#### STATE OF CALIFORNIA

Minutes of the Meeting of the State Lands Commission Sacramento, California

#### <u>APPEARANCES</u>

PRESENT:

Kenneth Cory, State Controller, Chairman Mervyn M. Dymally, Lieutenant Governor, Commissioner Sid McCausland, Deputy Director of Finance, Commissioner-alternate for Roy M. Bell, Director of Finance, Commissioner

#### STAFF MEMBERS IN ATTENDANCE:

William F. Northrop, Executive Officer
Robert C. Hight, Chief Counsel
J. F. Trout, Manager, Land Operations
W. M. Thompson, Manager, Long Beach Operations
D. J. Everitts, Manager, Energy and Mineral
Resources Development
Diane Jones, Secretary

#### PEPRESENTING THE OFFICE OF THE ATTORNEY GENERAL:

N. Gregory Taylor, Assistant Attorney General Jan Stevens, Assistant Attorney General Allan Goodman, Deputy Attorney General

#### REPRESENTING THE OFFICE OF THE LIEUTENANT GOVERNOR:

Steven Smith, Executive Director, Commission for Economic Development
Betty Jo Smith, Staff Counsel

### RE MINUTE ITEM 21 - A REVIEW, DISCUSSION, AND CONSIDERATION OF LIQUIDIFIED NATURAL GAS PLOJECTS WHICH WOULD IMPACT ON THE STATE OF CALIFORNIA

George E. Rive, Attorney from the law firm of Latham & Watkins, representing the Alcan transportation project.

Michael L. Holland, Assistant Vice President, El Paso Alaska Company.

Daniel E. Gibson, General Counsel, Pacific Gas Transmission Company, representing the Arctic Transportation project.

Harry L. Lepape, Vice President, Scuthern California Gas Company, representing the Artic Transportation project.

Roger C. Thompson, Special representative and Senior Vice President of Gas Supply, Pacific Gas and Flectric Company.

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- Michael L. Holland, Assistant Vice President, El Paso Alaska Company.
- Daniel E. Gibson, General Counsel, Pacific Gas Transmission Company, representing the Arctic Transportation project.
- Harry L. Lepape, Vice President, Southern California Gas Company, representing the Artic Transportation project.
- Roger C. Thompson, Special representative and Senior Vice President of Gas Supply, Pacific Gas and Electric Company.

RE MINIUTE ITEM 23 - CONSIDERATION OF THE EMFECT OF PROPOSED

CONSTRUCTION ON A PARCEL OF TIDELANDS

COVERED BY THE PUBLIC TRUST NEAR INVERNESS,

TOMALES DAY, MARIN COUNTY, ROBERT M. CASSEL.

Felix M. Warburg, Planning Consultant, representing

Robert M. Cassel.

Susanna Jacob, representing Invironment Action

Susanna Jacob, representing Inverness Association;

Committee; Western Marin; Inverness Association;

Marin Conservation League; and Tomales Bay

Association.

## MINUTES OF THE STATE LANDS COMMISSION MEETING OF JUNE 30, 1977

The regular meeting of the State Lands Commission was called to order by Chairman Kenneth Cory, State Controller, at 10:14 a.m. in Room 2170, State Capital, Sacramento, California. Other members present inc. uded Commissioner Mervyn M. Dymally, Licutonant Governor; and S.d McCausland, Deputy Director of Finance, representing Commissioner Roy M. Bell, Director of Finance.

The minutes of the mesting of May 26, 1977 were approved as written.

Mr. William F. Northrop's Executive Officer's report is attached as Exhibit "A".

Attachment: Exhibit "A"

### EXECUTIVE OFFICER'S REPORT

By

#### WILLIAM F. NOKTHROP EXECUTIVE OFFICER

JUNE 30, 1977

W 9790 LB Admin

THE FEDERAL ENERGY ADMINISTRATION IN OCTOBER 1976 INCREASED THE CEILING PRICES FOR CALIFORNIA LOWER TIER CRUDE OIL REFLECTING THE GRAVITY DIFFERENTIAL ADJUSTMENT, BUT THE CRUDE OIL PURCHASERS DID NOT INCREASE THEIR POSTED PRICES.

IN THE LONG BEACH TIDELANDS, WE CONTENDED THAT FEA CELLING PRICES GOULD BE PAID UNDER THE CRUDE OIL VALUATION TERMS OF THE NET PROFITS CONTRACTS. MONIES WERE PAID BY THE CONTRACTOR UNDER PROTEST UNTIL A JUDGMENT IN FEDERAL DISTRICT COURT REQUIRED A REFUND. As OF TODAY, THE LAST OF ABOUT A \$4,000,000 REFUND HAS BEEN MADE BY ADJUSTMENTS IN THE NET PROFITS ACCOUNT PAYMENTS. INTEREST PAYMENTS REQUIRED BY THE JUDGMENT WILL BE ADJUSTED DETWEEN THE CITY OF LONG BEACH AND THE STATE. THE DISTRICT COURT RULING IS BEING APPEALED.

IT IS ANTICEPATED THAT MONTHLY CRUDE OF CEILING PRICE PACREASES WILL RESUME AFTER A 14-MONTH FREEZE ON LOWER TIER CRUDE OUL. These increases, which are supposed to offset inflation and maintain crude prices at the February 1976 LEVEL, should start in July or August. Whether such increases in the ceiling price will actually be paid by purchasers is not known at this time. We are still hopeful that an entitlement adjustment, being considered by the FEA, for California Lower

THER CRUDE WOULD GIVE IIS SOME PRICE RELIEF. THIS IS NECESSARY BECAUSE THE INFLATION INDEX USED TO INCREASE CRUDE PRICES IS NOT TRULY REFLECTIVE OF THE ACTUAL INCREASES IN OPERATING COSTS DUE TO INFLATION.

# RECORD OF ACTION TAKEN BY THE STATE LANDS COMMISSION

AT ITS MEETING OF J VZ 30, 1977

During the meeting, the recommendations of the staff relative to Calendar Items C., C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12, C13, C14, C15, C16, C17, C18, C19, C20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 21, 23, 38 and 39 are set forth or pages 705, 717, 761, and 762.

Status of Major Litigation is set forth on page 766.