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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION
LOS ANGELES, CALIFORNIA
NOVEMBER 18, 1959 - 2:00 P.M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Glenn M. Anderson, Lieutenant Governor, Chairman
Alan Cranston, Controller
John E. Carr, Director of Finance
Fred Zweiback, Executive Secretary to Lt. Governor
F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL

Messrs. Dan Kaufmann, Assistant Attorney General
Jay L. Shavelson, Deputy Attorney General

APPEARANCES:

Mr. Joseph A. Ball, Special Counsel for the
City of Long Beach

Mr. H. E. Ridings, Jr., President, Board of
Harbor Commissioners, Long Beach

Reporter: Louise H. Lillico
Division of Administrative Procedure

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(In Accordance with Calendar Summary)

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(g) Santa Catalina Isl. Co.	3	10	10
(h) Union Oil Co. of Calif.	2	11	11
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ITEM CLASSIFICATION
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6 Approval service agreement
City of Mill Valley

7 15 14

7 Authorization advise U.S.
State disinterested in
purchase of improvements
User Permit Agreement
P.R.C. 398.1

5 16 15

8 Adoption revised rental
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9 Status major litigation

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1 GOV. ANDERSON: The meeting of the State Lands Commis-
2 sion will come to order and the first item will be the con-
3 firmation of the minutes of the meeting of October 5th.

4 MR. CRANSTON: I move approval.

5 MR. CARR: Second.

6 GOV. ANDERSON: Moved and seconded to approve without
7 reading. No objection, so ordered.

8 Item 2 -- the special order of business: Long Beach
9 tide and submerged lands boundary determination, pursuant to
10 Chapter 2000 1957. Mr. Hortig?

11 MR. HORTIG: As the Commission and representatives of
12 the City of Long Beach will recall, on October 29 the Commis-
13 sion deferred action on the negotiations relating to the
14 problem of determination of boundaries of granted tide and
15 submerged lands. The Commission also instructed the staff and
16 the office of the Attorney General to continue negotiations
17 with the City of Long Beach in order to achieve a satisfactory
18 resolution of the problem.

19 Today it is proposed to report to the Commission on the
20 status of the negotiations, the actions which have been under-
21 taken since the last directive of the Commission. In this
22 connection, it is suggested to the Chairman that he may wish
23 to call upon the representatives of the City of Long Beach who
24 are here present today to report on behalf of Long Beach.
25 This can be followed by a summary as to the actions undertaken
26 both by the Staff of the Lands Division and the Attorney

2
1 General's office, which will be reported upon by Assistant
2 Attorney General Dan Kaufmann.

3 GOV. ANDERSON: The representative of the City of Long
4 Beach? Joe?

5 MR. BALL: We have had one meeting

6 GOV. ANDERSON: This is Joe Ball.

7 MR. BALL: ... with Mr. Kaufmann. Joseph A. Ball,
8 representing the City of Long Beach. We have had one meeting
9 with Mr. Kaufmann and Mr. Shavelson of the Attorney General's
10 office, and Mr. Brady and Mr. Spence of the City Attorney's
11 office were present at that time. I think we did make some
12 progress in the negotiations at that meeting -- that was my
13 impression at least. I don't know the impression of Mr.
14 Kaufmann and Mr. Shavelson, but I believe we made progress
15 inasmuch as the City of Long Beach made certain statements as
16 to what they felt would be the position they would have to
17 take, and the Attorney General's office made certain state-
18 ments as to the position they would have to recommend to the
19 Commission. So we defined pretty well our areas of difference
20 pretty definitely.

21 We set up a meeting with the City Council for yesterday
22 afternoon and the majority of the Council were there. I think
23 there were only two absent, at which time we reported back to
24 them; and I think we were able to state for them, probably
25 for the first time, what the conditions are and suggest what
26 Long Beach would have to probably concede and what they could

1 demand. I won't say what these were at this time because I
2 don't think this is the time. I simply state this -- by
3 way of procedure, the Councilmen asked questions and we
4 answered, and they asked for our advice on certain matters
5 and we gave it to them; and I think that probably for the
6 first time the Council, the members of the Council, are now
7 in a position where they realize that there are certain areas
8 both sides are determined on certain areas -- and there is
9 possibility that we can get together on these areas.

10 Our Councilmen said neither yes nor no to these various
11 settlements, but they did say they would consider them and
12 I think they understand them very thoroughly.

13 I think we made progress this month. As I told you last
14 month, I don't think this is something we could come back
15 today and report we were successful because there are some
16 very serious problems. In the first place, we are talking
17 about a spread of six or seven million dollars, which at the
18 present time is committed to the bond redemption fund of
19 Long Beach and would go to the Tidelands Trust under any
20 settlement. The Councilmen feel they have a responsibility
21 to the people. If this case is settled, they want to be
22 rather proud of this, so they can go out and tell people
23 this is the best thing for the City that they did.

24 I just don't want to say to you I definitely believe
25 we will settle in the future, because I don't know; but I
26 will say I think we are closer to a settlement than before.

1 I think both sides are trying to iron out our difficulties
2 because it seems to be to our mutual interest to settle.
3 That's about all we have to say.

4 GOV. ANDERSON: Any questions? Mr. Carr? (No response)
5 Thank you, Mr. Ball. Mr. Kaufmann, Attorney General's office.

6 MR. KAUFMANN: I have very little to add to what Mr.
7 Ball said. We did have a meeting last Thursday and we did
8 again discuss obstacles to settlement; and it seems to me the
9 problem now -- we know what the differences are, what the
10 obstacles are -- the problem now is to find if there is an
11 area of agreement; and this, as Mr. Ball indicated, is going
12 to depend, certainly, to a large extent on what the City
13 Council feels. So we will just have to wait and see what the
14 City Council decides is an appropriate area of agreement. If
15 we can reach that, then it's possible we can settle the area
16 of differences. Right now, it would appear there is more an
17 area of difference than agreement.

