

STATE OF CALIFORNIA

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

APPEARANCES

Commissioners Present:

Kenneth Cory, State Controller, Chairman
Sid McCausland, Deputy Director of Finance,
alternate for Commissioner Roy M. Bell,
Director of Finance (Mr. McCausland arrived
during consideration of Calendar Item 21;
departed again during consideration of Item 25
and returned during status of major
litigation.)
Betty Jo Smith, Staff Counsel, alternate for
Commissioner Mervyn M. Dymally, Lieutenant
Governor

Staff Members in Attendance:

William F. Northrop, Executive Officer
R. S. Golden, Assistant Executive Officer
R. C. High, Chief Counsel
James F. Trout, Manager, Land Operations
D. J. Everitts, Manager, Energy and Mineral
Resources Development
Dwight Sanders, Chief, Planning and Environmental
Coordination Unit
W. M. Thompson, Manager, Long Beach Operations
Diane Jones, Secretary

Representing the Office of the Attorney General:

Jan Stevens, Assistant Attorney General

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
DECEMBER 19, 1977

The regular meeting of the State Lands Commission was called to order at 10:01 a.m. in Room 2170, State Capitol, Sacramento, by Chairman Kenneth Cory. Other members present included Commission-alternates Betty Jo Smith, Staff Counsel, representing Commissioner Mervyn M. Dymally, Lieutenant Governor; and Sid McCausland, Deputy Director of Finance, representing Commissioner Roy M. Bell, Director of Finance.

NOTE: Commission-alternate Sid McCausland arrived during consideration of Calendar Item 21, left again during Calendar Item 25, and returned during the report on Status of Major Litigation.

The minutes of the meeting of November 30, 1977, were approved as written.

EXECUTIVE OFFICER'S REPORT

Mr. William F. Northrop made a year end report to the Commission, attached as Exhibit "A". During his report concerning the Commission's investigation into the reasonable market value of natural gas, Mr. Northrop pointed out that the room number for the staff's January 12, 1978, hearing on this subject had been changed. Mr. Cory instructed the staff to have someone placed outside the original hearing room to direct anyone who was not aware of the change to the correct hearing room.

ASSISTANT EXECUTIVE OFFICER'S REPORT

Mr. R. S. Golden's written report is attached as Exhibit "B".

Attachments: Exhibits "A" and "B"

EXHIBIT "A"

EXECUTIVE OFFICER'S REPORT

By

WILLIAM F. NORTHROP

LAND OPERATIONS

THE COMMISSION HAS BEEN SUCCESSFUL IN NEGOTIATING SEVERAL PERCENTAGE OF GROSS REVENUE LEASES ON OUR COMMERCIALY-USED LANDS. IT IS ANTICIPATED THE USE OF THIS TYPE OF LEASE WILL BE EXPANDED DURING 1978.

INSPITE OF NUMEROUS IMPEDIMENTS TO LEASING ACTIVITY IN SEVERAL AREAS, CALENDAR ITEM PRODUCTION DURING 1977 INCREASED TO 302 FROM 289 LEASE ITEMS IN 1976. LITIGATION ON HIGH/LOW WATER AND THE PUBLIC TRUST ISSUES, AS WELL AS STUDIES AT BETHEL ISLAND, HAVE THWARTED EFFECTIVE LEASING EFFORTS IN AFFECTED AREAS.

WE ARE RECEIVING SOME POSITIVE RESPONSES IN ITS NEGOTIATIONS WITH THE U.S. NAVY AND GENERAL SERVICES ADMINISTRATION, BOTH AT THE REGIONAL AND WASHINGTON LEVELS REGARDING POTENTIAL EXCHANGES OF LANDS THAT WILL PROVIDE US MORE MANAGEABLE LAND UNITS. IT IS ANTICIPATED LONG-RANGE BENEFITS FROM THESE EFFORTS WILL BE SUBSTANTIAL.

IN MARCH, REVISED ADMINISTRATIVE CODE SECTIONS WERE IMPLEMENTED AND PROVIDED FOR REALISTIC CHARGES FOR THE RECREATIONAL USE OF OUR LANDS.

