

STATE OF CALIFORNIA

Minutes of the meeting of March 24, 1983
of the State Lands Commission
Sacramento, California

APPEARANCES

Commissioners Present

Peter Pelkofer, Acting Chairman, Commission-Alternate
for Kenneth Cory, State Controller
Leo T. McCarthy, Lieutenant Governor, Member
Michael Franchetti, Director of Finance, Member

Staff Members in Attendance

Claire T. Dedrick, Executive Officer
James F. Trout, Assistant Executive Officer
R. C. Hight, Chief Counsel
Lance Kiley, Chief, Division of Land Management
and Conservation
W. M. Thompson, Chief, Extractive Development
Program
D. J. Everitts, Assistant Chief, Extractive Development
Program
D. E. Sanders, Chief, Planning and Environmental
Coordination
A. D. Willard, Supervisor Mineral Resources Engineer
Marillin Hindus, Department of Finance
Lisa Beutler, Lieutenant Governor's Office
Jane Smith, Secretary

Representing the Office of the Attorney General

Jan Stevens, Deputy Attorney General

Regarding Minute Item 25:

Mr. Randall Hays
City Attorney, City of Redding

Mr. Jim Wazlaw
SAI Engineers

Regarding Minute Item 40:

Mr. Kenneth M. Dickerson
District Legal Counsel
Estero Municipal Improvement District

Mr. Richard D. Wykoff
City/District Manager
Foster City - Estero Municipal Improvement District

Mr. Tony Lopez
City of San Mateo

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF

MARCH 24, 1983

The regular meeting of the State Lands Commission was called to order by Acting Chairman Peter Pelkofer, representing Kenneth Cory, State Controller at 10:15 a.m. in Room 447 of the State Capitol, Sacramento, California.

Also present were Leo T. McCarthy, Lieutenant Governor, Commissioner; and Michael Franchetti, Director of Finance, Commissioner.

The minutes of the meeting of February 28, 1983 were approved as presented.

EXECUTIVE OFFICER'S REPORT:

Attached as Exhibit "A".

DATE OF PAGE	242
--------------	-----

EXECUTIVE OFFICER'S REPORT

MARCH 24, 1983

BY

CLAIRE T. DEDRICK

W 11089

CITY OF LONG BEACH - BUSINESS LICENSE TAX

WE HAVE RECEIVED A LETTER FROM THE CITY OF LONG BEACH NOTIFYING US OF THEIR INTENTION TO INCREASE THEIR BUSINESS LICENSE TAX FROM 7½¢/BBL TO 12¢/BBL. THEY ARE HOLDING A PUBLIC HEARING ON THE ISSUE ON APRIL 5, 1983.

THIS TAX IS SIMILAR TO A SEVERANCE TAX AND IS LEVIED ON EACH BARREL OF OIL PRODUCED ABOVE 100 BBL/MONTH/WELL. THIS TAX IS ALSO COLLECTED ON OIL PRODUCED FROM THE GRANTED TIDELANDS AND TRACT 2 OF THE LONG BEACH UNIT.

THE TAX HAD NO IMPACT ON THE STATE LONG BEACH TIDELANDS REVENUE PRIOR TO 1979 BECAUSE THE TAXES COLLECTED FROM GRANTED TIDELAND PRODUCTION WERE RECYCLED AS OIL REVENUE AND SPLIT UNDER THE PROVISIONS OF CHAPTER 138. IT WAS OUR UNDERSTANDING THAT THIS WAS PART OF THE COMPROMISE AGREEMENT IN CHAPTER 138. IN 1979, THIS RECYCLING WAS STOPPED AND TAXES ON THE GRANTED TIDELANDS WERE RETAINED BY THE CITY.

FROM 1979 TO DATE THE STATE'S REVENUE HAS BEEN REDUCED BY ABOUT \$6 MILLION DOLLARS, WITH FUTURE REDUCTION UNDER THE CURRENT TAX OF AN ADDITIONAL \$25 MILLION. IF THE TAX IS INCREASED AS PROPOSED, THIS COULD HAVE A FURTHER FUTURE IMPACT ON THE STATE OF AN ADDITIONAL \$15 MILLION.

MARCH 24, 1983

THROUGH THE NET PROFIT ACCOUNTS THE STATE IS CURRENTLY PAYING
\$1,400,000/YEAR AND THIS WILL INCREASE TO \$2,240,000/YEAR
IF THE TAX IS INCREASED.

CALENDAR PAGE	_____
	244

MARCH 24, 1983

W J077

REPORT ON STORM DAMAGE

THE FEBRUARY 28 TO MARCH 1 STORM CAUSED VARYING DEGREES OF DAMAGE TO OIL-PRODUCING FACILITIES ON STATE OIL AND GAS LEASES. A MINIMAL AMOUNT OF OIL WAS SPILLED DURING THE STORM, AND NO OIL WAS REPORTED TO HAVE REACHED THE BEACHES.

LOSS OF REVENUE FROM ROYALTIES IS ESTIMATED TO BE \$3.2 MILLION FOR THE NEXT 12 MONTHS. IN ADDITION, \$6.3 MILLION OF REPAIRS HAVE BEEN REQUIRED TO REPAIR DAMAGE TO THUMS ISLANDS FREEMAN AND WHITE.