18 GOV. ANDERSON: Do you feel we are making progress?

19 MR. KAUFMANN: I would have to say candidly -- as long
20 as we are talking and talking honestly to each other, there
21 is progress of some sort; but I still have to tell the Commis-
22 sion at this point there is more an area of difference than
23 agreement.

24 GOV. ANDERSON: Than there was a month before, or
25 three or four months before?

26 MR. KAUFMANN: I would still have to stand on what I

1 indicated at the October 29th meeting -- that at this point
2 the area of differences is so great that at this point --
3 while I think as long as the negotiations continue there is
4 always a chance of settlement, I still feel that it is going
5 to be up to the City to come back and tell us whether or not
6 there is an area of agreement.

7 MR. CARR: Mr. Chairman

8 GOV. ANDERSON: Mr. Carr.

9 MR. CARR: Were definite proposals made to the City
10 Council that they definitely turned down or was this just an
11 academic discussion or something or the other? Or did the
12 City Council make any proposals or refuse any proposals?

13 MR. KAUFMANN: The answer to the question is: No
14 proposals were discussed.

15 MR. CARR: What did they talk about then?

16 MR. KAUFMANN: We talked primarily about the obstacles,
17 the obstacles to settlement involved in both proposals and
18 counter proposals that have previously been made.

19 Mr. Carr, as you are aware, we have received a formal
20 letter from the City and, as we indicated on October 29, this
21 was unsatisfactory as far as the Attorney General's recommenda-
22 tion to the Lands Commission. Now, at the meeting on Thursday,
23 this proposal was discussed along with obstacles which the
24 City Council feels would be involved in any settlement;
25 obstacles, perhaps, which the Lands Commission would encounter
26 in attempting to consider any proposals received from the City.

1 No new proposals were discussed.

2 MR. CARR: Any new obstacles?

3 MR. KAUFMANN: No, the obstacles were the same. I will
4 say this -- I perhaps may give too much of an impression of
5 a negative meeting. It was the contrary. In discussing
6 these obstacles, we discussed legal aspects of these obstacles;
7 and the City Attorney's office and Mr. Ball were very helpful
8 once again in explaining again some of the legal obstacles
9 they have encountered.

10 GOV. ANDERSON: Any other questions? (No response)
11 Thank you, Mr. Kaufmann, Mr. Hortig.

12 MR. HORTIG: With respect to this matter, Mr. Chairman,
13 it would appear that it would be desirable that the Commis-
14 sion indicate to the Attorney General's office the program
15 for the future -- in other words, to continue or discontinue
16 the directive to proceed with the negotiations, the same to
17 be applicable to the State Lands Division staff. The record
18 will show that on motion of Commissioner Cranston at the last
19 meeting, it was recognized that the deferment granted at
20 that time to this meeting was not necessarily the conclusive
21 one; that the report here today would be taken into considera-
22 tion by the Commission as to what further program was to be
23 implemented.

24 MR. CRANSTON: Mr. Chairman, my motion at the last
25 meeting did not indicate that matters were supposed to be
26 brought to a head at this particular session. The intent of

1 the motion -- and I believe the minutes would bear this out
2 was simply to carry forward negotiations and to report back
3 to us at our meeting and seek to bring them to a successful
4 conclusion at the earliest moment. In my opinion, no action
5 is necessary at this point, but that we will expect to receive
6 a report on the negotiations at the next meeting and I hope
7 they will be carried forward.

8 GOV. ANDERSON: Unless there is anything further, the
9 reports from the City of Long Beach representative and the
10 Attorney General's office will be accepted and we will pass
11 the item and go to our next order of business. So ordered.

12 Next will be Item 3 -- permits, easements, and rights-
13 of-way to be granted to public and other agencies at no fee.
14 pursuant to statute. Item (a) is the Pacific Telephone and
15 Telegraph Company.

16 MR. HORTIG: Pursuant to the provisions of the Public
17 Utilities Code and earlier provisions of general law, the
18 telephone companies and telegraph companies may upon applica-
19 tion be granted easements for their public service utilities
20 over sovereign lands of the State. Therefore the proposed
21 authorization is in order and pursuant to statute, and it is
22 recommended that the permit be granted.

23 MR. CRANSTON: I move that the staff recommendation be
24 followed.

25 MR. CARR: All right.

26 GOV. ANDERSON: Moved and seconded -- no objection, so
ordered.

1 GOV. ANDERSON: Item 4 -- permits, easements, leases,
2 and rights-of-way issued pursuant to statutes and established
3 rental policies of the Commission.

4 Item (a) - Mrs. Zena Cabral - - I'll go through these
5 unless you wish to explain them, Mr. Hortig - - (b) Crown
6 Mining Co., Incorporated; item (c) is also the Crown Mining
7 Company, Incorporated.

8 MR. HORTIG: On those two items, Mr. Chairman, I believe
9 explanation may be in order, particularly in respect to a
10 question which was raised just before the meeting by Mr.
11 Zweiback. The statement of royalty rates which are to be
12 applicable in the preferential leases, as indicated in the
13 specific minute items appearing on pages 4 and 5, refer to
14 royalty rates previously established in the prospecting
15 permits issued pursuant to existing law, in which it is
16 required that such rates be established before a prospecting
17 permit is issued; and in the event that a permittee becomes
18 entitled to a preferential mineral lease, those predetermined
19 royalty rates are to be the royalty rates within the mineral
20 extraction lease.