THE COMMISSION ENTERED INTO TWO SIGNIFICANT VOLUMETRIC LEASE ARRANGEMENTS DURING THIS CALENDAR YEAR (LION OIL COMPANY, PRC 3453.1, AND HOLLY CORPORATION, PRC 2408.1) WHICH WILL RESULT IN INCREASED RENTAL REVENUES OF OVER \$75,000 ANNUALLY.

RENTAL NEGOTIATIONS HAVE BEEN CONCLUDED ON FIVE ADDITIONAL VOLUMETRIC RENTAL LEASE ARRANGEMENTS WHICH WILL APPEAR BEFORE THE COMMISSION EARLY IN 1978. IT IS ANTICIPATED THAT ANNUAL REVENUES FROM THESE FIVE LEASES WILL INCREASE BY OVER \$525,000.

BY THE END OF 1978, IT IS ANTICIPATED THAT AN ADDITIONAL FOUR-TO-FIVE VOLUMETRIC RENTAL LEASES WILL BE CONCLUDED WHICH WILL INCREASE REVENUES BY AN ADDITIONAL SEVERAL HUNDRED THOUSAND DOLLARS.

A SETTLEMENT AGREEMENT WAS REACHED AND APPROVED BY ALL PARTIES OF A LONG-STANDING DISPUTE CONCERNING TIDE AND SUBMERGED LANDS GRANTED IN TRUST TO THE CITY OF LOS ANGELES AND ADMINISTERED BY THE BOARD OF HARBOR COMMISSIONERS. NEGOTIATIONS WERE CONDUCTED UNDER THE AUSPICES OF THE STAFF AND THE ATTORNEY GENERAL'S OFFICE.

SETTLEMENT AVOIDED A PROLONGED COURT BATTLE AND PROVIDES FOR THE RESOLUTION OF PAST CLAIMS AND ESTABLISHED PROCEDURES FOR HANDLING BILLINGS, RENTS, AND PAYMENTS FROM NOW ON. IT PAVED THE WAY FOR MUCH-NEEDED CAPITAL AND OTHER IMPROVEMENTS ON THE TIDELANDS AND STRENGTHENED THE OBJECTIVES OF THE TIDELAND TRUST.

SETTLEMENT OF U.S. FOREST SERVICE TIMBER TRESPASS ACTIVITY RESULTED IN APPROXIMATELY \$81,000 IN REVENUE FOR THE STATE.

PROCEDURES WERE DEVELOPED FOR THE HANDLING OF EMERGENCY PROJECTS AND OTHER HEALTH AND SAFETY PROJECTS SUCH AS MOSQUITO ABATEMENT ACTIVITIES DURING THE YEAR. WITH COMMISSION APPROVAL, STAFF WAS ABLE TO REACT QUICKLY TO REQUESTS FROM OTHER AGENCIES FOR HANDLING EMERGENCIES DUE TO DROUGHT AND OTHER NATURAL CONDITIONS.

SIGNIFICANT PROGRESS HAS BEEN MADE IN DEVELOPING PROPER ADMINISTRATION OF THE PUBLIC TRUST IN TOMALES BAY.

STAFF RESPONDED TO SOME 1600 CORPS OF ENGINEERS PUBLIC NOTICE ITEMS DURING 1977 AS COMPARED TO 1500 SIMILAR ITEMS IN 1976.

SUBSTANTIAL COMMISSION EFFORTS IN COOPERATION WITH THE WILDLIFE CONSERVATION BOARD AND ATTORNEY GENERAL'S OFFICE RESULTED IN A BOUNDARY LINE AGREEMENT AND SETTLEMENT ON THE SAN ELIJO LAGOON PROJECT. BRIEFLY, IT AMOUNTED TO THE STATE'S ACQUISITION OF

SOME 267½ ACRES OF PROPERTY OWNED BY UNITED CALIFORNIA BANK.

THE SETTLEMENT SUCCESSFULLY REDUCED POTENTIAL CLAIMS FROM SOME \$2,650,000 TO THE NEGOTIATED AMOUNT OF APPROXIMATELY \$910,000. THE PROPERTY IS TO BE UTILIZED AS A VALUABLE WILDLIFE REFUGE AND NATURAL AREA.

SIMILAR COOPERATIVE EFFORTS WERE SUCCESSFUL IN OTHER AREAS.

