REGULAR MEETING

STATE LANDS COMMISSION

STATE OF CALIFORNIA

ROOM 447

STATE CAPITOL BUILDING

THURSDAY, OCTOBER 24, 1985

10:55 A.M.

ORIGINAL

Nadine J. Parks
Shorthand Reporter

1 MEMBERS PRESENT

2 Kenneth Cory, State Controller, Chairman

3 Susan Wallace for Leo T. McCarthy, Lieutenant Governor, Commissioner

4

Jesse R. Huff, Director of Finance, Commissioner

5

6

7 STAFF PRESENT

8 Claire T. Dedrick
Lance Kiley
9 Robert Hight
James Trout
10 Dave Judson
Jane Smith
11 William Thompson
Allen Willard
12 Frederick Ludlow

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1 P R O C E E D I N G S

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3 CHAIRMAN CORY: Call the meeting to order.

4 First, for those in the audience there that have
5 the calendar, I would like to indicate to you that after
6 the confirmation of the minutes and the report of the
7 Executive Officer, there is a consent calendar. Those are
8 the items that are preceded by the letter C, and they go
9 up through Item 17 on the agenda. If -- unless someone
10 in the audience has some objection to the proposed staff
11 recommendation on those items, they will be taken up in a
12 single motion. So, if you want to look at that and if you
13 disagree with the proposed staff recommendation, you should
14 be prepared to stand up and let us know so we don't proceed.
15 We will remove them from the consent calendar if anybody
16 has any questions.

17 There are a few items that are not on there --
18 Item C-2, subparagraph (c) has been removed from the
19 calendar. C-12 is off calendar.

20 As long as we're dealing with that issue, Item
21 19 and 20 are off calendar. Item 24 is off calendar. Item
22 25, 26 is off calendar.

23 EXECUTIVE OFFICER DEDRICK: That's it.

24 CHAIRMAN CORY: The first item is the confirmation
25 of the minutes of the September 26 and October 7th meetings.
Any questions from the Commissioners? Anybody in

the audience on those minutes?

Without objection, we'll confirm the minutes as presented.

We have the report of the Executive Officer.

EXECUTIVE OFFICER DEDRICK: Yes, Mr. Chairman. As you recall, the big storms of March of 1983, Island Esther off of Seal Beach was washed out and did not result in an oil spill, which I always throw in to show you what good guys we are. We're happy to announce that Chevron Corporation has taken the first major step in installing a replacement platform at that site. The details of its size and so forth are in the written report before you. The -- we hope that the system will be back on line early in the next calendar year.

At the time that the island went out of production, it was producing about 12 to 1400 barrels a day with a revenue -- if my memory's right -- of about two and a half million a year. Is that about right? So, we ought to have some money flowing from that again.

That's all I had to report.

CHAIRMAN CORY: Any questions from the Commissioners?

EXECUTIVE OFFICER DEDRICK: There are some pictures of that installation that Moose brought up for you.

1 CHAIRMAN CORY: Is that C-5?

2 EXECUTIVE OFFICER DEDRICK: That is not.

3 CHAIRMAN CORY: United Telecom fiberoptic cable?

4 EXECUTIVE OFFICER DEDRICK: Yes.

5 CHAIRMAN CORY: That's in the packet. Okay.

6 The other item I guess at this point, would it be

7 appropriate to notice the meeting of the Commission

8 publicly?

9 EXECUTIVE OFFICER DEDRICK: As you choose, yes. Since

10 you decided to notice one, you might as well notice the

11 other.

12 CHAIRMAN CORY: To maximize our options, we will

13 have a meeting -- a week from Monday is the earliest this

14 Commission can meet?

15 EXECUTIVE OFFICER DEDRICK: That is correct.

16 Ten days falls on Sunday, so it would be Monday.

17 CHAIRMAN CORY: Staff is in the process of

18 putting out a notice of that meeting and the agenda

19 item will be out -- various items will be out sometime

20 today at the conclusion of this so the people here are

21 aware that there will be an additional meeting of this

22 Commission.

23 EXECUTIVE OFFICER DEDRICK: November 4th.

24 CHAIRMAN CORY: November 4th, Monday, and that

25 notice will be going out today. If you're in transit, if you

want to check with the office or staff before you leave here, they can tell you the location and time of that. It's 10:00 a.m.?

EXECUTIVE OFFICER DEDRICK: Yes.

CHAIRMAN CORY: Okay.

Now, we have the consent calendar before us. Is there anybody in the audience that has any disagreement with the proposed staff recommendations?

Hearing none, then, we will by unanimous consent, adopt the consent calendar, Items C-1 through 17, excluding C-2, sub item (c), C-12 from the list.

Without objection, those remaining items are approved as presented.

Item 18, approval of a 15-year lease -- Industrial Use, at Pebbly Beach, Santa Catalina Island, Southern California Edison and Chevron. This is a standard lease for the fuel dock?

EXECUTIVE OFFICER DEDRICK: Yes. We have some language we'd like to put into the record. Mr. Trout?

MR. TROUT: The City of Avalon called and they expressed some concern over the meaning of paragraph 3 on page 67.2 of the calendar. That paragraph provides that the leased premises will be relocated to another site if and when the City of Avalon and the County of Los Angeles produce information relating to a proposed airport and can

1 demonstrate that all interest in real property is --
2 they're able to acquire all those interests and that they
3 have all the approvals and that they have sufficient
4 funding.
5 The City's concern was that they were afraid
6 that some individual upland owner might stand in the way
7 of their moving ahead with the airport.
8 What staff means is that interest in real
9 property simply means that they demonstrate to the
10 satisfaction of the Commission that they can acquire this
11 property through lease,purchase,or eminent domain if
12 necessary. It is not the intention to give anybody a
13 veto power over it. So, we frankly haven't been able to
14 understand why the language in the paragraph doesn't
15 apply or isn't effective enough. But it is the intention
16 simply that they need to demonstrate to the Commission's
17 satisfaction that they can acquire this property that they
18 need.
19 CHAIRMAN CORY: Do you have the specific language
20 of the calendar item?
21 MR. TROUT: No. We see no change in the calendar
22 item.
23 EXECUTIVE OFFICER DEDRICK: We just wanted the
24 statement on the record.
25 CHAIRMAN CORY: On record that that is what it

means?

EXECUTIVE OFFICER DEDRICK: To clarify that that is in fact what the paragraph means.

CHAIRMAN CORY: Questions of the Commissioners? Anybody in the audience on Item 18?

