
STATE LANDS COMMISSION, STATE OF CALIFORNIA

Reporter's Transcript of Proceedings
of Regular Meeting of Sept. 13, 1957,
at Los Angeles, California

Tryer, Merrill & Blodgett
CERTIFIED SHORTHAND REPORTERS
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STATE LANDS COMMISSION
STATE OF CALIFORNIA

Reporter's transcript of proceedings of regular meeting held at 115 State Building, Los Angeles, California, at 9:30 a. m., September 13, 1957.

THE COMMISSION:

John M. Peirce, Chairman
Harold J. Powers,
Robert C. Kirkwood.

Commission Staff:

F. J. Hortig, Acting Executive Officer.
Kenneth C. Smith, Supervising Land Title Abstractor.

Legal Counsel:

Edmund G. Brown, Attorney General,
by Walter Rountree, Assistant Attorney General,
Jay Shavelson, Deputy Attorney General.

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APPEARANCES:

For the City of Long Beach:

Harold A. Lingle, Deputy City Attorney.

For Monterey Oil Company, Mr. Martin Kirk.

Clayton A. Dill, in pro per.

For The Trail Ends Development Company, Mr. Raymond R. Kahl.

For Various Applicants: Mrs. Ruth E. Thurber.

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1 CHAIRMAN PEIRCE: The meeting will come to order.
2 The first order of business is approval of the minutes of
3 the Commission meeting which took place on August 8, 1957.

4 GOV. POWERS: Mr. Chairman, I move the minutes be
5 approved as submitted.

6 MR. KIRKWOOD: Second the motion.

7 CHAIRMAN PEIRCE: It has been moved and seconded, and
8 the minutes will stand approved as written.

9 Before we proceed, a reporter is recording this meeting,
10 so may we request that all who testify identify themselves,
11 and that they step forward and speak into the microphone.
12 The acoustics in this room are not good, so if you will
13 co-operate, we will appreciate it very much.

14 Mr. Hortig, if you will take over with the agenda,
15 please.

16 MR. HORTIG: Mr. Chairman, would you care to consider
17 as the next item of business the location of the next meeting
18 of the Commission, tentatively, since there have already
19 been indications as to the possible desirability for having
20 the meeting in Los Angeles the week of October 8th, if such
21 time may be arranged.

22 CHAIRMAN PEIRCE: It would meet with my convenience to
23 have the meeting here in Los Angeles the second week of
24 October, being October 8th, I believe it is. Gov. Powers,
25 do you recall whether your calendar will fit into that?

26 GOV. POWERS: I don't recall. I will check it. I

1 would just as soon meet in Los Angeles, if it is convenient
2 for you.

3 CHAIRMAN PEIRCE: Mr. Kirkwood?

4 MR. KIRKWOOD: I don't recall specifically what my
5 calendar is. I know I have to be in Fresno the middle of
6 that week. I don't think it will make any difference to
7 me whether it is here or up north.

8 MR. HORTIG: In that event, we will verify it with
9 your secretaries.

10 CHAIRMAN PEIRCE: All right. Mr. Hortig will verify
11 the meeting date with our respective secretaries, and we
12 will try to have this next meeting in Los Angeles sometime
13 the week of October 7th.

14 GOV. POWERS: Between the 7th and 15th?

15 CHAIRMAN PEIRCE: Yes.

16 All right, Mr. Hortig, if you will proceed, please.

17 MR. HORTIG: If the Commission please, in view of the
18 large attendance and personal interest that many people have
19 in specific items, it is proposed to take the oil and gas
20 items in sequence as they appear on the calendar, and then
21 proceed with the balance of the calendar.

22 Page 1--Request for deferment of drilling and operating
23 requirements by Tidewater Oil Company for lease P.R.C.
24 1744.1 held at Summerland in Santa Barbara County. Pursuant
25 to this lease the lessee commenced operations as required,
26 has drilled one well; operations on this well were suspended

1 August 11th. An application has been received from the
2 lessee for an extension of time in which to commence
3 operations for the drilling of a second well until February
4 11, 1958. In order to permit proper evaluations of the
5 results obtained from the well drilled, particularly in
6 conjunction with other available geological information, to
7 determine a possible future exploration program for the lease,
8 it is recommended that the Commission authorize the granting
9 of a deferment of drilling and operating requirements under
10 lease P.R.C. 1744.1 until February 11, 1958, subject to the
11 condition that the lessee during the period of deferment
12 will either initiate development on the lease, quitclaim
13 the entire lease area, or present new adequate bases for
14 any further consideration of deferment.

15 MR. KIRKWOOD: I would so move.

16 GOV. POWERS: I second that.

17 CHAIRMAN PEIRCE: It is moved and seconded, and the
18 recommendation is approved.

19 MR. HORTIG: Page 2--A similar request for deferment
20 of commencement of operations by Monterey Oil Company as
21 operator of lease P.R.C. 1550.1, Huntington Beach Field,
22 Orange County, on which lease subsequent to the drilling of
23 exploration test holes, the Commission has previously
24 granted other deferments. The permittee--or, excuse me, the
25 lessee at this time also requests that a deferment of lease
26 operations is desirable until title to the lease has been

1 cleared, and has even requested a period of time thereafter
2 as would enable the lessee to resume operations in view of
3 the litigation which has been instituted by the County of
4 Orange. It is the staff recommendation, however, that the
5 Commission authorize the grant of the permit for a period of
6 one year, to October 16, 1958, subject again to the con-
7 ditions that the lessee during that period initiate opera-
8 tions on the lease, or quitclaim the entire lease area, or
9 present new adequate bases for further consideration, it
10 being felt that a period of one year is reasonably adequate
11 for review of the data which will be developed by the lease
12 explorations, and also the entire relation of the title
13 litigation with respect to further operations probably can
14 be more clearly evaluated one year hence; the deferment
15 therefore should not be granted for an indefinite period.

16 CHAIRMAN PEIRCE: Is this limited period of deferment
17 agreeable to the Monterey Oil Company?

18 MR. HORTIG: Yes, sir. The representatives of the
19 Monterey Oil Company are present.

20 MR. KIRKWOOD: Which lease is this?

21 MR. HORTIG: This is the lease most seaward of the
22 Huntington Beach Field and lying generally between there
23 and Newport Beach city.

24 MR. KIRKWOOD: What is happening on the others? There
25 is another lease to Monterey, and then there is also a third
26 lease in that area?

1 MR. HORTIG: Yes. Both of the other leases are
2 standing under periods of deferment previously granted
3 by the Commission.

4 MR. KIRKWOOD: Does this mean if we base this defer-
5 ment in part on the question of legal proceedings that
6 automatically we are going to grant deferments from here
7 on out until those suits are settled? I am wondering if
8 we are setting that as a precedent.

9 MR. HORTIG: Not necessarily, however, as the Commission
10 will recall, there is already a directive ~~not~~ to consider
11 any further lease offers in Orange County until settlement
12 of litigation and title of these tide and submerged lands
13 in Orange County.

14 MR. KIRKWOOD: That is right. We felt, as one of the
15 reasons for that, that we wouldn't get as good bids, probably,
16 with that situation outstanding as we would if it were
17 clarified, but here you have a lease, and to use that as
18 grounds of deferment, I wonder whether that is a wholly
19 valid ground?

20 MR. HORTIG: Might I say in addition, sir, it was the
21 intent of this recommendation that this was a possible
22 additional ground. The basis of the staff recommendation
23 on deferment is in order to again co-ordinate the explora-
24 tion, the results of exploration activities which have
25 recently become available with others which are programmed,
26 considering as a possible added factor this matter of

1 litigation, though the applicant based the request for
2 deferment primarily on the question of litigation, hence
3 the staff recommendation of deferment being for a period
4 limited to one year, whereas the application was an in-
5 definite period until the completion of litigation.

6 CHAIRMAN PEIRCE: Any further discussion?

7 MR. KIRKWOOD: I go along with the staff recommendation,
8 but on the basis of a deferment based on the extension of
9 such time for further evaluation, but I hesitate at this
10 point to give further consideration to starting a precedent
11 based on the other legal ground. Do you have any further
12 comments on that, John?

13 CHAIRMAN PEIRCE: I believe we should ask the Attorney
14 General his opinion with respect to whether or not the
15 Orange County litigation calls for deferment of this particular
16 lease. Mr. Rountree, have you any comment in this regard?

17 MR. ROUNTREE: Mr. Peirce, we haven't given considera-
18 tion to the legal aspects of the effect of litigation upon
19 this particular lease. We would have to study it and we
20 would be glad to do it, if that is the desire of the
21 Commission. I might just add this one comment, that with
22 respect to the period of time of deferment suggested by
23 the staff of one year, it is my view that it is doubtful
24 in this particular case one year would be long enough, but
25 by that time new evidence would be available to determine
26 whether further extensions is required if the litigation

1 is a factor in determining whether extensions of time or
2 deferments are to be allowed.

3 MR. KIRKWOOD: When do the deferments on the other
4 pieces of ground expire?

5 MR. HORTIG: If I may call on a representative of
6 Monterey Oil Company, I believe he can assist us and without
7 us having to seek that information out specifically.

8 MR. MARTIN KIRK: I represent the Monterey Oil Company.
9 The other lease that we have is 1549, immediately adjoining
10 1550, which is the subject of this request, and that now
11 has been deferred to September 1, 1958. Because that has
12 that much time to run the company did not request a defer-
13 ment on that lease, on that 1549, for this reason, we felt
14 we would wait until that time and see what the situation was.

15 MR. KIRKWOOD: Frankly, why don't we defer this one until
16 that same date, September 1, 1958, on the basis of further
17 evaluation, and then if further requests for deferment
18 come up in this area, ask you to consult with the A.G's
19 office and see whether the deferment should be granted on
20 the basis of the legal problem involved?

21 MR. HORTIG: That would appear to be satisfactory.

22 MR. KIRKWOOD: Is that all right, John?

23 GOV. POWERS: You mean change that to September 1st
24 from October 16th; is that right?

25 MR. HORTIG: That is right.

26 GOV. POWERS: It would make it a month and a half

1 less.

2 MR. HORTIG: Yes.

3 GOV. POWERS: That is agreeable.

4 CHAIRMAN PEIRCE: All right; the recommendation has
5 been amended as indicated. Is there any further discussion?

6 GOV. POWERS: I so move.

7 MR. KIRKWOOD: Seconded.

8 CHAIRMAN PEIRCE: The recommendation is approved.

9 MR. HORTIG: Page 4, gentlemen. The Commission will
10 recall prior consideration to offering for oil and gas
11 lease areas in Santa Barbara County of tide and submerged
12 lands extending from the Elwood Oil Field to Point Con-
13 ception, culminated in an offer of five parcels for which
14 bid offers were finally withdrawn in conformance with
15 Assembly Concurrent Resolution 33 in January of this year.
16 Under Section 6871.3 of the Public Resources Code, tide and
17 submerged lands may be offered for lease subject to the
18 provisions of Section 6871.1 (limitations as to specified
19 areas), whenever it appears to the Commission that it is
20 for the best interests of the State to lease lands for the
21 production of oil or gas therefrom, or whenever a person
22 who possesses the qualifications specified in the Public
23 Resources Code makes written request for lease consideration.
24 In the event of determination by the Commission to consider
25 offering oil and gas leases, the Commission, pursuant to
26 Section 6873.2 of the Public Resources Code, shall publish

1 notice of such consideration, and any affected city or
2 county may request that a hearing be held with respect
3 thereto.