DAMAGE OCCURRED ON THE NORTH SIDE OF ISLAND WHITE AND THE WEST SIDE OF ISLAND FREEMAN. ARMOR ROCK AND PLANTING AREA WERE LOST FOR 350' ON WHITE, AND 450' ON FREEMAN. DAMAGE CARRIED BACK INTO THE WORKING SURFACE ON BOTH ISLANDS. LESSER DAMAGE OCCURRED TO THE REMAINDER OF THE PERIMETER OF THESE TWO ISLANDS, AND TO THE PERIMETER OF GRISSOM AND CHAFFEE. ONE DECORATIVE FORM, A WATERFALL WAS LOST ON WHITE, AND ANOTHER FORM WAS SEVERELY UNDERCUT. REPAIR WORK WAS STARTED IMMEDIATELY, AND IS ESSENTIALLY COMPLETED. NO PRODUCTION WAS LOST.

P 3095.1

THE MOST SEVERE DAMAGE OCCURRED AT CHEVRON'S ISLAND ESTHER, WHICH HAS BEEN DESTROYED. THE ISLAND WHICH ORIGINALLY MEASURED 260 x 300 AT THE WATERLINE HAS BEEN REDUCED TO A 60 x 150' WHARF (WHICH IS BADLY DAMAGED) AND 92 EXPOSED WELLHEADS.

CALENDAR PAGE	245
AMOUNT PAGE	

BATHYMETRIC SURVEYS INDICATE THAT ALL ROCK AND DEBRIS HAVE BEEN SHIFTED NORTHEAST OF THE ORIGINAL ISLAND BY AS MUCH AS 250'. REVENUE FROM THIS LEASE HAS BEEN APPROXIMATELY \$2,500,00 PER YEAR. CHEVRON HAS MOVED IN A LARGE CRANE BARGE AND CEMENTING BOAT, AND HAS BEEN SECURING THE WELLS UNTIL THE ECONOMIC FEASIBILITY OF RESTORING PRODUCTION HAS BEEN DETERMINED. THE ISLAND WAS CONSTRUCTED FOR A COST OF \$3,500,000 IN 1964/65.

LESS SEVERE DAMAGE OCCURRED IN OTHER AREAS AS FOLLOWS:

1. A 200' SECTION OF THE ARCO-EXXON PIER AT GOLETA WAS DESTROYED. THE PIER WILL BE OUT OF SERVICE FOR OVER 90 DAYS, AND THE LESSEES HAVE SERVED NOTICE THAT A FORCE MAJEURE CONDITION EXISTS. NO PRODUCTION LOSS HAS OCCURRED BECAUSE OF THIS.

2. PLATFORM HOLLY PIPELINES AT GOLETA WERE EXPOSED ON BEACH DURING HEIGHT OF STORM. PLATFORM WAS SHUT IN BECAUSE OF LINE MOVEMENT FOR ONE DAY. LOSS OF REVENUE \$100,000.

3. A ROAD WASHOUT HAS ISOLATED PRC 421 WELLS AT GOLETA. PRODUCTION WILL BE OFF 30 DAYS. ESTIMATED LOSS OF REVENUE \$3,000.

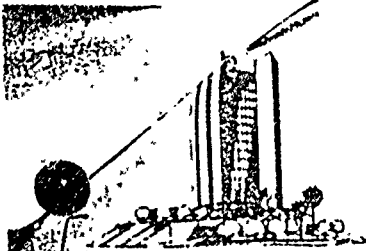
4. APPROACH ROAD TO RINCON ISLAND WASHED OUT. PRODUCTION OF 2 DAYS. LOSS OF REVENUE \$2,600.

MARCH 24, 1983

5. MOBIL/NORRIS PIER HAD A 300' SECTION DESTROYED, AND 200 PILINGS DAMAGED. PARTIAL PRODUCTION LOSS FOR 60 DAYS. ESTIMATED LOSS OF REVENUE \$35,000.

6. EXXON BELMONT ISLAND SUFFERED ELECTRICAL DAMAGE. PRODUCTION WILL BE OFF FOR 60 DAYS. LOSS OF REVENUE \$560,000.

CALENDAR PAGE	
PAGE NO.	247



CITY OF LONG BEACH

TIDELANDS AGENCY

223 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90801 • (313) 463-0332

MARCH 4, 1983

MS. CLAYRE T. DEDRICK
EXECUTIVE OFFICER
STATE LANDS COMMISSION
1807-13TH STREET
SACRAMENTO, CALIFORNIA 95814

RECEIVED

MAR 10 1983

STATE LANDS COMMISSION

DEAR MS. DEDRICK:

PLEASE BE HEREBY NOTIFIED THAT THE CITY OF LONG BEACH HAS UNDER CONSIDERATION A MOTION TO INCREASE THE BARREL TAX TO 12¢. A HEARING TO RECEIVE PUBLIC INPUT AND FURTHER DISCUSS THE INCREASE IS SET FOR APRIL 5, 1983, at 2:00 P.M.

SHOULD YOU, YOUR AGENCY, OR ANY REPRESENTATIVE WISH TO PROVIDE INFORMATION OR OPINION RELATING TO THIS ISSUE, PLEASE APPEAR AT THIS HEARING OR SUBMIT SAME TO THIS OFFICE IN WRITING NO LATER THAN MARCH 28, 1983.

YOURS TRULY,

CAROLYN S. SUTTER
GENERAL MANAGER
TIDELANDS AGENCY

CSS:mbc

COPIES OF THIS PAGE	_____
DATE	248

Copy forwarded to:	WMT, RCH, TIGT
Date:	3/10 by <i>[initials]</i>

RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF MARCH 24, 1983

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, C16, C17, C18, 20, 21, 22, 23, 24, 26, 28, 29, 31, 32, 33, 34, 36, 37, 38, 39, 40 were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items C19, 25, 30 and 41 are set forth on pages 338, 375, 417, 548.

Calendar Items 27 and 35 were withdrawn from the agenda prior to the meeting.

Calendar Item 42 was submitted for information only.