Without objection, Item 18 is approved as presented.

Item 19 and 20 are both off calendar.

Item 21, approval subleases, Riverbank Holding Company on the Sacramento River, to Adventure Cruises, Crawdad's, with security interest of B of A.

Is there anybody in the audience on this item? Any questions of the Commissioners? Without objection, Item 21 is approved as presented.

Item 22 is an assignment of Phillips' interest in a lease, PRC 3094, to Arco. Is that --

EXECUTIVE OFFICER DEDRICK: We have a date change that's necessary. Al Willard will tell you about that.

CHAIRMAN CORY: Al?

MR. WILLARD: My name is Al Willard, engineer with the staff.

In the resolution No. 3, we would like change the effective date from October 24, 1985 to November 1, 1985 in order to make it consistent with the assignment of the oil and gas leases. They're required by statute to

1 become effective on the first of the month following your
2 action. So, in order to make the assignments consistent,
3 we'd like to make that one change.
4 CHAIRMAN CORY: That is --
5 MR. HIGHT: Page 79.
6 CHAIRMAN CORY: Effective November 1, '85?
7 MR. WILLARD: Yes, sir.
8 CHAIRMAN CORY: Arco and Phillips have any
9 problem with that? Any questions from the Commissioners?
10 Anybody in the audience on these items? Mr. Hillburn,
11 do you wish --
12 MR. HILLBURN: I'm just here for questions.
13 CHAIRMAN CORY: Okay. Without objection, Item
14 22 with the amendment of the effective date will be
15 approved. Such will be the order.
16 Item 23, authorization to sell and issue a
17 patent on 120 acres of land within the confines of Fort
18 Irwin. Anybody in the audience on this? Any questions
19 of the Commissioners?
20 MR. TROUT: We just need to point out, Mr.
21 Chairman, that the Commission will also be acting as
22 trustee for the State School Land Bank.
23 EXECUTIVE OFFICER DEDRICK: So that money will
24 pass to the School Land Bank and can be used to increase
25 the revenue producing capacity of the land, so that the
revenue that flows to STERS will be increased and we've gotten rid of

1 a white elephant.

2 CHAIRMAN CORY: Okay. Any questions from

3 Commissioners? Without objection, Item 23 is approved as

4 presented. 24 and 25 are off calendar. Item 26 is off

5 calendar. Item 27. This is to authorize assignment of five

6 oil and gas leases on tide and submerged lands in Santa

7 Barbara County. Do you need changes on the effective

8 dates of that?

9 EXECUTIVE OFFICER DEDRICK: Is this okay, Moose?

10 MR. THOMPSON: Yeah, that's fine.

11 CHAIRMAN CORY: Okay. Anybody in the audience

12 on this?

13 Any questions of Commissioners? Without

14 objection, Item 27 will be approved as presented.

15 Item 28, deferment of a drilling requirement on

16 PRC 4000, Santa Barbara County and PRC -- oh, there's a

17 whole bunch of them here. PRC 1824, 3133, 3150, and 4000.

18 And these are requirements of getting all of the drilling

19 done because of the -- some of the restrictions on the

20 operations; is that right?

21 EXECUTIVE OFFICER DEDRICK: There are a variety

22 of reasons. The company has assured us that they will

23 resume drilling in less than a year and within that year

24 period of deferment that we're recommending. It's for that

25 reason that we're recommending a year deferment.

CHAIRMAN CORY: And they will resume. We will have

1 quarterly reports. Is that part of the condition?

2 EXECUTIVE OFFICER DEDRICK: Yes. And if you

3 would like --

4 CHAIRMAN CORY: If there's failure to submit those

5 quarterly reports, what is the consequence? Does the

6 deferment cease?

7 MR. HIGHT: We can arrange it, Mr. Chairman,

8 that --

9 CHAIRMAN CORY: I mean, everybody understands that

10 we want them to proceed and keep us apprised of what's

11 happening?

12 MR. HIGHT: We can certainly draft it, Mr.

13 Chairman, so that --

14 MR. THOMPSON: If you would like, we'll make it

15 an additional calendar item to you every quarter on the

16 results of these meetings. Therefore, from those meetings,

17 you should be able to see the intent that they are going

18 to go ahead and start their drilling operations within a

19 year.

20 CHAIRMAN CORY: Probably ought to calendar and

21 let them know if they just decide that they aren't going

22 to report to us --

23 EXECUTIVE OFFICER DEDRICK: I'll give you a legal

24 answer if you'll take it from me. If they don't honor the

25 conditions of their drilling deferment, they're subject to

lose their lease. Is that correct, Mr. Hight?

MR. HIGHT: Yes.

CHAIRMAN CORY: Okay. Just wanted everybody to know because on a later item somewhere in here we're going to be talking about some -- something less than total forthright candor by this lessee in coming forth with information. And if they hesitate, they're likely to bleed.

MR. THOMPSON: It hasn't been our feeling so far in this that that's the case. We will report back quarterly.

CHAIRMAN CORY: You'll be back to us quarterly on it?

MR. THOMPSON: Yes.

CHAIRMAN CORY: Anybody else in the audience on this item? Without objection, the deferment will be granted as requested with the stipulation that quarterly reports to the Commission are required.

Item 29 is a request for new sales contracts and amendments of gas sales contracts on a series of leases in Sacramento, San Joaquin, and Solano Counties. Will the staff fill us in on this one?

EXECUTIVE OFFICER DEDRICK: Yes. I'll have Jim give you a rundown. It has ramifications in the management process here, which Jim's in charge of. Go ahead.