4 Again referring to this same area originally considered
5 for review by the Commission approximately one year ago,
6 it is recommended that the Commission first determine to
7 consider offering leases for the extraction of oil and gas
8 in the area of approximately 54,000 acres lying between the
9 westerly boundary of State Oil & Gas Lease P.R.C. 208.1,
10 which is in the Elwood Field of Santa Barbara County, and
11 a line approximately one and a half miles westerly of Point
12 Conception, Santa Barbara County, and between the ordinary
13 high water mark and a line three miles seaward of and
14 parallel to the ordinary high water mark. Secondly, it is
15 recommended that the Commission authorize the proceeding
16 with the publication of notice required by Section 6873.2
17 of the Public Resources Code that the Commission intends
18 to consider offering leases for the extraction of oil and
19 gas.

20 CHAIRMAN PEIRCE: Now, this is the first step to be
21 taken in a series of steps that will later be taken before
22 leases are actually granted?

23 MR. HORTIG: That is correct, sir.

24 CHAIRMAN PEIRCE: Approximately how much time will be
25 involved to be ready for business?

26 MR. HORTIG: Without including time for mechanical

1 processing of papers, the original notice in this instance,
2 which would be to Santa Barbara County, must be a 30-day
3 notice, and subsequent to receipt of advice of Santa Barbara
4 County that they desire, if they desire to have a public
5 hearing held, a date must thereafter be set on which an
6 additional 10-day notice must be given. Therefore we have
7 assumed approximately forty days. Thereafter the hearing
8 is held and in not less than thirty days after the completion
9 of the hearing the Commission shall determine the bases for
10 offering the leases. So we are anticipating, therefore,
11 that we could not be back to the Commission with recommendations
12 as the bases for offering of leases less than seventy days
13 from this date.

14 MR. KIRKWOOD: This was not a place where the county
15 asked for a hearing the last time, is it?

16 MR. HORTIG: Yes, sir, this is the identical area which
17 we reviewed initially with Santa Barbara County, and Santa
18 Barbara County deferred on holding a hearing on the second
19 area which resulted in the leases being awarded to Standard
20 and Humble at Summerland.

21 MR. KIRKWOOD: It would be seventy days as a minimum,
22 then, before we would have to determine the exact areas to
23 be offered, I mean the acreages to be offered?

24 MR. HORTIG: Acreages, location, terms and conditions,
25 yes, sir.

26 MR. KIRKWOOD: Under the amendments adopted at this

1 lest session, there is no question now as to our ability
2 to cut down the acreages, Mr. Shavelson?

3 MR. SHAVELSON: I think the ambiguity that there was
4 before that the Commission had to proceed after such a
5 hearing has been eliminated by Assembly Bill 47.

6 CHAIRMAN PEIRCE: May I ask, Mr. Hortig, if you follow
7 this procedure will we have ample time to obtain the advice
8 of counsel or of consultants whom we may retain pursuant
9 to a later item in the agenda?

10 MR. HORTIG: It was anticipated, sir, and those were
11 the express desires, to have the availability of those
12 services as expressed by members of the Commission, that
13 the timing could be so adjusted in order to provide that
14 availability. This is particularly flexible in the
15 terminology that the second notice required to the county
16 shall be "not less than ten days" and there is no maximum
17 specified; and the time for determination by the Commission
18 under the revised statute after the public hearing is "not
19 less than thirty days," again without a maximum specified.
20 So that if it is necessary to co-ordinate the timing, there
21 is flexibility in the establishing of those dates in the
22 discretion of the Commission.

23 CHAIRMAN PEIRCE: This is in effect a notice of
24 intention?

25 MR. HORTIG: Virtually a notice of intention to consider
26 to begin to start, about that far back.

1 MR. KIRKWOOD: I would so move.

2 GOV. POWERS: I second it.

3 CHAIRMAN PEIRCE: It has been moved and seconded. The
4 recommendation of the staff is approved.

5 MR. HORTIG: Page 30, please.

6 CHAIRMAN PEIRCE: Page 30.

7 MR. HORTIG: An application has been received from
8 Mr. Edwin W. Pauley for permission to conduct geological
9 survey explorations from mobile marine equipment during a
10 90-day period beginning September 15, 1957. Permission has
11 been requested to conduct such operations in conformance
12 with the existing rules and regulations of the Commission.
13 It is therefore recommended that the Commission authorize the
14 issuance of a geological survey permit to Mr. Pauley con-
15 forming to the operating conditions determined by the
16 Commission May 18, 1956, for the period September 15, 1957,
17 through November 15, 1957, in order to obtain desired
18 geological information in the area of tide and submerged
19 lands under the jurisdiction of the State Lands Commission
20 lying between Point Conception, Santa Barbara County, and
21 Point Dume, Ventura County. Permittee is to reimburse the
22 State Lands Commission for all of its inspection costs.

23 I might bring to the attention of the Commission the
24 selection of the date of November 15th, which is not in
25 conformance with the request of the applicant. It was,
26 however, selected and is recommended in anticipation that by

1 that date revised rules and regulations of the State Lands
2 Commission in conformance with the terms of Assembly Bill
3 60 will have been completed, and it is therefore contemplated
4 that when that has been completed any existing permits will
5 be terminated and new permits issued to conform with the
6 rules and regulations then in effect.

7 CHAIRMAN PEIRCE: Any questions, gentlemen?

8 GOV. POWERS: So move.

9 MR. KIRKWOOD: Seconded.

10 CHAIRMAN PEIRCE: Recommendations will be approved.

11 MR. HORTIG: Again with particular reference to
12 personal appearances, if the Commission will turn to page
13 6, relating to sale of vacant State school land.

14 An offer has been received from Mr. Clayton A. Dills
15 of Gardena, California, to purchase 485.79 acres of vacant
16 State school land lying in Section 36, Township 12 South,
17 Range 21 East, San Bernardino Meridian, in Imperial County.
18 The application was filed, and subsequently, on July 1,
19 1957, an application for purchase of this land was filed
20 by the Department of Fish and Game for the State of
21 California. This application has been supplemented by a
22 letter from the Department of Fish and Game requesting with-
23 drawal of the aforesaid land from public sale and to consider
24 sale of these lands to the Department. The reason given for
25 the request of withdrawal is that land borders on the
26 Colorado River and embraces the mouth of the Julian Wash.

1 This land is reported to be valuable in conjunction with
2 the public lands for which the Department of Fish and Game
3 has made requests for administrative jurisdiction, and
4 secondly, the land is strategically located and extremely
5 valuable in the Department's plans for development of access
6 to the Colorado River. Accordingly, the Department feels
7 that it should be retained in state ownership.

8 This request, incidentally, was also forwarded in
9 conjunction with a request from the Wild Life Conservation
10 Board of the State of California. Under Section 6210.2 of
11 the Public Resources Code, the Commission may withdraw from
12 sale any of the public lands belonging to the State and
13 may restore any and all public lands so withdrawn, or other
14 public lands, for sale.

15 In view of the request for the Department of Fish and
16 Game and Wild Life Conservation Board, it is recommended
17 that application 11098 of Mr. Clayton A. Dills of the
18 specified 485 acres in Imperial County be rejected and all
19 deposits refunded except the five-dollar filing fee, statu-
20 tory filing fee, and that said land be withdrawn from public
21 sale until June 30, 1958, for sale to the State Department
22 of Fish and Game at the appraised market value, without
23 competitive bidding, subject to all statutory reservations,
24 including minerals.

25 CHAIRMAN PEIRCE: Mr. Dills, we would like any statement
26 that you might desire to make in regard to this application.

1 MR. CLAYTON A. DILLS: Mr. Chairman and members of
2 the Commission, I have just returned from Seattle, the Inter-
3 state Co-operation Commission. I would ask for a postpone-
4 ment, because I haven't--I didn't receive any notice from
5 the Commission. I just returned from Seattle and didn't
6 know, except by phone yesterday, that this was going to be
7 on the agenda. I would appreciate it if we could postpone
8 this.

9 CHAIRMAN PEIRCE: Is there any objection, ^{to} deferring
10 consideration of this recommendation to the next meeting of
11 the Commission?

12 GOV. POWERS: I would move that we defer it.

13 MR. KIRKWOOD: Seconded.

14 GOV. POWERS: It won't hurt anything.

15 CHAIRMAN PEIRCE: It will be so ordered.

16 MR. HORTIG: Page 21, please, which is an item which
17 should be considered by the Commission precedent to hearing
18 the further items on which there are personal representations
19 this morning.

20 Effective January 24, 1955, the Executive Officer
21 issued a directive suspending, for a period of 30 days from
22 said date, the acceptance and filing of lieu land applica-
23 tions. Subsequently, on February 7, 1955, the suspension
24 was again extended and thereafter, on June 23, 1957, the
25 suspension was placed in effect for an indefinite period.

26 The reasons for the suspensions were the lack of the

1 required type of State lands to be offered to the United
2 States as base, under the State indemnity selection appli-
3 cation procedure. At the time of placing the suspension in
4 effect, practically all base lands available to the State,
5 in Death Valley and Joshua Tree national monuments, had been
6 used except for limited acreage desirable for retention and
7 use in amending already existing applications. A further
8 reason for the suspension was to provide time for a complete
9 check of Federal land records, both in the Sacramento and Los
10 Angeles offices of the Bureau of Land Management, to determine
11 the various isolated parcels of State school lands which,
12 pursuant to law, could be utilized as base in the filing of
13 State indemnity selection applications with the United States.

14 As a result of the exhaustion of base lands referred
15 to above, the only lands remaining, which the State could offer
16 the Federal government under the indemnity selection procedure,
17 were those situated within three military installations, em-
18 braced in Federal withdrawals, all of which were and still
19 remain under lease for military purposes to the United
20 States and provide a fair return to the State on a rental
21 basis.

22 The Commission, in its meeting held April 28, 1955,
23 authorized the filing of wholesale exchange applications
24 with the Federal government. Accordingly, at the direction
25 of the Executive Officer, applications received from in-
26 dividuals were assembled and held, with the understanding

1 with each individual applicant, that upon receipt of a
2 sufficient number, comprising substantial acreage, the
3 State would in turn file a wholesale exchange application
4 with the United States. The termination date for acceptance
5 of applications under this latter procedure was the filing
6 of the State's wholesale applications with the United States
7 embracing lands in the several individual applications to
8 the State. The last State wholesale exchange application
9 was filed with the United States on September 23, 1955.