21 These items are standard in the sense that this has
22 been established statutory procedure at least since -- in
23 general terms at least since 1921.

24 GOV. ANDERSON: Item (d) -- The Humble Oil and Refining
25 Company.

26 MR. HORTIG: The item appearing on pages 6 and 7 appears

1 to be voluminous; but in simpler form, recites that Humble
2 Oil and Refining Company, as a Texas corporation who are re-
3 incorporated as Humble Oil and Refining Company, a Delaware
4 corporation, feels that the most expeditious method of trans-
5 fering all of its State leases is approval of assignment by
6 one corporation to the other corporation of all responsibility
7 as to performance bonds and so forth, and the approval of the
8 assignment in accordance with the lease terms and statutes
9 is recommended.

10 MR. CRANSTON: I move approval in accordance with the
11 staff recommendation.

12 MR. CARR: Second.

13 GOV. ANDERSON: Of the four -- (a), (b), (c) and (d)?

14 MR. CARR: I guess we can wait ...

15 GOV. ANDERSON: I was going through. Item (e) - M. J.
16 Ruddy and Son. Any comment on that?

17 MR. HORTIG: The proposal is to issue a lease pursuant
18 to the highest and only competitive public bid for the extrac-
19 tion of sand in the Tuolumne River, in the area adjoining
20 which the same lessee already has operations in process under
21 an existing State lease.

22 GOV. ANDERSON: Item (f) Rhodes-Jamieson Gravel.

23 MR. HORTIG: With respect to this item, there is a
24 special recommendation inasmuch as the Moe Sand Company, the
25 highest apparent bidder pursuant to an invitation for competi-
26 tive public bids for the extraction of sand from a portion of

1 submerged lands in San Francisco Bay, has since reported that
2 they made an error and that they misinterpreted the form of
3 bid and they inserted the wrong multipliers -- which appears
4 to be borne out in fact in that a royalty offer of the magni-
5 tude calculated from their offer would run into an operation
6 uneconomic; and, therefore, it is recommended that the Com-
7 mission authorize the issuance of lease to Rhodes-Jamieson
8 Gravel Company, who qualified as highest bidder -- who were
9 the apparent second highest bidder -- with the required per-
10 formance bond by the lessee to guarantee the faithful perform-
11 ance and observance of the terms and conditions of the lease;
12 and that the bid of Moe Sand Company be disregarded and the
13 deposit submitted with the bid be returned. This procedure
14 has been reviewed by counsel and has been approved as to
15 procedure.

16 GOV. ANDERSON: Item (g) -- the Santa Catalina Island
17 Company. Could you explain this briefly?

18 MR. HORTIG: I understand there are some questions, Mr.
19 Chairman. We are not aware of any hardships which would be
20 generated if this item were tabled to the next meeting of the
21 Commission so that those questions could be resolved that Mr.
22 Zweiback has indicated.

23 MR. ZWEIBACK: Whenever the next meeting is here.
24 December 17th is Sacramento.

25 MR. HORTIG: Or into the January meeting if the Commis-
26 sion so prefers.

1 GOV. ANDERSON: If there is no objection, item (g)
2 will be continued to our next meeting down here. That will
3 be the January meeting.

4 MR. HORTIG: Unless the applicant in the interim should
5 indicate particular conditions of hardship -- under which
6 circumstances we would attempt to resolve the problem.

7 GOV. ANDERSON: Item (h) -- Union Oil Company.

8 MR. HORTIG: This is virtually a routine item and
9 appears on this agenda only to bring to the attention of the
10 Commission that this is an extension of a geological survey
11 permit subsequent to the time when the Commission authorized
12 modification of the geological permits. Henceforth, in the
13 new form, any further extensions would be granted under dele-
14 gation of authority to the Executive Officer.

15 GOV. ANDERSON: Item (i) -- United States Department
16 of Interior.

17 MR. HORTIG: The Commission, as appears from the record,
18 previously authorized a borrow permit with payment of a fee,
19 and referring to the item, it is recommended that the Commis-
20 sion action of April 30, 1959 authorizing the issuance of
21 this permit be rescinded and that upon payment to the State of
22 \$800 total consideration a new permit be issued for a period
23 not to exceed 36 months beginning December 1, 1959, because
24 the Federal agency was not able to take advantage of the
25 permit during the term for which it was originally issued.

26 GOV. ANDERSON: Item (j) -- United States Steel Corpora-
tion.

1 MR. HORTIG: The recommendation is for issuance of a
2 standard lease for occupancy of a parcel of tide and submerged
3 lands adjoining uplands held by United States Steel Corpora-
4 tion for construction, maintenance and use of a levee and
5 settling basin, based on appraisal of the property and rental
6 rates heretofore approved by the Commission.

7 MR. HORTIG: Then a motion will be in order for all
8 items with the exception of item (g) - The Santa Catalina
9 Island Company.

10 MR. CRANSTON: I so move.

11 MR. CARR: Second.

12 GOV. ANDERSON: Moved and seconded -- no objection,
13 so ordered.

14 Item 5 -- Sale of lieu lands in Shasta County to Einar
15 Hansen for \$720.

16 MR. HORTIG: As the Commission is aware, there are pending
17 numerous applications from individuals to take advantage of
18 the State laws which provide for selection of vacant Federal
19 lands which are not available for direct sale to individuals.
20 This application is the culmination -- or this recommendation
21 is the culmination of one of those applications, in which Mr.
22 Einar Hansen requested that a certain 80 acres in Shasta
23 County be acquired from the United States by the State and be
24 sold to him pursuant to statute. This acquisition has been
25 completed.