IN THE SAN FRANCISCO BAY AREA, THE DIVISION HAS CONTINUED ITS PROGRAM OF SOVEREIGN TRUST IDENTIFICATION BY COMPROMISE TITLE SETTLEMENTS. STAFF HAS SUBMITTED 10 PROPOSALS FOR YOUR CONSIDERATION THIS YEAR, INCLUDING 8 EXCHANGES AND BOUNDARY AGREEMENTS IN LIEU OF LITIGATION, AS WELL AS SETTLEMENTS, IN WHOLE OR PART, OF 3 MAJOR LAWSUITS FOR TOTAL IDENTIFICATION OF THE TRUST, IN FEE OR EASEMENT, OVER MORE THAN 10,385 ACRES OF ESTUARY LANDS.

THE COMMISSION IS PROCEEDING WITH IMPLEMENTATION OF ITS EXCHANGE EVALUATION METHODS AND THE LAND BANK CONCEPT.

ON TITLE AND BOUNDARY SETTLEMENTS IN GENERAL, A RECORD HIGH OF 13 BOUNDARY LINE AGREEMENTS WERE FINALIZED IN 1977, INCLUDING THOSE IN THE SAN FRANCISCO AREA. IN CONTRAST, 7 WERE PROCESSED IN 1976 AND ONLY ONE IN 1975. EVERY EFFORT CONTINUES TO BE MADE TO REACH EQUITABLE SETTLEMENTS OF DISPUTED INTERESTS WITHOUT EXTENSIVE LEGAL PROCEEDINGS. THIS YEAR'S ACCOMPLISHMENTS INDICATE THE COMMISSION IS HAVING SUCCESS IN THIS ENDEAVOR. SETTLEMENT THIS YEAR OF NEARLY ALL OF THE ISSUES IN THE WESTBAY LITIGATION FURTHER SUPPORTS THIS.

FOURTEEN FIELD SURVEYS WERE CONDUCTED IN 15 COUNTIES FROM THE OREGON BORDER TO NEEDLES ON THE COLORADO RIVER.

IN ADDITION, THE COMMISSION HAS INDEPENDENTLY SETTLED 4 TRESPASS LAWSUITS, 3 OF WHICH WERE ON THE SACRAMENTO RIVER.

HAZARD REMOVAL

W 30007

DURING THIS SECOND YEAR OF THE DROUGHT, THE COMMISSION HAS INITIATED A NUMBER OF MAJOR PROGRAMS TO REMOVE OBSTRUCTIONS, BOTH MANMADE AND NATURAL, FROM THE STATE'S NAVIGABLE WATERWAYS. A PORTION OF THIS PROGRAM IS FINANCED BY \$500,000 ALLOCATED TO THE COMMISSION BY THE STATE LEGISLATURE IN THE 1977-78 FISCAL YEAR BUDGET. UNDER THIS PROGRAM, THE COMMISSION HAS THUS FAR ARRANGED FOR THE CLEAN-UP OF THE LOWER AMERICAN RIVER, THE SACRAMENTO RIVER FROM SHASTA DAM IN SHASTA COUNTY TO GRIMES IN COLUSA COUNTY, AND HAS ALREADY REMOVED 82% OF DESIGNATED OBSTRUCTIONS AT LAKE TAHOE.

WE HAVE ALSO BEEN SUCCESSFUL IN OBTAINING APPROXIMATELY \$2.5 MILLION IN FEDERAL GRANTS IN THE PAST 4 MONTHS. STAFF HAS IN EFFECT, INCREASED THE COMMISSION'S BUDGET BY ONE THIRD.

THESE MONIES ARE CONTAINED IN THREE SEPARATE GRANTS:
(2) APPROXIMATELY \$1.2 MILLION FOR THE REMOVAL OF OBSTRUCTIONS FROM THE WATERS OF THE SACRAMENTO-SAN JOAQUIN DELTA. THIS PROJECT IS ALREADY UNDERWAY; (2) \$787,500 FOR THE IDENTIFICATION AND REMOVAL OF OBSTRUCTIONS FROM SOUTHERN CALIFORNIA TIDELANDS AND SUBMERGED LANDS (ELLWOOD, GOLETA, ETC.); AND (3) \$500,172 FOR WATERSHED AND FOREST REHABILITATION OF STATE SCHOOL LANDS WHICH WERE BURNED OVER DURING THE LAST FIRE SEASON.