10 Each applicant agreed in writing that in the event the State
11 was successful in acquiring the lands, sale thereof would be
12 conducted on a competitive bidding basis, with the original
13 applicant having the right to meet the highest bid received.

14 Military lands leased to the United States by the
15 State were offered to the Federal government as base under
16 the latter applications.

17 Several exchange applications have been processed by
18 the United States to the point where the State has been ad-
19 vised that the value of the selected lands far exceeds the
20 value of the offered State lands, in some instances by a
21 ratio of 18 to 1. Inasmuch as such applications, pursuant
22 to both Federal and State law, must be made on the basis of
23 equal value, the State is required to offer additional land
24 to bring the value of the base lands in line with the value
25 of the selected lands. With only raw desert lands available
26 to the State, nominal in value, it appears that the State

1 may not be able to consummate all exchanges for which
2 applications have been filed.

3 It is recommended that the Commission confirm the
4 action of the Executive Officer suspending for an indefinite
5 period the filing of indemnity selection applications and
6 exchange applications by individuals, such suspension not
7 to preclude the filing of indemnity selection and exchange
8 applications with the Federal government in behalf of the
9 State and at the option of the Commission, or any necessary
10 procedural amendment to existing applications. It is
11 further recommended that the Acting Executive Officer be
12 authorized to consummate existing exchange applications
13 based upon the order of processing by the United States
14 Bureau of Land Management, each to be worked out individually
15 through negotiations by the Acting Executive Officer with
16 the United States and the State application, with the State
17 to acquire as much of the selected Federal land as possible
18 in each application consistent with the value of base lands
19 available to the State. Applications shall be canceled as
20 to those Federal lands the State is unable to acquire as the
21 result of insufficient base lands being available to the
22 State.

3
23 CHAIRMAN PEIRCE: What you are in effect recommending
24 is that the Commission assume the responsibility of the
25 suspension, instead of continuing on the basis of Executive
26 Order issued by the Executive Officer?

1 MR. HORTIG: Yes, sir.

2 CHAIRMAN PEIRCE: Any questions?

3 MR. KIRKWOOD: Is there anybody interested in this
4 subject?

5 CHAIRMAN PEIRCE: Is there anybody interested in this
6 question who desires to be heard today?

7 MR. RAYMOND R. KAHL: My name is Raymond R. Kahl. I
8 represent the Trails End Development Company, a California
9 corporation. I have a letter from the State Lands Commission
10 stating that it is in error as far as I have been opposed
11 to this suspension of lieu land exchanges. I don't in any
12 way protest that, but I do, would like to file my presenta-
13 tion in behalf of the position that I desire to proceed under
14 as outlined in that presentation, with the thought in mind
15 that we never did at any time submit to the State Lands
16 Commission an application based upon in lieu indemnity lands.
17 We are not filing our application or don't intend to file
18 our application under indemnity in lieu lands.

19 We have checked with the Department of Interior in
20 Washington and found out under Section 8 of the Taylor
21 Grazing Law, and laws of the State Commission supplemented
22 by the Code of Administrative Procedures, and I would like to
23 read our presentation to you.

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1 On January 24, 1955, the Commission through its
2 Executive Officer issued a directive suspending, for a
3 period of 30 days from said date, the Acceptance and Filing
4 of Lieu Land Applications. Subsequently, on February 7,
5 1955, the suspension was again extended and thereafter,
6 on June 23, 1957, the suspension was placed in effect for
7 an indefinite period.

8 The reason for the suspensions as reported was the
9 lack of the type of State lands to be offered the United
10 States as bases "under the State Indemnity Selection
11 Application Procedure." It was further stated in the
12 suspension notice that the Federal Bureau of Land Management
13 required certain types of school lands of a comparable area
14 to that selected.

15 The applicants have carefully examined into the
16 definition of "LieuLands" (See Public Resources Code,
17 Division 6, "Public Lands," Part 3, "Sale of Public Lands,"
18 Article 3, 3, "Lieu Lands," Section 7402.) They have also
19 in a like manner examined into the Statutory authority set
20 forth in the Code of Federal Regulations, (Part 146,
21 sections 146.1 - 146.2- (a) (b) (c) (d) and Part 147,
22 Section 147.1 - 147.2 (a) (b) (c) (d) - 147.4 (a) (b) (c) (d) (e) (f) (g) (h) (i),
23 and Section 8 of the Taylor Grazing Act.)

24 Under Part I, Chapter 3, Section 6210.2 of the Public
25 resources Code, attention is called to the power of the
26 Commission to withdraw from sale any of the public lands

1 belonging to the State and also restore any or all public
2 lands so withdrawn, or other public lands, for sale. It
3 is contended by the Trail Ends Development Company that
4 their application to buy and exchange State land does not
5 fall within the provisions of the suspension order set forth
6 in the Commission's directive as regards Lieu Lands, dated Jan-
7 uary 24, 1955, and February 7, 1955. (See Part 3, Article
8 3, "Lieu Lands")

9 The Trail Ends Development Company contends that their
10 application is filed and should be considered and processed
11 under the Public Resources Code, Division 6, Part I, Chapter
12 6, Section 6443, to wit:

13 "The Commission may co-operate with the Secretary of
14 Interior, may select the lands of this State to be exchanged
15 with the United States under Section 8 of an Act of Congress
16 entitled An Act to stop injury to the public grazing lands
17 by preventing the overgrazing and soil deterioration, to
18 provide for their orderly use, improvement and development,
19 to stabilize the livestock industry dependent upon the
20 public range, and for other purposes, approved June 28, 1934,
21 and may arrange with the proper officials of the United
22 States for such exchange."

23 And Section 8 of the Taylor Grazing Act provides:
24 That where such action will promote the purposes of the
25 district or facilitate its administration, the Secretary is
26 authorized and directed to accept on behalf of the United

1 States title to any privately owned lands with the exterior
2 boundaries of the district as a gift, and when public interests
3 will be benefited thereby, he is authorized and directed to
4 accept on behalf of the United States title to any privately
5 owned lands within the exterior boundaries of said Grazing
6 District, and in exchange therefor to issue patent for not
7 to exceed an equal value of surveyed grazing district land
8 or of unreserved surveyed public land in the same State
9 and within a distance of not more than fifty miles within
10 the adjoining State nearest the base lands; provided, that
11 before any such exchange shall be effected, notice of the
12 contemplated exchange, describing the lands involved,"--

13 CHAIRMAN PEIRCE: Mr. Kahl, may I interrupt? You are
14 raising legal questions here, and I wonder if it wouldn't
15 expedite matters if we were to receive your written statement
16 and copy of the communication and refer this to the Attorney
17 General's office, so that he may advise us concerning the
18 validity of the points that you are raising. This comes to
19 me as quite a new subject. I have no background with regard
20 to it, and I assume the other two members of the Commission
21 are not familiar with the details of your presentation. Now,
22 would that be agreeable to you?

23 MR. KAHL: Oh, certainly. Yes, sir.

24 CHAIRMAN PEIRCE: Mr. Hortig, what is your comment
25 with regard to the suggestion I have just made?

26 MR. HORTIG: I would recommend the procedure that you

1 have just suggested, sir.

2 CHAIRMAN PEIRCE: I think, Mr. Kahl, that would
3 expedite matters in your behalf, because we will have to do
4 it anyway.

5 MR. KAHL: That is right.

6 CHAIRMAN PEIRCE: The Attorney General can refer back
7 to ^{us} his comments concerning this matter, and then you will
8 have an answer that will have the Attorney General behind
9 it as to its validity.

10 MR. KAHL: That is right. There is another question
11 I would like to bring to the attention of the Commission,
12 as to the guaranty. This particular purchase and exchange
13 involves \$59,200, and it is one that is processed not by the
14 local Federal officers in this State, it is processed by
15 Washington, being over the \$50,000 mark, and we also, my
16 people naturally realize, and I think that everyone realizes,
17 to put up \$59,000 in cash and leave it lying there for two
18 or three years--we would like to have you look at the second
19 part of this and give us some idea on the questions asked in
20 there.

21 CHAIRMAN PEIRCE: We will examine it very carefully,
22 and with the advice of the Attorney General we will try to
23 provide you with an answer as quickly as we can. Now, have
24 you any objection to the recommendation concerning the sus-
25 pension that Mr. Hortig read a moment ago.

26 MR. KAHL: No, none whatsoever.

1 CHAIRMAN PEIRCE: I wanted that understood.

2 MR. KAHL: We don't protest that at all.

3 CHAIRMAN PEIRCE: Now, the immediate decision,
4 gentlemen, is approval of the recommendation of Mr. Hortig.

5 MR. HORTIG: Item 28, page 22.

6 GOV. POWERS: I approve it.

7 MR. KIRKWOOD: I move the approval of that recommenda-
8 tion, Item 28.

9 GOV. POWERS: Seconded.

10 CHAIRMAN PEIRCE: All right, that recommendation on
11 page 22 is approved. Now, with respect to the next item,
12 which deals with Mr. Kahl's presentation, I believe we have
13 received these two documents, and it is my suggestion that
14 they be referred to the Attorney General for his advice,
15 and when we hear from the Attorney General's office we will
16 then consider the matters presented by Mr. Kahl. Is that
17 agreeable to the other two members of the Commission?

18 MR. KIRKWOOD: Yes.

19 GOV. POWERS: That is agreeable to me.

20 CHAIRMAN PEIRCE: So that will be the order. The
21 next item, Mr. Hortig?

22 MR. HORTIG: Page 20, gentlemen. This is the same type
23 of sale of indemnity selection applications which has just
24 been under discussion. A series of applications have been
25 processed by the United States Department of Interior,
26 Bureau of Land Management, to the point where the selected

1 Federal lands have been listed to the State and are now
2 available for sale to the respective applicants at the
3 appraised price. When the initial appraisals were con-
4 veyed to the applicants, a request for deferment of con-
5 firmation of action was granted by the Commission to permit
6 a staff review of counter appraisal data to be furnished by
7 the applicants, which were to indicate that the State's
8 appraisals were in excess of the market value for which the
9 Commission should sell the lands. These data have been
10 reviewed. The sales of lands referred to and the material
11 submitted do not appear to be remotely comparable in
12 location or desirability and are too far distant from the
13 lands in question to be considered for comparability as to
14 values. The balance of the material submitted has not
15 offered any bases for modification of the original valuations.
16 It is felt that the valuations heretofore set reflect market
17 value at the time of appraisal, based upon the selling price
18 and demand for comparable lands in the immediate area.