26 It is recommended that the Commission determine, as

1 required by statute for approval of such a sale, that it is
2 to the advantage of the State to select the land designated;
3 second, to approve the selection of such land; and, third,
4 to authorize the sale of the land for cash to the applicant
5 at the appraised cash price of \$720, subject to all statutory
6 and constitutional reservations including minerals, upon the
7 conveyance of the land to the State by the Federal government.

8 MR. CARR: Mr. Chairman, I'd like to know a little more
9 about this land -- where it is located and how far it is from
10 improved lands and highways, and such things as that.

11 MR. HORTIG: I do not have these specifics in mind
12 here right now, Mr. Carr. The application of those factors,
13 however, to the value of the land were definitely included
14 in the appraisal, under which it was determined that the land
15 had an average value of nine dollars per acre, or a total of
16 \$720; and, as indicated, the staff appraisal has also shown
17 that the land is not suitable for cultivation without arti-
18 ficial irrigation.

19 MR. CARR: Is it grazing land, forest land, brush land --
20 what is it?

21 MR. HORTIG: From the value, it must principally be
22 brushy. Timber land -- of course, with any amount of timber
23 the appraisal would be considerably higher; and as to minerals,
24 minerals are not conveyed in this sale -- they are retained by
25 the State as one of the statutory reservations.

26 MR. CARR: It's a small amount of money to spend much

1 of the State's payroll money to investigate, but I was
2 wondering who made this appraisal. Nine dollars an acre is
3 pretty cheap for any land in the State of California any more.

4 MR. HORTIG: If the Chairman please, may I suggest that
5 this be put at the bottom of the agenda, at which time we
6 will have the file, complete with the appraisal report, and
7 will report to you in detail.

8 GOV. ANDERSON: If there is no objection, then, we will
9 take Item 5 and place it down, say, after Item 3. We will
10 pass over it at this time and take up Item 6 -- approval of
11 execution of service agreement with City of Mill Valley, Marin
12 County, for surveying services pursuant to Chapter 496/59;
13 Commission's costs not to exceed \$1200 to be reimbursed.

14 MR. HORTIG: This item was calendared as the start of
15 a series of responsibilities the Commission will have as a
16 result of the legislative session of 1959, inasmuch as there
17 is now a blanket requirement in the statutes that in the event
18 there is any grant of tide and submerged lands by the Legis-
19 lature, that such grant is not effective until such lands have
20 been surveyed, monumented and plat recorded by the State Lands
21 Commission -- all of which services are to be provided at
22 cost for the grantee.

23 The first in a series made necessary by the Statutes of
24 1959 is here in the City of Mill Valley for a grant received
25 has agreed to enter into a service contract to compensate the
26 State Lands Commission for the required services, the

1 Commission's actual costs not to exceed \$1200. Authorization
2 for the Executive Officer to enter into such a contract is
3 requested.

4 This, incidentally, is within the scope of delegation
5 of authority to me, being less than \$2,000; but was calendared
6 to bring this item to the attention of the Commission as to
7 the start of a series of items of this type which are new,
8 having been required in toto for the first time by the Statutes
9 of 1959.

10 MR. GARR: So move.

11 MR. CRANSTON: Second.

12 GOV. ANDERSON: Moved and seconded. No objection, so
13 ordered.

14 Item 7 -- Authorization for Executive Officer to advise
15 United States of America that State of California does not
16 desire to purchase improvements located on State sovereign
17 lands in New York Slough at Pittsburg, Contra Costa County,
18 covered by User Permit Agreement P.R.C. 398.1. Mr. Hortig?

19 MR. HORTIG: This item involves more verbiage than the
20 item justifies, but the problem arises from the fact that in
21 1950 the Division was successful in inducing the United States
22 of America to take a permit on tide and submerged lands rather
23 than condemn the lands and to issue in lieu of that an annual
24 permit for \$1 for lands used for an embarkation wharf, as
25 described in the calendar item. The improvements were to
26 remain in the United States; in the event the improvements

16
1 are sold the State shall have the first refusal on the pur-
2 chase of such improvements at a price determined by the
3 United States.

4 The United States now desires to sell the improvements
5 for \$195,000. In the event the State declines to purchase
6 the improvements, the United States shall be entitled to sell
7 them to any purchaser of its choice and the State agrees that
8 it will lease the underlying fee to the buyer; and the permit
9 is subject to termination by the United States at any time
10 by notice to the State -- which they have now given us --
11 and the improvements on which refusal is sought consist of
12 a partially covered wooden wharf in excellent condition and
13 a portion of a wood-frame warehouse which was originally a
14 bean storage structure.

15 It is the opinion of the staff that it would not be in
16 the best interest of the State to purchase the improvements
17 located on State lands unless it were possible to acquire the
18 adjacent upland property and improvements located thereon.
19 If the State were to acquire only the improvements from the
20 United States and if the purchaser of the adjoining property
21 had no use for the State's facilities, it would be extremely
22 difficult to find a user for this property, since there would
23 be no access to the upland property -- all access would be on
24 the water side.

25 Furthermore, no money has been acquired to budget either
26 all or any of the facility.

1 Therefore, it is recommended that the Executive Officer
2 be authorized to advise the United States of America that the
3 State is not interested in purchasing the improvements
4 located on State sovereign lands covered by User Permit
5 Agreement P.R.C. 398.1.