W 9868

OIL AND GAS

OIL AND GAS REVENUES RECEIVED DURING 1977 TOTALLED \$20,700,000, EXCLUSIVE OF LONG BEACH TRACT 2. THIS COMPARES WITH \$25,471,000 RECEIVED IN 1976.

APPROVAL WAS RECEIVED FOR RESUMPTION OF DRILLING OPERATIONS FOR FOUR LEASES IN THE HUNTINGTON BEACH OFFSHORE FIELD AND DRILLING HAS COMMENCED. REDRILLING OPERATIONS ALSO COMMENCED ON THREE LEASES IN THE SUMMERLAND AND CARPINTERIA OFFSHORE FIELDS, TWO LEASES IN THE SOUTH ELLWOOD FIELD AND ONE LEASE IN THE RINCON OFFSHORE FIELD, FOR WHICH PERMISSION HAD BEEN PREVIOUSLY GRANTED BY THE COMMISSION.

W 6893

GEO THERMAL

A PROSPECTING PERMIT WAS ISSUED TO GEOTHERMAL KINETICS, INC. TO PROSPECT FOR GEOTHERMAL RESOURCES ON BOGGS MOUNTAIN STATE FOREST IN LAKE COUNTY. THIS PROJECT, WHICH CALLS FOR THE DRILLING OF TWO EXPLORATORY WELLS, WILL HELP ASSESS THE GEOTHERMAL RESOURCE POTENTIAL OF THE AREA, AS WELL AS DEMONSTRATE THAT GEOTHERMAL DEVELOPMENT CAN BE ONE ASPECT OF MULTIPLE USE OF STATE LANDS.

TOTAL ROYALTY REVENUE TO THE STATE OF \$8 MILLION CONTINUES TO BE HELD IN TRUST PENDING APPEAL OF A COURT DECISION FAVORABLE TO THE STATE REGARDING OWNERSHIP OF GEOTHERMAL RESOURCES. ANNUAL GEOTHERMAL ROYALTY TO THE STATE IS NOW \$3,500,000.

TWO NET-PROFIT LEASES WERE AWARDED DURING 1977. THE LEASES -- ONE IN LAKE COUNTY AND ONE IN SONOMA COUNTY, BROUGHT THE HIGHEST BIDS EVER OFFERED FOR GEOTHERMAL DEVELOPMENT LEASES IN THE GEYSERS AREA.

OTHER MINERALS AND DREDGING

W 9635

A SUBSURFACE FIELD GEOLOGICAL EVALUATION PROGRAM WAS CONDUCTED AT CALIFORNIA CITY IN RESPONSE TO A REQUEST THAT THE STATE RELINQUISH THE RIGHT OF SURFACE ENTRY. FIVE 750-FOOT HOLES AND 12 THIRTY FOOT HOLES HAVE BEEN DRILLED, AND NO ECONOMIC MINERAL DEPOSITS HAVE BEEN UNCOVERED.

ISSUANCE OF A BID LEASE TO LAKE MINERALS CORPORATION WAS APPROVED FOR THE PRODUCTION OF TRONA AND SODA ASH FROM OWENS LAKE IN INYO COUNTY.

STAFF OF THE COMMISSION WAS AUTHORIZED TO ISSUED DREDGING PERMITS FOR 10,000 CUBIC YARDS OR LESS IN AN EFFORT TO EXPEDITE PROCESSING OF SUCH PERMITS. AS A FURTHER STEP TO SPEED UP ISSUANCE OF DREDGING PERMITS, THE POSITION OF DREDGING COORDINATOR WAS ESTABLISHED IN SACRAMENTO.

LONG BEACH UNIT - TAX ASSESSMENT APPEAL

LB. 23m.

THE LONG BEACH UNIT TRACT 1 AND TRACT 2 CONTRACTS PROVIDE THAT LONG BEACH UNIT EXPENDITURES, INCLUDING PAYMENTS FOR COUNTY AND CITY MINING RIGHTS AND PROPERTY TAXES, ARE CHARGEABLE AGAINST NET PROFITS. THUS, 96-1/4 PERCENT OF THE TAX PAYMENTS

ARE, IN EFFECT, A BURDEN ON TIDELAND OIL REVENUE. DUE TO THE CITY OF LONG BEACH'S \$9 MILLION ANNUAL LIMITATION ON RETENTION OF TIDELAND OIL REVENUE, ANY INCREMENTAL CHANGE IS BORNE BY THE STATE.

