

#27. (GEN. DATA, OIL AND GAS, STATE-WIDE.) The following information report was presented to the Commission:

"The Director of Finance has reported a request by Mr. Ets-Hokin for an opportunity to appear before the Commission to present facts about the ship building situation in California in relation to the program for oil and gas development on coastal tide and submerged lands.

"Mr. Ets-Hokin has been informed that this request has been included in the current agenda."

A general discussion followed of oil and gas development on coastal tide and submerged lands, participated in by the following:

Sam Grinsfelder of the Union Oil Company of California

Richard R. Fenton of the California Drilling Contractors Association

Louis Ets-Hokin of the Associated Boat Industries

Ernest Collins of the Associated Boat Industry of Northern California

Thomas A. Rotell of the Pacific Coast Metal Trades District Council

Thomas B. Forster of the Southern California Boat Building Association

William M. Smock of the International Brotherhood of Electrical Workers, Local 595

E. E. Pyles of the Monterey Oil Company

Kenneth A. Ross of the Associated General Contractors

During the discussion, the following letter of November 5, 1956, directed to the Commission by Mr. James Mussatti, General Manager of the California State Chamber of Commerce, was read into the record:

"The Outer Continental Shelf Act of 1953, by Congress, granted the tidelands out to the three mile limit to the individual coastal states. At its next opportunity following that action, the California State Legislature in 1955 passed the Cunningham-Shell Act, which enables the State Lands Commission to establish administrative procedure and to conduct a program for oil recovery from our submerged lands.

"This expeditious action by the Legislature, immediately after return of these resources to the states, would seem to indicate that it was not disposed against early implementation of the Cunningham-Shell Act.

"The potential economic benefit to the people of California from opening these lands to early development is important and far reaching.

"While we are in this era of rapid industrial development, we need to encourage as much industrial growth as possible to strengthen our economy and to provide employment for our State's fast-growing population. Oil, of course, is an important basic resource for many industries. The oil industry, itself, is a highly important factor in California's business and industrial economy.

"The royalties which will accrue to the State from development of the tidelands will finance public projects soon to be needed by the people of California.

"Getting under way a program of off-shore oil development should re-vitalize our seriously declining shipbuilding industry and its wide following of subcontractors. The State is in danger of losing its nucleus of skilled workers from this activity and employment in private yards is little above an all-time low since the War.

"Off-shore development would require millions of dollars worth of marine equipment over a period of years, produced in our shipyards and in our steel fabricating and metal trades plants. It is reported that between 1946 and 1950 Gulf Coast shipyards grossed 150 million dollars on off-shore drilling equipment. Tax revenues from additional property of this type would be considerable.

"In the light of the situation outlined above, the State Chamber is hopeful that the State Lands Commission can see its way clear to early action on this matter.

"On October 12, 1956, in Los Angeles, the Board of Directors of the State Chamber adopted the following position:

That the State Chamber of Commerce URGE the State Lands Commission to expedite the getting under way of a program for off-shore oil production under the terms of existing State legislation.

"We believe such action by the Commission will be in the public interest.

"May we have this brief made a part of the record of the hearing of the Commission set for November 8, 1956. If for any reason this matter is not heard on this date, will you please enter this in the record when the subject is again taken up."

Mr. Ets-Hokin lent several exhibits with the staff, including a report of November 1, 1956, entitled "Shipbuilding Activity in the Gulf of Mexico in Connection with Offshore Oil Operations", which are being made a part of the file records of the Commission. He urged prompt action in issuing oil and

gas leases, informing the Commission that delays are causing great losses to the shipbuilding and marine equipment industry, and that some members of the industry are going out of business and employees are going into other fields of work, as a result of which losses the industry would be unprepared to carry on adequately in time of emergency.

28. (PETITION FOR WRIT OF MANDATE, SILVER VS. MEMBERS OF THE STATE LANDS COMMISSION - W. O. 2444.) The following report was presented to the Commission:

"On October 25, 1956 Mr. P. Silver filed a petition for writ of mandate with the California State Supreme Court requesting issuance of a writ of mandate to compel the Director of Finance, the Lieutenant Governor, and the State Controller as follows:

1. To vacate and set aside the determination declaring the land (W. O. 2243, 5,600 acres of tide and submerged lands, Point Mugu area, Ventura County) to be 'not within the known geological structure of an oil producing field' or to show cause why they should not do so.
2. To refrain from making any further classification of the above-referred-to land until a geophysical survey has been made and the results therefrom have been made available to them.
3. To refrain from basing any further determinations as to whether the tidelands are within a known geological structure of an oil producing field solely on the criteria that there must be proof of an actual producing oil field then in production to warrant such a determination.

"This action has been transferred to the District Court of Appeals.

"The office of the Attorney General has requested an extension to and including November 10, 1956 within which time to file a statement of points and authorities and a request for dismissal of the petition."