

STATE OF CALIFORNIA

Minutes of the meeting of 3/23/82
of the State Lands Commission
Sacramento, California

APPEARANCES

Commissioners Present

David Ackerman, Acting Chairman, Commission-Alternate
for Mike Curb, Lieutenant Governor
Susanne Morgan, Commission-Alternate for Mary Ann
Graves, Director of Finance

Staff Members in Attendance

Claire T. Dedrick, Executive Officer
James F. Trout, Assistant Executive Officer
R. C. Hight, Chief Counsel
Jack Rump, Assistant Chief Counsel
R. S. Golden, Chief, Division of Land Management
and Conservation
L. H. Grimes, Deputy Chief, Division of Land
Management and Conservation
D. J. Everitts, Chief, Division of Energy and
Mineral Resources Development
W. M. Thompson, Chief, Division of Long Beach
Operations
D. E. Sanders, Chief, Planning and Environmental
Coordination
A. D. Willard, Supervisor Mineral Resources Engineer
Curtis Fossum, Staff Counsel

Representing the Office of the Attorney General

N. Gregory Taylor, Assistant Attorney General
Jan Stevens, Assistant Attorney General

Re Minute Item 16:

Mr. Mathew Hudson, Attorney, representing Mrs. Natalie
Miller, adjacent upland owner.

Re Minute Item 45:

Mr. James Radcliffe, Attorney for Island Navigation Company.

Mr. Harold Lingle, representing Jack Fennie.

Mr. Joseph Steele, President, Boat Owners Associated Together.

Mr. Barry LeBow, representing himself.

Mr. Robert Hertzbert, Attorney for Catalina Marine Services Corporation.

Mr. Charles Greenberg, Ball, Hunt, Hart, Brown and Baerwitz, representing lessee, Catalina Island Company.

Mr. Jack Reinhold, representing himself.

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF

3/23/82

The regular meeting of the State Lands Commission was called to order by David Ackerman, Acting Chairman, representing Mike Curb, Lieutenant Governor, Member, at 10:45 a.m. in the Basement Boardroom, Department of Transportation, 1120 N Street, Sacramento, California.

Also present was Susanne Morgan, representing Mary Ann Graves, Director of Finance, Member.

The minutes of the meeting of 2/25/82 were approved as presented.

EXECUTIVE OFFICER'S REPORT:

(Report attached as Exhibit A.)

STAFF REPORT ON COASTAL MATTERS

W 1835.18

W 9601

Regarding the subject report attached, Dave Ackerman, Acting Chairman, was concerned about loss of revenue to the State as a result of the Coastal Commission's objection to leasing the tracts involved in OCS Lease Sale 68. Mr. Ackerman requested staff to monitor this situation as it impacts State revenues, and report back to the Commission at periodic intervals.

(Report attached as Exhibit B.)

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EXHIBIT A

EXECUTIVE OFFICER'S REPORT

3/23/82

BY

CLAIRE T. DEDRICK

CLOSURE OF THE 12TH COAST GUARD DISTRICT OFFICE W 9777

IN FURTHER REPORT OF THE COAST GUARD CLOSURE OF THE
12TH DISTRICT OFFICE, I WOULD LIKE TO READ THE LETTER RECEIVED
FROM THE DEPUTY CHIEF OF STAFF OF THE U.S. COAST GUARD, IN
RESPONSE TO OUR 2/16/82 LETTER TO SECRETARY LEWIS:

"DEAR MR. CORY:

ON BEHALF OF SECRETARY LEWIS I AM RESPONDING TO YOUR
LETTER THAT EXPRESSED CONCERN ABOUT THE POSSIBLE MERGER
OF THE ELEVENTH AND TWELFTH COAST GUARD DISTRICTS.
THE INTENT OF THIS ACTION WAS TO REDUCE EXPENDITURES BY
CONSOLIDATING ADMINISTRATIVE FUNCTIONS. OPERATIONAL
CAPABILITIES WERE TO BE PRESERVED FOR THE MOST PART.

