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TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA

NOVEMBER 15, 1960

PARTICIPANTS:

THE COMMISSION:

Messrs. Alan Cranston, Controller, Chairman
Glenn M. Anderson, Lieutenant Governor
John E. Carr, Director of Finance

F. J. Hortig, Executive Officer
Don Rose, Executive Secretary to the
Lieutenant Governor
Kenneth C. Smith, Public Lands Officer of
State Lands Division

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. Ralph N. Kleps, in behalf of Deep Springs College

Mr. Francis C. Whelan, Attorney-at-law, representing
Adrienne C. Burke

Mr. F. J. Shafer, Texas Company

Reporter: Louise H. Lilloco
Division of Administrative Procedure

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(In Accordance with Calendar Summary)

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1 MR. CRANSTON: The meeting will please come to order.
2 The Lieutenant Governor is Acting Governor of the State in the
3 absence of Governor Brown at the present time and is required
4 elsewhere at present. He probably will be with us later in
5 the morning but I think we should proceed without him.

6 The first item is confirmation of the minutes of
7 August 25, 1960. If there is no objection, they will be con-
8 sidered as approved.

9 Item 2 is permits, easements, leases, and rights-of-
10 way issued pursuant to statutes and established rental and fee
11 policies of the Commission. Item (a) is Columbia-Geneva Steel
12 Division of United States Steel Corporation of San Francisco.
13 If there is no comment, we will run through those in each
14 classification and then vote on them as a group. Item (b) is
15 Columbia-Geneva Steel Division of United States Steel Corpora-
16 tion of San Francisco. Item (c)

17 MR. HORTIG: Mr. Chairman, at that point, item (c) --
18 the request for approval of crude oil sales contract for Hono-
19 lulu Oil Corporation, it is recommended that action be deferred
20 at the request of the applicant and with the concurrence of the
21 Office of the Attorney General, for further discussion of some
22 of the legal interpretations involved.

23 MR. CRANSTON: That will be held aside?

24 MR. HORTIG: Yes sir.

25 MR. CRANSTON: Item (b)?

26 MR. HORTIG: (c).

1 MR. CRANSTON: (c). Item (d) - J. H. Marion;
 2 item (e) Pacific Gas and Electric Company; item (f) James H.
 3 Zacharias, et al., and item (g) Trustees of Deep Springs,
 4 Administrators for Deep Springs College....

5 MR. HORTIG: Mr. Chairman, before going to item (g),
 6 may I ask if the Chairman might inquire if there are any repre-
 7 sentatives of the Small Craft Harbors Commission that wish to
 8 make any appearance on item (f). This is one of the type leases
 9 on which Small Craft Harbors has been informed and, lacking any
 10 objection, that lack of objection is considered by the State
 11 Lands Commission as approval of the leasing program.

12 MR. CRANSTON: Is there anyone here representing
 13 Small Craft Harbors? (No response) Apparently not. Then
 14 we are on Deep Springs.

15 MR. KLEPS: Mr. Chairman, I would like to say a few
 16 things with respect to that item. I want to say I am appearing
 17 here in a private capacity. Actually, I am appearing as one
 18 part of whose education was due to the institution whose inter-
 19 est is at stake. There are two minor items that have already
 20 been discussed with the staff and have been taken care of.
 21 One is the actual name in which the matter should vest. This
 22 is an unincorporated association, board of trustees under a
 23 deed of trust, and all the property they own is listed with
 24 the specific names of the acting trustees now and their succes-
 25 sors, and they would like to have title in those granted names.

26 MR. CRANSTON: Is that properly arranged?

1 MR. HORTIG: Yes sir.

2 MR. KLEPS: The other matter has to do with a re-
3 strictive clause with respect to the use of the easements. It
4 says that -- this is item or clause four on page 3 of the draft
5 I have here -- that the easement shall be used for the sole
6 and exclusive purpose of transmitting water across the premises
7 to the Deep Springs College, and they would like to have that
8 restrictive "to the Deep Springs College" eliminated, so it
9 would read: "... for the purpose of transmitting water across
10 the described premises to the property owned by the trustees
11 of Deep Springs ..." or, eliminating that entirely, simply
12 making it "... for the purpose of transmitting water across the
13 described premises."

