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MEETING
BEFORE THE
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

THURSDAY, MARCH 27, 1986

10:10 A.M.

ORIGINAL

Nadine J. Parks
Shorthand Reporter

A P P E A R A N C E S

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1
2
3 Elizabeth Rasmussen, Acting Chairperson, for Kenneth
Cory, State Controller, Chairman

4 Clifford Allenby, for Jesse R. Huff, Director of
5 Finance, Commissioner

6 Susan Wallace, for Leo T. McCarthy, Lieutenant Governor,
7 Commissioner

8
9 Staff:

10 Claire Dedrick, Executive Officer
11 James F. Trout, Assistant Executive Officer
12 Robert C. Hight, Counsel
13 Dave Judson, Attorney General's Office, Counsel
14 Jane Smith, Secretary
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P R O C E E D I N G S

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3 ACTING CHAIRPERSON RASMUSSEN: Let's call the
4 meeting of the State Lands Commission to order.

5 The first item of business is the confirmation
6 of the minutes of the meeting of March 6th -- the emergency
7 meeting of March 6th. Are there any questions,
8 corrections, additions, deletions? All right. Hearing
9 none, the minutes are deemed approved by the consensus
10 of the Commission.

11 Mr. Hight, you wish to say anything?

12 MR. HIGHT: Yes. For the record, I would
13 like to state that you will be acting in a nonvoting
14 capacity for the Controller. And Susan Wallace will be
15 acting in a voting capacity for the Lieutenant Governor.

16 ACTING CHAIRPERSON RASMUSSEN: Thank you very
17 much.

18 The next item of business is the report of the
19 Executive Officer.

20 MS. DEDRICK: No report this morning, Madam
21 Chairman.

22 ACTING CHAIRPERSON RASMUSSEN: All right.
23 Thank you very much.

24 The consent agenda is Item C-1 through C-14
25 I believe. And these are items that have been deemed to be

1 noncontroversial and rather routine.

2 If there's anyone here that would like any
3 of these items pulled from the consent agenda, this is the
4 time to speak up. Otherwise, we'll approve the entire
5 consent agenda as one item. Any requests?

6 All right. I see no hands. Are there any
7 questions by Commissioners on Items C-1 through C-14?

8 All right. Items C-1 through C-14 are
9 approved as presented.

10 Item 15, please.

11 EXECUTIVE OFFICER DEDRICK: Item 15 is a
12 renewal of a lease for Connolly-Pacific Company, the
13 quarrying operation at Catalina Island.

14 ACTING CHAIRPERSON RASMUSSEN: All right.
15 Are there any questions, concerns on Item 15?

16 All right. Item has been moved and is
17 approved as presented by consensus of the Commission.

18 Item 16, please.

19 EXECUTIVE OFFICER DEDRICK: Item 16 is the
20 application of Gorkoskys and the Scoggins for a five-year
21 general permit, recreational use on partially filled land
22 in Old River, Contra Costa County.

23 As you recall, Commissioners, this item was
24 on last month. Mr. King protested the item. You gave him
25 a month to come in and present any data he may have on his

1 claim of ownership for that land for the Commission staff.

2 He has not brought anything in to us. He is
3 here and would apparently like to make a presentation.

4 ACTING CHAIRPERSON RASMUSSEN: Yes, I have a
5 request to address the Commission by Mr. King.

6 Mr. King here?

7 MR. KING: Thank you.

8 I'm Ronald King. I'm the disputed owner of
9 King's Island. And the basic question is where the county
10 line lies. I say it lies to the south of this property,
11 making it part of King's Island. That gives me and my
12 father -- for many years past, since 1939 -- adverse
13 possession of this property.

14 That's basically my presentation. It's
15 very difficult for me to prove that to you at this time.
16 There's a lot of situations going on out there that I don't
17 know whether you're aware of or not. But I strongly
18 oppose the issuance of this permit.

19 ACTING CHAIRPERSON RASMUSSEN: All right.
20 Thank you very much.

21 MR. KING: I have one further item. There is
22 an ongoing investigation by the Narcotics Division of the
23 Contra Costa County Sheriff concerning these people on that
24 property. I was made aware of that just the other day.

25 ACTING CHAIRPERSON RASMUSSEN: All right.

1 Thank you for your comments.

2 Just for the benefit of the r-cord and for the
3 audience, this item was brought to us last month, and
4 Mr. King presented the item and had some questions and
5 stated that he had some information that he thought was
6 pertinent to this.

7 He has been given several opportunities. He
8 met with the staff that day. This was followed up by a
9 letter from the staff asking him for information. He has
10 reviewed the files and been given the opportunity to
11 gather any information that he might need. And we have
12 received absolutely no response whatsoever from Mr. King.