19 It is therefore recommended that the Commission
20 authorize the sale of the lands embraced in the enumerated
21 applications in its recommendation, respectively, at the
22 appraised values heretofore established by the staff; that
23 the Commission confirm the extension of time granted by the
24 Acting Executive Officer from September 7, 1957, to
25 September 13, today, and authorize the issuance of the usual
26 standard notice to all applicants, allowing 20 days from

1 September 13th, or until 5:00 p.m., October 3, 1957, within
2 which the applicants may submit the required amounts to meet
3 the appraised values established by the staff. It is further
4 recommended that the applications be canceled as to those
5 applicants who fail to meet the appraised value within the
6 time specified, and deposits refunded, less expenses in-
7 curred to the date of cancellation, whereupon the lands
8 therein will be offered for sale at competitive bidding,
9 under the rules and regulations governing the sale of
10 vacant State school lands.

11 This item appears complex, gentlemen, simply because
12 it includes a number of applications. It is a standard type
13 of state indemnity selection application and sale. It was
14 complicated further by the request for review of staff ap-
15 praisals before final recommendation for the sale. Mrs.
16 Ruth Thurber, who represents the applicants involved,
17 embracing the numerous applications, is heretoday and
18 desires to speak relative to the applications at this spot.

19 CHAIRMAN PEIRCE: Mrs. Thurber.

20 MR. KIRKWOOD: Mr. Hortig.

21 MR. HORTIG: Yes, Mr. Kirkwood.

22 MR. KIRKWOOD: I am not clear as to the relationship
23 between the item and the deferment we were just talking
24 about. Are they related in any way to the item on page 22?

25 MR. HORTIG: Only this, sir, that there would be no
26 acceptance of any further applications of this type under

1 the deferment.

2 MR. KIRKWOOD: These were accepted previous to the
3 deferment?

4 MR. HORTIG: These were previously processed. These
5 are of long standing and now being consummated, and still
6 to be completed.

7 MR. KIRKWOOD: In that other item you were talking
8 about each applicant agreed in writing that in the event
9 the State was successful in acquiring the lands, sale
10 thereof would be conducted on a competitive-bidding basis,
11 the original applicant having the right to meet the highest
12 bid received.

13 MR. HORTIG: That is lands acquired under indemnity
14 selection and exchange applications procedures, and these
15 were selection procedure applications solely.

16 CHAIRMAN PEIRCE: All right. Mrs. Thurber, you may
17 proceed.

18 MRS. RUTH E. THURBER: Thank you. Gentlemen, I, in-
19 cluding myself, represent the fourteen applicants which Mr.
20 Hortig's report and recommendations concern. We have through
21 the three years since these applications were made learned
22 to trust the State Lands Commission and its fairness. It is
23 going to be rather a shock to my fourteen applicants as to
24 the high appraisal on these lands. I think you realize
25 that three years ago, when we made the applications prices
26 were very much different than they are now, so that means

1 that these fourteen applicants are going to have to take a
2 great hardship if they try to finance these purchases within
3 twenty days. True, we have waited three years, and I am here
4 to get the sufferance of the Commission and request that an
5 added thirty days over the 20-day period recommended. Two of
6 our applicants are in India; three are on vacation. It is
7 my responsibility to co-ordinate the activities and modus
8 operandi of the thing, and I feel that if you will be gracious
9 enough to extend to us, in all fairness, since we are making
10 our request in good faith, I feel that at the end of that
11 time we will be in such position as to bring to the State
12 Lands Commission something of real value in the way of the
13 purchase of these lands for the School Fund. We think we
14 can accomplish this if you will be gracious enough, as I
15 said, to extend us an added thirty days over the twenty.

16 CHAIRMAN PEIRCE: Is there any objection, Mr. Hortig,
17 to extending this thirty days beyond the date indicated in
18 your recommendation?

19 GOV. POWERS: Extend the 20 to 50?

20 CHAIRMAN PEIRCE: An additional 30, yes.

21 MR. HORTIG: Thirty days beyond the staff recommendation,
22 as I understand Mrs. Thurber.

23 MRS. THURBER: Yes.

24 MR. HORTIG: Which would make it a total of 50 days.

25 On the understanding that the purpose of the extension is
26 to permit the time to consummate the sale of these lands

1 in accordance with the recommendation of the Commission,
2 as otherwise stated and not as an additional period in which
3 to present additional arguments against staff appraisals--

4 MRS. THURBER: No.

5 MR. HORTIG: (Continuing) --as far as I can see, there
6 would be no staff objections to the granting of the ex-
7 tension.

8 MRS. THURBER: We are very happy to accept the staff's
9 decision, because we have confidence in the fairness of it.

10 MR. KIRKWOOD: This is to get more time to get your
11 financing?

12 MRS. THURBER: This is a question of rearranging our
13 finances and getting loans, as the market is low, and we
14 are hoping it will go up a little, and what have you.

15 CHAIRMAN PEIRCE: All right. The recommendation as
16 amended, providing an additional thirty days time is
17 approved.

18 MR. KIRKWOOD: So it will leave the applicant 50 days
19 from September 13th, yes.

20 MRS. THURBER: Thank you.

21 MR. HORTIG: Page 43, gentlemen. In deference to the
22 personal attendance by representatives of the City of Long
23 Beach, the City of Long Beach has requested approval by the
24 Commission of the employment of Dr. S. Hudson to make
25 engineering, geological and reservoir studies in the Wil-
26 mington Oil Field relating to the production of oil, gas

1 and other hydrocarbon substances and to the effect thereof
2 upon subsidence. Similarly, approval has been requested
3 for the employment of the firm of de Golyer and McNaughton
4 to make similar studies relating primarily, however, to the
5 production of oil and gas and other hydrocarbon substances,
6 and only incidentally as to the result upon subsidence. The
7 costs to be incurred under the respective study contracts
8 are tabulated in Exhibit "A" attached hereto. The proposed
9 rates of compensation are substantially in line with going
10 rates charged by experts of similar status, and the projects
11 are considered to be reasonably related to and necessary for
12 the protection, preservation and maintenance of the tide
13 lands as necessitated by the subsidence of the land surface.

14 The Commission is already aware of the requirement of ad-
15 vance approval of subsidence costs in those instances where
16 the City desires to achieve the offset advantages in payment
17 under Chapter 29, Statutes of 1956. Approvals by the
18 Commission of subsidence costs heretofore prior to disburse-
19 ment have been predicated upon recommendations of the office
20 of the Attorney General that such approvals were proper and
21 did not limit the authority of the Commission to require
22 advance review of contracts prior to the establishment of
23 commitments for expenditure of subsidence costs. In con-
24 sideration of the initial presentation for approval of the
25 subject study contracts subsequent to the effective date of
26 the contracts, it is suggested that Commission approval for

1 expenditure of subsidence costs be limited to the costs of
2 services rendered after the effective date of Commission
3 approval. As to the balance of the costs proposed to be
4 expended by the City of Long Beach, these could be expended
5 if we are informed from the City of Long Beach's tideland
6 portion of its revenues only provided the expenditure falls
7 within a category specifically designated in Chapter 29 or
8 in a category approved pursuant to stipulation filed in the
9 action and the decree, approved either by the office of the
10 Attorney General or by the State Lands Commission. The
11 office of the Attorney General has determined that this is
12 an item requiring policy determination by the Commission in
13 preference to the filing of a legal stipulation.

14 Therefore, it is recommended that the Commission,
15 pursuant to Section 10 of the decree in the action of
16 People of the State of California vs. City of Long Beach,
17 approve the expenditure by the City of Long Beach of oil
18 revenue for services rendered by Dr. Frank S. Hudson and
19 de Golyer and McNaughton under contracts authorized by the
20 Long Beach City Council, and maximum amounts not exceeding
21 \$30,000 and \$50,000 respectively.

22 Second, that the Commission approve the costs proposed
23 to be expended by the applicant City of Long Beach, in-
24 cluding subsidence costs, for services being rendered by
25 the same contractors on and after September 13, 1957, subject
26 to the standard conditions for such approvals by the

1 Commission in that the amount, if any, of the foregoing
2 items to be allowed ultimately as subsidence costs, is to
3 be determined by the Commission upon review and final audit
4 subsequent to the time when the work under the subject con-
5 tracts is completed; that the total costs shall not exceed
6 \$10,000 or \$25,000, respectively, for the two contractors
7 prior to further review; and the agreement by the City of
8 Long Beach to furnish promptly to the Commission copies of
9 all the results of the reports developed under the subject
10 service contracts. Then the standard authorization that the
11 staff be authorized to execute appropriate written instru-
12 ments reflecting the Commission's conditional approval.

13 Representatives of the City of Long Beach are present,
14 if they might wish to comment.

15 CHAIRMAN PEIRCE: Any representative of the City of
16 Long Beach here?

17 MR. HAROLD A. LINGLE: I am Harold A. Lingle,
18 Deputy City Attorney. I have no comment. I believe that
19 Mr. Hortig has presented it completely, and our only comment
20 would be that we certainly appreciate some of your staff's
21 co-operation on some of these matters.

22 CHAIRMAN PEIRCE: Do the recommendations meet with
23 your approval?

24 MR. LINGLE: They certainly do.

25 CHAIRMAN PEIRCE: Any questions?

26 MR. KIRKWOOD: I am not sure that I understand just

1 what we are doing here. The first part of this recommenda-
2 tion would approve the expenditures to date?

3 MR. HORTIG: Respectively, and limited to expenditures
4 by the City from its 50 per cent of the tidelands fund
5 without any hope of recouping any subsidence cost elements.

6 MR. KIRKWOOD: So the only place where the State's
7 funds would be involved would be under the second part?

8 MR. HORTIG: After September 13th.

9 MR. KIRKWOOD: I move it.

10 GOV. POWERS: Seconded.

11 CHAIRMAN PEIRCE: All right; the recommendations are
12 approved.

13 MR. HORTIG: Page 46. The Commission has heretofore
14 approved costs to be expended in the 1957-58 fiscal year by
15 the Harbor Department of the City of Long Beach, including
16 subsidence remedial work, for "Pier B" area project. It has
17 developed that additional costs will be incurred in this
18 construction. The sub-project has received initial staff
19 review and is considered to include some "subsidence costs"
20 as defined in Chapter 29. Therefore it is recommended that
21 the Commission approve such costs proposed to be expended
22 by the City of Long Beach, including subsidence remedial
23 work, as indicated on Exhibit "A" attached.

24 MR. KIRKWOOD: There is nothing unusual in this?

25 MR. HORTIG: On the balance of the fiscal year an
26 augmentation has been made necessary by an expanded cost.

1 MR. KIRKWOOD: I will so move.

2 GOV. FOWERS: Seconded.

3 CHAIRMAN PEIRCE: The recommendation is approved.

4 MR. HORTIG: Page 48 is identical in that the
5 Commission approved costs to be expended for the "Roads and
6 Streets" area project for the 1957-58 fiscal year, and it
7 requires augmentation because of the necessity of constructing
8 sections ^{of} levee to restore the continuity of the levee where
9 it is broken by removal of a low-level bridge, which was
10 not foreseen at the time of the original project.

