: I'm glad you
14 said it.

15 (Laughter.)

16 CHAIRPERSON CORY: Anybody in the audience on
17 this item?

18 Without objection, Item 32 is approved.

19 Item 33, caustic waterflooding.

20 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
21 we are moving on that. It's running a little more expensive,
22 but the feds are in it 40/60. We've got five more
23 decision points we're watching very closely.

24 COMMISSIONER BELL: What's the timing on this,
25 roughly?

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1 EXECUTIVE OFFICER NORTHROP: Mr. Thompson,
2 what is the timing on this?

3 MR. THOMPSON: Overall project for this flood
4 should be about five years. One of the things that is
5 holding it up now is getting the computer runs to find
6 what would be the rate we would estimate it to happen
7 without the caustic.

8 COMMISSIONER BELL: I guess my question is,
9 when are we going to reach the point of our cost-effective
10 study where we make a decision whether we proceed or not?

11 MR. THOMPSON: There are three more checkpoints
12 along the way, and one of course would be to get this
13 computer run made and establish on a property definition
14 what the federal government would approve so we would have
15 a base to go from before we start the cost.

16 CHAIRPERSON CORY: I understand that, but when?

17 COMMISSIONER BELL: Will this be a year from
18 now, five years from now?

19 MR. THOMPSON: We want to start caustic injection
20 January 1st. If the feds will agree to the particular
21 extrapolation and everything like that, we will start
22 then. We won't inject caustic before we get the approval
23 because then there has been a case or two in which they
24 have said you have started a tertiary recovery project
25 before you have got it approved by us as a tertiary recovery

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1 project.

2 COMMISSIONER BELL: Thank you. Forty percent?

3 MR. THOMPSON: It still goes on the same spending
4 level. It's strictly a classification of whether it's
5 a tertiary project and a declining rate above which you
6 would then get new or tertiary oil.

7 CHAIRPERSON CORY: The point that we are
8 wondering about is there are these checkpoints. When do
9 those checkpoints occur? There's a calendar, a time line.
10 When on those will we be making a hard decision whether or
11 not we are going to continue?

12 MR. THOMPSON: In the first quarter of next year
13 because that's the time we will start injecting caustic.
14 After that then it's a question of if you have early
15 breakthrough, then you would maybe stop the project.

16 COMMISSIONER BELL: Thank you.

17 COMMISSIONER SMITH: No objection.

18 CHAIRPERSON CORY: Thank you. Item 34.

19 EXECUTIVE OFFICER NORTHROP: 34 is off calendar,
20 Mr. Chairman.

21 CHAIRPERSON CORY: 35. Amendments to cooperative
22 agreements for water injection operations. This is
23 Chevron.

24 EXECUTIVE OFFICER NORTHROP: Mr. Thompson would
25 care to address that. If you have a question I could not

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1 answer it this morning.

2 CHAIRPERSON CORY: What I was wondering, on the
3 costs that we're charging them, are we using governmental
4 cost or private industry cost?

5 MR. THOMPSON: Actual cost. In other words,
6 we take the water that's injected in the existing wells,
7 that amount of water that goes into quad intervals in the
8 vertical section. Then the cost of that is split 50-50
9 between the unit and Chevron and Parcel A and Chevron.

10 CHAIRPERSON CORY: Does that cost include
11 depreciation, replacement, wear and tear on the pumps?

12 MR. THOMPSON: No. It would be on an accrual
13 cash basis. If we had to do any replacement of facilities,
14 redrill a well or anything like that, they would share in
15 those particular costs.

16 CHAIRPERSON CORY: What I'm wondering about is
17 that if you use that approach, if they decide they don't
18 want any more done and they're going to go back to using
19 their own two days before your pump breaks, then we're
20 sucking air.

21 MR. THOMPSON: As far as the standard Long Beach
22 Unit deal, this is not the case because they're going to
23 physically abandon their wells and their facilities. So,
24 these wells will be the only wells to be continued in the
25 future. Therefore, they will share the cost of all injection

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1 that goes into that, the maintenance of the service
2 facilities on that. They repair the wells.