6 This procedure, we realize, would result in the United
7 States seeking to find another purchaser, who would be desir-
8 ous to continue to operate at the wharf at the location, who
9 will also have to secure a lease of the State lands from the
10 State.

11 MR. CARR: Couldn't the State acquire right to access
12 by exercising right of eminent domain?

13 MR. HORTIG: The only specific available to the State
14 Lands Commission in connection with eminent domain is in con-
15 nection with development of adjoining tide and submerged lands
16 for the production of oil and gas.

17 MR. CARR: Has this proposal been submitted to any other
18 State agency that might have use for it?

19 MR. HORTIG: No sir.

20 MR. CARR: I would suggest that before we turn this down
21 we see if any other State agency has any other real use for
22 this. There might be someone -- Beaches and Parks, Recreation
23 and others are looking. I don't know whether this would be
24 suitable property, but it would be appropriate to wait to see
25 if others can use it.

26 GOV. ANDERSON: How could they use it if they needed

1 adjacent land?

2 MR. CARR: They might acquire it. Even if the State
3 Lands Commission could not acquire it under eminent domain,
4 they might acquire it. Is that right, Mr. Hortic?

5 MR. HORTIG: That may be correct. Of course, it may be
6 the right of first refusal is not in other agencies of the
7 State other than the State Lands Commission, who executed the
8 permit. Finally, the disposition by the State Lands Commis-
9 sion for its highest and best use, which is the best use for
10 this wharf, again would be in the jurisdiction of the State
11 Lands Commission.

12 However, on the other than, we are not aware -- other
13 than having received the notice of intent by the United
14 States -- that there is any critical timing involved, and
15 the staff would certainly be receptive to undertaking the
16 missionary job to see if we can sell it somewhere else.

17 GOV. ANDERSON: If there is no objection, then, Item 7
18 will be held over until it goes back on our calendar.

19 Item 8 is the adoption of revised rental rates and
20 policies pertaining to the commercial and recreational leasing
21 of State lands. Mr. Hortic.

22 MR. HORTIG: The Commission will recall that this report
23 has been under consideration and review by the Commission for
24 several meetings. Pursuant to a directive for study and review
25 of the commercial and recreational leasing policies relating
26 to State lands, which was issued by this Commission very

1 early in its tenure, the principal purpose of this review
2 is to bring the Commission leasing policies and rates in line
3 with present-day economic conditions. The study has been
4 submitted to the Commissioners for review previously. The
5 bases which went into consideration and conclusions have been
6 reviewed by the Commissioners, and it is recommended that the
7 attached schedule of leasing rates and policies be adopted by
8 the Commission, superseding any schedules for this purpose
9 established heretofore, to be applicable to all commercial
10 and recreational leases, easements for rights-of-way, ark
11 sites, cabin sites, minor structures -- recreational, commer-
12 cial; grazing, agricultural leases, groins, and recreational
13 pier permits as applications are received and acted upon by
14 the Commission and by the staff after this date.

15 MR. CRANSTON: I move approval, Mr. Chairman, in accord-
16 ance with the staff recommendation.

17 MR. CARR: Second.

18 GOV. ANDERSON: It has been moved and seconded. If
19 there is no objection, so ordered. Then, at this time, you
20 would like to have us return to Item 5 -- the authorization
21 for the sale of 80 acres of lieu land in Shasta County to
22 Einar Hansen.

23 MR. HORTIG: Mr. Chairman, the appraisal of the subject
24 lands was made by our staff appraiser, Gene Billing; was
25 reviewed by our supervising appraiser and by the Public Lands
26 Officer of our land title and records section. The appraisal

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is an actual field appraisal based on field review of the land and all the economic conditions that are on record in the county in which the land is located. The land was inspected on October 30, 1958. It was specifically located because established corners as set by the land survey office at the general land office were found in place. The land is one and one-half miles from the settlement of Cassel by improved public road.

The primary use, present highest and best use rated on a schedule from poor to excellent, is that it is fair for a homesite; and secondary use, it would make good hunting land. It is not occupied; there are no improvements; the land is not suitable for cultivation without artificial irrigation and of the total of 80 acres, about ten acres would make fair cabin sites. The rest of the land has lava outcroppings and lava beds covering it. It is accessible by a fair private dirt road. It has no water in the sense of any existing stream or spring. The possibilities of well water are fair.

It has 40 acres of grass and scrub pine, the rest of it is lava beds and brush. What soil there is that is visible, not under the lava beds, is decomposed lava.

Under the heading of "Comments on Valuation of Factors Influencing the Appraised Value": "(a) Usable acreage not more than ten acres; (b) Well water possibly available at about ten feet; (c) No access. Principal demand would come from adjacent property owners; (d) Good deer hunting area; (e) Lava

1 beds infested with rattlesnakes. Over-all rating -- fair."
2 So the ten acres of cabin site potentials were appraised at
3 \$35, or \$350; and the 70 mountain acres at \$5 per acre, \$350
4 which rounds off at \$700, but was totaled out and rounded off
5 at \$9 per acre or a total of \$720 appraised value recommended
6 for this sale.

7 MR. CARR: Is there any value put on the rattlesnakes?

8 MR. HORTIG: Not even a negative one.

9 MR. ZWEIBACK: Is there any bidding procedure that
10 comes into being under this indemnity selection?

11 MR. HORTIG: There is not. Under the law that has
12 been in existence since the seventies, on application the
13 State acquires the land and sells it to the applicant. Under
14 the procedure for many years and particularly prior to there
15 being any State Lands Commission, such lands were sold at a
16 flat price. It is only in the experience of the postwar
17 State Lands Commissions that this value of sale has actually
18 been predicated upon true appraised value and the reasonable
19 market value of the lands.