I AM HAPPY TO SAY, HOWEVER, THAT THE RECENT PROSPECT
OF BUDGET RELIEF HAS SUSPENDED THIS ACTION. THANK YOU

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EXECUTIVE OFFICER'S REPORT
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FOR YOUR CONCERN.

SINCERELY,

J.A. McDONOUGH, JR.
CAPTAIN, U.S. COAST GUARD
DEPUTY CHIEF OF STAFF

GEOHERMAL BIDDING

W 6325.5

AT THE FEBRUARY MEETING YOU RAISED QUESTIONS ABOUT OUR MOST RECENT GEOHERMAL LEASE SALE, WHY WE RECEIVED ONLY ONE BID AND DID THIS REPRESENT A TREND FOR THE FUTURE. STAFF HAS PREPARED A DRAFT REPORT ON THIS ISSUE WHICH WE ARE GIVING YOU TODAY. ON THE BASIS OF A PRELIMINARY SURVEY OF PAST AND PRESENT BIDDERS AND OTHERS IN INDUSTRY, IT APPEARS THE GREATEST DETERRENT TO BIDDERS IS THE PROVISION IN LAW WHICH ALLOWS THE SURFACE OWNER OF RESERVE MINERAL LANDS TO MATCH THE HIGH BID IN ANY COMPETITIVE LEASE SALE. STAFF HAS REQUESTED WRITTEN COMMENTS FROM INDUSTRY ON THIS ISSUE AND WE WILL REPORT FURTHER WHEN THEY BECOME AVAILABLE, BUT WE DO NOT THINK THESE COMMENTS WILL CHANGE OUR PRESENT VIEW OF THE PROBLEM.

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REGULATIONS - CLARIFICATION OF ACTION

AT THE LAST MEETING OF THE COMMISSION ON FEBRUARY 25, 1982, QUESTIONS WERE RAISED BY THE COMMISSIONERS REGARDING PROPOSED SECTION 2100 OF ARTICLE 2.9, ENTITLED EXPLORATION PERMITS. THERE WAS CONFUSION AS TO WHEN THE COMMISSION WOULD REQUIRE EXPLORATION PERMITS. FOR CLARIFICATION OF THE RECORD, IT SHOULD BE EMPHASIZED THAT UNDER THE NEW REGULATIONS A GENERAL PERMIT IS REQUIRED FOR ALL GEOLOGICAL OR GEOPHYSICAL SURVEYS CONDUCTED ON STATE LANDS. THE GENERAL PERMITS WILL REQUIRE ADVANCE NOTICE TO THE COMMISSION STAFF, LOCAL FISHERMEN, AND OTHER ENTITIES SEVERAL DAYS PRIOR TO THE ACTUAL SURVEY. THE TERMS AND CONDITIONS COVERED BY THE GENERAL PERMITS ARE STILL TO BE DETERMINED. IT IS THE STAFF'S UNDERSTANDING THAT THE COMMISSION, AT ITS REGULAR MEETINGS, WISHES TO HAVE A MONTHLY RECAP OF GEOLOGICAL OR GEOPHYSICAL ACTIVITY IF ANY HAS TAKEN PLACE.

EXECUTIVE OFFICER'S REPORT
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ROYALTY OIL SALES

W 9603.20
W 9603.21

LAST MONTH THE COMMISSION AUTHORIZED THE SALE OF THE STATE'S SHARE OF ROYALTY CRUDE OIL PRODUCED FROM VARIOUS LEASES. ACCORDINGLY, STAFF CONDUCTED TWO COMPETITIVE BID SALES: ONE ON MARCH 16, 1982, FOR OIL PRODUCED FROM LEASE PRC 426, AND THE OTHER ON MARCH 17, 1982, FOR OIL PRODUCED FROM LEASE E-392. CHAMPLIN PETROLEUM COMPANY SUBMITTED THE ONLY BIDS FOR BOTH LEASES OFFERING TO PAY THE STATE BONUSES OF 15.1 CENTS AND 8.1 CENTS PER BARREL, RESPECTIVELY, ABOVE THE HIGHEST POSTED PRICE IN THE HUNTINGTON BEACH FIELD. IF THE BIDS ARE ACCEPTED, THE STATE WOULD RECEIVE ADDITIONAL REVENUES IN EXCESS OF \$300 PER DAY.