13 Are there any questions by the Commission?

14 COMMISSIONER ALLENBY: I move the item.

15 ACTING CHAIRPERSON RASMUSSEN: Item's been
16 moved as presented and is deemed approved by consensus.

17 Item 17, please.

18 MR. KING: Thank you.

19 EXECUTIVE OFFICER DEDRICK: Item 16 is an
20 authorization to the staff to take any steps necessary to
21 collect delinquent rentals from the Burlingame Joint
22 Venture I on a parcel of land in San Francisco Bay just
23 south of the airport.

24 ACTING CHAIRPERSON RASMUSSEN: Any questions
25 on Item 17? Item 17 is moved and deemed approved by

1 consensus.

2 Item 18.

3 EXECUTIVE OFFICER DEDRICK: Item 18 is a
4 request for approval of a nonexclusive geophysical survey
5 permit for Sea Surveyor, Inc.

6 ACTING CHAIRPERSON RASMUSSEN: Any questions
7 on Item 18?

8 MR. ALLENBY: Move the item.

9 ACTING CHAIRPERSON RASMUSSEN: Item 18 is
10 moved and approved.

11 Item 19, please.

12 EXECUTIVE OFFICER DEDRICK: Item 19 is to
13 continue default proceedings against the M-S-R Public
14 Power Agency that I think we began last month.

15 ACTING CHAIRPERSON RASMUSSEN: Any questions
16 on Item 19? Item 19 is approved as presented.

17 Item 20.

18 EXECUTIVE OFFICER DEDRICK: Item 20 is a
19 request for deferment of drilling operations on State oil
20 and gas leases in Santa Barbara County by the Atlantic
21 Richfield Company.

22 The reason for the request for deferment --
23 as you know, these are the leases which have proposed
24 projects on them. The reason for the deferment is that
25 local government and other -- in fact, State approvals,

1 are not yet reached. The process is ongoing and is active.

2 ACTING CHAIRPERSON RASMUSSEN: Any questions
3 on Item 20?

4 COMMISSIONER ALLENBY: Move.

5 ACTING CHAIRPERSON RASMUSSEN: Item 20 is
6 approved as presented.

7 Item 21.

8 EXECUTIVE OFFICER DEDRICK: Item 21 is a
9 request for approval of extensions of three prospecting
10 permits for minerals other than oil, gas, and geothermal
11 in San Bernardino County for Mr. Overholser, Caudle,
12 and Morrison.

13 ACTING CHAIRPERSON RASMUSSEN: Any questions
14 on Item 21?

15 21 is approved as presented.

16 Item 22.

17 EXECUTIVE OFFICER DEDRICK: Item 22 is
18 off calendar, Madam Chairman.

19 ACTING CHAIRPERSON RASMUSSEN: Thank you.
20 Item 22 is off calendar.

21 EXECUTIVE OFFICER DEDRICK: Item 23, this is
22 an a request for authorization by the Chevron Company to
23 replace a power cable from Platform Esther to the shore.

24 As you recall, Island Esther was washed out
25 in the storms two or three years ago. Chevron has installed

1 a platform to replace it. Initially, they thought that the
2 existing power cable had survived the storm. It did not.
3 And they are now requesting permission to replace it.

4 ACTING CHAIRPERSON RASMUSSEN: Any questions
5 on 23? It's moved and approved as presented.

6 Item 24.

7 EXECUTIVE OFFICER DEDRICK: Item 24 is a
8 request by the staff for approval to reduce letters of
9 credit on royalty oil sales until the market conditions
10 improve.

11 It's rather a complex question, and I think
12 that we'd be well served if Moose Thompson gave you a
13 report on the status of the whole situation.

14 MR. THOMPSON: Our main problem is that all
15 of our contracts are tied in to posted price. And posted
16 prices are not coming down as fast as the spot market.

17 Therefore, a purchaser from us is paying us a
18 bonus above posted price, which is not reflecting the true
19 market price. It's beginning to approach it very close
20 now, but this is the reason why these sell-offs are being
21 turned back to us. Actually, they can pay the bonus to us,
22 go out and buy equivalent oil on the market cheaper than
23 they could pay posted price and bonus to us. And until this
24 market situation clears up, we don't see any need in going
25 out into the market because, again, we have to have a

1 bonus above our posted price. And until the two have some
2 semblance of the real reflection of the market price,
3 there's no point in going out.

4 ACTING CHAIRPERSON RASMUSSEN: Any questions
5 on Item 24?

6 MR. THOMPSON: And therefore, the reduction
7 on letter of credits, since they're not taking the oil just
8 for the amount of the bonus. That's the reason for the
9 reduction.