20 MR. CARR: Well, does the individual that has selected
21 this land and made the application to have the State acquire
22 it and sell to him -- does he automatically acquire the right
23 to buy it at the appraised price?

24 MR. HORTIG: Yes sir.

25 MR. CARR: Does any other rule exist such as in the
26 sale of school lands or probate proceedings, that anybody can

1 bid ten per cent over his offer?

2 MR. HORTIG: No sir.

3 MR. CARR: What happens if we turn this application down?

4 MR. HORTIG: An action in mandate, seeking to compel
5 the Commission to sell it to the gentleman under the statutes
6 under which he made his application. There is one advantage
7 to recognize here and that is that in connection with these
8 lieu selections, in connection with the lieu selection pro-
9 cedure under which these lands are acquired for a purchaser,
10 the Federal government does transfer to the State equal
11 acreages in lieu of other losses to the school land grant
12 without reference to value, and the first time the value comes
13 into play is when the State appraises it and sells it to the
14 individual.

15 MR. CARR: Mr. Chairman, I don't want to belabor this
16 question but the reason for going into detail is that I have
17 been given to understand that there are people who are maybe
18 more astute than us hillbillies in California, that are coming
19 from the east and locating these school lands and similar
20 lands, and are attempting to form a syndicate and even suggest-
21 ing making a proposition to the State of California that they
22 acquire all existing surplus lands whatsoever at some average
23 price, thereby taking it out of the public domain and putting
24 it on the tax rolls and so forth; and we can expect a pretty
25 intense scrutiny of the whole land situation.

26 Now, I think the intention of the law is to permit people

1 to select these lands and acquire them at a reasonable price,
2 with or without the homeless rattlesnakes. Maybe it would
3 be defeated if we didn't take a second look at this.

4 This particular thing, I have no comment one way or the
5 other, except it indicates a possibility of this rumor, for
6 want of a better word. (There is no better word than "rumor.")
7 The intelligence I have received is there is going to be and
8 still is an intensive search for the purpose of making a
9 perfectly legitimate profit; but I'd like to be sure anything
10 the State sells in this way, they get their money's work.

11 MR. HORTIG: Mr. Chairman, may I respond to that not
12 necessarily in the order of your remarks, Mr. Carr, but as
13 they reoccur to me, possibly in inverse order.

14 The lands under discussion here are of the type that
15 would not be available for sale on application as vacant
16 State school lands are. These lands would not have been sold
17 but for an application from an individual who bought it out
18 and applied for Federal land. In this instance, therefore,
19 the State is the mechanic to handle the details of the sale
20 for the benefit of the school land fund, but selling lands
21 which the State did not have title to in the first instance
22 and which an individual could not acquire directly from the
23 Federal government.

24 Secondly, in other words, your wholesale acquisitions
25 could not be applied to State land in the same manner to
26 anyone's advantage or disadvantage.

1 Also, the lieu land selection procedure and exchange
2 procedure applications, of which this application is in the
3 first category, were suspended some two years ago by the
4 State Lands Commission to permit a completion of all the
5 applications then on file and to permit a true inventory and
6 determination of what the procedure should be for the future.
7 So this application is one of long standing and, again, could
8 not be duplicated today. As a matter of fact, the acknowledg-
9 ment of receipt of this lieu land application is dated Novem-
10 ber 9, 1954. This is the first time we asked Uncle Sam for
11 this land so we could sell it to Mr. Hansen, so he has been
12 extremely patient, waiting for five years for us to complete
13 this.

14 MR. CARR: I move. I understand rattlesnakes only
15 multiply in wet years. Do you suppose that they are suffer-
16 ing from this long dry spell?

17 MR. HORTIG: I am afraid this doesn't have to enter
18 into our appraisal.

19 MR. ZWEIBACK: In further response to Mr. Carr's query,
20 at a recent meeting of the Commission, I believe two or three
21 or four months ago, there was a request to make an exception
22 to the rule, whereby we have sold the State vacant school lands
23 in more than section size. I think there was an exception
24 where this party had made application for about fifteen or
25 twenty sections and he wanted it all to be put up at one bid,
26 one publication. The Commission stated at that time that all

1 these applications, whether one man made application for
2 fifteen sections, that all these things be broken down
3 which makes it possible for the smaller operator to bid on
4 smaller parcels, rather than having to bid on seven or eight
5 thousand acres, so we do have this protection.

6 MR. HORTIG: The Commission has also directed, and
7 there is under way, a complete study and review of the land
8 sales policies of the Commission, in which the factors that
9 you brought up, Mr. Carr, are specific items of consideration
10 on which recommendations will be brought to the Commission in
11 the near future as to adoption of a policy for our future
12 sales.

13 GOV. ANDERSON: That has been moved ...

14 MR. CRANSTON: Second.

15 GOV. ANDERSON: No objection, so ordered. Item 9 is
16 the status of major litigation. Mr. Hortig.

17 MR. HORTIG: Since the preparation of this item, in
18 which the status of the first case, U. S. versus Anchor, is
19 still as you gentlemen reviewed last month in Long Beach;
20 the Alamitos quitclaim litigation is still set for trial on
21 November 24, which is next Tuesday -- we have from the press
22 today a report that the principal support to Orange County
23 in the case of County of Orange versus State of California,
24 which support was being rendered to the county for litigation
25 funds by the American Marine Exploration Company -- notice of
26 withdrawal of that support and request that any part that

1 American Marine has in the litigation be dismissed was served
2 on the Board of Supervisors of Orange County yesterday. The
3 ultimate dismissal of all the action and no further proceed-
4 ings, of course, would only result from determination by the
5 Board of Supervisors of Orange County not to proceed Independ-
6 ently or with other support; but as of yesterday, both their
7 existing support, as well as their retained special counsel
8 for this action, both withdrew.

