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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
MARCH 25, 1959 -- 9:00 A.M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Bert W. Levit, Director of Finance, Chairman
Glenn M. Anderson, Lieutenant Governor
Alan Cranston, Controller

F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL

Messrs. Paul M. Joseph and
Leonard M. Friedman,
Deputies Attorney General

APPEARANCES:

Mr. E. E. Pyles,
Vice President, Monterey Oil Company

Mr. D. W. Heeren,
Tidewater Oil Company

Mr. L. B. Wheeler,
Long Beach Harbor Department

Mr. Joseph Ball,
Special Counsel, City of Long Beach

Reporter:
Louise H. Lillico
Division of Administrative Procedure

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(In accordance with Calendar Summary)

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1 MR. LEVIT: The meeting will please come to order --
 2 meeting of the State Lands Commission. The first item of
 3 business is the confirmation of the minutes of the special
 4 meeting of February 11 and of the meeting of February 24.
 5 Are there any corrections or additions?

6 MR. HORTIG: No staff corrections.

7 MR. LEVIT: Minutes will stand approved. Item No. 2
 8 involves permits, easements and rights-of-way without con-
 9 sideration pursuant to statute. Do you want to run through
 10 those, Mr. Hortig?

11 MR. HORTIG: Yes, sir. Calendar item reported on
 12 page 1 relates to a proposed permit to San Diego Gas and
 13 Electric Company to authorize the dredging of a navigation
 14 channel in San Diego Bay at National City, San Diego County,
 15 which navigation channel is required to permit oil barges
 16 to be brought in to unload fuel for the local power plant.
 17 The lands adjoining the area on which the channel is to be
 18 dredged have heretofore been granted by the Legislature in
 19 trust to the City of National City and the City of National
 20 City has approved the project.

21 MR. LEVIT: You can go right on unless there's some
 22 question.

23 MR. HORTIG: All right, sir. Page 2 -- Division of
 24 Highways has requested authorization to dredge approximately
 25 1,900,000 cubic yards of fill material for construction of
 26 the Interstate Highway, to be dredged from tide and submerged

1 lands in Carquinez Strait near Benicia. The consideration
2 for this permit would obviously be the public use and bene-
3 fit, as well as the improvement in navigation.

4 MR. LEVIT: In each of these cases you recommend
5 approval?

6 MR. HORTIG: Yes sir.

7 MR. LEVIT: Let the record show the Governor is here
8 now.

9 MR. HORTIG: Pages 3 and 4 relate to proposed grant
10 to the Alameda County Flood Control District for certain
11 unsold State swamp lands in Alameda County. The permit as
12 recommended was specifically authorized and directed to be
13 issued by Chapter 1275 of the Statutes of 1949. The County
14 has now made application pursuant to that specific statute
15 for the issuance of the permit for location of flood control
16 channel, which is recommended.

17 Page 5 reports the application of Noyo Harbor District
18 for a 15-year permit for the construction and maintenance
19 of a mooring dock on tide and submerged lands in the Noyo
20 River, Mendocino County. The primary initial public use
21 which will be made, at no charge, is the mooring of the
22 83-foot U. S. Coast Guard cutter which is stationed at the
23 mouth of Inyo Harbor for Coast Guard protection. It is
24 recommended that the permit be issued to Noyo Harbor District.

25 Page 6 -- Yolo County has applied for a bridge right-
26 of-way across tide and submerged lands on Elk Slough for a

1 bridge and use in connection with the county road system.
 2 It is recommended that a 49-year life-of-structure permit
 3 be issued to Yolo County for this bridge. The life-of-
 4 structure permits provide that it shall be for the life of
 5 the structure and in this case not to exceed 49 years. If
 6 the area is not used for the bridge proposed or for a
 7 lesser period, the permit terminates automatically.

8 Page 7 -- The City of Palo Alto has applied for
 9 authorization to dredge Mayfield and Wilson Sloughs in
 10 connection with the City's operation of the City's boat
 11 harbor. The Corps of Engineers have approved this project
 12 as being in the interest of navigation and one slough does
 13 pass through a portion of adjoining San Mateo County and
 14 the County has indicated no objection to this program and
 15 has also recommended, as do the staff, the issuance of the
 16 permit.

17 Page 8 -- The U. S. Corps of Engineers and the San
 18 Mateo County Harbor District jointly

19 MR. LEVIT: San Diego ...

20 MR. HORTIG: San Mateo

21 MR. LEVIT: There is an error in the calendar.

22 MR. HORTIG: There is an error in the index. The
 23 calendar item is correct. It is a joint application by
 24 the U. S. Army Corps of Engineers and San Mateo County
 25 Harbor District for authorization to construct and maintain
 26 two rubble-mound jetties designed to create a harbor in

1 Halfmoon Bay. This is a project that Congress has author-
 2 ized. the U. S. Corps of Engineers to proceed with and the
 3 jetties would be maintained on tide and submerged lands
 4 of the State. Issuance of the permit is recommended.

5 Pages 9 and 10 relate to an application from the
 6 County of Lassen to augment areas under the County's control
 7 at Eagle Lake in connection with development of a small
 8 craft harbor and additional recreational facilities. Eagle
 9 Lake below the low water line is under the jurisdiction of
 10 the State Lands Commission. The County has already received
 11 a use permit on adjoining U. S. Forest Service lands on the
 12 upland and also the Small Craft Harbor Commission have
 13 recommended a State loan in the amount of \$65,000 for the
 14 construction of this project; and it is recommended that
 15 the Commission authorize the occupancy of approximately
 16 53 acres of State land in Eagle Lake adjoining the upland
 17 in conjunction with the development of this county recrea-
 18 tional project. *

19 This completes the group of permits, easements and
 20 rights-of-way recommended to be granted to public and other
 21 agencies at no fee, pursuant to statute and rules and regula-
 22 tions.

23 GOV. ANDERSON: Any objection to these recommendations?
 24 If there are no objections, it will be so ordered. What is
 25 the next calendar item?

26 MR. HORTIG: Page 11 -- Monterey Oil Company and the

*Mr. Levit left the room during description of pages 9 and 10

1 Texas Company are joint lessees in a State oil and gas
 2 lease in Orange County, which lease was issued pursuant to
 3 public bidding in 1945. On October 14, 1958 the Commission
 4 authorized a deferment of drilling requirements to March 15,
 5 1959, in order to minimize the congestion that would occur
 6 on the 75-foot drilling island if drilling operations were
 7 continued during the time required for the construction of
 8 a wharf to be used in conjunction with a pilot water flood
 9 project. Due to severe storms causing extensive loss of
 10 time and damage to work already completed, the work has
 11 fallen behind schedule and, in addition, well-operating
 12 difficulties have necessitated placing of additional equip-
 13 ment on the island for rehabilitation of the wells which
 14 would make it utterly impractical to conduct drilling opera-
 15 tions at this time.

16 In view of these circumstances, Monterey as operator
 17 has requested a further deferment until June 15, 1959 and
 18 it is recommended that this deferment be granted.

19 GOV. ANDERSON: When was this storm? When did this
 20 happen?

21 MR. HORTIG: Specifically, we can have more detail
 22 from our files, Governor, or Mr. E. E. Pyles, Vice President
 23 of Monterey Oil Company, is here. These storms were all
 24 this winter.

25 GOV. ANDERSON: It just seems kind of long to me --
 26 on a lease originally drawn in 1945 they should be a little

1 farther along.

2 MR. HORTIG: Oh -- no sir, there has been placement
3 since issuance of the lease -- there has been placement on
4 the island and drilling and production on at least twenty-
5 six wells.

6 GOV. ANDERSON: When did they actually start?

7 MR. HORTIG: Early in '46.

8 GOV. ANDERSON: In other words, it has been in active
9 operation?

10 MR. HORTIG: It was in continued and full and active
11 operation, strictly in accordance with the terms of the
12 lease, until this deferment granted October 14, 1958 --
13 which was granted as a temporary deferment to permit some
14 additional placements on the island.

15 GOV. ANDERSON: How many deferments have they had?

16 MR. HORTIG: This is the first or second. Do you
17 recall, Mr. Pyles?

18 MR. PYLES: Second.

19 MR. HORTIG: Second, but they are on production. They
20 are all producing. The State's royalties are continuing to
21 be accumulated. The deferment is requested only as to
22 drilling of a new project.

23 GOV. ANDERSON: (To Mr. Cranston) Do you wish to
24 consider this item?

25 MR. CRANSTON: I don't know. Have we done this in
26 the past?

1 MR. HORTIG: Well, the last meeting, which was the
2 first time we considered them in this form, we considered
3 them en bloc.

4 GOV. ANDERSON: If there is no objection we will
5 proceed.

6 MR. HORTIG: Pages 12 and 13 cover a proposal by
7 Standard Oil Company of California to quitclaim the major
8 portion or 740 acres of a total of 960 acres leased pursuant
9 to competitive public bidding on June 30, 1952. Pursuant
10 to the lease and in full compliance with the lease terms
11 and conditions, to date thirteen wells have been drilled
12 into the leased land. Eleven of these have been placed
13 in production and are continuing on production. A little
14 over a year ago, the Commission granted a deferment of
15 further drilling requirements subject to the express condi-
16 tion that during the period of deferment the lessee would
17 perform one of the following actions: Either initiate
18 development on the lease; quitclaim the undeveloped lease
19 area; or present new adequate bases for any further con-
20 sideration of deferment. The lessee has determined and the
21 staff has concurred with respect to the geological, produc-
22 tion and economic analyses that it is not feasible for the
23 lessee to proceed with any further development on the un-
24 developed 740 acres heretofore leased. The lease provides
25 that the lease may be surrendered and terminated, or any
26 portion of the demised premises may be surrendered, upon

1 the payment of all royalties and obligations due and payable
2 to the State and provided rules and regulations relative
3 to the abandonment of oil and gas wells have been met.
4 These conditions have been complied with by the lessee.
5 Therefore, it is recommended that the Commission authorize
6 the acceptance of the quitclaim and termination of Lease
7 P.R.C. 735.1 as to the 740 acres enumerated, the balance
8 of the developed area to be retained, consisting of
9 approximately 220 acres and eleven producing wells, to
10 continue to be subject to all conditions and performance
11 requirements of the remaining lease.