1 MR. TROUT: Pursuant to the lease from the
2 Commission to Chevron, gas sales agreements between Chevron
3 and PG & E are to be approved by the Commission. Chevron
4 has asked the Commission to approve a reduction in the
5 price of gas effective July 1 to $2.92 an MCF, and
6 effective November 1st, to $2.66 an MCF.
7 Our staff has been auditing this lease and this
8 whole unit area over the past year. Actually, more than
9 18 months. There are some questions that we have asked
10 Chevron that we have not gotten satisfactory answers to,
11 and --
12 CHAIRMAN CORY: When were these questions asked?
13 MR. TROUT: Well, the questions were first
14 asked in January, Then a series of questions -- January
15 of 1984. Questions have been asked over a subsequent
16 period of time. And I myself have personally sat in a
17 meeting with Chevron people in June in which we asked them
18 some specific questions.
19 CHAIRMAN CORY: June?
20 MR. TROUT: 1985.
21 CHAIRMAN CORY: 1985.
22 MR. TROUT: They asked for about six weeks to
23 respond to those and have since scheduled and cancelled two
24 meetings with us and have still asked for additional time.
25 And there's a significant amount of money

1 involved in this that we believe that the State is
2 entitled to. And we would appreciate Chevron getting on
3 with it.
4 CHAIRMAN CORY: Whose interests are adversely
5 affected if we don't approve this at this meeting and put
6 it over until Chevron comes in with those answers?
7 MR. TROUT: I can't answer that directly, except
8 to say that part of it's retroactive so that, in effect,
9 the major consequence has already occurred.
10 EXECUTIVE OFFICER DEDRICK: The Commission, as
11 we understand it at this point, Mr. Chairman -- and I know
12 that you are more expert on this and so is the staff,
13 because they've all been through it once before. I was
14 sitting on the PUC the last time you went through this --
15 is really kind of powerless it appears. In my judgment,
16 it looks like if the conditions of law are as they appear
17 to be, the actual prices here are virtually ministerial on
18 your part, which I find a very uncomfortable situation
19 and I'm sure you do, too.
20 PG & E is a monopsony, is the only purchaser
21 of gas. They decide what that price will be and what the --
22 what I used to call load factor, what the guaranteed take
23 will be. And it appears that we have to go along with
24 that.
25 Now, you heard and went through a serious study of

1 this about six years ago. And I don't know whether or
2 not you'd like us to -- or ask the company to try to reopen
3 the question of how our State resources can be handled
4 more efficiently, but anyway, that's really the issue
5 that's before you.
6 And I think you just have to approve the thing.
7 I don't know what you can do about it.
8 CHAIRMAN CORY: But the question in my mind is
9 the information that Jim and the staff has been asking
10 for hasn't come together. If we don't act until that --
11 put this over for a month and request Chevron to go ahead
12 with that meeting and produce the information --
13 EXECUTIVE OFFICER DEDRICK: That may be very
14 helpful.
15 CHAIRMAN CORY: -- who's adversely affected if
16 we do that?
17 EXECUTIVE OFFICER DEDRICK: Well, to our knowledge,
18 no one.
19 CHAIRMAN CORY: Anybody from Chevron here?
20 Are you adversely affected if this is not done at this
21 point?
22 EXECUTIVE OFFICER DEDRICK: Come up to the stand
23 and give your name, please.
24 MR. KATZ: No, we're not, in the sense that --
25 EXECUTIVE OFFICER DEDRICK: Could you identify yourself?

1 MR. KATZ: Yes. My name is Andrew Katz and
2 I'm with Chevron's Natural Gas Sales, Western Region.
3 In fact, we might be adversely affected in the
4 sense that by not approving the lease, the contracts, and
5 the price amendments, it allows PG & E perhaps to go to an
6 arbitration period, in which case they can shut in the
7 wells according to our contracts.
8 EXECUTIVE OFFICER DEDRICK: Well, what about the,
9 you know, most of this is retroactive. What about those
10 cases where you did not submit the data to us timely
11 enough for the Commission to act? Has the -- Has PG & E
12 requested arbitration on those on which the Commission has
13 taken no action --
14 MR. KATZ: No, they have not.
15 EXECUTIVE OFFICER DEDRICK: -- because the
16 Commission did not have knowledge?
17 MR. KATZ: No, they did not. But it is an
18 option of theirs.
19 CHAIRMAN CORY: They indicated that they're
20 contemplating that?
21 MR. KATZ: No, they have not.
22 CHAIRMAN CORY: If they do, would you let me
23 know? And I think --
24 MR. KATZ: Yes, I will.
25 CHAIRMAN CORY: -- I might be able to dissuade
them not to do that.

1 MR. KATZ: I don't -- as I say, it's only a
2 possibility. In all likelihood, it would not occur. They
3 benefit from the gas contracts.
4 CHAIRMAN CORY: Okay. One of the things I would
5 like the staff to do in that period of time is to go
6 through the transcripts of the hearings of six years ago
7 and I want them to be looking at Chevron and PG & E's
8 representations to the Commission then as to the fact that
9 this gas -- if we agreed to the pricing -- would not be
10 used to curtail our revenues so that PG & E would then be
11 using higher priced Canadian gas in lieu of our price if
12 we would, in fact, lower the price of our gas or not take the
13 highest price which appeared to be the market price at the
14 time.
15 MR. KATZ: Commissioner Cory, as a matter of fact,
16 now the Canadian gas, the PBT Corporation in Canada, has
17 announced through trade journals and whichever media they
18 care to use that they will be competitive with El Paso Gas
19 coming in at the, I think, Topock, Arizona point. So that --
20 they will follow the price there, which is the -- which
21 does set the market price essentially in California.
22 EXECUTIVE OFFICER DEDRICK: What is the current
23 Topock price for gas?
24 MR. KATZ: I think it is $2.00 -- well, it's --
25 if we're going for $2.92 here --

EXECUTIVE OFFICER DEDRICK: $2.60 something.

MR. KATZ: Well, effective November 1, yes. Then their price is approximately $2.76. There is a 10 cent window as stipulated by the CPUC I believe, you know, for gas sequencing. So, they are higher priced, but then there is transmission cost to get the gas within the State from the border.

CHAIRMAN CORY: I would just like the staff to go through what those representations were and to see what has transpired in the interim.

EXECUTIVE OFFICER DEDRICK: We will do that and report to you at the next Commission meeting.

CHAIRMAN CORY: And if they're --

MR. KATZ: If there are any other questions --

CHAIRMAN CORY: Is there -- the meetings that Jim has spoken of, can you get the people in your organization to meet with staff and provide them --

MR. KATZ: I think this has to do with an audit of past revenues and royalties. And unfortunately, being three months in my job, I have to plead ignorance. But we'll pass the word on.

CHAIRMAN CORY: Okay. I would appreciate that.

MR. THOMPSON: Thompson, State Lands staff. I would like to ask the question as to whether the El Paso gas and the Canadian gas, in effect, are considered to be

1 a hundred percent load factor gas.

2 MR. KATZ: No. They are considered to be

3 incremental gas. Once -- let me look -- I have a little

4 brief I -- a little few notes that I prepared.

5 MR. THOMPSON: Keep it simple for me.

6 Is their gas going to be taken a hundred percent

7 of the time compared to our gas only be taking a third of

8 the time?