11 GOV. POWERS: Approved.

12 MR. KIRKWOOD: Approved.

13 CHAIRMAN PEIRCE: The recommendation is approved.

14 MR. HORTIG: Page 50. The Commission will recall that
15 for the two months past, while laboring with the classification
16 and legal feasibility of approval with respect to acqui-
17 sitions of property in the Town Lot area project, necessary
18 operations and expenditures therefor have been authorized
19 on the monthly basis. This item on page 50 recommends an
20 additional allocation for the months of September and
21 October in order to continue with this project while we
22 search for the overall inclusion and bases on which this
23 item may become an approved fiscal year project.

24 CHAIRMAN PEIRCE: Any questions?

25 MR. KIRKWOOD: Move it.

26 GOVE. POWERS: I second it.

1 CHAIRMAN PEIRCE: It has been moved and seconded.
2 The recommendation is approved.

3 MR. HORTIG: Page 52 is similarly the problem of
4 location and construction, design and related matters, relating
5 to the administration building might be clarified as to
6 bases for approval in toto, therefore necessary current
7 work for the last two months has been authorized on a
8 monthly-expenditure basis. Recommendation is for Commission
9 approval for September and October of the additional funds
10 indicated on page 53 in order to permit the preliminary
11 study program and preliminary engineering proceed.

12 MR. KIRKWOOD: So move.

13 GOV. POWERS: Seconded.

14 CHAIRMAN PEIRCE: Moved and seconded; the recommenda-
15 tion is approved.

16 MR. HORTIG: Mr. Chairman.

17 CHAIRMAN PEIRCE: Mr. Hortig.

18 MR. HORTIG: I wonder if you would inquire whether
19 there are any other personal appearances in the audience.

20 CHAIRMAN PEIRCE: Are there any persons present who
21 are interested in other items on the agenda? If you will
22 indicate your presence, we will give you preference.

23 Apparently not, so let us return to the regular items
24 on the agenda.

25 MR. HORTIG: Page 5. Application has been received
26 for a 15-year resort and recreational lease for a portion

1 of the State-owned lands on Lake Tahoe under the terms and
2 conditions heretofore determined by the Commission for this
3 type of activity. It is recommended that such lease be
4 granted to the Tahoe Tavern Resort Company for a period of
5 fifteen years.

6 GOV. POWERS: At \$75 a year?

7 MR. HORTIG: That is correct, sir.

8 GOV. POWERS: Is there anything particular about that,
9 now?

10 MR. HORTIG: No, merely that we probably have more
11 people not under lease today than are under lease, but they
12 are gradually coming in and consummating these lease problems.
13 Valuewise, the greater proportion of the value of these
14 installations on the lake are under lease.

15 GOV. POWERS: I guess that is O.K. So move it.

16 MR. KIRKWOOD: Approved.

17 CHAIRMAN PEIRCE: All right; the recommendation is
18 approved.

19 MR. HORTIG: Page 7.

20 MR. SMITH: Request for withdrawal from sale of vacant
21 school land, San Bernardino County. Applications for pur-
22 chase of vacant school lands have been filed. Pursuant to
23 these applications, field appraisal of the area has shown
24 that the main-line track of the Atchison, Topeka & Santa Fe
25 Railway Company traverses the section. The Railway Company
26 does not appear to have any record right-of-way over the

1 land, having in the past relied upon a Federal filing
2 approved by the Secretary of the Interior in 1911.

3 It is recommended, in view of the conflicts between
4 the actual use of the land and the title records, that the
5 640 acres vacant school land in San Bernardino County be
6 withheld from sale, and that action under the applications
7 be withheld until such time as the title to the section has
8 been clarified, whereupon any pending applications shall be
9 processed to the extent of the area which has been determined
10 to be salable.

11 CHAIRMAN PEIRCE: Approved?

12 MR. KIRKWOOD: Yes.

13 GOV. POWERS: Yes.

14 CHAIRMAN PEIRCE: The recommendation is approved.

15 MR. HORTIG: Page 8.

16 MR. SMITH: Sale of vacant school lands. It is
17 recommended that the Commission authorize the sale of
18 vacant State school land, for cash, at the highest offer,
19 in accordance with the following tabulation, such sales to
20 be subject to all statutory regulations, including minerals.

21 CHAIRMAN PEIRCE: Any questions.

22 MR. KIRKWOOD: None.

23 GOV. POWERS: Approved.

24 CHAIRMAN PEIRCE: The recommendation is approved.

25 MR. HORTIG: Page 18.

26 MR. SMITH: This item involves the sale of vacant

1 Federal lands containing twenty acres in Mariposa County
2 which may be obtained by the State from the Federal govern-
3 ment.

4 It is recommended that the Commission determine that
5 it is to the advantage of the State to select the Federal
6 land containing twenty acres in Mariposa County; that the
7 Commission find that said land is not suitable for cultiva-
8 tion without artificial irrigation; that the Commission
9 approve the selection of said land and authorize the sale
10 thereof pursuant to the rules and regulations governing the
11 sale of vacant State school land, upon the listing of said
12 land to the State by the Federal government.

13 CHAIRMAN PEIRCE: The recommendation is approved.

14 MR. HORTIG: Page 19.

15 MR. SMITH: 19 is a similar acquisition of Federal
16 lands, 40 acres in Butte County. It is recommended that the
17 Commission determine that it is to the advantage of the
18 State to select the Federal land, that the Commission find
19 this land not suitable to cultivation without artificial
20 irrigation; that the Commission approve the selection of
21 said land and authorize the sale thereof pursuant to the rules
22 and regulations governing the sale of vacant State school
23 land.

24 CHAIRMAN PEIRCE: The recommendation is approved.

25 MR. HORTIG: Page 24.

26 MR. SMITH: This involves the sale of vacant Federal

1 land. It is recommended that the Commission determine that
2 it is to the advantage of the State to select the Federal
3 lands comprised in the following tabulation; that the
4 Commission find that such Federal lands are not suitable
5 for cultivation; that the Commission select and authorize
6 the sale of lands, for cash, at the total appraised value,
7 in accordance with the following tabulation, such sales to
8 be subject to all statutory reservations, including minerals.

9 CHAIRMAN PEIRCE: The recommendations are approved.

10 MR. HORTIG: Page 27. At the last meeting the
11 Commission was informed of the status of a pending exchange
12 application for the benefit of the State Division of Forestry
13 with the concurrence of the Director of Natural Resources.
14 The item was deferred for further consideration and re-
15 commendation at this meeting. The problems relative to the
16 establishment of valuations of these lands in connection
17 with completing the exchange application have been reviewed
18 with the Director of Natural Resources and his staff, who
19 are in agreement with the procedures to be recommended, that
20 the Commission authorize the staff of the State Lands
21 Division to undertake a partial review of the values of both
22 the offered and selected lands, embraced in exchange appli-
23 cation No. 41, and if it is determined that the values are
24 not equal, or approximately equal, based upon current market
25 data, it is recommended that a complete review and appraisal
26 of all lands in the entire transaction be undertaken to

1 establish such values and that the application be amended
2 in co-operation with all agencies concerned to provide for
3 an equal-value exchange, as required by Section 6441 of the
4 Public Resources Code.

5 The Director of Natural Resources has one additional
6 comment, that if the initial partial review indicated that
7 there would be necessarily large amounts of time involved
8 in a future further complete review, the Division of
9 Forestry would like to withdraw from the application.

10 CHAIRMAN PEIRCE: May I ask why the State Division of
11 Forestry wants to obtain title to this property?

12 MR. SMITH: They own State forests and certain acreage
13 in Tulare County, and the acquisition of these lands will
14 elevate their holdings within the Mountain Home State
15 Forest.

16 CHAIRMAN PEIRCE: This action was taken by the
17 Commission or initiated by the Commission before the three
18 of us were members, and I was merely curious to know why
19 there would be any advantage to transferring title from one
20 forest jurisdiction to another forest jurisdiction, assuming
21 that the objective is the same in both instances.

22 MR. HORTIG: The difficulties, I believe, sir, are one
23 of administration, in that the Federal lands sought by this
24 exchange are scattered parcels throughout the area, in which
25 the State Division of Forestry has consolidated holdings,
26 and therefore the State consolidated holdings could be

1 augmented, whereas these parcels are so scattered they are
2 not ordinarily manageable by the United States Department of
3 Forestry.

4 CHAIRMAN PEIRCE: Aren't we exchanging lands that we
5 could otherwise sell and place back on the tax rolls in
6 order to negotiate with the United States Forest Service?

7 MR. HORTIG: That is correct, sir, the land is offered
8 to the United States for other United States lands scattered
9 throughout the State. In fact, the very point you are
10 making resulted in Trinity, Siskiyou and other northern
11 counties objecting to having any lands in their counties
12 included in this type of exchange, in order to insure that
13 State lands would not thereby be removed from the area where
14 they are potentially available to go on county tax rolls.

15 CHAIRMAN PEIRCE: Why wouldn't it be simpler for the
16 State to approach the Congress of the United States with
17 respect to having these lands granted the State of California
18 for forest purposes without having to go through the motions
19 of exchanging other State lands for these lands, which other
20 lands otherwise would be sold and placed on the tax rolls
21 of the counties in which they are situated?

22 MR. HORTIG: That, of course, sir, is an alternative.
23 The Division of Forestry felt, in view of the established
24 procedure and the fact that it was very successfully used
25 by them previously in the famous, at least in our records,
26 La Tour State Forest project, wherein the Division of State
Lands consolidated a considerable block of acreage which

1 the Legislature thereupon transferred to the Division of
2 Forestry. With that precedent, of course, the Division of
3 Forestry felt this was the more acceptable alternative and
4 method of proceeding.

5 CHAIRMAN PEIRCE: I note we are exchanging over
6 16,000 acres of vacant State school land for 3900 acres of
7 Federal land.

8 MR. HORTIG: That is correct, sir, based on the
9 assumption, which we wish to verify, that the 16,000 and the
10 3000 are of equal value.

11 CHAIRMAN PEIRCE: Gentlemen, we have at Sacramento
12 received complaints from the smaller counties that withdrawal
13 of lands from their tax rolls has created a problem. They
14 are seeking relief from the State Treasury in the form of
15 in lieu tax payments, and I personally think that here is
16 a subject that ought to be pre-considered before we proceed
17 with this exchange idea that was initiated back in 1951.
18 There may be thousands of dollars worth of State lands that
19 are involved in this transfer, and we will lose the value of
20 those lands so far as sale to private citizens is concerned.
21 What do you think, gentlemen? Gov. Powers?