FOR THE TAX YEAR 1977-78, THE LOS ANGELES COUNTY ASSESSOR VALUED THE LONG BEACH UNIT AT \$674 MILLION, AND LEVIED A TAX IN THE AMOUNT OF \$16.4 MILLION. THIS WAS A 40% INCREASE IN THE \$483 MILLION VALUATION OF THE PREVIOUS YEAR. THE TAX LEVY WAS INCREASED \$4.1 MILLION. THE INCREASE IN ASSESSMENT REFLECTS THE ASSESSOR'S OPINION OF FAIR MARKET VALUE, WHICH IS BASED ON A PROJECTION OF THE FUTURE REVENUE OF THE LONG BEACH UNIT.

THE PARTICIPANTS ASSERT THERE IS NO BASIS IN FACT FOR A 40 PERCENT INCREASE IN FUTURE REVENUE, IN VIEW OF CONTINUING FEDERAL PRICE CONTROLS ON CRUDE OIL, AND CONSIDERING THAT NEARLY \$100 MILLION OF VALUE WAS EXTRACTED FROM THE LONG BEACH UNIT SINCE THE 1976 VALUATION WAS MADE.

AT ITS AUGUST MEETING, THE COMMISSION AUTHORIZED THE EXECUTIVE OFFICER AND THE OFFICE OF THE ATTORNEY GENERAL TO TAKE APPROPRIATE ACTION TO EFFECT THE TIMELY FILING OF AN APPLICATION FOR REDUCTION IN THE 1977 ASSESSMENT OF THE LONG BEACH UNIT, WITH THE LOS ANGELES COUNTY ASSESSMENT APPEALS BOARDS. PARTICIPANTS OWNING NINETY-NINE PERCENT OF THE PARTICIPATION SHARES IN THE LONG BEACH UNIT, INCLUDING ALL WHO OWN SHARES IN THE OFFSHORE PORTION, AUTHORIZED THE STAFF TO ACT AS THEIR AGENT FOR THE PURPOSE OF SIGNING THE APPLICATION AND APPEARING BEFORE THE ASSESSMENT APPEALS BOARDS

IN THIS MATTER. ON SEPTEMBER 15, THE STAFF FILED THE APPLICATION FOR REDUCTION OF THE 1977 ASSESSMENT.

THE PARTICIPANTS ARE CURRENTLY WORKING WITH CONSULTANTS AND WITH THE COMMISSION STAFF IN GATHERING THE RELEVANT FACTS AND PREPARING A PRESENTATION TO THE ASSESSMENT APPEALS BOARD.

W. 9800

ENTITLEMENTS PROGRAM

THREE YEARS AGO THE FEDERAL GOVERNMENT INSTITUTED THE ENTITLEMENTS PROGRAM. THE INTENT OF THIS PROGRAM WAS TO EQUALIZE THE COST OF CRUDE OIL BETWEEN U. S. REFINERS, AND IT WAS DONE BY IMPOSING A PENALTY ON MOST DOMESTIC PRODUCED OIL.

IN THE CALCULATION OF THESE PENALTIES TO BE PAID NATIONAL AVERAGE COSTS OF LOWER TIER, UPPER TIER, AND UNCONTROLLED OIL ARE USED. THE RESULTING PENALTIES FROM THESE NATIONAL AVERAGES WHEN APPLIED TO CALIFORNIA CRUDE OIL CREATED A SERIOUS INEQUITY TO THE EXTENT THAT FOREIGN CRUDE OIL WAS CHEAPER TO THE REFINER. THIS IMBALANCE WAS COMPOUNDED BY THE GRANTING OF THE FOREIGN IMPORT BONUS TO ALASKAN NORTH SLOPE CRUDE OIL IN 1977.

THE DEPARTMENT OF ENERGY WAS FAMILIAR WITH THE CALIFORNIA PROBLEM AND HELD HEARINGS ON AN ENTITLEMENTS ADJUSTMENT EARLY IN 1977 WHEN THE ENTITLEMENT TREATMENT FOR ALASKA WAS BEING CONSIDERED.

HOWEVER, NO ACTION RESULTED FROM THESE HEARINGS.