12 (Mr. Levit returned to the meeting at this point)

13 GOV. ANDERSON: If there is no objection we will
14 proceed.

15 MR. HORTIG: Page 16 -- Pacific Gas and Electric Com-
16 pany have requested the issuance of a mineral extraction
17 lease pursuant to competitive public bidding which would
18 permit the high bidder to dredge a part of the channel in
19 Suisun Bay adjacent to intake units of the Pittsburg power
20 plant. It is estimated that approximately 50,000 cubic
21 yards of fill material would be removed and the ultimate
22 disposition of the fill material would be on Pacific Gas
23 and Electric Company property. The Corps of Engineers have
24 authorized the operation as a benefit to navigation, and it
25 is recommended that the Commission authorize the offer for
26 lease pursuant to competitive public bidding for the

1 extraction of fill material at a minimum royalty of three
2 cents per cubic yard.

3 Page 17 -- Construction Aggregates Corporation has
4 been a lessee under a mineral extraction lease issued in
5 1952 pursuant to competitive public bidding, authorizing
6 the removal of sand and other fill material from specified
7 shoal areas in San Francisco Bay. The lessee has not, in
8 fact, heretofore removed any material under this lease but
9 has paid the minimum royalty which would be required on
10 minimum production under the lease terms, and the lease
11 has been continued from year to year. This last year,
12 under a sublease, for the first time there were to be opera-
13 tions in fact for the removal of specified areas. A certain
14 tank ship association filed objections with the Corps of
15 Engineers contending that the proposed operations, although
16 previously authorized by the Corps of Engineers, would now
17 constitute a hazard to navigation. So the entire matter of
18 mooring the necessary barges, dredges, and so forth in the
19 operating area is under review by the Corps of Engineer's
20 and until there is an affirmative decision our lessee can-
21 not proceed to dredge in San Francisco Bay. Therefore,
22 it is requested that the requirement for extraction opera-
23 tions be waived for the lease year ending February 13, 1959.

24 In view of the fact that there was no competition in
25 bidding at the time of the lease offer; the fact that the
26 lessee actually prepays an advance annual rental of \$900

1 and continues to do so, it is recommended that the lease
2 be continued in existence pending this study by the Corps
3 of Engineers as to whether operations may be re-initiated
4 in the future.

5 MR. LEVIT: How long is this lease for?

6 MR. HORTIG: It was issued for a twenty-year term
7 in 1952. It has to 1972.

8 MR. LEVIT: So we are only proposing a waiver of
9 the minimum requirements for one year.

10 MR. HORTIG: Yes sir -- until we know what else is
11 to be considered.

12 The next item, referring to page 18 -- Moe Sand Com-
13 pany -- is the identical problem with respect to a lease
14 which was issued in 1957 and upon attempted operations
15 there is the same objection to this type of operation, which
16 is also being studied by the Corps of Engineers; and, there-
17 fore, it is recommended that the operating requirements
18 under Mineral Extraction Lease P.R.C. 2036.1 be waived for
19 the lease year which ended November 11, 1958, all of the
20 terms and conditions and performance requirements under
21 the lease to remain unchanged.

22 MR. LEVIT: There must be some question whether we
23 could forfeit the lease anyway if they were prevented from
24 doing the minimum work by the Corps of Engineers.

25 MR. HORTIG: That is probably true, sir. The other
26 alternative, of course, is to suggest that the lessee submit

1 a quitclaim and they might also be prevailed upon to do so
2 voluntarily; but the net effect would be that we would also
3 lose the prepaid annual rental and have another vacant piece
4 of San Francisco Bay -- which we hope to be able to operate
5 on as soon as we have completed these hearings with the
6 Corps of Engineers.

7 Page 19 -- An application has been received from
8 Shell Oil Company for a right-of-way easement over tide
9 and submerged lands in the Pacific Ocean near Capitan,
10 Santa Barbara County. The applicant has a lease from the
11 adjoining upland owner, which lease runs for the length of
12 the applicant's oil and gas installations on the upland;
13 and therefore they are requesting a concurrent 25-year
14 right-of-way easement on the adjoining tide and submerged
15 lands in order to permit installation of a pipe line for
16 submarine loading of petroleum products. On the basis of
17 the appraised value of the land and the established rental
18 rates for such right-of-way easements, the calculated rental
19 annually would be \$183.41 and it is recommended that this
20 easement be issued under these conditions. There have been
21 no local objections to the installation.

22 MR. LEVIT: For this type of thing, I am a little
23 curious about these small rentals. I made a comment about
24 it last time. Why should the State tie itself up for that
25 length of time for such a nominal rental?

26 MR. HORTIG: Number one: This is a matter which is

1 under study and will be reported on in toto as to all
2 leases, lease rentals and their applicability at the April
3 meeting of the State Lands Commission. This recommendation
4 is, of course, in accordance with our existing rules and
5 regulations and prescribed administrative procedures.

6 Number two: In connection with these operations,
7 lessee actually has a pipe line in place in this location
8 under a 25-year lease issued pursuant to former Section
9 675 of the Political Code, which right-of-way expired Feb-
10 ruary 12, 1959, this year, at a very nominal rental which
11 was prescribed by the Legislature at that time. Actually,
12 there is considerable difference between the rental rate
13 previously paid and this rental rate recommended here on
14 behalf of the Commission.

15 MR. LEVIT: This just confirms my feeling that it
16 doesn't make too much sense to handle it this way. In
17 other words, I can visualize a situation where a large
18 investment might be necessary that wouldn't be made without
19 an assurance that the installation could remain where it
20 was for a reasonable length of time; but that doesn't apply
21 here at all. In other words, the installation is in. It
22 was made on the basis of a 25-year lease, so that the
23 installer is not out anything. He knew exactly what he was
24 getting into when he went in there and now we propose to
25 tie the thing up for 25 years more for \$180 a year.

26 MR. HORTIG: ... which is substantially in excess of

1 what the original rental was, plus the fact that without
2 this right-of-way easement the operations on a complete
3 marine loading terminal would be stopped.

4 MR. LEVIT: You don't understand my point at all.
5 I am not suggesting that we toss them out of there at all.
6 I am simply suggesting that I can see no justification, or
7 no important justification, for the State tying itself up
8 for 25 years for such a nominal rental. I mean there is
9 nothing in it financially as far as the State is concerned.
10 Why tie the State up? It doesn't strike me as being good
11 business. Now, if this were an original installation I
12 can see a different situation might arise regardless of
13 whether the rental would be \$200 or \$2000; but in this case
14 I don't see what it has to do with the continuance of the
15 installation. I am not proposing that we not permit them
16 to stay there under a short term arrangement, but this I
17 don't understand.

18 MR. HORTIG: Well, if I may outline it very briefly
19 this way, Mr. Chairman

20 MR. LEVIT: Especially since we are in the process of
21 studying these rental situations, what is the occasion for
22 tying us up for 25 years thirty days before we are going to
23 decide whether the rentals are going to be entirely different?

24 MR. HORTIG: We are, of course, in an awkward transi-
25 tion period and timing period, and under those circumstances
26 I can only recommend that this and any similar applications

1 we have should necessarily then be withheld until the
 2 Commission has determined whether the previously applicable
 3 rental schedule should continue to apply in the future.
 4 This is all we have recommended here for this particular
 5 installation.

6 In connection with our study, we might mention as
 7 far as we have gone - - of course, the original rates and
 8 as are recommended here were based on general statewide
 9 experience in relation to real estate valuations statewide
 10 and actually at the time of their establishment there was
 11 serious contention that the State's rates were higher for
 12 rights-of-way than people could go and get the same author-
 13 ity for on privately owned lands; and this is, in part at
 14 least, so far borne out in our study and in our most recent
 15 independent appraisals with respect to tide and submerged
 16 lands -- although these happened to be in San Francisco Bay,
 17 far removed from these particular tidelands, -- the lease
 18 value as recommended by professional appraisers to our
 19 applicants were at lower rates than the currently prescribed
 20 rental rates of the State Lands Commission. However, we
 21 must report to the Commission when we have a determination
 22 and either a confirmation or revision, and, as I say, it is
 23 now scheduled for the next meeting.

24 MR. LEVIT: I am not trying to prejudge the point at
 25 all. I may be completely wrong on the rental proposition.
 26 I am perfectly willing to hold off any judgment until I see

1 what the report shows; but what I am saying is, in this
2 case I just can't see any point to acting on a 25-year
3 lease at this particular point. Why can't it be a one-year
4 lease at this time, to get it out of the way? I am not
5 proposing at all that we do anything to hurt these people
6 or to make life difficult for them, but I just don't see
7 any justification for tying it up for 25 years when we are
8 in the process of investigating what the rentals should be.

9 MR. HORTIG: The staff would be happy to recommend
10 one of two alternatives. Technically, this installation
11 has been on tide and submerged lands without benefit of
12 any documentation since February 12th anyway

13 GOV. ANDERSON: The lease ran out on February 12th
14 of this year?

15 MR. HORTIG: Yes. Another one month's lack of docu-
16 mentation would not be serious and it could be reconsidered
17 in connection with possible revised rental schedules at the
18 next meeting; or, as you have suggested alternatively, the
19 recommendation that the right-of-way easement be renewed at
20 this time under the existing schedule for a period of only
21 one year and then be subject to scrutiny one year hence
22 under the then established policies of the Commission with
23 regard to rights-of-way.