9 On page 20, item 4 -- the Abbot Kinney case -- which is
10 noted not because the Lands Commission is in this litigation
11 as a party litigant in the first instance, but because it in-
12 volves so many elements of interpretation which could be
13 applicable to boundary line determinations -- past, present
14 and future -- involving the State Lands Commission.

15 We have asked Deputy Attorney General Jay Shavelson,
16 who argued this case before the Supreme Court, to give the
17 Commission a brief report, so that the Commission can see the
18 far reaching effects and why it is essential that we be repre-
19 sented in this case, as we now are. In other words, through
20 the Attorney General's office we invited ourselves in.

21 GOV. ANDERSON: Mr. Shavelson,

22 MR. SHAVELSON: Thank you. The first time that our
23 office learned of this case was when the decision in the
24 District Court of Appeal was filed and that opinion contained
25 language that we felt was very detrimental to the State's posi-
26 tion as to the law of accretions that are effected by artificial

1 structures. The State has taken the position that such
2 accretions do not affect title. In other words, if former
3 tidelands are covered by artificial accretions, we have always
4 taken the position that the State does not lose title to them
5 by artificial accretions, as it does by natural and gradual
6 accretions; and also when we read this decision we felt the
7 State was an indispensable party because it did involve a
8 title to and boundary of tidelands that had been granted in
9 trust to the City of Los Angeles and Section 6308 of the Public
10 Resources Code makes the State a necessary party to such pro-
11 ceedings.

12 In light of those factors, it was too late to file an
13 appeal, so we asked the Supreme Court by its own motion to
14 take over this case and they did; and we argued it before the
15 court and the decision was just handed to me. I haven't had a
16 chance to read it carefully, but it seems that the Supreme
17 Court has upheld our contention that the State is an indis-
18 pensable party and has rested its decision on that ground and
19 has not discussed the point of artificial versus natural
20 accretions, so that by virtue of our entering into this case
21 I think I can say we have wiped off the books a decision
22 that would have been extremely damaging to our position because
23 once the Supreme Court takes over, the decision is not pub-
24 lished in any of the District Court of Appeals reports, so it
25 is not a valid opinion. So I think we have a very solid
26 accomplishment here and we at least have an interest we would

1 not have had otherwise in future litigation. Therefore, now
2 the State will be enjoined as a party to this proceeding and
3 we will probably have engineers engaged by the State give
4 active testimony. In other words, it is being remanded for
5 a new trial. We will participate; the State Lands Commission
6 will be a party to that proceeding.

7 GOV. ANDERSON: Anything further, Mr. Hortig?

8 MR. HORTIG: Only the last item -- confirmation of
9 date and place of the next Commission meeting Thursday,
10 December 17, Sacramento, 9 a.m.

11 MR. CARR: Mr. Chairman, may I ask a question before
12 we adjourn?

13 GOV. ANDERSON: Mr. Carr.

14 MR. CARR: I recall at a prior time Long Beach -- I
15 believe it was Mr. Ridings, who is still here -- requested
16 (either through their attorney or somehow) that we request
17 the Attorney General's office to assign lawyers full time,
18 attorneys full time to the problems, working with the City
19 down there; and we discussed that informally and I think that
20 we informally agreed to ask a question here of the City of
21 Long Beach, inasmuch as we felt that the Attorney General's
22 office was covering this pretty well now, if there is any
23 change in the thinking of the City of Long Beach and if there
24 are any matters pending or not resolved by the Attorney General's
25 office now which would give us any further reason to request
26 the Attorney General to assign any of the staff full time to

1 this problem,

2 MR. RIDINGS: Yes, Mr. Carr. First, I want to make it
3 eminently clear that what we are after in no way implies any
4 criticism at all of the work that has been done in the past
5 or that's going on right now by either the Lands Commission
6 staff or the Attorney General's office. It's only our extreme
7 anxiety that we get this thing done without any more hitches
8 than are absolutely necessary.

9 I just received this morning -- in fact, it was distri-
10 buted this morning to the management committee -- what is
11 believed to be the final draft for Fault Blocks II and III.
12 All the attorneys are in agreement, other than for commas and
13 typographical errors, that this is complete and that the
14 lawyers have put into words what they intend, are in accord
15 with it. The legal committee expects to have the unit operat-
16 ing agreement completed some time next week.

17 These are terribly complicated documents. I handed
18 Mr. Hortig certain copies of this one and others are available
19 to him. There's 62 pages to this one and the unit operating
20 agreement is just as large; and while the attorneys are meeting
21 actively on this, while there is still time to make changes,
22 while they are meeting together, we would like to know if
23 there is anything we have left out -- if there are any sugges-
24 tions your staff might wish to make, we can make them and
25 once they come before you for approval there will be no need
26 for your staff to then study it and perhaps come back and call

1 for changes which would mean calling back everybody to make
2 the changes.

3 To answer your specific question, there is no matter
4 pending before you that needs specific approval. It is only
5 that you be with us while we are in these final steps, so
6 the suggestions are incorporated in the final drafts.