THE COMMISSION HAS PRESSED FOR THE PAST TWO YEARS FOR FAIR TREATMENT AND AS A RESULT OF ITS TENACITY, THE DEPARTMENT OF ENERGY HAS RULED THAT EFFECTIVE JANUARY 1, 1978, THE ENTITLEMENT OBLIGATION FOR LOWER TIER CRUDE OIL PRODUCED IN CALIFORNIA IS TO BE REDUCED BY \$1.74 PER BARREL OF CRUDE OIL FOR SUCH CRUDE THAT IS

LESS THAN 26 DEGREE API GRAVITY. THE ENTITLEMENT CREDIT ON IMPORTED CRUDE OIL, INCLUDING ALASKAN NORTH SLOPE OIL, WILL BE REDUCED AS NECESSARY TO BALANCE THIS AMOUNT.

AS A RESULT OF THIS ACTION BY THE DOE, THE PURCHASERS OF CRUDE OIL PRODUCED FROM STATE AND GRANTED TIDELANDS SHOULD HAVE NO FURTHER REASON FOR NOT PAYING THE ALLOWABLE FEDERAL CEILING PRICE FOR OIL.

LEGISLATION

W 9714

AS YOU ARE WELL AWARE, THE COMMISSION HAS HAD A FULL YEAR IN THE LEGISLATURE. BRIEFLY, TO RECAP OUR ACTIVITIES IN THIS AREA:

STAFF HAS FOLLOWED SOME 367 PIECES OF LEGISLATION; UNDERGONE THE SCRUTINY OF THREE LEGISLATIVE OVERSIGHT HEARINGS; AND WORKED TOWARDS THE PASSAGE OF FOUR COMMISSION SPONSORED PIECES OF LEGISLATION.

SB 1027, ROBERTI, A MAJOR REVISION OF THE PUBLIC RESOURCES CODE PROVISIONS PERTAINING TO GEOTHERMAL DEVELOPMENT ON STATE LANDS, HAS NOW PASSED OUT OF THE SENATE FOR THE FIRST TIME IN TWO YEARS. THE ASSEMBLY POLICY COMMITTEE WILL TAKE THIS BILL UP WHEN IT RETURNS IN JANUARY.

SIMILARLY, THE COMMISSION'S OMNIBUS HOUSE CLEANING BILL, SB 851, MARKS, IS BEFORE THE ASSEMBLY POLICY COMMITTEE. BOTH SB 782, SIEROTY, THE GRANTED LANDS MODERNIZATION BILL; AND SB 1017, RAINS, PROVIDING AUTHORIZATION FOR THE COMMISSION TO EXCHANGE GEOLOGICAL AND GEOPHYSICAL DATA WITH FEDERAL LAND MANAGEMENT AGENCIES WILL BE TAKEN UP BY THE SENATE IN EARLY JANUARY.

MOST SIGNIFICANT OF THE ENACTED LEGISLATION THE COMMISSION HAS FOLLOWED INCLUDE:

- SB 1081 (ALQUIST) WHICH PROVIDES FOR THE SITING OF CALIFORNIA'S FIRST LNG MARINE TERMINAL.
- AB 884 (McCARTHY) DEVELOPMENT AND PERMIT EXPEDITING LEGISLATION (OPR IS IN THE PROCESS OF FORMULATING THE GROUND RULES FOR ALL AGENCIES TO OPERATE UNDER, AND STAFF OF THE COMMISSION IS REVIEWING ITS INHOUSE PROCEDURES TO INSURE THAT THE COMMISSION CAN RESPOND IN THE NEWLY PRESCRIBED FASHION.)
- SB 349 (NEJEDLY) THE RECREATIONAL PIER BILL.
- SEVERAL GRANTED LANDS BILLS, INCLUDING AB 925 (KEENE) WHICH CONCERNS SUPPORT OF THE EUREKA WATERFRONT LITIGATION.

FINALLY, THE COMMISSION HAS PARTICIPATED IN THREE LEGISLATIVE OVERSIGHT HEARINGS. THE ASSEMBLY RESOURCE COMMITTEE REVIEWED THE COMMISSION'S ROLE IN BOUNDARY DETERMINATION. TWO OVERSIGHT HEARINGS WERE CONDUCTED BY THE SENATE NATURAL RESOURCES AND WILDLIFE COMMITTEE, ON THE COMMISSION'S MANAGEMENT OF THE STATE'S SOVEREIGN AND GRANTED INLAND WATERWAYS. IN ALL THREE HEARINGS, IT WAS NOTED THAT THIS COMMISSION HAS BEEN AGGRESSIVE IN ITS MANAGEMENT PRACTICES AND ITS POLICIES HAVE BEEN CONSISTENT TOWARDS RESOLVING PAST LEGISLATIVE ADMINISTRATIVE AND PUBLIC CRITICISMS.