24 MR. CRANSTON: I move we let it go over one meeting.

25 GOV. ANDERSON: Just let it hang over.

26 MR. LEVIT: Then if there is no objection we will

1 take that off the calendar. I'd like to ask one more
2 question. You come in with all these recommendations for
3 approval. Do you ever have any of these that you do not
4 recommend for approval or that you disapprove without pre-
5 senting to the Commission?

6 MR. HORTIG: You mean without Commission
7 approval?

8 MR. LEVIT: Or that the staff disposes of
9 without approval?

10 MR. HORTIG: The answer to both questions is,
11 yes. In other words, there are applications upon occasion
12 that have such difficulties that would require recommenda-
13 tion by the staff that they not be approved and the applicant
14 decides to withdraw his application and then at a later
15 time resubmits it on a basis on which the Commission can
16 approve it.

17 MR. LEVIT: Is that the only basis?

18 MR. HORTIG: And occasionally there are appli-
19 cations which the lessee desires, or the applicant desires
20 to have brought to the Commission for determination as to
21 whether the Commission agrees with the staff or agrees with
22 the applicant, in which event you would have before you a
23 recommendation from the staff that the application not be
24 granted for the stated reasons. The applicant would there-
25 upon make his presentation as to why he feels it should
26 and the Commission would be the arbiter.

1 MR. LEVIT: Well, since we have these meetings reason-
2 ably often, it might be a good idea to report in one part
3 of the calendar, even for information only, those applica-
4 tions which have been made and where they have been with-
5 drawn or something of that kind, with a note as to whether
6 they were withdrawn after objections by the staff.

7 MR. HORTIG: My immediate recollection is we have not
8 had any such since January.

9 MR. LEVIT: In other words ninety percent are actually
10 granted, then?

11 MR. HORTIG: Well, ninety-nine percent of them. The
12 applicant consults with the staff first as to what the
13 statutory and regulatory requirements are and the form in
14 which the application shall be submitted; and at that pre-
15 liminary conference if there are any difficulties with
16 respect to approval, these are discussed and ordinarily
17 reconciled before the thing actually gets into the formal
18 application before the Commission.

19 MR. LEVIT: But there is no problem -- anybody that
20 wants to come to the Commission for approval, even when the
21 staff has recommended disapproval, there is no problem
22 getting on the calendar?

23 MR. HORTIG: No sir.

24 MR. LEVIT: O. K. Let's go on to (g).

25 MR. HORTIG: Well, here we have an application for a
26 pipe line. This is to be located adjacent to Carpinteria

1 Valley in Santa Barbara County, appraised on the same basis
2 as the preceding application, but here there is contemplated
3 a new installation which would require a tremendous invest-
4 ment and which pipe line easement is going to be necessary
5 in order to bring ashore from an offshore State lease the
6 products that are going to be produced on the State lease.
7 Therefore, I feel this is in a different category than the
8 item we considered immediately preceding because it is not
9 an independent commercial venture of the applicant. Actu-
10 ally, he is in this operation because he is an oil and gas
11 lessee of the State of California and is going to have to
12 get his production from his offshore platform or island
13 to mainland storage for further processing and transporta-
14 tion; and in conjunction with the issuance of this particu-
15 lar tidelands lease pursuant to competitive public bidding,
16 it was provided in the offer that any rights-of-way across
17 other State lands, other than those on the oil and gas
18 lease, which would be ultimately necessary to operate the
19 State oil and gas lease, would be provided under the estab-
20 lished rules and regulations of the Commission.

21 MR. LEVIT: Well, that last statement settles it,
22 doesn't it?

23 MR. HORTIG: Except you could hold for one month and
24 see whether our revised schedule does anything.

25 MR. LEVIT: Well, this is about what -- \$40 a year
26 for fifty years?

1 MR. HORTIG: That's right.

2 MR. LEVIT: O. K.

3 MR. HORTIG: Page 22 -- Application for right-of-way
4 easement for overhead electric transmission lines across
5 a section of vacant State school land, which is desert
6 land in the Mesquite Hills in the Soda Lake area of San
7 Bernardino County, and the appraised value of the land is
8 down to the point where the minimum rates applicable under
9 the current schedule of the Commission would apply, giving
10 a calculated total rental payable in advance for a 49-year
11 easement of \$1,920, and this is for an overhead transmission
12 line over the land without complete negation of use of the
13 surface or subsurface.

14 Page 23 -- Application from an individual, Floyd C.
15 LeRoy, to lease one acre of submerged lands along the left
16 bank of the Sacramento River at Tehama, Tehama County.
17 Again, the computed annual rental on established rental bases
18 would be less than \$100. A minimum annual rental of \$100
19 is prescribed and under the rules would be applicable in
20 this instance; and in view of the fact that minor installa-
21 tions are contemplated to be placed, in terms of floating
22 docks and walkways, it is recommended that a thousand dollar
23 performance bond be required to assure both the maintenance
24 of these facilities in safe condition and their ultimate
25 removal at the time of termination of the lease.

26 Page 24 -- Application for lease, Tidewater Oil; and

1 this, again, is for the construction and maintenance of a
2 wharf to support the pipe lines in conjunction with an
3 established petroleum marine terminal at Gaviota, Santa
4 Barbara County. The tidelands installation in this case
5 would be new and require considerable investment. The
6 upland terminal facilities have been located here for many
7 years. This can be characterized as approximately midway
8 between the conditions applying to the Standard Oil applica-
9 tion for a pipe line and the Shell Oil application for a
10 pipe line.

11 MR. LEVIT: Any reason why we can't put this over for
12 a meeting? I mean would it inconvenience the situation in
13 which the Tidewater Oil Company finds itself?

14 MR. HORTIG: Well, Tidewater has no installation on
15 tidelands at the present time. This would mean that what-
16 ever the stage of their developments or plans for proceeding,
17 they would be delayed.

18 MR. LEVIT: What are they? What is the stage? Sup-
19 pose we don't want to delay them. Would this actually delay
20 them?

21 MR. HORTIG: There is a representative here from
22 Tidewater.

23 MR. LEVIT: What is your name, sir?

24 MR. HEEREN: D. W. Heeren, Tidewater Oil.

25 MR. LEVIT: What I asked was whether or not putting
26 this over to the next meeting of the Commission would delay

1 the actual installation involved here.

2 MR. HEEREN: It might to some extent but if the
3 Commission wishes, we will go along.

4 GOV. ANDERSON: I personally would like to see any
5 of these that could be delayed, delayed until after that
6 meeting. When you look at the figures here, the monthly
7 rental is pretty low. Maybe I am entirely wrong on it.

8 MR. LEVIT: Well, if you don't feel that the delay
9 would cause any particular hardship and you are willing to
10 agree to that, I would prefer to see what we come up with
11 in this report before we make the decisions.

12 MR. HEEREN: We already have the permit from the
13 county, as well as the Army Corps of Engineers, for the
14 installation.

15 MR. LEVIT: You say you do have the permits? That
16 wouldn't be affected by putting this over for a meeting
17 here?

18 MR. HEEREN: No. The only question is the annual
19 rental fee?

20 MR. LEVIT: Yes, I think that's all it would concern.

21 MR. CRANSTON: Frank, what is the procedure in matters
22 like this as far as public attention or interest is concerned?
23 Or as far as those interested in the beauty of the coastal
24 area? What is being done?

25 MR. HORTIG: First, applications are accepted pursuant
26 to the rules and regulations only from the owner of the

1 adjoining upland or his licensee or permittee, so that the
2 owner of the adjoining upland knows what is being proposed
3 for placement immediately offshore from his property.
4 Second, where there is to be any projection above the
5 surface of the water, there is published a public notice
6 by the U. S. Corps of Engineers with respect to hearing
7 any objections which may be proposed with respect to navi-
8 gation interests, if there is an obstacle to navigation
9 being created by such a construction.

10 Those are the only general notices and the only ones
11 required under current statutes. There are several measures
12 pending before the Legislature (as a matter of fact, two
13 of them are in committee this morning -- the balance of
14 our staff are attending committee hearings) which would
15 require, virtually, notice to the legislators and the local
16 coastal areas involved and even interior areas of any type
17 of lease or encumbrances proposed by the Lands Commission
18 and any other bureau or commission of the State of California.

19 MR. LEVIT: O. K.

20 MR. HORTIG: Page 25, gentlemen. It is suggested that
21 the consideration of this calendar item be deferred pursuant
22 to a request from Senator McCarthy, in whose district the
23 proposed project is located. The deferment of consideration
24 has been requested to give the County of Marin an opportunity
25 to review the compatibility of the proposed program in con-
26 junction with any county program for recreational development.

1 This is an outgrowth of the same type of thing you posed
2 in your questions.

3 MR. L.VIT: This is going over, then?

4 MR. HORTIG: Yes. Page 27 is an application for a
5 one-year extension from March 18, 1959 to March 17, 1960
6 for a lease that was issued in 1949 with a right to renew
7 for twenty-three periods of one year each upon prescribed
8 terms and conditions. The actual rental proposed for the
9 additional year is still compatible with the existing schedule
10 by the Commission and one year hence on reapplication this
11 would be subject to review by the Commission in connection
12 with any revised schedule that might be in effect. There-
13 fore, it is recommended that this one-year extension be
14 granted because the land is actually in use in connection
15 with a boat-building facility, which would be seriously
16 hampered if the lease were not renewed without extensive
17 prior notification.