10 ACTING CHAIRPERSON RASMUSSEN: Thank you,
11 Moose.

12 Item 24 is approved as presented.

13 Item 25.

14 MR. HIGHT: Item 25, Chairman, is the
15 authorization of the Commission to settle -- to purchase
16 a parcel of land in Malibu for \$90,000 and authorize the
17 lease of that parcel to the Department of Parks &
18 Recreation.

19 In this action, you will be acting both
20 as Lands Commissioners and as trustees of the Land Bank
21 in the authorization to expend money.

22 ACTING CHAIRPERSON RASMUSSEN: All right.
23 Are there any questions on Item 25? Is our name going to
24 be on the plaque, too?

25 MR. HIGHT: We will see that it is.

1 ACTING CHAIRPERSON RASMUSSEN: I come across
2 these areas that I know that the State Lands Commission
3 has had some dealings in, and the plaque always says,
4 "Department of Fish & Game," and the "County of such-and-
5 such," and the "City of such-and-such," and never any
6 mention of the fact that the real landowner is probably
7 the State Lands Commission.

8 EXECUTIVE OFFICER DEDRICK: And the guy who
9 did most of the negotiating.

10 ACTING CHAIRPERSON RASMUSSEN: All right.
11 Thank you. Item 25 is approved as presented.

12 Item 26.

13 MR. HIGHT: Is the authorization to purchase
14 five acres in the Wildcat Creek area north of Richmond.
15 This area will be used for flood control purposes and will
16 provide a marsh area. In this capacity, you are also
17 acting as Land Bank Trustees. And we have a letter of
18 support from Assemblyman Robert Campbell which we'd like to
19 put into the record.

20 ACTING CHAIRPERSON RASMUSSEN: And in that
21 letter he expresses his strong support for the item.

22 MR. HIGHT: Yes. This is a very good public
23 project.

24 ACTING CHAIRPERSON RASMUSSEN: Are they going
25 to have a plaque there, too?

1 (Laughter.)

2 EXECUTIVE OFFICER DEDRICK: I'd certainly
3 discuss that with them. It's a fine idea.

4 ACTING CHAIRPERSON RASMUSSEN: Are there
5 any questions on Item 26? Item 26 is approved as
6 presented.

7 Item 27.

8 MR. HIGHT: Item 27 is the authorization to
9 settle a quiet title action by the County of Glenn. And
10 the county was seeking quiet title to an area used as a
11 boat launching facility. In settlement of that litigation,
12 the Commission would be asked to give them a public use
13 permit.

14 ACTING CHAIRPERSON RASMUSSEN: Any questions
15 on Item 27? Item 27 is approved as presented.

16 Item 28?

17 MR. HIGHT: Item 28 is the authorization
18 to file a disclaimer on some parcels of land in Riverside
19 County.

20 The area is not owned by the State and in
21 order for the people there to get title insurance, the
22 title company is requiring of them that they get something
23 from us indicating we don't have an ownership. And we do
24 not.

25 ACTING CHAIRPERSON RASMUSSEN: All right.

1 Any questions on 28? Item 28 is approved as presented.

2 Item 29.

3 MR. TROUT: Item 29, as the Chairman will
4 recall from her prior existence in the State Lands
5 Commission, involves the grant to the County of Orange in
6 upper Newport Bay. It involves expenditure of trust money
7 for improvements in the redevelopment project around the
8 Dunes. It's a million and a half. It provides for public
9 access, ways that aren't there now. There will be a hotel
10 and other improvements. And we recommend approval.

11 ACTING CHAIRPERSON RASMUSSEN: And because of
12 my past experience, I expect my name to be on this plaque.

13 (Laughter.)

14 MR. TROUT: Right. What's your name now?

15 (Laughter.)

16 ACTING CHAIRPERSON RASMUSSEN: Any questions
17 on Item 29? Item 29 is approved as presented.

18 And that's the end of our regular agenda.
19 The meeting will be recessed until this afternoon possibly
20 for an executive session, a continuation of our executive
21 session this morning. But the regular public meeting is
22 over.

23 Thank you.

24 (Thereupon the meeting was
25 adjourned at 10:25 a.m.)


CERTIFICATE OF SHORTHAND REPORTER

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I, Nadine J. Parks, a shorthand reporter for the State of California and a disinterested person herein, hereby certify that I was present at the time and place of the foregoing meeting of the State Lands Commission; that I reported the proceedings in shorthand writing and thereafter caused my shorthand writing to be transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties involved in said meeting and am not interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have set my hand this 21st day of April, 1986.



Nadine J. Parks
Shorthand Reporter