22 GOV. POWERS: I think we should keep all the land we
23 can on the tax rolls. I am thinking back to this situation
24 of a moment ago involving Mr. Dill. I don't know why, unless
25 the Fish & Game Department in that particular case can make
26 a substantial showing that they need this land, I think it

1 should go on the private tax rolls, and I think we should
2 look after these counties. We have a grave situation,
3 forty-six per cent of the State being Federally owned at
4 the present time. Naturally it behooves the State of
5 California to put all the property they can on the tax rolls.
6 That is why, that is the only reason we should make a sale
7 of these lands at the present time. It isn't necessary
8 that the State receive the value of these lands. The real
9 value is in the fact that they are on the tax rolls. That
10 is why I am going to say right now, not only in this case
11 but in the present case of Dill, he isn't here, I think, but
12 your Fish and Game should be required to make a good showing.
13 That land has been setting there for years and they haven't
14 apparently needed it, now, all of a sudden, they come in and
15 need it when you have a chance to put it on the private tax
16 rolls; therefore I am going to vote against the transfer
17 unless they show me it is absolutely necessary, because it
18 is the experience we have had all over the West, that when
19 any governmental agency, regardless of whether it is a
20 State agency or Federal agency, whenever they get any land,
21 even though it serves its purpose, they never turn loose of
22 it. I can cite you instances where they have taken land
23 for fish and game purposes and that land has served the
24 purpose they took it for, but when they get through with it
25 they never turn it back. They always keep it. So that is
26 why I am reluctant to keep any tax land off the tax rolls

1 unless they make a very substantial showing it should be
2 off the tax rolls.

3 MR. HORTIG: May I suggest that even under the
4 recommendation that it is incumbent that this matter return
5 to the Commission before there be any further or final
6 action, so that the staff might undertake an amendment in
7 the recommendation that in reporting back to the Commission
8 as to the partial review of the values, and as a further
9 step the Commission might indicate it would be necessary
10 that there be in conjunction with the partial review also
11 a report as to the location and potential tax benefits as
12 to the State lands proposed to be offered, so that the
13 Commission may reconsider the entire picture.

14 MR. KIRKWOOD: Yes, I think it is desirable to get the
15 full picture before the Commission, certainly, but this is an
16 exchange, it would go into State forest where it is subject
17 to management and isn't foreclosed from private development
18 as the timber matures; isn't that about right?

19 MR. HORTIG: The proposal for the consolidation is so
20 that it may be administered by the State Division of Forestry
21 and have lumbering and so forth and have a proper timber
22 management timber area.

23 GOV. POWERS: Is there timber on this area?

24 MR. HORTIG: Yes, on the land being selected.

25 GOV. POWERS: They accept a lot of land a lot of times
26 when there isn't any timber on it.

1 MR. KIRKWOOD: This was selected because of the
2 location of the State fire station in this area, wasn't that
3 part of the picture?

4 MR. HORTIG: That is one of the items under considera-
5 tion.

6 MR. KIRKWOOD: I know we ought to get the information;
7 I would suggest maybe, Mr. Chairman, that we ask the Acting
8 Executive Officer to get from the Division of Forestry some
9 kind of statement that we can have in advance of this thing
10 as to the desirability of it, because I would assume that
11 desirability has been passed on at one time by the preceding
12 members of this Commission; there is probably good reason
13 existing for it.

14 CHAIRMAN PEIRCE: All right. The recommendation as
15 amended with regard to the request of the Executive Officer
16 is to confer with the State Division of Forestry in the
17 interest of developing an alternative process for acquiring
18 title to this Federal land which will preclude the necessity
19 for exchange of State school land which, if not exchanged,
20 is available for public sale.

21 GOV. POWERS: So move.

22 MR. KIRKWOOD: Approved.

23 CHAIRMAN PEIRCE: All right; the recommendation as
24 amended is approved.

25 MR. KIRKWOOD: Is anyone present from the Fish and Game
26 on that? In view of Mr. Powers' comment, I would feel that

1 at the next meeting it would be advisable to have someone
2 from the Fish and Game present on that.

3 MR. HORTIG: The Fish and Game Commission, the Director
4 of Fish and Game, the Department of Fish and Game, and Wild
5 Life Conservation Board, were all informed as to the items
6 to be considered today.

7 MR. KIRKWOOD: They knew also of your recommendation?

8 MR. HORTIG: Yes.

9 MR. KIRKWOOD: And assumed there wouldn't be any
10 objection to it, but as Mr. Powers indicated, he wants a
11 further explanation. I think it would be well to have some-
12 one here the next time the item is taken up.

13 MR. HORTIG: We are sure to have that.

14 CHAIRMAN PEIRCE: I concur in that suggestion. I am
15 a member of the California Wild Life Conservation Board and
16 we have on previous occasions recommended the withdrawal of
17 lands which were deemed desirable for public recreational
18 purposes; however, I am not familiar with the details of this
19 particular situation. I believe it would be very desirable
20 to have representatives of the Department of Fish and Game
21 and also the Wild Life Conservation Board present, to supply
22 us with more specific reasons as to why this land cannot
23 be returned to the tax rolls, in view of the public interest
24 involved in the potential State ownership. So, Mr. Hortig,
25 if you will proceed on that basis.

26 MR. HORTIG: Page 29, gentlemen. The Las Gallinas

1 Valley Sanitary District has applied for a life-of-
2 structure permit for a right-of-way 70 feet in length under
3 and across the north fork of Gallinas Creek, Marin County,
4 for construction, maintenance and use of a sewage force
5 main.

6 It is recommended that the permit, in accordance with
7 the standard conditions heretofore established by the
8 Commission be issued to the Las Gallinas Valley Sanitary
9 District, the consideration being the public health and
10 benefit.

11 CHAIRMAN PEIRCE: The recommendation is approved.

12 MR. HORTIG: Page 31. Standard Oil Company of
13 California has heretofore held a lease on a minor portion
14 of the area in the middle of the Sacramento River at Walnut
15 Grove in Sacramento County. Pursuant to the requirements
16 of the term of the lease, a quitclaim deed has been executed
17 and the rental paid to date. It is recommended that
18 authorization be granted to accept a quitclaim deed and to
19 terminate the subject lease.

20 CHAIRMAN PEIRCE: Approved?

21 GOV. POWERS: Yes.

22 MR. KIRKWOOD: Yes.

23 CHAIRMAN PEIRCE: Recommendation is approved.

24 MR. HORTIG: Page 32. As required by Chapter 1939,
25 Statutes of 1955 (amended by Chapter 1430, Statutes of 1957),
26 the State Lands Division have surveyed and mapped the area

1 granted to the City of Antioch by the State of California.
2 It is recommended that the Acting Executive Officer be
3 authorized to approve and have recorded the survey maps
4 prepared on behalf of the Commission.

5 MR. KIRKWOOD: There is a specific date to go in there,
6 or just September, 1957?

7 MR. HORTIG: This was the identification of the sheet.
8 The effective date of the grant is September 11th.

9 CHAIRMAN PEIRCE: The recommendation is approved.

10 MR. HORTIG: Similarly, by the Statutes of 1957, the
11 granted areas described for conveyance to the Port San Luis
12 Harbor District have been modified and corrected and that
13 has been resurveyed. It is recommended that the Acting
14 Executive Officer be authorized to approve and have recorded
15 the survey maps prepared.

16 MR. KIRKWOOD: So move.

17 GOV. POWERS: Seconded.

18 CHAIRMAN PEIRCE: Recommendation approved.

19 MR. KIRKWOOD: The same thing on the next one?

20 MR. HORTIG: The same thing on the next one, with
21 respect to Morro Bay.

22 CHAIRMAN PEIRCE: Approved?

23 MR. KIRKWOOD: Yes.

24 GOV. POWERS: Yes.

25 CHAIRMAN PEIRCE: Recommendation approved.

26 MR. HORTIG: In connection with the location of offshore

1 oil lease areas, the State Lands Division has surveyed
2 and mapped the ordinary high water mark from a point west
3 of Summerland to a point east of Serena, a distance of
4 approximately 3.6 miles.

5 It is recommended that authorization be granted to
6 approve and have recorded the maps and surveys of the
7 staff.

8 CHAIRMAN PEIRCE: Recommendation approved.

9 MR. HORTIG: Page 36. House Resolution 8935, intro-
10 duced by Congressman Vinson on July 29th of this year,
11 proposes to establish San Miguel Island and Prince Island
12 (Santa Barbara County), and San Nicholas Island (Ventura
13 County) as a naval petroleum reserve. The bill provides that
14 the islands, including the submerged lands and all exposed
15 areas surrounding the islands from the low water mark sea-
16 ward to the 100-fathom curve, except the east of San Miguel
17 Island, where an arbitrary limit is designated, shall be
18 established as a naval petroleum reserve under the exclusive
19 jurisdiction of the Secretary of the Navy. The submerged
20 lands proposed for inclusion in the petroleum reserve have
21 at all times been claimed by the State of California. These
22 consist of the lands within three miles of the islands, which
23 have been conceded at all times by the U. S. Department of
24 Justice to be under the jurisdiction of the State, and of
25 those submerged lands in excess of three miles from the
26 respective islands which are claimed by the State but title

1 to which has been disputed by the United States in the
2 action United States vs. California.

3 It is recommended that the Commission authorize the
4 Acting Executive Officer to oppose House Resolution 8935,
5 in conjunction with the office of the Attorney General,
6 insofar as the establishment of the proposed Naval petroleum
7 reserve would pre-empt areas of submerged lands for which
8 title has at all times been vested in the State of California
9 or areas of submerged lands claimed by the State.

10 GOV. POWERS: So move.

11 MR. KIRKWOOD: Seconded.

12 CHAIRMAN PEIRCE: The recommendation is approved. This
13 will be followed very carefully by the Attorney General's
14 office?

15 MR. SHAVELSON: If I may answer?

16 CHAIRMAN PEIRCE: Mr. Shavelson.

17 MR. SHAVELSON: Our office has already written letters
18 to Representative Engle, who in turn requested an opinion
19 from the Controller General. The opinion of the Controller
20 General, as written to Representative Engle, who was con-
21 testing any inference that might arise in the proposed
22 statutes that there is Federal ownership of a three-mile
23 belt around the specifically concerned islands, the
24 Controller General has acknowledged that in his opinion
25 the Federal government--that this does not constitute an
26 expression of opinion as to the title of the Federal govern-

1 ment, but nevertheless we do feel that the statute does
2 conceivably indicate an attitude of Congress that they
3 might have title, so we think that should be clarified. We
4 are following it very closely.