18 Page 28 -- The Commission has a series of ark sites
19 leased along the bank of Corte Madera Creek, principally in
20 Marin County and one of these ark site leases, on which the
21 Commission leased the ground and the arks are the personal
22 property of the occupier, is now so located that the area
23 is blocking the construction of the Bon Air Bridge by the
24 City of Larkspur. The City of Larkspur has acquired the
25 personal property of the State's lessee and now desires to
26 have the ground lease assigned to the City of Larkspur,

1 continuing with the terms and conditions of the lease be-
 2 cause one of the rental provisions was an augmentation
 3 made necessary by the installment of a sanitary sewer in-
 4 stallation for the benefit of these ark sites and collected
 5 on an annual assessment basis. The City of Larkspur proposes
 6 to continue with this lease and pay the assessment for this
 7 portion of the sewer installation, in order that the State
 8 not suffer any loss from that installation.

9 MR. LEVIT: That concludes Item 3. We have, then,
 10 for approval Items (a) through (m) exclusive of three items
 11 that have been withdrawn or put over -- Item (f), Shell Oil
 12 Company; Item (j), Tidewater; and (k) Charles Hover. Is
 13 there a motion for approval?

14 MR. CRANSTON: So move.

15 GOV. ANDERSON: Second.

16 MR. LEVIT: The items are approved. Number 4 --
 17 City of Long Beach projects.

18 MR. HORTIG: Page 29, gentlemen. The Commission on
 19 June 11, 1958 conditionally approved costs to be expended
 20 during the '58-'59 fiscal year for projects which included
 21 necessary subsidence remedial work, which required advance
 22 approval by the Commission under Chapter 29. The specific
 23 projects were designated Pier E, Channel 2 Properties, and
 24 Subsidence Studies. The additional amounts which it has
 25 been determined are going to necessarily be expended in con-
 26 nection with these projects for the fiscal year ending

1 June 30, 1959 over and above the amounts heretofore approved
2 are reflected in the schedules on pages 30, 31 and 32.

3 It is recommended that the Commission approve such costs
4 proposed to be expended by the City of Long Beach subject
5 to the standard reservations that the actual amount to be
6 allowed ultimately as subsidence costs will be determined
7 by the Commission upon an engineering review and audit
8 subsequent to the time when the work on any of these items
9 is completed.

10 MR. LEVIT: Does this involve approval of any specific
11 completed items?

12 MR. HORTIG: No sir. These are continuing projects.

13 MR. LEVIT: Why do we have to have any motion at all
14 since we have already conditionally approved the costs?

15 MR. HORTIG: You have conditionally approved the
16 costs with specified ceilings at the time and these amounts
17 are over and above the previously approved ceilings.

18 MR. LEVIT: What are we doing -- raising the ceilings?

19 MR. HORTIG: Yes sir. You are adding, or would add
20 to the approvals the amounts on pages 30, 31 and 32, stating
21 that the total additional amounts expended by the City of
22 Long Beach may not exceed the amounts tabulated on pages
23 30, 31 and 32 and stating that the amounts actually to be
24 allowed as subsidence deductions will be determined when
25 the project is completed.

26 MR. LEVIT: This is a '58-'59 item?

1 MR. HORTIG: Yes sir, and the amounts here recom-
2 mended for approval have an approval terminal date of
3 June 30, 1959.

4 MR. CRANSTON: This has no effect at all on State
5 revenue?

6 MR. HORTIG: Ultimately, yes, to the extent that
7 subsidence costs are determined to be a specific amount,
8 25% of which is deductible by the City of Long Beach from
9 the revenues returned to the State.

10 MR. LEVIT: Item (d).

11 MR. HORTIG: Page 33 -- Analogous to the problem
12 just discussed with one addition, in that it has been
13 determined that additional amounts will have to be ex-
14 pended to maintain the Town Lot area project in a state of
15 efficiency. The Town Lot area project, however, distinct
16 from the previous three projects the Commission considered,
17 has not heretofore been determined to be one on which the
18 Lands Commission can approve any subsidence deductions.
19 Therefore, the advance approval of this item in augmenta-
20 tion of the prior approvals as recommended is subject to
21 the same heretofore standard reservation -- that the City
22 of Long Beach is not authorized to withhold from revenues
23 due the State any portion of the costs of the Town Lot
24 project until Commission approval has been had. This is a
25 matter of mechanics necessary in view of the fact that
26 Chapter 29 does not authorize the City of Long Beach to

1 expend funds and ever be in a position to hope to recoup
2 unless they have advance approval of the Commission, so
3 the conditional advance approval is recommended in this
4 case.

5 MR. LEVIT: Well, what is it that we are being con-
6 ditional about? Is it the fact we don't know how much it
7 is going to amount to?

8 MR. HORTIG: We don't know that we are ever going to
9 have an authorization or have a legal determination that
10 the Commission is authorized to allow subsidence deductions
11 for a project of this specific nature. However, in the
12 event it should be determined legally in the future that
13 the Commission is authorized to do so, then it is necessary
14 that Long Beach have had a prior approval of the project
15 in toto so that they can still collect their subsidence
16 deduction. However, inasmuch as the preponderance of the
17 present thinking in the Attorney General's office is that
18 this project will not qualify, it has also been a condition
19 of approval on this project heretofore to not authorize
20 the current withholding by the City of any funds.

21 MR. LEVIT: This has come up before, has it?

22 MR. HORTIG: Yes sir, ever since this project was
23 started.

24 MR. LEVIT: Well, how long are we going to give con-
25 ditional approvals when we don't think there is any legal
26 liability or any legal authority on the part of the Commission

1 to do it?

2 MR. HORTIG: We might ask Mr. Friedman.

3 MR. FRIEDMAN: This Town Lot project has some peculiar
4 characteristics in this respect: The City of Long Beach
5 goes out and buys privately owned parcels in this Town Lot
6 area for the purpose of filling parcels and as part of a
7 subsidence protective project and the City of Long Beach
8 originally applied to the Lands Commission for approval as
9 subsidence costs of the cost of acquiring these properties
10 and the cost of filling them -- which would have meant that
11 the State oil revenues would bear 25% of the cost of buying
12 and filling these properties. On the other hand, when the
13 project is completed the City of Long Beach will have in
14 its hands some fairly valuable improved real estate, 25%
15 of the cost of which would have been defrayed by the State
16 and there is no legal means by which the State can get
17 back a share of money equivalent to its outlay.

18 I don't think the matter is a case of eligibility or
19 ineligibility for subsidence costs. It is the matter of
20 determining the amount of subsidence costs in light of the
21 fact that Long Beach will have in its hands an improved
22 piece of real estate of such and such value and that value
23 will have to be taken into account in determining the ulti-
24 mate subsidence to be allowed. Of course, there is a pos-
25 sible eligibility for some share of the cost of the project
26 as subsidence costs, but that can only be determined in the

1 light of the appraised value of the real estate on com-
2 pletion of the project. It was figured that Long Beach
3 should not be permitted to deduct any part of these costs
4 from oil revenue and that on completion of the project a
5 new look would be taken at the entire project and account
6 could be taken of the value of the property at that time.

7 MR. LEVIT: Well, it seems to me we are getting two
8 points confused here -- one is the question of a legal
9 eligibility of these costs in the first place. Now, I
10 thought from what I heard a few minutes ago that that was
11 the reason this was conditional, because we were uncertain
12 as to whether these costs could qualify at all. Now, you
13 say that there is no question about the costs qualifying
14 but that the question is as to the amount because the
15 value of the property would have to be offset against the
16 cost. Well, of course, if the value of the property ex-
17 ceeded the cost of acquisition, this wouldn't qualify at
18 all, would it? This project that we are talking about here
19 only involves the cost of the land, doesn't it?

20 MR. HORTIG: That's correct. Well -- the cost of
21 the land and subsequent filling.

22 GOV. ANDERSON: And the relocating of properties on
23 there.

24 MR. HORTIG: And properties and facilities on there
25 that must be relocated in order to make it a useful property --
26 raise railroads, utilities.

1 MR. LEVIT: This has been going on for quite a while.
2 I am just curious why we haven't come to a conclusion as
3 to whether they qualify. I don't see the purpose in putting
4 off for thirty years the matter of whether they qualify.

5 MR. FRIEDMAN: I think it is more a matter of allocat-
6 ing costs as between subsidence costs and non-subsidence
7 costs, and as to whether Long Beach is going to make a
8 profit on it.

9 MR. LEVIT: Why aren't we determining that?

10 MR. FRIEDMAN: I don't think you can until the
11 project is completed.

12 MR. LEVIT: Well, we can determine the principles to
13 be applied.

14 MR. HORTIG: Well, the principles have been under
15 discussion but haven't been concluded.

16 MR. LEVIT: How long have they been under discussion?

17 MR. HORTIG: Do you recall the first time?

18 MR. WHEELER: No, I don't. It has been in process
19 since July of '56.

20 MR. LEVIT: Are we to take it that it is Long Beach's
21 position that they should receive the State's portion from
22 the State and still make a profit on the properties in the
23 long run if the value exceeds the amount expended on it?

24 MR. WHEELER: Well, from our estimates, the property
25 will not exceed the amount we are paying for it. The value
26 isn't as great.

1 MR. LEVIT: That begs the question. I am asking -
2 I am not talking about that. I am talking about why we
3 should give conditional approval and then you fellows sit
4 back in the bushes and say the State ought to pay this
5 and "we are not willing to give you a profit." Suppose
6 we say it is a proper State cost, providing credit is
7 coming for the eventual value of the property? Is that
8 unreasonable?