9 MR. KATZ: If we are price competitive within

10 the 10 cent window, we will given first consideration at

11 our 33 percent load factor as proposed in all the new

12 leases.

13 MR. THOMPSON: But isn't the 33 percent load

14 factor tied in with the price?

15 MR. KATZ: Yes, it is. They are not mutually

16 exclusive. They are tied into the same amendments and

17 contracts.

18 MR. THOMPSON: But basically, the Canadian gas

19 and El Paso gas in essence are a hundred percent load

20 factor gas and that price should be tied in with that

21 factor.

22 MR. KATZ: I'm not sure I understand.

23 CHAIRMAN CORY: I think what Mr. Thompson is

24 saying is that if you're going to take all of El Paso's

25 gas from that source, then the price should reflect that

1 you're taking a hundred percent of their gas not --
2 EXECUTIVE OFFICER DEDRICK: A third.
3 CHAIRMAN CORY: -- a third of it.
4 MR. KATZ: No. Unfortunately, the way it's been
5 going is that, in actuality, the prices have been dropping.
6 Okay? And we've been following them down. It's either
7 that or we shut in our wells, lose revenues for us, the
8 State, and do possible damage to our gas reserve formation.
9 So there is potential damage there to geological
10 formations.
11 The way the sequence -- it works on a sequencing
12 basis and the purpose of it, of course, is to ultimately
13 provide the lowest prices to the residential consumers
14 of natural gas.
15 MR. THOMPSON: But conversely, if the State gas
16 is artificially priced down as part of the lower load
17 factor, naturally it will be the lowest priced gas.
18 EXECUTIVE OFFICER DEDRICK: Yes.
19 CHAIRMAN CORY: But if we price down and you only
20 use a third of our gas and the El Paso gas is higher
21 priced and you're taking a hundred percent of it, I've
22 got some qualms about why we're lower pricing our gas if
23 the consumers aren't getting the benefit.
24 MR. KATZ: No, the CPUC requires that the
25 utilities buy gas to meet their contractual obligations

first. They fill that bucket first, let's say.

CHAIRMAN CORY: Contractual obligations with whom? The consumers or the --

MR. KATZ: The producers, the California producers.

MR. THOMPSON: But if you've already put the California producers in the one-third take box --

CHAIRMAN CORY: See, that's the point. One of the things you're doing in these contracts, as I read them, was to lessen the percentage of our production that you're going to take. So, that is going to lessen that which the PUC requires to be taken.

Now, if that is the case, and we are being asked to take a lesser amount to enable you to buy higher priced gas from somebody outside of California, I've got some mild problems with that. Because it seems like the consumers are going to pay the higher price and the California producers are getting adversely affected on the other side of the deal as well. And that's why I think it would be worthwhile if all of that information were in, we'd know whether or not that was true. I'd kind of like to know that before I vote on it.

MR. KATZ: All right. The -- if the -- if we do not lower the prices to put our gas, let's say, on par, it is essentially on par with the interstate gas delivered

to the consumer. If we do not do that, they can refuse deliveries of gas. You know, go to arbitration on a price. And that's where we would get in trouble.

As it is, because of the monopsonistic situation, we do feel the pressure to lower our prices. Essentially, we -- my boss referred to PG & E as the only game in town. So, naturally, we have to sell the gas there.

CHAIRMAN CORY: Okay.

MR. KATZ: And in order to do that, we do have to maintain some price competitiveness there.

CHAIRMAN CORY: I think we are in sympathy with providing price competitiveness. It's a question of we're going to be price competitive and you still not buy ours, you're going to buy somebody's at a higher rate, then we're going to take exception. That's the thing that we'd like resolved before we approve that.

So, if you have that meeting with the staff and get that, and get the information on the audit -- what has been happening over the last few years so we can compare those to the promises that Chevron made to this Commission six years ago --

MR. KATZ: All right. If I may add one thing, when we are price competitive, we have found that PG & E does exceed their minimum contract obligation, you know, the thirty-three and one-third load factor. We have found

1 that to be -- over the past few years to be 50 to 70
2 percent.
3 EXECUTIVE OFFICER DEDRICK: One of our problems
4 that you've just raised by mentioning that this
5 contract reduces the load factor from 50 to 33 percent in
6 at least one case. I think, Mr. Chairman, I'm sure that
7 Chevron will be happy to meet with us. Say yes.
8 MR. KATZ: Yes.
9 EXECUTIVE OFFICER DEDRICK: And we will get as
10 much information together as we can to try to give you a
11 straighter picture. And we certainly will go back over
12 the hearing records from the earlier event and come back
13 to you with a report at the November meeting.
14 CHAIRMAN CORY: If PG & E is concerned about
15 going to arbitration, if you'll give us a call, we'll
16 either have a special meeting or I'll talk to somebody
17 at CPUC.
18 MR. KATZ: I don't think so, although it's an option.
19 CHAIRMAN CORY: The door is open if that occurs.
20 Call quickly.
21 MR. KATZ: I thank you. All right, I will.
22 CHAIRMAN CORY: Without objection then, Item
23 29 will be on the calendar for November.
24 Item 30, request for authorization to file dis-
25 claimer of compensation on 1.37 acres of land in Siskiyou

1 County. That's slightly different than its wording.
2 MR. HIGHT: Yes, Mr. Chairman, because rather
3 than --
4 CHAIRMAN CORY: Does it have anything to do with
5 the fact that you're from up in that neck of the woods?
6 MR. HIGHT: No, I assure you.
7 CHAIRMAN CORY: Okay.
8 MR. HIGHT: Quickly, we're disclaiming only
9 compensation, not interest, and the Feds have agreed to
10 that and everybody's happy.
11 CHAIRMAN CORY: Anybody in the audience on this
12 item? Without objection, Item 30 will be approved as
13 presented.
14 Item 31, consideration of a 35 year lease and
15 right-of-way for Union Oil on a pipeline. We have, I
16 notice here, Mr. Jim Mason -- "Do not wish to speak, but
17 am present to respond to questions." He's with Mineral
18 Managment Services, Department of Interior, and we have
19 Sam Snyder, General Counsel of Union Oil.
20 Also available are Richard Gillen, Herb Harry,
21 Roy Martens, Dennis Keeley, Ted Bear, Larry Krug, Ken
22 Riedman, who are either Union Oil are Union Oil consultants
23 I would guess.
24 Okay. They are here to help us in that item.
25 Okay. I guess one of the items -- we had an executive