5 CHAIRMAN PEIRCE: Very good.

6 GOV. POWERS: This is Engle's resolution?

7 MR. SHAVELSON: No, it isn't. Representative Vinson.

8 MR. HORTIG: Page 37. On May 13th of this year the
9 Commission directed staff review of possible bases for
10 retention of a board of consultants to assist the Commission
11 by recommendations as to oil and gas lease procedures to
12 be effected under legislation to be adopted relative to
13 oil and gas leases. Retention of such a board was determined
14 to be proper and practicable under the operating budget of
15 the Commission. The availability of consultants in the
16 engineering, geological and legal phases of oil and gas
17 leasing has been under review by the Commissioners.

18 It is recommended that the Commission:

19 (1) Designate consultants to be employed to assist
20 the Commission by recommendations as to oil and gas leasing
21 procedures to be effected under existing statutes;

22 (2) Authorize the Acting Executive Officer to
23 negotiate contracts with the designated consultants for the
24 services to be rendered.

25 CHAIRMAN PEIRCE: Now, you recall that at a meeting
26 two or three months ago Mr. Hortig supplied a list of names

1 of qualified out-of-state consultants whom we might retain
2 to advise us with respect to the administration of the
3 Miller Bill, which succeeds the Cunningham-Schell Act of
4 1955, which bill became effective on September 11th, this
5 month, and at the request of the Commission I have written
6 to a number of these consultants. It appears that two
7 highly-qualified firms are available to us, one, ^{Kippenizer} Tippener &
8 ~~Wanamaker~~ ^{Kaveler} Wanamaker and the other, Herman H. Kelleher. Both are of
9 Tulsa, Oklahoma, nationally recognized firms in the field
10 of petroleum engineering and petroleum geology. I believe
11 it was the thought of Gov. Powers and Mr. Kirkwood, and I
12 concur, that perhaps we should have two such firms and not
13 just one, and we also cited that we should retain an out-of-
14 state petroleum attorney or firm of attorneys to advise us
15 independently concerning some of these technical aspects
16 of the administering of this new law and related matters
17 having to do with leases and so forth. So far we haven't
18 been able to locate such a firm, because those whom we have
19 contacted have such direct contacts with members of the
20 California oil industry that it appears ⁱⁿ⁻ advisable to retain
21 them because of possible incompatibility.

22 Now, gentlemen, the decision is before us. I might
23 also add that certain individuals have protested at our not
24 retaining California consultants in this field, and certain
25 individuals have indicated that perhaps this is an affront
26 to the professional men in the State who advise the

1 California oil industry. I want to explain that it is not
2 intended to be an affront to any member of the California
3 profession, but it is our feeling that if we go out of the
4 State we are less likely to be criticized for having retained
5 someone who will be obviously prejudicial in favor of the
6 California oil industry. That may not be true, but at least
7 the allegation could be made that those who serve California
8 oil companies might be prejudiced in their favor. I don't
9 think that would be the case, but the allegations could be
10 made, and that explains to anyone who may be here today
11 why we are seeking these outside consultants, so that we
12 may have as nearly as possible impartial advice concerning
13 the steps we should take in carrying out the law as enacted
14 by the California Legislature.

15 Gentlemen, what is your pleasure with regard to this
16 matter? Mr. Kirkwood, you made the original motion; have
17 you any thoughts to express at this time?

18 MR. KIRKWOOD: No. I think that the two firms you
19 have mentioned are fully qualified. I would like to see us
20 move along and employ them. It is possible that one of the
21 attorneys whom we have consulted would be available and
22 appropriate, but it does seem to me under the circumstances
23 that our best way to move this along is to get two engineer-
24 ing firms and geologists, and ask their advice and counsel
25 on what to do--how to get expert legal advice in this field.
26 They certainly have had to proceed before in this consulting

1 we and they perhaps can be helpful to us in this in-
2 stance, so I suggest we do get in contact with these two
3 firms and get them moving, as I think it is desirable that
4 we move right into this. Then as we have the opportunity to
5 talk ^{to} them, see if we can't also pull in a law firm that is
6 recommended during this procedure.

7 CHAIRMAN PEIRCE: Would that meet with your approval?

8 GOV. POWERS: Yes, in an advisory capacity. I second
9 that motion.

10 CHAIRMAN PEIRCE: It is understood that our executive
11 officer will handle the details of entering into contractual
12 arrangements with these two consultants, and that he also
13 discuss with them their obtaining special counsel skilled
14 in the field of petroleum law. We will say this is not an
15 affront to the Attorney General of the State of California,
16 since this is a specialized field where we feel a supple-
17 mentary adviser may be helpful to us and also helpful to the
18 Attorney General. Is there any further discussion? If not,
19 the recommendation is approved.

20 MR. HORTIG: Page 38. As the Commission is aware, the
21 operating budget for the State Lands Division for the current
22 fiscal year was prepared in August and September of 1956.
23 Since that time changes in operation and litigation have
24 developed, with the result that it has now been found that
25 insufficient funds were provided for operating expenses,
26 as hereafter detailed. Therefore, it is recommended that

1 the authorization be granted to request the Department of
2 Finance to augment the State Lands Commission current appro-
3 priation for support to provide for unforeseen operating
4 expenses by means of an emergency authorization in the total
5 amount of \$63,600, which is subdivided in detail on page 39
6 of your calendar.

7 CHAIRMAN PEIRCE: The largest item is \$49,000 for the
8 Attorney General. Does that arise out of the litigation in
9 Orange County?

10 MR. HORTIG: The major part arises from that fact.

11 CHAIRMAN PEIRCE: That was not anticipated when the
12 budget was approved by the Legislature?

13 MR. MORTIG: No, sir. We were not yet into the liti-
14 gation.

15 CHAIRMAN PEIRCE: I would like to say that as Director
16 of Finance I feel that this recommendation is entirely in
17 order, but I would reserve the right to advise you concerning
18 the attitude of the Department of Finance after I have con-
19 sulted with our Budget Division. It appears to be in order.
20 What is your pleasure?

21 MR. KIRKWOOD: I so move.

22 GOV. POWERS: If it looks O.K., then I approve.

23 CHAIRMAN PEIRCE: All right. It has been moved and
24 seconded. The recommendation is approved.

25 MR. HORTIG: Page 40. The Commission is also aware
26 that the State Lands Division for some period of time has

1 had in effect a service contract for specialized auditing
2 service and study by the Audits Division of the Department
3 of Finance relative to the Commission's responsibilities
4 under Chapter 29, fund accounting on the tideland operation
5 in Long Beach. It has developed to be an extremely
6 complicated problem which again could not be foreseen until
7 the problem was actually entered into, and it has become
8 apparent during the course of the work performed by the
9 Audits Division that further services of that division will
10 be required during the current fiscal year to perform certain
11 auditing functions, such as the annual review of Harbor
12 Trust expenditures, and a review of operations by the City's
13 contractors engaged in oil and gas production, for which the
14 State Lands Division is not yet staffed. Therefore it is
15 recommended that authorization be granted to enter into and
16 execute an inter-agency contract with the Audits Division,
17 Department of Finance, providing for the furnishing of
18 services by said division during the fiscal year July 1,
19 1957, through June 30, 1958. This contract is to provide
20 for completion of work on, and the rendering of a report
21 relating to the accountability for and disposition of
22 revenues from the City of Long Beach's granted tide and
23 submerged lands; the completion and furnishing of an
24 auditing program designed to guide the State Lands Division
25 in auditing operations in the future, and perform auditing
26 services as required by the State Lands Division in carry-

1 ing out auditing functions under the provisions of Chapter
2 29. For the current fiscal year, the current amount payable
3 under said agreement is not to exceed \$15,000.

4 MR. KIRKWOOD: We have got to come to an end of using
5 contract services here and have our own auditors.

6 MR. HORTIG: As of the time we have this completion of
7 the work and the furnishing of an auditing program to guide
8 the State Lands Division, we will. The problem of staffing
9 is predicated in turn on the recommended program to be
10 carried out.

11 MR. KIRKWOOD: This refers to what is required during
12 the current fiscal year, to perform certain auditing
13 functions, such as the annual review of Harbor Trust
14 expenditures, and a review of operations of the City's
15 contractors engaged in oil and gas production. It seems to
16 me at the time that we originally entered into this contract
17 we were talking about what was to be done to bring the thing
18 down to date at the time that we took over, and that then
19 a program would be developed for an auditor of this State
20 Land department to follow up from there. Now we are moving
21 into a field where we are contracting for this sort of
22 service. I think we ought to move into the area of having
23 our own auditor here.

24 MR. HORTIG: We are, of course, Mr. Kirkwood, in the
25 area to the extent of having an auditing staff of two men
26 who are with the State Lands Division who are operating

1 currently at full time, but the balance of the services
2 which will require additional staff, which additional staff
3 is to be predicated upon a recommended audit program, can
4 not be determine until the audit program is completed. It
5 was not the intent of this recommendation to recommend that
6 we divert from the original program that the Commission had
7 indicated, that the State Lands Commission would take over
8 the auditing, but this by necessity of time simply recommends
9 deferring the time until we have this audit program from
10 the Division of Audits.

11 MR. KIRKWOOD: But this runs through the current
12 fiscal year.

13 MR. HORTIG: Yes, sir, at its maximum.

14 MR. KIRKWOOD: It sounds like a long temporary
15 arrangement.

16 CHAIRMAN PEIRCE: Gov. Powers?

17 GOV. POWERS: I have no questions. I have no questions
18 since this is in your province and you as the Controller
19 know more about it than anybody.

20 MR. KIRKWOOD: I would just like to see the day when
21 this thing is brought to an end, and it seems to me that
22 shouldn't take a year and a half that this has been going on,
23 or it has been almost two years.

24 MR. HORTIG: That, of course, sir, was a reasonable
25 estimate of the time, and of course we would like to find
26 two more auditors as soon as we get the program.

1 MR. KIRKWOOD: All right.

2 CHAIRMAN PEIRCE: Gov. Powers?

3 GOV. POWERS: Approved.

4 CHAIRMAN PEIRCE: The recommendation is approved.

5 MR. HORTIG: Page 41. Chapter 2000, Statutes of 1957,
6 effective September 11, 1957, provide that the Commission
7 shall determine the boundaries of tide and submerged lands
8 conveyed in trust to the City of Long Beach, and that the
9 Commission may bring any actions necessary to determine such
10 boundaries, and for that purpose may employ special counsel.
11 The Commission shall report to the Legislature, the interim
12 report to be rendered to the Legislature not later than
13 February 15, 1958, and that for these purposes the sum of
14 \$50,000 is appropriated out of the Investment Fund of the
15 State Lands Commission.

16 The determination of the subject boundaries has been
17 under active review by the office of the Attorney General
18 in conjunction with the State Lands Division since the en-
19 actment of Chapter 29, Statutes of 1957, which requires the
20 supervision of the State Lands Commission on operations on
21 the tide and submerged lands previously granted to the City
22 of Long Beach.