9 MR. WHEELER: I think there is the idea there that
10 we don't know how you can get it -- the mechanics.

11 MR. LEVIT: There is an offset.

12 MR. WHEELER: That's it. That's what is under dis-
13 cussion now.

14 MR. LEVIT: How long have these discussions been
15 going on?

16 MR. HORTIG: Two years.

17 MR. LEVIT: Why shouldn't we settle this thing by
18 agreement before we give any more of these approvals, con-
19 ditional or otherwise?

20 MR. HORTIG: I might point out, Mr. Chairman, that
21 the preceding items the Commission has considered are also
22 conditional approvals. The item under consideration here
23 has the one additional step and it has been found necessary
24 in the case of these Long Beach projects to give condi-
25 tional approvals because there are no precise engineering
26 and accounting data available at the start of a project.

1 MR. LEVIT: I am not suggesting, Mr. Hortig, that
2 there wouldn't be a place for conditional approvals under
3 proper circumstances. I am merely pointing out that the
4 problem here is one, it seems to me, that involves a legal
5 question and involves negotiation and agreement. Now, I
6 just can't understand the State being willing to go along
7 on these conditional approvals and not expecting to get
8 the protection that its legal advisers say it is necessary
9 to get. Why should we put this off for twenty or thirty
10 years and then have to litigate it at great expense when
11 we could make the arrangements right now?

12 MR. HORTIG: Number one -- from the standpoint of
13 the protection that our legal advisers tell us we have to
14 get, this is actually the genesis of the language in here.
15 That's where it came from.

16 MR. LEVIT: That doesn't appeal to me.

17 MR. HORTIG: Number two -- the twenty to thirty
18 years' putting off I don't believe is actually going to be
19 realistic. Number three -- the answers are going to have
20 to be found certainly and the data for the answers are go-
21 ing to be available when this project is completed. Now,
22 do you have an estimate of years to complete the Town Lot
23 project at this time?

24 MR. WHEELER: No, I don't at this time.

25 MR. LEVIT: I don't care whether it is twenty years,
26 five years, or two years. What is the difference? The

1 point is that we are asked to give a conditional approval
2 here to a matter that it seems to me ought to be deter-
3 mined before we give the approval. In other words, should
4 the State buy these properties, or pay a part of the cost
5 of these properties, without having an agreement from Long
6 Beach; or commit itself possibly in the future to pay for
7 these properties, without having a committal from Long
8 Beach that the values of the properties, after they are
9 worked on and filled and so forth, will be taken into con-
10 sideration and the State credited with any excessive values
11 or the State given an interest in those accreted values?

12 I don't see why we have to wait and decide it later.
13 Long Beach is coming to us now and asking for an approval
14 and it seems to me this is the time to say to Long Beach:
15 "Do you intend to take the position that if these properties
16 double in value or you haven't actually been out anything,
17 that you are in pocket, that you not only are not going to
18 give us any of the money you are in pocket but you are
19 actually charging us for a portion of the price of

20 MR. BALL: May I say something?

21 MR. LEVIT: Yes.

22 MR. BALL: Now, these commitments do not commit the
23 State to spend any money and the State is not losing any
24 money. It means that Long Beach is protected in the
25 expenditure of the money by the approval.

26 MR. LEVIT: That's the point.

1 MR. BALL: Just a minute. We have to get their
2 approval or we have to go to court. We don't have any
3 other alternative.

4 MR. LEVIT: Yes you do.

5 MR. BALL: No, we don't.

6 MR. LEVIT: You have the alternative to agree with
7 the State as to what happens if there is an accretion on
8 the property.

9 MR. BALL: Now you are talking about a legal problem
10 that the State Lands Commission can't pass on. This goes
11 not to a question of bargaining with the City. It goes to
12 the statute as to whether there is a right to the City.
13 That is not going to be decided by your not giving us con-
14 ditional approval. If you don't give conditional approval,
15 it means you are going to throw Mr. Friedman and our office
16 into a law suit.

17 MR. LEVIT: It takes two to make a law suit..

18 MR. BALL: No - - we want to avoid it. The conditional
19 approval means simply this -- that the State is not spending
20 its money. Mr. Hortig will make sure that there is no
21 deduction from the State's money until it is settled what
22 the amount is. Perhaps the City will negotiate a settlement.
23 At the present time if the City asked me to render a legal
24 opinion as to whether they could settle with the State, I
25 would say the City of Long Beach doesn't have any right to
26 do that at this time. We don't know where we stand and

1 rather than enter a negotiation and settle, I am afraid
2 we would have to have litigation -- and that's what I want
3 to avoid.

4 MR. LEVIT: Might as well have it now as later.

5 MR. BALL: No, we don't need to have it.

6 MR. LEVIT: If we can settle it now, we can do it
7 just as well as later.

8 MR. BALL: No, we can't. We are not in a position
9 to advise our clients that they can settle it. In other
10 words, you see, this is a question purely

11 MR. LEVIT: Are you saying, Mr. Ball, that our posi-
12 tion here is purely ministerial -- that we must approve
13 these things whether or not we feel the State is being
14 properly protected?

15 MR. BALL: Well, no, you can use your discretion.
16 This item we claim is eligible for subsidence costs -- we
17 claim it is eligible. We apply for permission to spend
18 the money and we take the position the State pays 25%.
19 That's what the statute says.

20 MR. LEVIT: If it's eligible.

21 MR. BALL: Yes. That's our position. Now the State
22 comes along -- Mr. Hortig, exercising good business judgment,
23 says "Wait a minute. There is going to be a profit made
24 here at the end of the line here. We don't know, after you
25 move all these things and spend the money, maybe that land
26 will be worth more than you paid for it and we want to

1 reserve the right to claim it." We say: "All right,
2 that's all right with us. We don't agree that under the
3 statute you are entitled to it, but maybe you are right."
4 Maybe the City attorney would have to so advise the City.
5 At the present time, we are not in a position to advise
6 the City to agree with the principle that the State is
7 entitled to 25% of the profits.

8 MR. LEVIT: Why should you when we continue these
9 approvals?

10 MR. BALL: We wouldn't anyway. We would have to go
11 to court. We claim it is eligible and the State would
12 have to pay 25%. What this means -- through this arrange-
13 ment we are avoiding litigation. We don't want to go to
14 court. We have enough to argue about -- Mr. Friedman and
15 I have enough to argue about without this.

16 MR. FRIEDMAN: I get my salary one way or the other.

17 MR. LEVIT: I have certain obligations as a member
18 of this Commission.

19 MR. BALL: I am trying to explain this to you.

20 MR. LEVIT: This business of granting conditional
21 approvals, frankly, doesn't appeal to me in the first place.
22 I am willing to concede that there may be situations where
23 an emergency arises and it is justified to grant a condi-
24 tional approval, where you don't have time to get things
25 settled first; but where you know exactly what the problem
26 is, where you have already been talking about it for two

1 years and you are still postponing the evil day of
2 deciding whether the State is entitled to an interest at
3 least to the extent of its 25% contribution in any profit
4 realized by the City from these expenditures, I say that
5 the time to determine it is now and I can't follow along with
6 your idea that this is going to precipitate litigation.
7 I think if it is going to precipitate anything it is
8 going to

9 MR. BALL: You mean not to use discretion -- that
10 you wish to withhold approval, to force settlement; and
11 we will not be so forced. This is purely a legal matter,
12 not a discretionary matter. If you wish to ask Mr.
13 Friedman for an opinion under the statute as to whether
14 or not these projects are eligible for 25% subsidence
15 contribution, that's purely legal. The other is good
16 businessman's judgment, which you are attempting to read
17 into the statute. Maybe you can, but it's probably going
18 to be a law suit.

19 MR. LEVIT: Let me ask you this - - if it's purely a
20 legal matter as to whether these projects qualify for a
21 25% portion, what difference does it make whether the Com-
22 mission gives its conditional approval or not, because if
23 you go ahead with it and you are entitled to it and we
24 have violated the statute in not granting the approval,
25 you would still be protected, wouldn't you?

26 MR. BALL: Well, we are protected when we spend the

1 money if we have approval of the Commission.

2 MR. LEVIT: The Commission has to follow the law
3 if these projects are eligible and there is no legal
4 problem. In other words, if you resolve the legal problem
5 that the project is eligible, the Commission doesn't have
6 discretion arbitrarily not to allow participation, does it?

7 MR. BALL: No, they don't and I suppose if we
8 applied and you arbitrarily refused consent to the project,
9 I suppose we could mandamus the Commission. These are
10 things we want to avoid. We want to get along.

11 MR. LEVIT: The difference is, Mr. Ball, you want
12 to avoid it; I want to prevent it.

13 MR. BALL: You want to precipitate it.

14 MR. LEVIT: No, I don't want to precipitate it. I
15 want to get it out of the way so we won't be facing this
16 litigation in the future.

17 MR. BALL: You see, Long Beach takes the position
18 that this may never amount to anything. These subsidence
19 costs are tremendous when you have to raise that land
20 twenty feet, fill it, move all these utilities, move service
21 structures, and then end up twenty feet higher. You have
22 to put the cost of the dirt and fill on top of it. Long
23 Beach doesn't think there is going to be a big profit.

24 MR. LEVIT: O. K. So we agree we don't want anything
25 unless you make a profit. Can't it work both ways? Can't
26 you agree if you do make a profit that the State would get

1 back a percentage of the profit to the extent of what it
2 put in? Does that sound unreasonable?

3 MR. BALL: Now, Mr. Chairman, you are not advising
4 a public body, as I am. I am advising the City of Long
5 Beach, a municipal corporation, that has certain rights
6 under these statutes. I can't advise them in accordance
7 with good business judgment, the way I would settle a
8 personal entry law suit. I have to advise them: "Your
9 rights are so and so under this statute."