1 session dealing with some legal questions which have gotten
2 I think somewhat resolved in our lengthy, which caused us
3 to be a little late. And the Attorney General has now
4 decided that we can take up this item without violating
5 the SEC regulations.
6 So we have -- the question before us of the
7 right-of-way from Santa Barbara County off Point Pedernales.
8 Union Oil, would you like to --
9 EXECUTIVE OFFICER DEDRICK: Please identify
10 yourself for the record.
11 MR. SNYDER: Sam Snyder, Union Oil Company.
12 And you were correct. The number of people that you read
13 off are experts in various fields who are available here
14 to answer any questions.
15 I addressed a communication late yesterday
16 afternoon to each of the Commissioners in which I set
17 forth basically the thoughts of Union Oil Company as to
18 the urgency of this application.
19 Our assurances in every way that we could think
20 of that the contemplated pipeline would be, in fact and in
21 law, common carrier pipelines under the jurisdiction of
22 someone. We would like to reiterate that if the pipeline
23 is not constructed within the next few weeks, we will be
24 precluded from operating in the channel due the migration
25 of the whale, the nesting of the east Tern, plus the

1 weather. In essence, we will lose a year at a cost in
2 excess of $12 million. We're prepared to answer any
3 questions or furnish any assistance to the Commission
4 as they desire.
5 CHAIRMAN CORY: Our general concern is since --
6 at least mine, as one Commissioner -- is the problem of
7 the proposed pipeline and the Air Force saying that they're
8 allowing a window for one facility across their property,
9 or one opening to put in a line or series of lines, and
10 that there is a whole lot of development that is not as
11 far along as you are, making sure that we are not boxed
12 in to where we have some development but not a way to
13 dipose of our oil.
14 And so in that general context, you I believe
15 wrote a letter to Fred Ludlow on October 17th and in there--
16 in the third paragraph -- I'm not even sure what the
17 material is, but I feel it would be most improper to
18 furnish the items requested under numbered Section 5 of B.
19 What information is the staff wanting, do you
20 think improper to give?
21 MR. SNYDER: It has to do with -- I do not have
22 Mr. Ludlow's letter which the reference is to in front of
23 me. I have my letter.
24 EXECUTIVE OFFICER DEDRICK: I gave you the wrong
25 letter. I'm sorry.

1 MR. SNYDER: So, basically, when I met with --
2 I've got it somewhere. Maybe somebody --
3 CHAIRMAN CORY: I don't have it either. That's
4 why I asked the question.
5 EXECUTIVE OFFICER DEDRICK: Perhaps Rick can
6 CHAIRMAN CORY: Just tell us what the information
7 is.
8 EXECUTIVE OFFICER DEDRICK: Rick, identify
9 yourself.
10 MR. LUDLOW: My name is Frederick Ludlow and I'm
11 an attorney with the State Lands Commission. The letter
12 that I had written to Mr. Snyder on October 16th of this
13 year, and in paragraph -- it's a lengthy letter. And in
14 paragraph B-5, we're asking questions with respect to all
15 of Union's crude oil pipelines in California. We asked
16 for copies of all letters and agreements from Union grant-
17 ing or denying access to those pipelines. Because one of
18 the main issues here before us is access in the proposed
19 lines.
20 MR. SNYDER: I responded to Mr. Ludlow in an
21 additional letter, I believe, that I knew of no denials
22 of access, but to the contrary, I knew that I had bent
23 over backwards to provide access to State royalty oil when
24 the State took its royalty from Huntington Beach and other
25 places. And in fact, the State purchaser at one time

1 offered to buy me a suit because he thought I'd done such
2 a fine job.
3 I didn't take the suit, needless to say. But
4 I know of none. I could not certify within the time
5 permitted that we made the search. But I think that the
6 Chairman is well aware that this has been a matter of
7 litigation for some time and the Federal judge has said
8 he's seen no such evidence.
9 CHAIRMAN CORY: I don't think the Federal judge
10 has said that.
11 MR. SNYDER: Well, I won't join issue on the
12 exact words.
13 CHAIRMAN CORY: Okay.
14 MR. SNYDER: But I would make -- I have made a
15 statement, if there are statements to the contrary, that
16 we have denied access, I would certainly like to know
17 those. This proving a negative, Mr. Chairman --
18 CHAIRMAN CORY: It's impossible.
19 MR. SNYDER: -- is an impossibility. And I also
20 told Mr. Ludlow and his associates that I would cooperate
21 fully, but if I received an interrogatory or production
22 of document type letter that was burdensome -- and you
23 were talking -- this was limited as to neither time nor
24 place. And it was unduly burdensome. I did make the
25 representation and I think that most people that know me

1 know that when I make a representation, it is accurate.
2 And I have had the legal responsibility for this
3 particular area for a long time.
4 EXECUTIVE OFFICER DEDRICK: I think Mr, Snyder
5 will agree that we concurred that his conditions were
6 reasonable conditions in our discussions.
7 CHAIRMAN CORY: The question -- the essence
8 of the thing that I would like some information on, and I
9 had thought in my meeting with Mr. Brinegar, it was going
10 to be coming. And what we got was -- what I needed, and
11 it deals with the question of all right, if there is a
12 pipeline there, and it has been sized for capacity in
13 excess of Union and Chevron's needs for their platform,
14 how would other users get that oil, since the pipeline
15 goes from your platform ashore to Lompoc to the water
16 treatment facility owned by Union? And if we use that
17 pipeline, how do we get our oil say from a State lease,
18 for example, from your water treatment facility to
19 somebody that we could sell our oil to? And so we were
20 trying to locate what the pipeline status is as to whether
21 or not the offer of a common carrier pipeline is a
22 substantive offer or an illusory offer, in that it takes
23 us to no place that we can go to from there?
24 MR. SNYDER: Mr. Chairman, if I understand your
25 question, to put it in perspective, you are not asking

1 that question about the State's access and participation
2 in the proposed pipeline or our offer to access to those
3 facility sites for treatment. You go beyond that point
4 to wherever, what is the status of carriage from that
5 point; is that your question?
6 CHAIRMAN CORY: Yes. How do we get this in
7 to an inter-- common carrier system into the network and
8 where are the pipelines and what are our options, and
9 those are the questions which I thought in the meeting we
10 had with Mr. Brinegar that we were going to be getting
11 that kind of information, because that's what we need
12 to do to get our oil to market as do other lessees, Federal
13 and State.
14 MR. SNYDER: I think everyone has the same
15 problem at that point. To my knowledge -- and you
16 probably know far better than I do, because you've looked
17 into the matter -- but to my knowledge, there is no
18 common carrier pipeline at that proposed facility. There
19 are proprietary pipelines that will serve that facility,
20 but to my knowledge, there is no common carrier pipeline.
21 The State would be in the same position as everyone else
22 at that point, whether it's Federal royalty oil or anything.
23 You are at that point.
24 And I'm not going to deny it and go into all the
25 things and say these things are always worked out, because