14 MR. HORTIG: Mr. Chairman, I have our staff memorandum
15 on the same subject, expressing concurrence and nonobjection
16 and recommending that the second recommendation of Mr. Kleps
17 is acceptable and the description would be solely "for the
18 purpose of transmitting water across the described premises,
19 together with rights of ingress and egress."

20 MR. KLEPS: Now, the third thing

21 MR. CRANSTON: Mr. Whelan, would you like to comment?

22 MR. WHELAN: Well, if the purpose is merely to conform
23 with the use of the premises, the premises being owned in the
24 names of these individuals for trust purposes -- if that is the
25 purpose of it, it seems to me to be thoroughly satisfactory.
26 This matter was considered, of course, that it was for college

1 purposes and for public educational purposes, and that was the
2 understanding that I had understood the easement was being
3 granted by the State -- for this purpose.

4 MR. CRANSTON: That is the purpose as far as we are
5 concerned.

6 MR. CARR: Is there any other possible interpretation?

7 MR. KLEPS: I don't think so.

8 MR. HORTIG: Staff counsel did not indicate any
9 other possible interpretation either, Mr. Carr.

10 MR. CARR: What were your misgivings directed toward?

11 MR. WHELAN: I just didn't know. I understood this
12 property was a college and it was only proper that the water
13 should be continued to be made available for that purpose; and
14 it was my understanding that the trustees were acting on behalf
15 of the college; and so, while I didn't have anything to do with
16 the construction, with the language of it, it carried out, as
17 I understood, what the real purpose of the easement was, to wit,
18 for college purposes and actually "for transmission to Deep
19 Springs College" it would seem to me to have been satisfactory.
20 This is the first time that I have any knowledge about it. I
21 just wonder why the necessity of the removal of the qualification.

22 MR. KLEPS: I think, Mr. Chairman, that the term
23 "for Deep Springs College" is not accurately descriptive of
24 the total purposes of the institution; in fact, it isn't a
25 technically accurate term. It isn't referred to as a college.
26 This is an institution that exists under a deed of trust. It

1 might be possible to think of some restrictive language that
 2 would be better, but our thought was that there was no need
 3 to do more than to say this easement was designed to take water
 4 across the described premises to the property owned by the
 5 college, by the lessee.

6 MR. CARR: In other words, the right-of-way goes with
 7 the property. There might be a change in the structure of the
 8 college. The idea is that the easement for transmitting the
 9 water, transporting the water, goes along with the land.

10 MR. KLEPS: That's right.

11 MR. CARR: I think that's right.

12 MR. HORTIG: I believe there is another point that
 13 might clarify and eliminate Mr. Whelan's concern. It is
 14 believed that all parties know that the trustees own farm land
 15 irrigated by this pipeline and ditch of long existence, and
 16 these are the structures for which the easement is proposed to
 17 be issued. Therefore, the words "to the Deep Springs College"
 18 may be too restrictive, since particularly the trustees are
 19 entitled to irrigate all the lands they own by use of the pipe-
 20 line easement, so long as they don't alter its size or location,
 21 which they wouldn't of course do and could not do in the form
 22 of the easement proposed today.

23 MR. WHELAN: That is obviously true and that certainly
 24 was known -- that they did operate a ranch. As I understood,
 25 the ranch was a part of the college operation incidental to the
 26 type of operation of some colleges, such as Thatcher School.

1 I would like to ask if it wouldn't be just as good for the
2 purposes of the trust," to the trustees in conformance with
3 their trust."

4 MR. CARR: Why would it be any better than this
5 language? Why make it more restrictive? Who would be hurt by
6 the language proposed here?

7 MR. WHELAN: Then may I ask - - my recollection is
8 that I'll withdraw that. Does the proposed qualification
9 say "to the lands owned by the individuals under trust"? May
10 I ask counsel if that is what he proposes?