23 It appears that the most effective progress in the
24 determination of the boundaries in the manner desired by
25 the Legislature could be accomplished through employment of
26 special counsel to co-ordinate all legal research with past

1 and current work on the subject by the office of the
2 Attorney General. Initial determinations of the scope of
3 the problems involved have shown that these are principally
4 in the field of legal research and probably of litigation.
5 The surveying, monumenting and platting of the boundaries of
6 the lands, as required by the statute, would constitute a
7 smaller portion of the total effort after determination of
8 the legal boundary locations.

9 The office of the Attorney General has volunteered
10 complete co-operation and to make available to any special
11 counsel retained by the Commission all information developed
12 from the current study of the boundary location problem.

13 It is recommended that the Commission authorize a
14 determination of the availability of special counsel to
15 make recommendations on the determination of the boundaries
16 of the tide and submerged lands conveyed in trust to the
17 City of Long Beach and report such available counsel for
18 selection by the Commission and for retention under service
19 contract to accomplish the purposes of Chapter 2000,
20 Statutes of 1957.

21 MR. KIRKWOOD: Why isn't the A.G's office perfectly
22 competent to conduct this work?

23 MR. SHAVELSON: I have been authorized by Mr. O'Connor
24 to make a statement in that regard. We took a neutral
25 position when this legislation was enacted. We did not
26 oppose it. We made a statement as to our progress up to

1 that time, which I believe was satisfactory to the
2 Committee. However, we do want to say that we under our
3 present shifting of assignments and by engaging additional
4 personnel it is our feeling that we are adequately staffed
5 to handle this problem, and if special counsel is engaged,
6 though, we feel that it would be incumbent upon us to with-
7 draw from this problem because we think that one attorney
8 must be in charge and we don't think we can work in subordin-
9 ation to outside special counsel. Of course, if such
10 special counsel is engaged, we will co-operate fully in
11 bringing them up to date and giving them the benefit of
12 the extensive research that we have done already on this
13 problem, but we do feel that we are adequately staffed to
14 handle it ourselves.

15 CHAIRMAN PEIRCE: When this bill was before the
16 Assembly Committee on Natural Resources and Conservation,
17 the Committee requested that the Attorney General himself
18 and the Chairman of the State Lands Commission appear for
19 interrogation. General Brown and I were present, and we
20 listened to the rather brief discussion on this proposal.
21 We were not called on, and the Committee sent out the bill
22 with a favorable recommendation, and it went on through
23 the Legislature. Now, the fact that General Brown did not
24 protest the legislation at that time, I assume, of course,
25 that concurs with what you have just stated.

26 MR. SHAVELSON: There was a week prior to that meeting

1 that you are referring to a meeting at which we did make a
2 rather lengthy statement as to our progress, and Mr. Howland
3 of our office stated that we had no opposition to the bill.

4 CHAIRMAN PEIRCE: We have an Act of the Legislature
5 that directs us to do this. I assume we have no choice
6 in the matter.

7 MR. SHAVELSON: The Act authorizes the Commission to
8 engage special counsel. I believe that it remains dis-
9 cretionary, though, in the Commission as to whether or not
10 it should do so, from a legal standpoint, gentlemen.

11 CHAIRMAN PEIRCE: Gentlemen, we are thus provided with
12 discretionary power with regard to this matter, and the
13 Attorney General says he can handle it. The Legislature
14 appropriated \$50,000 to provide independent counsel--

15 MR. SHAVELSON: Excuse me. The \$50,000 is available
16 for any engineering and other work pursuant to this Act,
17 as well as counsel.

18 CHAIRMAN PEIRCE: Well, the overall project, then.

19 GOV. POWERS: I feel a little reluctant to take it out
20 of the Attorney General's hands if he can handle it.

21 MR. ROUNTREE: Mr. Chairman.

22 CHAIRMAN PEIRCE: Mr. Rountree.

23 MR. ROUNTREE: I want to supplement Mr. Shavelson's
24 statement with respect to the ability of the Attorney
25 General's office to handle the particular work involved here.
26 He did say, and I want to emphasize the fact, that there have

1 been shifting assignments, particularly in the Los Angeles
2 office of the Attorney General. We have recently taken on
3 six additional junior attorneys, three of them are already
4 being indoctrinated in some of the legal problems of State
5 Lands Commission, and next year we will probably take on
6 additional men, whereas at the time this legislation was
7 being considered we did not have these men on our staff. I
8 feel personally that while it is a discretionary matter
9 with the Commission, of course, our office probably can handle
10 the job and is certainly indoctrinated, the office as a
11 whole, and for that reason could attack it more quickly, I
12 should think, than outside counsel could. But I don't want
13 to make an argument about it, I just want to state my per-
14 sonal view and emphasize the statements made by Mr. Shavelson.

15 MR. KIRKWOOD: Mr. Chairman, it seems to me that this
16 is a situation similar to the one we were talking about as
17 to the consultant service a few minutes ago--

18 CHAIRMAN PEIRCE: No.

19 MR. KIRKWOOD: --where an attorney practicing regularly
20 in the field has specialized knowledge in that area, par-
21 ticularly tax problems that come up, that normally wouldn't
22 be things that the Attorney General's office would be con-
23 cerned with or have familiarity with; but the procedure here,
24 it seems to me, is one which should be within the purview
25 of the Attorney General's functions, and I think that here
26 we should operate through the Attorney General and he should

1 be accountable if the job isn't done. He should be competent
2 to handle it, and I think for us to go out and hire outside
3 counsel at this point is perhaps breaking down what should
4 be his responsibility. My reaction would be to work through
5 the Attorney General's office.

6 GOV. POWERS: I believe the same way, Mr. Chairman. I
7 think this is strictly the Attorney General's duty, to ad-
8 vise us and have these people work with the State Lands, and
9 I think this would be best handled by the Attorney General.

10 MR. KIRKWOOD: I recognize we have some legislative
11 consideration, but on the other side of this is the fact
12 that we are constantly putting to the Attorney General
13 questions as to the propriety of various departments hiring
14 outside assistants in possible violation of civil service
15 under the provisions of the Constitution, and generally the
16 public policy of using public employees where it is in the
17 ordinary routine of work. I think it would be difficult
18 for me in this situation to vote to hire outside counsel.

19 CHAIRMAN PEIRCE: Could we transfer a portion of this
20 appropriation to the Attorney General to enable him to employ
21 special counsel?

22 MR. KIRKWOOD: We could transfer a lot that we don't
23 transfer any more.

24 CHAIRMAN PEIRCE: Is there any restriction, Mr.
25 Rountree?

26 MR. ROUNTREE: Mr. Shavelson.

1 MR. SHAVELSON: My experience in budget matters is not
2 sufficient for me to make a statement as to that. We would
3 be glad to look into it, but I would rather not state right
4 now.

5 CHAIRMAN PEIRCE: I don't think there would be any
6 problem unless there is something restrictive about the
7 legislation itself. Does it read as it is recorded on
8 page 41?

9 MR. HORTIG: I have quoted that in its entirety.

10 MR. KIRKWOOD: I don't see how we can get into any
11 trouble of that kind. I had hoped that \$49,000 would be
12 sufficient to cover this work, too, but if it isn't, why,
13 we still have the same authority that we just exercised in
14 augmenting that \$49,000. It might not be necessary to come
15 out of the \$50,000.

16 CHAIRMAN PEIRCE: It will come out of the same fund,
17 anyway.

18 MR. KIRKWOOD: That is right.

19 CHAIRMAN PEIRCE: All right. Your recommendation is
20 that we delegate to the Attorney General responsibility of
21 carrying out the provisions of Chapter 2000, Statutes of
22 1957?

23 MR. KIRKWOOD: No. I think that is a little strong.
24 Some of this work will be done by our staff.

25 MR. HORTIG: To perform such legal services as are
26 necessary.

1 CHAIRMAN PEIRCE: I will correct myself.

2 MR. KIRKWOOD: In other words, we are not delegating
3 anything to him, we are asking him to represent us in this
4 matter.

5 CHAIRMAN PEIRCE: Instead of our employing special
6 counsel, and if he feels it necessary to have special
7 counsel, he will make necessary arrangements?

8 MR. KIRKWOOD: No. He will have to come back to us
9 for that.

10 CHAIRMAN PEIRCE: How do you want this recommendation
11 worded?

12 MR. KIRKWOOD: I guess it would be a motion. It would
13 be a motion that the Executive Officer work with the Attorney
14 General's office in determining the boundaries of the tide
15 and submerged lands in question. That is in essence what it
16 would be.

17 MR. HORTIG: Yes, sir.

18 CHAIRMAN PEIRCE: Would that do it, Mr. Hortig?

19 MR. HORTIG: Yes, sir.

20 CHAIRMAN PEIRCE: What you are doing here, it is
21 recommended that the Commission authorize the Acting
22 Executive Officer to determine the availability of special
23 counsel, as previously recommended.

24 MR. HORTIG: Of course, this is a substitute motion in
25 lieu of that.

26 MR. KIRKWOOD: This means, instead of going out and

1 finding what counsel are available, it would be to go to
2 work with the A.G.'s office and get the job done.

3 CHAIRMAN PEIRCE: I note it says, "The Commission shall
4 report to the Legislature not later than February 15, 1958,"
5 which is only five months away.

6 MR. KIRKWOOD: I would hope that the Attorney General's
7 office is on sufficient notice that the Legislature is
8 breathing down its neck on this one.

9 MR. ROUNTREE: I think I can say that the Attorney
10 General is well aware of the problem in front of him.

11 CHAIRMAN PEIRCE: All right. You understand the
12 recommendation, Mr. Hortig?

13 MR. HORTIG: Yes.

14 CHAIRMAN PEIRCE: Approved?

15 GOV. POWERS: Yes.

16 MR. KIRKWOOD: Yes.

17 CHAIRMAN PEIRCE: The recommendation is approved.

18 MR. HORTIG: Page 54, I believe, gentlemen.

19 CHAIRMAN PEIRCE: I have looked over all these items
20 of transactions consummated by the Executive Officer, and
21 they appear to be in order.

22 MR. KIRKWOOD: I move they be approved.

23 GOV. POWERS: Approve.

24 CHAIRMAN PEIRCE: All right. The recommendation to the
25 Commission concerning the actions of the Executive Officer
26 as thus reported is approved. Is there any further business

1 to come before the Commission?

2 MR. HORTIG: I believe not. May I request confirmation
3 from the Secretary that all items have been processed?

4 THE SECRETARY: Yes, they have.

5 CHAIRMAN PEIRCE: All right, the meeting is adjourned.

6 (Whereupon, at 11:40 p.m., the meeting was adjourned.)

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REPORTER'S CERTIFICATE

I hereby certify that, acting as Official Hearing Reporter, I reported in shorthand the proceedings contained in the foregoing transcript and that same is a full, true and correct transcription of my shorthand notes so taken.

Dated
September 26, 1957.

Carroll A. Blodgett
Hearing Reporter