3 CHAIRPERSON CORY: Are we recovering our sunk
4 costs that are already there?

5 MR. THOMPSON: No, in the same way that they are
6 not recovering the sunk costs in their wells on their
7 side of the line that they had to abandon. Both of us
8 went in with the same thing. We each furnished two wells
9 on each side of the line. We put our money into those
10 wells. Their wells are damaged, cannot go on; therefore,
11 we're going to put the injection load over on the two
12 existing wells, and the maintenance of those existing
13 wells in the future will be split between both parties
14 just as if there had been four wells before. We took
15 care of our two wells, and they took care of their two
16 wells. Now we're going to depend on those two wells and
17 share the cost.

18 Neither one of us is going to recover our past
19 costs of the two wells we put in. We're both going to
20 start even and proceed in keel.

21 On the Parcel A co-op deal now, they will share
22 the cost until they get two other wells converted on their
23 side of the line.

24 CHAIRPERSON CORY: All right. Item 35 is
25 approved as presented.

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1 Item 36. Second modification.

2 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this
3 is Mr. Thompson's method of changing every quarter so no
4 one knows what he's projected at the beginning of the year
5 at the end of the year. So, you may want to discuss it.

6 (Laughter.)

7 EXECUTIVE OFFICER NORTHROP: It was raised by
8 your predecessor, Mr. McCausland, as to how we kept track
9 of that.

10 MR. THOMPSON: At least we do our shuffling out
11 in the open.

12 (Laughter.)

13 CHAIRPERSON CORY: What you're telling us is
14 that we're getting less oil but more money.

15 MR. THOMPSON: No. Our problem here is that we
16 have to make these estimates in April. At that time we
17 don't know the amount of carryout of one year's budget in
18 the next year's budget. We're merely reporting back now
19 what that carryout amount was. In other words, we actually
20 carried almost \$8 million out of last year's budget into
21 this year's budget.

22 To give you a feel for what the cash basis
23 may be this year, we have to talk about the carryout. The
24 other remark was strictly facetious. Plus the fact
25 we didn't know the taxes at the time. Because of Proposition

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1 13, we didn't know the tax liability. Now, again, we've
 2 had to hold the oil price constant for three quarters
 3 because we didn't know what was going to happen. OPEC
 4 price increases now will add about a \$1.84 to crude oil
 5 by October 1st. If you take away what possibly the domestic
 6 prices will go up in the meantime, the entitlement's value
 7 burden on lower tier crude in California will probably
 8 increase a dollar and a half by October 1st, which means
 9 that possibly, since we're about 20 cents below ceiling
 10 right now, if they played the game straight against no
 11 increase in stripper price, we could be faced with a dollar
 12 and a half cut in crude oil prices in California.

13 We hope this won't happen, but again this is
 14 going to require action by the DOE to go in again and
 15 review the entitlements adjustment. I know you're sick
 16 and tired of hearing this, but we're back in the same game.

17 CHAIRPERSON CORY: We have got to go back and
 18 start lobbying again.

19 MR. THOMPSON: We had six months' relief from
 20 it. Now, because OPEC prices increase, the entitlement
 21 value increases again. So, we have to go back and get
 22 additional adjustments to get it back.

23 EXECUTIVE OFFICER NORTHROP: Whenever they make
 24 a move to move it up, they give more money to those people
 25 who refine foreign crude and less money --

1 COMMISSIONER BELL: And take it away from us.

2 EXECUTIVE OFFICER NORTHROP: It comes back.

3 MR. THOMPSON: We have an increase in entitlements
4 value to again subsidize imported oil. I realize you're
5 getting sick and tired of this after three or four years.

6 EXECUTIVE OFFICER NORTHROP: Every time OPEC
7 raises they take it away from us.

8 CHAIRPERSON CORY: Anybody got any good news?
9 Thank you for Item 36.

10 Moving right along, City of Long Beach on a
11 subsidence account. We have a \$350 dispute.

12 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, you
13 have in front of you a letter from Long Beach dated
14 December 4th describing an opinion of settlement of the
15 subsidence cost. The city has requested that this be
16 included in your consideration this morning. We are out
17 of synch by \$352. Is that correct, Mr. Thompson?