7 GOV. ANDERSON: Mr. Shavelson.

8 MR. SHAVELSON: I might comment that, as indicated by
9 the fact that there is no present delay -- nothing presently
10 being held up, our office has devoted our full resources to
11 taking care of these problems as expeditiously as possible;
12 and as far as asking for any additional assignment to take
13 care of this problem immediately, it would be impossible for
14 an inexperienced attorney, one not fully familiar with these
15 problems already, to be of any great help in further expediting.

16 This is highly technical stuff and it's not the kind
17 of thing that you can call in any young person in the office
18 to handle; and I think that the people who are familiar with
19 this field are presently working virtually full time on this
20 matter. Howard Goldin is, I think, devoting his energies
21 entirely to the Anchor case, the Alamitos Bay litigation, and
22 in approving these various aspects of the unitization agree-
23 ments; and I also am working, spending most of my time on Long
24 Beach problems, as well -- as are other attorneys in the office.
25 So I don't know what else the office can do on short notice to
26 increase the service, and as far as I know the service has been

1 satisfactory up to this time.

2 GOV. ANDERSON: How close to the day to day discussions
3 on unitization -- how close do you keep to those? In other
4 words, discussing this problem, after they work out a unitiza-
5 tion agreement then they bring it up here. Would there be
6 any way of your eliminating any of the delays or bottlenecks?

7 MR. SHAVELSON: I can't speak from first hand experience
8 but it is my understanding that these agreements up to now,
9 as soon as they have been drafted, have come to our office and
10 that Howard Goldin has devoted immediate attention to them as
11 soon as they do come up and has indicated his comments on them
12 within very few days, I believe, of the time they are received.

13 As I say, that isn't my department. I can't speak
14 first hand, but isn't that your understanding, Frank, that
15 they are getting virtually immediate attention as soon as
16 they are received?

17 MR. HORTIG: That has been the general practice and,
18 as a matter of fact, in that connection there are now pending
19 in Mr. Goldin's office (and this is as a result of an inventory
20 at noon today) no formal requests, but only reviews which are
21 being made on an attorney-to-attorney level at the request of
22 the City of Long Beach for expression of legal opinion on
23 really rough drafts of documents, which it is hoped will ulti-
24 mately come to the point of being marked "Final Draft" -- as
25 these are which were handed to me just before the Commission
26 meeting today, but which actually also in their separate

1 components have already been looked at, studied, and conferred
2 about in their rough stages by the Attorney General's office.

3 MR. ZWISBACK: Mr. Shavelson has directed his answer to
4 the immediate problem and that apparently there are not a
5 large amount of these drafts coming into the office, that we
6 would not have to assign anyone at this point; but I would ask
7 this, Mr. Shavelson: If we are increasing the tempo of these
8 drafts of these various agreements and as we go along and
9 they become more critical timewise, as Mr. Ridings has indi-
10 cated, would this not be the time to start breaking in a man
11 rather than waiting until the burden is upon us?

12 MR. SHAVELSON: We are doing that. We have new people
13 assigned to assist Howard in his work and I think I am going
14 to be more concerned with this aspect -- of course depending
15 on the vicissitudes of the possible boundary litigation. We
16 have these imponderables of not knowing exactly what is going
17 to develop as far as litigation is concerned. For example,
18 if we go into litigation on the boundaries, that would take
19 up my full time and Mr. Kaufmann's full time and perhaps that
20 of another attorney; but right now I think this is something
21 we ought to discuss. If there is any anticipation that we
22 won't be able to -- that we will get bottlenecks, perhaps we
23 ought to sit down and work this out. I don't know of any
24 problems right now.

25 MR. RIDINGS: If I might add one other word, we took a
26 very careful survey of those present and that was all companies

1 represented at this management committee meeting this morning,
2 against the specific question of - Would it be possible to
3 have these documents (that is, the unitization of II and III)
4 completed and agreed to by all parties prior to Admiral James
5 and his staff coming from Washington on December 7th. No one
6 is willing to commit themselves that they will absolutely do
7 that; but hopefully and cheerfully, no one raised any thought
8 but what it could be done and everyone expressed a willingness
9 to work on it with whatever effort was necessary.

10 This leads up to the fact that it is very possible that
11 a completed document could be before your Commission at your
12 next meeting on December 17th; and while, of course, we are
13 not permitted to sign it because of the legal situation in-
14 volved, we want to be sure that this document we do go to court
15 with has the blessing of everyone. So time is getting short
16 and it will perhaps be a matter of a relatively few days or
17 a week or two between the time the document is completed and
18 the next meeting you folks might hold, at which you might be
19 requested to act on it.

20 I would like to add something on this: I think you
21 have copies of this injection rate as of last night --
22 360,600 barrels in the field; in the critical shipyard area
23 they have designated it is 104,584; but in that area Admiral
24 James spoke of, 160,000 barrels a day against 175 he told us
25 we should have by the end of December.

26 GOV. ANDERSON: Thank you, Mr. Ridings. Any further

1 comments? (No response).

2 On the date of the next meeting, I don't have my
3 calendar here, but is there any objection to our meeting at
4 ten o'clock instead of nine, because I know I will be flying
5 up and can't be there at nine o'clock?

6 MR. CARR: Which date is that?

7 GOV. ANDERSON: On the 17th of December. If there is
8 no objection, we will adjourn at this time until our next
9 meeting in Sacramento at ten o'clock in the morning on
10 December 17th.

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12 ADJOURNED 3:13 P.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing thirty-four 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 in Los Angeles, California on November 18, 1959.

Dated: Sacramento, California, November 20, 1959.

Louise H. Lillico