10 MR. LEVIT: I represent a third of a public body.

11 MR. BALL: They have to know this is their right
12 under the statute.

13 MR. LEVIT: This apparently is nothing new and I'll
14 state my position now -- that I will not withhold my
15 approval of this item on this calendar today, but that I
16 will say that if this comes up again I am going to seriously
17 consider -- I may be wrong, but I'll think about it --
18 I'll seriously consider holding this type of approval
19 until such time as the condition in the matter we are
20 talking about here is resolved.

21 MR. CRANSTON: Mr. Chairman, might it not be advis-
22 able to see if a statute could be drawn and submitted to
23 the Legislature? If there is a profit it doesn't seem fair
24 that we wouldn't get our share of it. An amendment to the
25 statute would cover it.

26 MR. LEVIT: Well, if the statute isn't amended we still

1 have the same problem.

2 MR. CRANSTON: Yes, but an amendment could cover the
3 situation so far as future incidents like this are concerned.

4 MR. LEVIT: Well, maybe it could. I don't know.
5 Mr. Friedman would have a better idea about that than I
6 would.

7 MR. FRIEDMAN: Well, the rub comes in the fact that
8 in order to get any costs at all or State revenue, the
9 City of Long Beach has to have advance approval or nothing.
10 It can't spend the money first and then come to the Com-
11 mission; and since the Commission by its past action indi-
12 cated that it did not want to hold up this project, could
13 not by any means determine how much money was involved,
14 they evolved this technique of conditional approval.

15 MR. LEVIT: I understand that and I am not terribly
16 averse to conditional approvals where there are reasons
17 involved; but it's the other kind of condition -- I don't
18 see why reasonable people can't dispose of conditions like
19 that in advance -- the one I particularly directed attention
20 to. I recognize you have got a situation down there that
21 doesn't lend itself to continual bickering and delay. You
22 don't know how much you are going to spend, you have to
23 have advance approvals and figure out the amounts later;
24 but that's a little different than this situation.

25 MR. FRIEDMAN: My assumption here has been that because
26 this project has been approved as one aimed at subsidence

1 protection -- that was the past action of the Commission --
2 the problem here was how much was to be allocated as an
3 ultimate subsidence cost.

4 MR. LEVIT: Well, to put it another way: If you
5 came in with a situation like this, Mr. Ball -- if you
6 asked for approval of a particular type of project and
7 our advisers in the Attorney General's office said "It's
8 clear to us that it doesn't qualify" I wouldn't vote a
9 conditional approval on that.

10 MR. BALL: You would have to vote against it then.

11 MR. LEVIT: I would; and yet the same argument should
12 be made -- why should we give conditional approvals and
13 let it be litigated later? I'd like the Attorney General
14 to be prepared to give us an opinion before we have this
15 problem again, as to whether or not the State is obligated
16 under the law to contribute a portion of these costs with-
17 out any interest in reimbursement from the retention of
18 the title by Long Beach and the possible accretion in
19 value.

20 MR. CRANSTON: I'd like to add that if you find the
21 negative, that you consider whether an amendment to the
22 law would be in order.

23 MR. FRIEDMAN: Yes.

24 MR. WHEELER: There will be a request on that for
25 the next fiscal year's work coming up very soon.

26 MR. LEVIT: Well, this has been going on for two

1 years. You ought to be able to figure it out before the
2 next request. Project (e)?

3 MR. HORTIG: Page 35 reports request by the City of
4 Long Beach for approval to expend, from the City of Long
5 Beach's share of the harbor trust funds, an amount not to
6 exceed \$3,375,000 for municipally owned water injection
7 facilities to serve the four upper zones of two of the six
8 fault blocks, II and III, of the Wilmington Field. The
9 project, as proposed here and as recommended for approval
10 by the staff, is the culmination of engineering studies
11 conducted pursuant to an approval in December 1958 by the
12 Commission of costs not to exceed \$100,000 to be expended
13 by the City for an engineering study of a field-wide water
14 injection system, subject to the determination by the
15 office of the Attorney General as to whether the proposed
16 expenditure could be authorized pursuant to Chapter 29;
17 and the office of the Attorney General has previously re-
18 ported on that question that the use by the City of Long
19 Beach -- the use of its own share of tideland oil revenues
20 to finance, engineer and construct and operate a fieldwide
21 injection water supply system is legally unobjectionable
22 in principle.

23 The engineering study by the City's consultants has
24 been reviewed by the staff, is concurred in, and the four
25 major upland operators in the Wilmington Oil Field are
26 signatories to an agreement to purchase water from this City

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1 injection plant to be used in repressuring the Wilmington
2 Oil Field. It is estimated that the sales of water from
3 the plant will amortize the plant in ten years. In other
4 words, the City in ten years will own the plant on which
5 they advanced the capital expenditure from their own share
6 of the tidelands revenues in the first instance and will
7 recoup their costs. Therefore, it is recommended that
8 the Commission approve the expenditure by the Long Beach
9 Harbor Department of not to exceed \$3,375,000 for a muni-
10 cipally-owned water injection facility -- with one condi-
11 tion: This approval is to be subject to the condition
12 that any plans for the location and operation of new water
13 source wells for the subject project will be submitted for
14 engineering staff review, because these plans are not
15 ready today and will only develop as the program is put
16 into effect.

17 MR. LEVIT: We have for approval

18 MR. FRIEDMAN: May I interject at this point, Mr.
19 Chairman? I think there is a bit of erroneous terminology
20 which has crept in here. The project which is under dis-
21 cussion is a supply system, a supply of injection water.
22 It is not a water injection system. The injection wells,
23 as I understand it, will be financed as part of the general
24 program of unitization for repressurization in the Wilmington
25 Oil Field. This is strictly a water supply system.

26 MR. LEVIT: I think we understood that.

1 MR. FRIEDMAN: I would appreciate very much if the
2 resolution of the Commission were slightly amended to
3 preserve that differentiation here. Down here at the
4 bottom of page 35, where there is a reference to "
5 municipally owned and operated water injection facilities
6" I would recommend that that read: "Municipally
7 owned and operated injection water supply facilities."

8 MR. LEVIT: Water injection supply facilities?

9 MR. FRIEDMAN: Source wells and distribution systems
10 which will carry the water out to the wells.

11 MR. HORTIG: With one additional amendment, Mr.
12 Chairman, if I may, to strike ".. and operated .." because
13 that was the original proposition but the total operation
14 may ultimately eventuate where another operator may operate
15 for the City. The facilities will at all times be muni-
16 cipally owned and it is with respect to that, that the
17 expenditure of funds is being approved.

18 MR. LEVIT: Would you say "water injection supply
19 facilities"?

20 MR. FRIEDMAN: "Injection water supply facilities."
21 It is a rather ponderous phrase.

22 MR. LEVIT: All right. I think we all know what we
23 mean. Is there a motion to approve Items (a) to (e) of
24 No. 4?

25 MR. CRANSTON: So move.

26 GOV. ANDERSON: Second.

1 MR. LEVIT: That will be approved. Item 5.

2 MR. HORTIG: Page 37 -- As the Commission, or cer-
3 tainly the Chairman, is aware -- certain auditing phases
4 in connection with the operations at Long Beach have been
5 conducted for the State Lands Commission under a service
6 contract with Division of Audits of the Department of
7 Finance. There are now budgetary proposals that the
8 Lands Commission have its own internal audit staff effective
9 July 1, 1958 ...

10 MR. LEVIT: '59, isn't it?

11 MR. HORTIG: ... '59, I am sorry ... and to provide
12 an effective cutoff date and to permit the audit group
13 from the Department of Finance to complete a post audit
14 which will actually complete the records through June 30,
15 1958, to be completed on or about May 31, 1959, an augmenta-
16 tion of the service contract in the amount of \$5,000 is
17 required. Budgeted funds in the amount of \$6,000 are
18 available in the Commission's budget for this purpose and
19 this augmentation of this service contract with the Division
20 of Audits is recommended.

21 MR. LEVIT: In other words, this is an auditing
22 review of the tidelands financial operation?

23 MR. HORTIG: In Long Beach, and was made necessary by
24 the fact that we had a built-in backlog as of the date that
25 the Commission was put into Long Beach by Chapter 29. The
26 statute became effective in July of '56 and already the

1 Commission was accountable for the actions of Long Beach
 2 back to February 1956 and in the transition of administra-
 3 tion and getting the records down to date, the staff of the
 4 Lands Commission as it existed then was augmented by this
 5 service contract in order to bring post auditing down to a
 6 point where we might, with expanded staff in the future,
 7 take it over on behalf of the Commission. We are about to
 8 be in that position.

9 MR. LEVIT: Is this a post auditing operation?

10 MR. HORTIG: Yes sir. The current audit -- the
 11 current accounting is being conducted by the staff of the
 12 State Lands Commission. This service contract only provided
 13 for post audit.

14 MR. LEVIT: Is it now planned that you are going to
 15 do in the Lands Commission not only the auditing but the
 16 post auditing?

17 MR. HORTIG: Audits will still do post auditing of
 18 the Lands Commission as such. One of the difficulties with
 19 this -- and the Controller (Mr. Kirkwood) has heretofore
 20 questioned just that point -- that this places the Division
 21 of Audits of the Department of Finance in an anomalous posi-
 22 tion of doing work for the Lands Commission and then having
 23 responsibility for post-auditing the same work.

24 MR. LEVIT: Is there a motion to approve Item 5?

25 MR. CRANSTON: So move.

26 GOV. ANDERSON: Second.

1 MR. LEVIT: Approved. Sales of vacant school lands.

2 MR. HORTIG: Pages 39, 40 and 41 relate to recommenda-
3 tions for the sale of vacant State school lands pursuant
4 to competitive public bidding at a bid price equal to the
5 appraised value of the land. There was only one bid in
6 each instance and it is recommended the sales be authorized.