18 MR. THOMPSON: And 93 cents. I would also like
19 to have you read another letter, December 19th, 1978,
20 which you have a copy of in front of you. You have that.
21 It might kind of catch you.

22 If you look at the last page on that, I might
23 point out one thing. If you look underneath the signature
24 you'll see the capital letter CTJ, EP, LAW, and in small
25 letters gjp. For each one of those individuals in there

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1 we're paying between \$25 and \$60 an hour. This letter
2 probably cost the State of California a good part of the
3 \$352 we're talking about here.

4 If I had been smart on staff level, I would agree
5 to their particular concern so they wouldn't write this
6 letter so we wouldn't have to pay this amount of money.
7 It gets to be a principal after a while.

8 What happened is that all these particular
9 things they do in subsidence gets charged directly against
10 the State. We pay 100 percent. For \$352.93 let's make
11 a decision on it so we can stop charging the State more
12 and more money.

13 COMMISSIONER BELL: If you put the two letters
14 together, you're almost there.

15 MR. THOMPSON: Right. As I say, it's kind of
16 a miscalculation of staff efforts because maybe we shouldn't
17 disagree with these things.

18 CHAIRPERSON CORY: I would think you should go
19 ahead and do that. What I'm sort of inclined to do is
20 say we approve paying Long Beach and send them a letter
21 that in view of the amount of money we're paying them
22 to fight us, we acknowledge that we won't get mad. We'll
23 get even.

24 MR. THOMPSON: And even and even.

25 CHAIRPERSON CORY: Approve the 350, stop the letters;

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1 but either in the letter or verbally somebody should tell
2 them it seems like our mutual good will should not be
3 jeopardized by 350 bucks. Is that agreeable?

4 COMMISSIONER BELL: Very agreeable.

5 COMMISSIONER SMITH: Agreeable.

6 CHAIRPERSON CORY: Go ahead and pay the 350 and
7 make sure they know they owe us one.

8 MR. THOMPSON: You'll approve the staff recommenda-
9 tion as presented.

10 CHAIRPERSON CORY: We'll buy the 350. We want
11 you to continue what you're doing. We want the city to be
12 informed we did it when we looked at what we were paying
13 to fight it.

14 38. Authorize the Attorney General to take whatever
15 steps necessary in the matter of San Luis Rey River in
16 Oceanside where they want to build a housing tract in
17 the middle of a river bed. Have they seen film clips of
18 Phoenix, Arizona before they build that?

19 COMMISSIONER BELL: I was going to say, don't
20 they have zoning ordinances?

21 CHAIRPERSON CORY: They filled the river bed or
22 what?

23 MR. TROUT: Rob Collins from the Attorney General's
24 Office is here and he has some photographs. What has
25 happened is they have filled a portion of the river bed.

1 Last January there was a significant amount of water going
2 through; and if you look at the filled area and you look
3 at the amount of water, it looks a lot like Phoenix. The
4 Attorney General has been carrying on an implied dedication
5 action. There are evidences that the land in fact may
6 have been titled and that the State has an interest in it.
7 It seems that it's appropriate for the State to get
8 involved.

9 CHAIRPERSON CORY: Okay. Without objection,
10 Item 38 is approved as presented.

11 Any other items to come before us?

12 EXECUTIVE OFFICER NORTHROP: Do you have anything
13 to say about the litigation?

14 MR. STEVENS: Just that the matter of the high
15 water boundary was submitted before the Court of Appeals
16 here in Sacramento yesterday. It was argued at that time,
17 and the Court showed some interest in reaching the merits,
18 although the counsel for the opponents in this measure
19 urged that it be sent back on procedural grounds.

20 CHAIRPERSON CORY: Any other items?

21 If not, we are prepared to adjourn the meeting
22 and wish the staff a happy holiday.

23 (Thereupon the meeting of the State Lands
24 Commission was adjourned at 10:35 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, WENDY E. STEWART, a Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, Wendy E. Stewart, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of January, 1979.

Wendy E. Stewart
WENDY E. STEWART