11 MR. KLEPS: No. As I understand it, the staff pre-
12 ferred and we would accept the deletion of the words "to the
13 Deep Springs Colleege" so that it will read as follows: "The
14 described land shall be used during the term hereof for the
15 sole and exclusive purpose of transmitting water across the
16 hereinabove described premises." As your staff suggested it, I
17 think it does not have any limiting effect at all. It simply
18 indicates that the easement is across this portion of State
19 lands for the purpose of transmitting the water across it.

20 MR. WHELAN: May I be heard? Then it is an easement
21 in gross rather than an appurtenance to the lands. If it would
22 say "to the lands owned by these individuals" then it would be
23 an appurtenance to those particular lands and that would be
24 satisfactory. This is an easement in gross the way it is
25 worded now.

26 MR. CARR: Do you object to that?

1 MR. WHELAN: I think it should be an appurtenance to
2 the lands.

3 MR. CARR: Why?

4 MR. WHELAN: This way it could be used for trans-
5 mission of water to any other lands in the area rather than just
6 to these people.

7 MR. CARR: Well, would that be bad?

8 MR. WHELAN: I just thought that the question as it
9 applied to the application was to save the rights which had
10 already been in existence, that is which had been used, and as
11 the easement which had been used is concerned, it is an appurt-
12 enance to the lands to which the water is now being brought;
13 and I thought it was to maintain that use rather than to extend
14 it for all and general purposes. If it is as an appurtenance
15 to the lands which are owned by these individuals, then it is
16 maintaining the use which they have been making of this ditch
17 line and pipe line in the past.

18 MR. KLEPS: I might comment to the board that this
19 property and this easement have actually been in use since
20 1869 and predecessors in interest, for example, of the trustees
21 first brought water across this land before the State of Cali-
22 fornia acquired title to it; and the trustees are convinced
23 that if this were litigated out, they might have rights that
24 antedated the State's. We don't think the language used here
25 is, in other words, going to limit the right of the trustees
26 based on their predecessors', but we don't like to see any

1 limitation put in if one is not needed.

2 MR. WHELAN: I believe with respect to the prior use
3 prior to the State, that would apply from what I understand to
4 the ditch line, not to the pipe line. As I say, all of the
5 rights -- whether it be for the college or whether the trustees
6 should sell the property -- would be maintained if it was
7 stated it was a pipe line to the lands, not saying to the
8 Deep Springs College but to the lands.

9 MR. KLEPS: I might say we were proposing as another
10 alternative "... to the property owned by lessee in Deep Springs
11 Valley." That would also be acceptable to us.

12 MR. WHELAN: That would be satisfactory. I presume
13 they don't own any other property other than this general piece
14 which is part of the general operation.

15 MR. CARR: Do you have an adverse interest in this,
16 Mr. Whelan? I don't know who you represent.

17 MR. WHELAN: I am sorry. I represent the applicant,
18 Adrienne C. Burke, which is item 3(a).....

19 MR. CARR: That's what I wanted to know.

20 MR. WHELAN: ... and the application to purchase was
21 made and then the application for this easement and other certain
22 easements, utility company easements, were made subsequently to
23 the application for purchase. When this matter was first upon
24 the calendar -- I believe it was last April or May -- the matter
25 of the application of Burke was continued and then during this
26 interim I have had occasion to talk to Mr. Lyon, attorney for

1 the Deep Springs College, as well as to one of the trustees,
2 and on several occasions to Mr. Blacker respecting the terms
3 of the easement. I did not suggest the particular language.
4 I had no knowledge until this morning that there was any change
5 in the easements as suggested by the staff and as submitted to
6 me and to counsel for the trustees.

7 MR. CRANSTON: Well, if the two of you have agreed
8 on substitute language, I think that language might be substi-
9 tuted if there is no objection from the staff.

10 MR. HORTIG: No sir, there would be none in view of
11 the fact, to carry the record back one more step in the inter-
12 est of completing it -- as Mr. Kleps suggested this language
13 had been suggested by staff -- the genesis or its originator
14 or suggestor is Mr. Lyon, representing the Deep Springs College.