1 that is the simple and short answer, that at the
2 processing facility there is no common carrier.
3 CHAIRMAN CORY: That is the question that I
4 think needs to be dealt with before we commit ourselves
5 to this particular pipeline. I feel relatively strongly
6 about that because the Federal Government has said that
7 they're only going to let one pipeline across Vandenberg.
8 And I feel that we need to at least know what
9 we're doing before we act.
10 If we can't improve our position -- but the
11 question of how the industry defines, you know, the length
12 of a pipeline, what is an interstate pipeline, what isn't
13 an interstate pipeline; those kinds of questions are ones
14 that are sort of tied together. And getting that
15 information as to what those proprietary lines are, who
16 owns them, and what kind of options are available would
17 put me at ease.
18 MR. SNYDER: We certainly have furnished and I
19 think we have -- since your meeting with Dr. Brinegar --
20 have been furnished with additional information. I think
21 it was delivered to your counsel as to what the pipeline
22 situation is in that particular area.
23 CHAIRMAN CORY: The only document we received is
24 this one here, which is a Union pipeline, and it has one
25 proposed Exxon line on there. I would think there are

1 probably other proprietaries, and that's why I think it
2 would be worthwhile and why we noticed the meeting trying
3 to -- in keeping with your letter that you sent -- gather
4 that information and have the staff sit down and try to
5 find out what's there.
6 MR. SNYDER: I would suspect, Mr. Chairman, that
7 in large measure the State may have greater knowledge,
8 but Mr. Martens, who is our expert on the area -- he's
9 our land man from Santa Barbara -- is here.
10 EXECUTIVE OFFICER DEDRICK: Mr. Martens, would
11 you identify yourself.
12 MR. MARTENS: Yes. My name is Roy Martens.
13 There is a proposed Celeron pipeline that is going
14 from the Gaviota-Los Flores area north and over into the
15 valley and on to Texas, I believe. And that pipeline,
16 I understand, is under construction at the present time
17 and that would pass east of the Lompoc area. Also, Exxon
18 I think have made application to Santa Barbara County for
19 a pipeline corridor from our facility site to their
20 Los Flores Canyon site. And I don't know anything about
21 the details of that pipeline, but the point is that there
22 are plans being made for lets in the vicinity. And
23 there could be a connecting line from our Lompoc site
24 eastward to the Buellton area where the Celeron line
25 will go through.

1 CHAIRMAN CORY: Those are, in fact, the very
2 kinds of questions that I think some people from Union
3 and people from Lands need to sit down and sort of put
4 what we jointly know to be public knowledge so we know
5 what our options are, so we know what to ask you for as
6 swe approve this. And I think that's the question that
7 I think it is too soon. I think that sometime next week
8 we can maybe come to a resolution and maybe define what
9 our options are so we are not in a locked position with
10 our oil. The question of the Celeron line and tying into
11 that or some of the others I think is the real question
12 and how do we get from your plant or there. Or the
13 other question alternatively is would it make more sense
14 to take the whole pipeline asore not where you would like
15 it to, but further south in the county where it can tie
16 in to maybe even Gaviota or somewhere else. Those are
17 the kinds of questions I don't know the answer to.
18 It appears from this map and the cursory things
19 of piecing it together, that probably going from your
20 plant due east into Celeron around Buellton may make more
21 sense.
22 MR. MARTENS: It does.
23 CHAIRMAN CORY: But I think somebody ought to
24 look at that and let us know what those options are before
25 we decide that, yeah, this is a good place to put a pipeline.

1 MR. MARTENS: The thing is, if you do get more
2 production in State waters or other Federal leases, and the
3 capacity goes up, you could easily afford to put a pipeline.
4 It would be economical to make those connections. But I
5 believe that Exxon has plans to do that already.
6 COMMISSIONER HUFF: Mr. Chairman. While
7 sharing your sensitivity to where the pipeline ends at
8 Lompoc and what we do about it at that time, I'm also
9 concerned about the window that is available for the
10 construction of this pipeline offshore. And as I
11 understand it, there's a very short window. What is the --
12 MR. SNYDER: I would like to have Mr. Gillen,
13 our operations manager, to speak to these problems.
14 EXECUTIVE OFFICER DEDRICK: Would you give your
15 name for the record, please.
16 MR. GILLEN: Yes. My name is Richard Gillen.
17 I'm regional offshore construction manager for Union Oil
18 Company.
19 And your question had to do with the weather
20 window or the period of time when we can work.
21 CHAIRMAN CORY: I understand there are birds,
22 whales, and wind.
23 MR. GILLEN: And waves. The California Coastal
24 Commission, when they granted a building permit for this
25 project, as well as the consistency certification, specified

1 that we not work past the 1st of December nor before the
2 15th of April because it would interfere with the whale
3 migration. The Least Tern breeding season starts somewhere
4 around the 15th of April. They, of course --
5 CHAIRMAN CORY: Hopefully.
6 MR. GILLEN: Well --
7 CHAIRMAN CORY: For the terns.
8 COMMISSIONER HUFF: For the terns, I mean,
9 they're an endangered species.
10 MR. GILLEN: It's kind of amazing how they're
11 endangered really. Because I found in going through this
12 thing that they breed all up and down the coast. There's
13 no place on the coast that Least Terns don't breed.
14 But in any event, the staging area for the
15 pipeline, that is in the area where Least Terns breed.
16 It's in the wetlands of the Santa Clara River --
17 Santa Inez River.
18 So, we are precluded then from working until
19 they not only stop breeding and nesting, but until they
20 stop feeding in the area, which is estimated to be around
21 the 15th of August.
22 And in addition to that, the actual weather
23 conditions off the coast up there are quite different than
24 they are in the Santa Barbara channel. I found out. It can
25 get very, very rough and the bad weather really starts in

the latter part of November and it runs through December. And it doesn't really start tapering off again until sometime around the middle of June. And I doubt that we could -- could physically lay the line if there were no environmental constraints because of the weather.

COMMISSIONER HUFF: So if you don't lay this line before the 1st of December, you're not even going to start until August of 1986.