PUBLIC HEARING -- NATURAL GAS PRICING

W 9738

IN ITS ONGOING INVESTIGATION REGARDING THE DETERMINATION OF THE REASONABLE MARKET VALUE FOR ROYALTY PURPOSES OF NATURAL GAS IN NORTHERN CALIFORNIA, STAFF OF THE COMMISSION WILL CONDUCT

A PUBLIC HEARING ON JANUARY 12, 1978, AT THE EMPLOYMENT DEVELOPMENT DEPARTMENT, 722 CAPITOL MALL, ROOM 4061, SACRAMENTO, COMMENCING AT 10:00 A.M. IN ORDER TO RECEIVE ADDITIONAL COMMENTS FROM THE PUBLIC ON THIS SUBJECT. IT IS ANTICIPATED THAT THIS MATTER WILL BE BROUGHT TO YOU FOR A DECISION AT YOUR JANUARY 26, 1978 MEETING.

EXHIBIT "B"

ASSISTANT EXECUTIVE OFFICER'S REPORT

BY

R. S. GOLDEN

W 21333

COASTAL COMMISSION

SECTION 30416 OF THE CALIFORNIA COASTAL ACT OF 1976 PROVIDES IN PART THAT "THE STATE LANDS COMMISSION, , , SHALL REVIEW AND MAY COMMENT ON ANY PROPOSED LOCAL COASTAL PROGRAM OR PORT MASTER PLAN THAT COULD AFFECT STATE LANDS."

IN SEPTEMBER OF THIS YEAR, THE STATE LANDS COMMISSION STAFF SENT A LETTER EXPLAINING ITS ROLE IN THE REVIEW AND COMMENT PHASE OF THE LOCAL COASTAL PROGRAMS TO EACH OF THE LOCAL JURISDICTIONS REQUIRED TO COMPLETE A LOCAL COASTAL PROGRAM.

AS OF TODAY, THE STATE LANDS COMMISSION STAFF HAS REVIEWED AND PROCESSED 31 ISSUE IDENTIFICATIONS AND/OR WORK PROGRAMS OF THE VARIOUS LOCAL COASTAL PROGRAMS (LCPs). THE COMMISSION STAFF CAN EXPECT TO REVIEW, AT A MINIMUM, APPROXIMATELY 62 SUCH PLANS.

THE PRIMARY REVIEW RESPONSIBILITY WITHIN THE STATE LANDS COMMISSION STAFF IS VESTED IN THE PLANNING AND ENVIRONMENTAL COORDINATION UNIT, WHICH IN TURN COORDINATES INPUT FROM OTHER PROGRAM AREAS SUCH AS GRANTED LANDS, AREA PROJECTS, LEGAL, LAND TRANSACTIONS, ETC.

DURING THIS REVIEW PROCESS, THE LOCAL JURISDICTIONS HAVE BEEN CONTACTED AND COMMENTS OR PROBLEMS HAVE BEEN DISCUSSED AT THE OUTSET. IN ALL CASES, STAFF HAS WORKED DIRECTLY WITH THE LOCAL ENTITIES TO ENSURE THAT OUR CONCERNS ARE ADDRESSED.

BCDC.

W 5762.2

IT IS EXPECTED THAT THE STAFF OF THE COMMISSION, BCDC, AND THE U. S. ARMY CORPS OF ENGINEERS WILL INITIATE A STUDY OF THE EFFECTS OF DREDGING AND DREDGE SPOIL DISPOSAL IN SAN FRANCISCO BAY AFTER THE FIRST OF THE YEAR.

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF DECEMBER 19, 1977

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C13, 17, 18, 19, 20, 24, 25, 26, and 27 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 15, 21, 22, and 23 are set forth on pages 1416, 1438, 1444, and 1448.

Calendar Items C12, C14, and 16 were withdrawn from the agenda prior to the meeting.

Status of Major Litigation is set forth on page 1469.