15 MR. WHELAN: Yes, I so understand.

16 MR. HORTIG: So the staff certainly have no objection
17 to the alternative language proposed here this morning.

18 MR. CRANSTON: Did you get that language exactly as
19 agreed to a moment ago?

20 MR. HORTIG: We have it in the transcript.

21 MR. CRANSTON: Let's leave it that way.

22 MR. CARR: Is that agreeable to you?

23 MR. KLEPS: Yes.

24 MR. CRANSTON: Is this a 49-year easement or

25 MR. KLEPS: This is the other point I wanted to raise
26 with the Commission. As drafted, this provides a 49-year

1 easement from the State and at the conclusion of that 49-year
 2 period the right to transmit water across this property based
 3 upon that easement will terminate and the trustees at that stage
 4 will be forced to negotiate with whoever owns the land at that
 5 moment, Mr. Whelan's client or their successors in interest,
 6 at a point when the whole operation of the institution will be
 7 dependent upon the continued ability to get water across this
 8 piece of property. Now, 49 years is quite a while. I wanted
 9 to ask whether the Commission had considered the possibility
 10 of reserving to the State the right to grant a further easement
 11 at that time, rather than at this time to state that 49 years
 12 is the maximum period the institution is going to be able to
 13 transmit this water and at the conclusion of that period are
 14 going to have to negotiate with whoever owns that property
 15 knowing that the operation of the institution depends for life
 16 or death on the bargain at that moment.

17 MR. CRANSTON: Mr. Hortig, will you comment on that?

18 MR. HORTIG: Yes. In the staff reviews with Mr. Lyon,
 19 counsel for the trustees, the question of the easement term was
 20 researched preliminarily. It appeared, although this was not
 21 conclusive from the Office of the Attorney General, that the
 22 maximum authority of the Commission was to issue a 49-year
 23 easement at this time. It was not clear that there either was
 24 or was not authority to consider the retention, in effect, of
 25 the Commission easement in perpetuity, based upon which the
 26 Commission 49 years hence could issue a new easement; and in

1 the lack of clarity, Mr. Lyon expressed on behalf of the
2 trustees agreement to and acceptability of this 49-year term
3 of the right-of-way easement.

4 Now, if this is a definite question that has been
5 raised on that by Mr. Kleps this morning and if the Commission
6 wishes to consider this, then in order to be able to inform the
7 Commission we would have to have a deferment of this item in
8 order to refer the question to the Attorney General's office,
9 as the Commission's legal consultant, to state conclusively
10 that the 49-year term is the maximum or that there are alterna-
11 tive bases that the Commission could consider as suggested by
12 Mr. Kleps.

13 MR. CARR: Mr. Chairman, it seems to me that the
14 State in granting this right-of-way should give primary con-
15 sideration to the established rights of the Deep Springs insti-
16 tution and I fail to see where Mr. Whelan's client is going to
17 be damaged by making these easements highly protective to the
18 owners of the school, whoever they may be in the future. Their
19 claim to this water, this right-of-way, goes back a long way,
20 much further than the claim of Mr. Whelan's client. I would
21 be in favor of - - why can't this easement be granted for 49
22 years with a reversionary interest to the State rather than to
23 Adrienne C. Burke? Why can't the reversionary interest be to
24 the State rather than the owners of the property?

25 MR. HORTIG: Mr. Chairman, if I may presume to answer
26 Mr. Carr in the presence of a gentleman certainly more qualified

1 to go into the legal propriety of this situation, this was one
 2 of the elements of doubt in the prior review and this was one
 3 of the possible alternatives that was researched; and under
 4 present law, when vacant State school lands are sold by the
 5 Commission, they are sold subject to the easement and with
 6 specific inference, if not actual direction in the statute,
 7 that the easement rights when they terminate and as to the area
 8 over which they terminate, that this is acquired by the pur-
 9 chaser of the lands, who has bought these lands subject to
 10 these particular easement rights.

11 Now, whether the alternative Mr. Carr has suggested
 12 could be accomplished would necessarily, I think, and desirably
 13 be an item to be included in this research for determination
 14 of all questions, if the Commission desires this to be explored
 15 in view of Mr. Kleps' suggestion here today.