FUEL MODIFICATION PROJECT

W 21892
PRC 6136

ON MARCH 8, 1982, THE CALIFORNIA DEPARTMENT OF FORESTRY (CDF) INFORMED STATE LANDS STAFF OF ITS PLAN TO COMMENCE A FUEL MODIFICATION PROJECT. IT INVOLVES THE REMOVAL OF VEGETATION BY CONTROLLED BURNING ON FEDERAL (BLM), STATE (SLC) AND PRIVATELY-OWNED LANDS WITHIN THEIR PILOT AREA. THE EISEL AND THATCHER

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FUEL MODIFICATION PROJECT

W 21892
PRC 6163

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CREEK WATERSHED MANAGEMENT UNIT IN MENDOCINO COUNTY HAS BEEN SELECTED. THE PLAN IS TO CARRY OUT THIS PROJECT WITHIN THE TIME PERIOD OF LATE MARCH TO EARLY APRIL 1982. THERE ARE APPROXIMATELY TEN (10) ACRES OF CHAPARRAL VEGETATION WHICH WILL BE AFFECTED BY THE BURN. THE BURNING ON THE SCHOOL LAND WILL CONSIST OF A VARIABLE WIDTH STRIP ACROSS A PORTION OF THE PARCEL TO CREATE A "WILDLIFE ISLAND" AND IMPROVE THE WILDLIFE HABITAT OF THE AREA.

WITH THE COMMISSION'S CONCURRENCE, I WILL ISSUE A TEMPORARY PERMIT SO THAT THE PROJECT MAY PROCEED AS SCHEDULED. A FORMAL AGREEMENT WILL BE EXECUTED AND PRESENTED AT A FORTH-COMING MEETING.

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EXHIBIT B

STAFF REPORT ON COASTAL MATTERS

W 1835.18
W 9601

THE COASTAL COMMISSION HELD A PUBLIC HEARING ON OCS SALE #68 PROPOSALS ON MARCH 17, 1982. THE HEARING TOOK OVER THREE HOURS AND CONSISTED OF COMMENTS TOTALLY OPPOSING OIL DRILLING OFF THE CALIFORNIA COAST TO SPECIFIC OBJECTIONS TO THE SALE OF SPECIFIED TRACTS.

THE HEARING WAS HELD TO DEVELOP RECOMMENDATIONS TO THE GOVERNOR ON THIS PROPOSED SALE OF 172 TRACTS BY THE DEPARTMENT OF INTERIOR.

AT THE CONCLUSION OF THE HEARING, THE COMMISSION VOTED TO OPPOSE THE OCS #68 SALE NOMINATION OFF THE CALIFORNIA COAST IN THEIR ENTIRETY WITH A FOLLOW-UP RESOLUTION AS A BACK-UP POSITION GIVING APPROVAL TO ALL PARCELS EXCEPT SOME 27 TRACTS AS RECOMMENDED BY STAFF AND TWO ADDITIONAL TRACTS OFF POINT DUME ADDED BY THE COMMISSION AS A RESULT OF PUBLIC INPUT.

IT WAS NOTABLE THAT THERE WAS NO OIL COMPANY INPUT TO THE PUBLIC HEARING ALTHOUGH THEIR INPUT WAS ACTIVELY SOLICITED.

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RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF 3/23/82

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12, C13, C14, C15, C17, C18, C19, C20, C21, C22, C23, C24, C25, 27, 28, 30, 31, 32, 33, 34, 36, 37, 38, 39, 40, 41 and 43 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items 42, 44 and 45 are set forth on pages 825, 841 and 843.

Calendar Item C16 was removed from the Consent Calendar and placed on the regular agenda.

Calendar Items 26, 29 and 43 were withdrawn from the agenda prior to the meeting.

Calendar Item 35 was submitted for information only.

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