MR. GILLEN: That is probably correct.

COMMISSIONER HUFF: And how long does it take you to lay this line?

MR. GILLEN: It -- the method that we're using, we should be actually working in the ocean about 15 days.

COMMISSIONER HUFF: So you can lay how many miles of pipe in 15 days?

MR. GILLEN: Well, it's approximately 10 miles.

COMMISSIONER HUFF: Ten miles of pipe.

MR. GILLEN: Three lines, 20 inch and two eight and five eighths inch.

Now, the way this is done, it's welded together onshore in 660 foot lengths. Then a barge is moored up offshore and the pipe is tied to it, welded together, 660 foot lengths, pulled offshore 660 feet at a time. It takes from two and a half to three hours to make these welds. So that, if we don't have weather down time or

other difficulty, it would take approximately 15 days.

COMMISSIONER HUFF: So, you need action fairly soon by this Commission to lay this pipe before the 1st of December.

MR. GILLEN: Really, we need action almost immediately if we're going to get it in this year. It's not -- if you would say, okay, go ahead and do it today, I can't start. I have the barges, the equipment, various things that I have to get here from places like -- well, the actual barge that will be doing the pulling is actually coming from Anchorage. It's a salvage boat used in the summertime.

COMMISSIONER HUFF: Is it on its way yet?

MR. GILLEN: It's outfitted and it's ready to go when I tell them to move.

COMMISSIONER HUFF: How long does it really take? 15 days is after you do all logistical front end?

MR. GILLEN: We have actually been welding the pipe together for -- we started that the 9th of August. So, we have -- in 660 foot lengths. We have approximately three miles of it put together. And we feel that by the end of August, we will have all of it put together and our aim would be -- not August -- October. By the end of October, we'll be ready to start pulling.

COMMISSIONER HUFF: Okay.

1 MR. GILLEN: That would be, of course -- then
2 after the pipeline gets in, we have to put in the power
3 cable. And that -- the actual laying of the power cable
4 will take about nine hours. The preparation, you know,
5 getting ready to lay it will take about eight days. So
6 that just about eats up November if we start immediately.
7 COMMISSIONER HUFF: Well, Mr. Chairman, I'm
8 concerned. I think we have a process that has unfolded
9 in the course of well over a year -- environmental process
10 I think has been followed and spelled out by the law
11 in which volumes of information have been provided. And
12 I'm aware that the degree of cooperation has been high.
13 I think for those reasons I'd move the lease.
14 CHAIRMAN CORY: Is there a second?
15 (There was no second.)
16 CHAIRMAN CORY: We still have the item before
17 us.
18 Your letter, Mr. Snyder, I got the impression
19 that on -- I guess page 5 -- that denial would be
20 expensive but could be mitigated and you list three
21 separate items -- one, authority to construct; B, permission
22 were granted to lay power cables from shore point to
23 plateform without involvement of pipeline bundle. Is it
24 possible to deal with the power cable issue separately?
25 I was just told -- I wasn't sure that was correct.

1 MR. SNYDER: I would defer to Mr. Gillen on
2 that.
3 MR. GILLEN: The power cable as we propose it
4 will, for the most part, be in the same right-of-way as
5 the pipeline, because the method of installation for the
6 pipeline is that we pull it from the beach. We would much
7 rather put the pipeline in place before we put the power
8 cable in because they're going to be relatively close
9 together if we do it in that configuration.
10 And the chance of damage to the power cable if
11 we put it in first is -- there is a chance of damaging the
12 power cable. I'm not concerned with the power cable
13 damaging the pipeline.
14 CHAIRMAN CORY: Would it be of any help to you
15 if we granted you the permission as requested in Mr.
16 Snyder's letter to lay the power cable from the shore
17 point to the platform without the involvement of the
18 pipeline bundle? Would that be helpful to you or not?
19 Because I think you may have the votes here to
20 accomplish that and the item C that Mr. Snyder suggested,
21 I think we can accomplish close to the same thing, although
22 given the nuances of the laws, we can't really adjourn
23 this meeting. We're going to have to end this meeting on
24 the calendar day of today and reconvene, which I am
25 prepared to do as soon as we can legally do so, which is --

1 EXECUTIVE OFFICER DEDRICK: November 4th.
2 Monday.
3 CHAIRMAN CORY: November 4th, and hopefully,
4 we will have some further staff work done on what the
5 other options are.
6 MR. SNYDER: Mr. Gillen, who knows what's good
7 operation says, although it's not his favorite thing to do,
8 as he's already described, it would be helpful to us
9 to have the power cable approved and to be reagendized,
10 or scheduled for as soon as possible, legally possible.
11 CHAIRMAN CORY: If we approve the power cable
12 can the staff pull those two items apart in terms of
13 draftmanship? Is that an insurmountable problem?
14 MR. HIGHT: No, that's -- we can do that,
15 Mr. Chairman.
16 MR. THOMPSON: We certainly want to work
17 together with them on that.
18 EXECUTIVE OFFICER DEDRICK: I believe, Mr.
19 Chairman, that if you choose to give a lease for the
20 power cable and if Union will agree, we can work out the
21 standard -- using the standard form of lease with our
22 usual conditions, work out a lease that would fit your
23 intent legally, probably within the next few days, beginning
24 today if Union has time to come in and stay up here a
25 while and talk to our guys.

1 MR. SNYDER: We have the time.

2 EXECUTIVE OFFICER DEDRICK: I thought you might.

3 CHAIRMAN CORY: I'm comfortable with granting

4 the power cable thing at this point.

5 EXECUTIVE OFFICER DEDRICK: Bob, I think, would

6 like to ask you to adopt a couple of legally required

7 resolutions, particularly relating to CEQA in relation to

8 the power cable.

9 CHAIRMAN CORY: Okay.

10 MR. HIGHT: The yellow package that I think

11 you're the only one --

12 CHAIRMAN CORY: You only gave one out?

13 The staff has one.

14 COMMISSIONER HUFF: I read these religiously.

15 MR. HIGHT: This was a very early version and

16 didn't fit today's situation. But I think if the

17 Commission adopts findings.

18 What needs to happen is the Commission has to

19 approve the environmental impact report, number one; number

20 two, make the necessary --

21 CHAIRMAN CORY: You're including the environmental

22 impact report as it relates to a power cable.