7 MR. LEVIT: Let's go on to No. 7 then.

8 MR. HORTIG: Page 42: The Commission had heretofore
9 selected 40 acres of Federal land in Kern County pursuant
10 to an application of the Mojave Unified School District,
11 who desired to acquire the land. The school district sub-
12 sequently withdrew its application. It is recommended that
13 the Commission authorize, under the authority which they
14 have, that the staff proceed with the completion of the
15 selection to obtain title in these lands for the State and
16 to place these lands on the vacant land list, to be sold
17 in accordance with established rules and regulations for
18 such sales.

19 MR. LEVIT: Number 8.

20 MR. HORTIG: Chapter 2012, Statutes of 1957, author-
21 ized the Commission to sell a Chain Island, located at the
22 confluence of the Sacramento and San Joaquin River.....

23 MR. LEVIT: What is sovereign land?

24 MR. HORTIG: Lands to which the State succeeded to
25 title by virtue of its sovereignty. Tide and submerged lands
26 are sovereign lands as distinguished from proprietary lands,

1 and Chain Island falls into this category. It's an island
2 that formed in our sovereign lands after title vested in
3 the State of California. Specific statutory authorization
4 for the sale and offer was followed. One bid has been re-
5 ceived. The land was appraised at \$5,226 and some odd cents.
6 The bid was for a total of \$5,253.20, submitted by A. Russell
7 Gallaway, Jr. of Sacramento. The island has a lease on it
8 from the Lands Commission and the sale is subject to this
9 lease, which still has come years to run. A sole bidder
10 offered this high bid and it is, therefore, recommended to
11 be sold to the high bidder.

12 MR. CRANSTON: What is the lease for?

13 MR. HORTIG: It is a recreational permit for dock
14 facilities.

15 GOV. ANDERSON: That's \$125 an acre.

16 MR. HORTIG: Slightly above -- \$125 and some odd cents.

17 GOV. ANDERSON: What kind of property is this?

18 MR. HORTIG: It is marshy tule grass, approximately
19 fifty acres, that actually in the course of years have moved
20 downstream as the debris which fixed itself to the island
21 was brought down by flood waters. It is essentially unin-
22 habited and at high stages of the river there is no solid
23 ground.

24 GOV. ANDERSON: So it has virtually no other use than
25 this?

26 MR. HORTIG: Duck hunting is probably its highest and

1 best use.

2 MR. LEVIT: Number).

3 MR. HORTIG: Page 46 -- Under Section 6307 of the
4 Public Resources Code, the Commission is authorized and
5 previously directed the Executive Officer to proceed with
6 an exchange of lands between the State and Leslie Salt
7 Co., lands in Alameda County intended for the improvement
8 of navigation, for flood control purposes, and in aid of
9 reclamation. The statutory provisions require, as adopted
10 in 1955, that the land to be received by the State shall
11 be of equal or greater value than the lands conveyed by the
12 State. Appraisals made as early as 1954 indicated a State
13 land value of \$23,800 and the Leslie Salt Co. value of
14 \$32,100. These appraisals have been subsequently updated.
15 The appraisers who made the initial report have affirmed
16 the lands are still at the same value as originally appraised
17 and that any appreciation in value extended equally to the
18 Leslie property and to the State property. The Commission
19 had approved this transaction in 1955, but in a manner in
20 which it could not be completed.

21 Therefore, it is recommended that the Commission
22 rescind its actions of January 21, 1955 and May 19, 1955
23 and determine, as required by the Act, that the exchange of
24 lands between the State of California and Leslie Salt Co.
25 as hereinafter provided is in the best interests of the
26 State and for navigation and flood control purposes, and

1 as an aid in reclamation; and that the lands to be conveyed
2 to the State are of equal or greater value than the lands
3 to be conveyed by the State to Leslie Salt Co.; further,
4 pursuant to the statutes, that the Commission authorize
5 the acceptance from Leslie Salt Co. of a deed to the lands
6 to be conveyed to the State; to execute and deliver to
7 Leslie Salt Co. a patent to those certain sovereign lands
8 of the State which are to be transferred to Leslie Salt Co. in
9 exchange; and to accept a 40-foot easement from Leslie Salt
10 Co. for access from the existing 400-foot flood control
11 channel to the old bed of Alameda Creek, which is now com-
12 pletely dry and filled, but which technically under the law
13 has an easement for navigation on it.

14 MR. LEVIT: You have these documents, before you accept
15 them, edited by the Attorney General?

16 MR. HORTIG: Yes, they have been prepared in conjunc-
17 tion with the office of the Attorney General.

18 MR. LEVIT: All right. 10

19 MR. HORTIG: Page 59. On completion of the exchange
20 which was just outlined to you gentlemen, then the Commis-
21 sion is in a position to consider the request of the Alameda
22 County Flood Control and Water Conservation District for
23 permission to use and occupy the 400-foot-wide strip of land
24 westerly of the town of Alvarado in Alameda County for
25 flood control purposes. This application is pursuant to
26 the specific statute for the benefit of the district, Statutes

1 of 1949.

2 MR. LEVIT: I wonder if this will prevent what
3 happened in the past when (sorry, few words unintelligible
4 to reporter) when our bus sank in the flats of Alameda County.

5 MR. HORTIG: Customarily, yes, although there are
6 areas that will not be protected.

7 Therefore, it is recommended that the Commission
8 authorize permission to issue permit to the Alameda County
9 Flood Control and Water Conservation District for flood
10 control purposes.

11 MR. LEVIT: 11 ...

12 MR. HORTIG: Page 62.

13 MR. LEVIT: Well, this is a little different sort of
14 thing. Let's take up Items 6 through 10. Is there a motion
15 to approve?

16 MR. CRANSTON: So move.

17 GOV. ANDERSON: Second.

18 MR. LEVIT: That will be approved. Number 11.

19 MR. HORTIG: On February 24, 1959, the Commission
20 directed the staff to submit recommendations relative to
21 amending certain provisions of the Commission's rules and
22 regulations covering the sale of school and swamp and over-
23 flow lands for the purpose of streamlining the procedure by
24 which these lands were sold and particularly to prevent
25 excessive and long-time deposits by applicants when filing
26 applications to purchase. Attached hereto as Exhibit A is

1 a draft of proposed rules and regulations which would
2 accomplish three major changes: elimination of the require-
3 ment that an applicant deposit his initial minimum offer
4 in cash; (2) elimination of the preferential right of sale
5 to the first applicant, as under present regulations; and
6 twenty days from receipt of written notice in which the
7 applicant must deposit funds to meet the appraised value.

8 Governor Anderson raised the specific question pre-
9 viously of holding long-term deposits. This would eliminate
10 that. Deposits would be required only immediately preced-
11 ing the time the lands were going to be advertised for
12 competitive public bidding and therefore it could be esti-
13 mated that deposits would only be held a maximum of ranging
14 from thirty to sixty days hereafter, rather than circumstances
15 where we have found ourselves holding deposits for as much
16 as a year and a half heretofore.

17 Inasmuch as the present provisions proposed to be
18 amended are in the Commission's rules and regulations,
19 revision of the rules and regulations under the Administra-
20 tive Code requires public hearing and the normal procedure
21 would be to invite written presentations on behalf of anyone
22 interested with respect to the proposed revised rules and
23 regulations; then submittal of staff report on these written
24 presentations and oral hearing, public hearing, at a meeting
25 of the Lands Commission as to the format of the rules to be
26 finally adopted; and their final adoption thirty days

1 thereafter and filing with the Secretary of State, when
2 such amended rules would then be in effect. So what is
3 recommended at this time is authorization to the Executive
4 Officer to start the procedures for consideration of amend-
5 ments to the Commission's rules and regulations, to accom-
6 plish the purposes outlined in this recommendation.

7 MR. LEVIT: Can we set the public hearing now, or
8 is there ...

9 MR. HORTIG: No, there is publication, petition
10 receipt and notice ...

11 MR. LEVIT: Well, you will set it?

12 MR. HORTIG: We will set it for the first meeting of
13 the Commission we can get to after the procedure.

14 GOV. ANDERSON: Just so I can follow the procedure - -
15 a person goes out and locates some State land he wants to
16 bid on; he then finds six months ago the State made an
17 appraisal of that. What does he have to put down at that
18 time?

19 MR. HORTIG: At that time, if the appraisal was within
20 six months?

21 GOV. ANDERSON: What is it normally? Is it normally
22 older than six months?

23 MR. HORTIG: Six months and older we normally reappraise.

24 GOV. ANDERSON: Let's say you appraised it a year ago,
25 so you have a rough idea of what it is worth. Assuming
26 \$100,000 is what you have appraised it for, what does he

1 have to put up under what you are recommending now?

2 MR. HORTIG: \$5 filing fee and \$250 initial expense
3 deposit to cover the reappraisal.

4 GOV. ANDERSON: Now, then

5 MR. LEVIT: One question at this point, Governor,
6 if I may ... Does this \$250 only cover the appraisal expense?

7 MR. HORTIG: Yes sir.

8 MR. LEVIT: Suppose that he just doesn't put up his
9 money within the time, the twenty days that you provided
10 for in here, would the \$250 be returned to him?

11 MR. HORTIG: Less expenses incurred to that date.

12 MR. LEVIT: Why shouldn't the \$250 be forfeited under
13 those circumstances?

14 MR. HORTIG: The entire \$250?

15 MR. LEVIT: Yes.

16 MR. HORTIG: Actually the analogous procedure to date
17 has simply been to forfeit or retain the actual expense the
18 Commission had incurred to that date.

19 MR. LEVIT: He puts up his money -- now he has to put
20 up the full purchase price ...

21 MR. HORTIG: ... plus a \$250 deposit.

22 MR. LEVIT: If he changes his mind, can he get his
23 money back now?

24 MR. HORTIG: Less incurred expenses.

25 MR. LEVIT: Any time before the bid is made?

26 MR. HORTIG: Yes sir.

1 GOV. ANDERSON: Now, then, does he have any prior
2 right on this with this application?

3 MR. HORTIG: No.

4 GOV. ANDERSON: No prior right, so he just actually
5 starts action on it?

6 MR. HORTIG: Because he is interested he starts
7 action.

8 GOV. ANDERSON: Then the State comes in with its
9 final appraisal.

10 MR. HORTIG: Right.

11 GOV. ANDERSON: Then he has how much time to put up
12 his money?

13 MR. HORTIG: Then he has twenty days.

14 GOV. ANDERSON: And anyone else can come in and
15 raise that and he has the prior bid?

16 MR. HORTIG: No, he no longer has any preference
17 right by the proposed revision.

18 GOV. ANDERSON:: So that all he gets for his \$255 is
19 some action by the State to be able to sell it at whatever
20 it is appraised to be.

21 MR. HORTIG: That's right. If he is the high bidder,
22 he gets the land; and if he isn't the high bidder, he gets
23 all his money back and the high bidder pays all the expenses.

24 MR. JOSEPH: I am Paul Joseph, Office of the Attorney
25 General. I talked to Mr. Smith about this matter and he
26 said apparently a part of the rule was omitted.

1 MR. HORTIG: There were certain specific words ^{or inserted} in
2 a draft which was pointed out by Mr. Smith, apparently
3 since he talked to Mr. Joseph. In view of the fact we
4 have to hold these public hearings and we bring back the
5 specific form of the language which is considered for
6 adoption, the particular words with which we are concerned
7 would be considered at the time of the public hearings
8 and if desired can be reinserted and then brought to the
9 Commission. In other words, the Commission is not bound
10 to these specific words proposed here in the proposed
11 rules and regulations.

12 MR. LEVIT: That's of course true.

13 MR. JOSEPH: I called attention to the fact -- it
14 was the third specification on page 62 -- that when they
15 put up the balance was not set forth in the proposed amend-
16 ment; but, of course, it is true that at the public hearing
17 -- or at the hearing, whatever it is -- that change may be
18 made.

19 MR. LEVIT: Well, but that is part of the specifica-
20 tion of what the draft is proposed to accomplish. Shouldn't
21 you make that change before you actually start proceedings?

22 MR. HORTIG: We can -- either way. I might call
23 attention of the Commission and Mr. Joseph to the bottom
24 of page 64. It is already provided in very general terms,
25 not twenty days, but "... said applicant shall have an
26 opportunity to deposit an amount equal to the appraised

bid. Are they sealed?

MORTIG: They are all sealed bids and during the applicant could submit additional bids. In fact, he could raise his own original offer.

ANDERSON: Originally it was that he made a bid and when someone else topped it, he was given the bid back and go over that. This is being

MORTIG: It is proposed that it be eliminated. It is figured this preference right has long since served its purpose. We have applications in quantity and we have them in greater quantity than we have and the actual preference right was originally granted in order to give someone the incentive to start when we got \$1.65 and \$2 an acre. Actually,

1 value." This is what is to be accomplished and he has
2 twenty days to do it.

3 MR. LEVIT: I think you should clear it up, since
4 it is one of the rules. That's what you had in mind.

5 MR. JOSEPH: Yes, the twenty days should be in.

6 MR. LEVIT: You can work it out.

7 MR. HORTIG: As a matter of fact, we do have it in
8 on our office drafts. It was left out of this inadvertently.

9 GOV. ANDERSON: After the figure has been set and
10 with twenty days to make their offer, the original applicant
11 would only be entitled to one bid and all others would be
12 entitled to one bid. Are they sealed?

13 MR. HORTIG: They are all sealed bids and during the
14 period the applicant could submit additional bids. In
15 other words, he could raise his own original offer.

16 GOV. ANDERSON: Originally it was that he made a bid
17 and then when someone else topped it, he was given the
18 right to come back and go over that. This is being
19 eliminated?

20 MR. HORTIG: It is proposed that it be eliminated
21 because it is figured this preference right has long since
22 served its purpose. We have applications in quantity and
23 will shortly have them in greater quantity than we have
24 land anyway; and the actual preference right was originally
25 established in order to give someone the incentive to start
26 bidding, back when we got \$1.65 and \$2 an acre. Actually,

1 there had to be a development of interest and some incentive.
2 The net result under our current system has been to find
3 that in 90 to 95% of the cases the first applicant meets
4 the high bid; or in only 5 to 10% of the cases does a
5 second or other applicant who actually bid higher in the
6 first instance have an opportunity to buy the land, with
7 the result that the people who are actually concerned with
8 the economics of this invariably ask whether there are
9 any pending bids or submit -- and this is happening to us
10 every week -- submit an additional bid, saying "If you
11 already have another bid on this land, don't file this
12 because we don't want to be the second bidder. If we are
13 the first bidder, all right." The net result is that it
14 has actually decreased competition.

15 MR. LEVIT: Well, we are not proposing to act on
16 these rules today. You are just submitting them for the
17 information of the Commission.

18 MR. HORTIG: And requesting authorization to proceed
19 with the hearings.

20 MR. CRANSTON: What is the nature of the public
21 notice you give with regard to this?

22 MR. HORTIG: Published in newspapers of general cir-
23 culation -- in this instance in Sacramento, Los Angeles,
24 and

25 MR. CRANSTON: Just a normal legal notice?

26 MR. HORTIG: Normal legal notice, plus copies of the

1 notice to everyone who is on our requested mailing list
2 (I think we have a considerable file) in the event of
3 any amendments to rules and regulations; plus copies to
4 all the press associations, who give these things fairly
5 wide distribution; and the land trade journals.

6 MR. CRANSTON: General press releases are put out in
7 addition to the formal legal notice?

8 MR. HORTIG: Yes.

9 MR. LEVIT: Then a motion would be in order to
10 authorize the Executive Officer to initiate procedures for
11 amendment of the rules as discussed here today. I don't
12 see, Mr. Hortig, that you need any further authorization
13 as suggested in the last paragraph. I think that's all
14 that is necessary.

15 MR. HORTIG: Well, actually the last paragraph could
16 just as well have been incorporated in the first paragraph.
17 It relates to the procedures for hearing on the rules.

18 MR. LEVIT: I don't think it adds anything at all.
19 Procedures for hearing on the rules -- if you are going to
20 initiate and follow through these procedures, that's all
21 you are going to do.

22 MR. HORTIG: That's correct. We cited this for the
23 information of the Commission as to what is being authorized.

24 MR. LEVIT: Do we have a motion on that?

25 MR. CRANSTON: So move.

26 GOV. ANDERSON: Second.

1 MR. LEVIT: Item 12.

2 MR. HORTIG: The Commission's survey staff has
3 recently completed survey of the mean high tide line along
4 the shore of the Pacific Ocean in Santa Barbara County,
5 primarily to determine the position of the shoreward
6 boundary of the adjoining offshore leases which were issued
7 in approximately July and August 1958, to provide for
8 recordation of the survey maps in the affected areas, so
9 they may be of public record and known to all. It is
10 recommended that the Executive Officer be authorized to
11 approve and have recorded the said survey maps.

12 MR. LEVIT: Is there a motion?

13 MR. CRANSTON: So move.

14 GOV. ANDERSON: Second.

15 MR. LEVIT: Motion is carried. Number 13 is the
16 summary of legislative bills.

17 MR. HORTIG: Informative only -- no action required;
18 and the same with the last item appearing on page 74 --
19 status of major litigation.

20 MR. LEVIT: These are all set forth in your report?

21 MR. HORTIG: Yes sir.

22 MR. LEVIT: Unless there are questions, I think that
23 the Commission will perhaps be satisfied with the summary
24 content.

25 MR. HORTIG: I'd like to call the attention of the
26 Commission on page 75 to item 4. Lest there be confusion,

1 we have again one Carl Whitson versus the State of Cali-
2 fornia among others. Mr. Whitson was versus the State of
3 California before, at which time he contended all the
4 Long Beach tideland proceeds and the other State oil and
5 gas proceeds should be going to the Federal treasury.
6 The Federal court dismissed that action. The fashion this
7 spring is to contend that all the proceeds should go to
8 Long Beach. So we can assume, there being three alterna-
9 tives and Mr. Whitson now having explored two, Mr. Whitson
10 not being successful in this one he can say everything in
11 Long Beach belongs to the State. He has tried two of them.

12 MR. LEVIT: The Long Beach people aren't here, so
13 we can't ask them. Is there anything else to come before
14 the Commission or any question on these matters of legis-
15 lation?

16 MR. CRANSTON: Mr. Chairman, I would like to ask
17 that the recommendations of the staff on our leasing
18 arrangements and rates be submitted as far in advance as
19 possible of the next meeting, so we will have time to
20 study them.

21 MR. HORTIG: Yes sir.

22 MR. LEVIT: That will be done and if there is nothing
23 more, we will adjourn.

24 MR. HORTIG: If I may reaffirm, gentlemen -- the
25 next meeting of the State Lands Commission is Thursday,
26 April 30, nine a.m.

1 MR. LEVIT: Is there any objection to that date --
2 Thursday, April 30, nine a. m. here? (No response)
3 The meeting is adjourned.

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5 ADJOURNED 10:55 A.M.

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I, LOUISE H. LILLICO, hearing reporter for the Division of Administrative Procedure, hereby certify that the foregoing sixty-two pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION of the State of California held on March 25, 1959 at nine o'clock a. m. at Sacramento, California.

Dated: Sacramento, California, March 30, 1959.

Louise H. Lillico