23 EXECUTIVE OFFICER DEDRICK: Actually, you can

24 approve the whole environmental impact report. The statute

25 doesn't start to run until the project is approved. So you

1 approve -- I'm being your attorney again -- I'm the only
2 biologist you ever had for an attorney.
3 Go ahead, Robert.
4 MR. HIGHT: The question that I think the
5 Chairman is asking, can we approve the environmental impact
6 report without approving the environmental impact report
7 as it pertains to the pipeline. And I don't --
8 CHAIRMAN CORY: It's my understanding that -- in
9 the discussions with the staff -- that the environmental
10 impact report has dealt with all the pipeline questions --
11 not the pipeline, pardon me -- the power line questions.
12 MR. HIGHT: It dealt with both. And the question
13 is whether the Commission chooses to attempt to split that
14 apart. And I'm --
15 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, I
16 suggest we take a ten minute break while the attorneys have
17 a chance to think this one through a bit. If that's okay
18 with the Commission?
19 CHAIRMAN CORY: We'll take a ten minute break.
20 We'll sit in place and wait for you.
21 (Thereupon a recess was taken.)
22 CHAIRMAN CORY: Learned staff, having learned
23 something in the recess, will tell us how we go about
24 approving the cable.
25 Is Mr. Snyder here?

1 What does the staff suggest we do if we wish
2 to approve the power cable now?
3 MR. HIGHT: The findings that you have before
4 you we would adopt Finding 1, the EIR was prepared for
5 the County of Santa Barbara. No. 2, we would change
6 the existing finding to provide that -- to find that no
7 significant environmental impacts were identified in the
8 EIR for the power cable portion on the tide and submerged
9 lands.
10 CHAIRMAN CORY: Okay.
11 MR. HIGHT: Adopt finding 3 as is. And adopt
12 finding 4 basically authorizing staff to negotiate a
13 25 year lease under terms and conditions to be consistent
14 with Commission policy, and I think --
15 CHAIRMAN CORY: And the power cable rents are
16 relatively nominal?
17 MR. HIGHT: Nominal. We have a theory that
18 Mr. Snyder, I'm sure, will agree on electricity.
19 CHAIRMAN CORY: If you can define electricity --
20 he'd kidding you, Mr. Snyder. He was doing that in jest.
21 Because I'm not sure what electricity is, whether electrons
22 are really moving or not. That's too esoteric to get into.
23 But in terms of what is the nominal rent payment,
24 does staff have something?
25 MR. TROUT: I think I'd ask Mr. Kiley to address

that, but my belief is that it's a penny and a half diameter inch per foot of length for -- just for a power cable.

MR. KILEY: I really don't know without checking with my staff. Sorry.

MR. TROUT: I think it's either a penny and a half diameter inch per foot.

MR. KILEY: That's about right.

MR. HIGHT: It will be reasonable.

EXECUTIVE OFFICER DEDRICK: By definition.

CHAIRMAN CORY: It's the standard existing rate that we charge for power cables.

MR. KILEY: That's correct.

CHAIRMAN CORY. Okay. Right. So that if the Commission wishes to grant the power cable approval, we would grant -- we would one, find that the EIR as prepared by,for this project by the County of Santa Barbara, and the Commission has reviewed and considered the information therein?

MR. HIGHT: Yes.

CHAIRMAN CORY: First finding. Second finding that significant environmental -- that no significant environmental effects were identified in the EIR which involved the power cable as it relates to tide and submerged lands.

1 MR. HIGHT: Correct.

2 CHAIRMAN CORY: Item 3 of the findings is as

3 in the calendar item?

4 MR. HIGHT: Correct.

5 CHAIRMAN CORY: And item 4 --

6 MR. HIGHT: Would be authorization for a 25

7 year right-of-way directing staff to --

8 CHAIRMAN CORY: No "ahs," you can pause. But

9 no "ahs."

10 Prepare the necessary documents for the standard

11 rental agreement for power lines at the standard rates.

12 MR. HIGHT: Yes, Mr. Chairman. That would be

13 very nice.

14 MR. KILEY: To negotiate a lease on standard

15 terms and conditions.

16 CHAIRMAN CORY: This is an authorization.

17 When you enter into a lease, you don't have to come back

18 to the Commission anymore. This part of it is done for

19 the power cable.

20 EXECUTIVE OFFICER DEDRICK: Understood.

21 CHAIRMAN CORY: Susan, okay?

22 COMMISSIONER WALLACE: Yes.

23 COMMISSIONER HUFF: Fine.

24 CHAIRMAN CORY: No objection? That will be

25 the order. So that there is a power cable lease. The

1 The next question is asking the staff to meet
2 with the representatives of Union and others in the
3 industry and get a report prepared. And on the 4th of
4 November, at that meeting, should we choose to grant the
5 pipeline lease, what would the non-Union users of that
6 pipeline have available to them, and what are the problems
7 of moving the oil from there.
8 MR. HIGHT: I think that's correct. I would
9 like to add one thing, Mr. Chairman. We still have the
10 question of who regulates it, if anybody, and what our
11 options are if nobody regulates.
12 CHAIRMAN CORY: The question of regulation,
13 and whether we volunteer ourselves to Federal jurisdiction
14 and whether that's an inevitability.
15 MR. HIGHT: Right.
16 CHAIRMAN CORY: You will get us and the
17 staff can complete that by the 4th?
18 EXECUTIVE OFFICER DEDRICK: Yes, sir.
19 CHAIRMAN CORY: All right. Are there any other
20 items to come before the Commission?
21 EXECUTIVE OFFICER DEDRICK: That's it.
22 CHAIRMAN CORY: We will adjourn this meeting.
23 We will convene on the 4th of November at 10:00 a.m. , the
24 location to be ascertained.
25 EXECUTIVE OFFICER DEDRICK: We will have to let

you know. But we will have a location in the notice. Jane has to work her magic on the telephone.

(Thereupon the hearing was adjourned.)

1 CERTIFICATE OF SHORTHAND REPORTER

2

3 I, Nadine J. Parks, a shorthand reporter for
4 the State of California, do hereby certify that I am
5 a disinterested person herein. I further certify that
6 I reported the foregoing meeting of the State Lands
7 Comission in shorthand writing and thereafter transcribed
8 my shorthand writing into typewriting.
9 I further certify that I am not of counsel nor
10 parties to the said meeting and am not interested in the
11 outcome of said meeting.
12 IN WITNESS WHEREOF, I have hereunto affixed my
13 signature this 29th day of October, 1985.
14
15 Nadine J. Parks
16 Nadine J. Parks
Shorthand Reporter
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