16 MR. WHELAN: Of course, I might add, under the terms
 17 of the easement the trustees expressly -- the State expressly
 18 keeps open the prescriptive rights of the trustees. In other
 19 words, by taking the easement from the State there is no admis-
 20 sion on the part of the trustees that they do not have prescrip-
 21 tive rights and, as counsel has stated, there is in existence
 22 a map (I have seen a copy of a map) which shows what appears
 23 to be a ditch and it has on it the words "Gillespie Ditch"*
 24 and Mr. Lyon, counsel for the trustees in Los Angeles, has
 25 stated that is the location of this ditch line.

26 MR. CRANSTON: If there is doubt as to where the college

* phonetic

1 would stand on this matter of the 49 years, I suggest we refer
2 it to the Attorney General.

3 MR. CARR: The college has been in existence for more
4 than 49 years -- I happen to know somebody who is an alumnus --
5 and it seems to me they should be protected. In fact, it sur-
6 prises me that the college didn't ask to purchase this property
7 so they can have perpetuity.

8 MR. KLEPS: I am not sure anyone can answer that.
9 I am not sure anyone knows where this Section 36 was in refer-
10 ence to this ditch that was here for many years. In fact, when
11 the application came in here, it turned out it was unoccupied
12 State land and there were utility pole lines, etc. This is an
13 isolated part of the State and even the utility companies did
14 not protect themselves.

15 MR. CARR: I think we should be very sure what we do
16 on this.

17 MR. CRANSTON: Do you want to make a motion?

18 MR. CARR: I move we defer it.

19 MR. CRANSTON: I second it.

20 MR. WHELAN: Do you have any definite continuance
21 on it?

22 MR. CRANSTON: We should have information at the
23 next meeting.

24 MR. CARR: I realize Mr. Whelan is anxious to get
25 this property for his client, but I think prior rights should
26 be settled before we give it away.

1 MR. WHELAN: I agree, Mr. Carr, and, as a matter of
2 fact, we had some conversations long before this matter came
3 before the board in the first instance, in which I -- with
4 authority from my client -- offered to grant these easements,
5 to enter into an agreement for the granting of them upon the
6 basis which would have been a perpetuity and for a very modest
7 sum -- certainly much less than they must have been put to for
8 the expense of counsel in the meantime -- but they chose not
9 to do it that way; but those offers were made before the appli-
10 cation of Burke to purchase ever came before the board. And
11 we also discussed informally the question of granting this
12 easement in perpetuity after the 49-year period. That was after
13 the matter had come before the board, so that it would not be
14 difficult at all to solve this matter.

15 MR. CRANSTON: I presume it can be solved at our
16 next meeting and then we can dispose of the matter. If there
17 is no further objection or discussion, the motion made by Mr.
18 Carr is unanimously approved.

19 MR. WHELAN: Is the next meeting in Los Angeles?

20 MR. CRANSTON: Yes. We now go to approval of all
21 items under heading (2) with the exception of (c) and (g).
22 Do you wish to move their approval, Mr. Carr?

23 MR. CARR: I move approval.

24 MR. CRANSTON: Motion has been made, duly seconded
25 and unanimously passed, approving item 2 with the exception of
26 (c) and (g).

1 MR. CRANSTON (continuing) We now come to Item 3 --
 2 Sales of vacant State school lands. All items here presented
 3 have been reviewed by all State agencies having a land acquisi-
 4 tion program, unless otherwise indicated, and no interest has
 5 been reported by these agencies in the lands proposed for sale.

6 MR. HORTIG: Mr. Chairman, item (a) is the application
 7 on which action would be subject to prior action by the Commis-
 8 sion on the Deep Springs easement. Therefore, this should be
 9 deferred, leaving only item (b) under this heading.

10 MR. CRANSTON: Item (b) San Bernardino County Flood
 11 Control District - Lands not reviewed with other State agencies
 12 as the area is subject to flash floods and the lands previously
 13 were withdrawn from sale on behalf of applicant. We have an
 14 appraised value and bid of \$7,910.40. Is there any comment or
 15 discussion on that item? Mr. Carr?

16 MR. CARR: No, I move the approval of (b). I have
 17 some reservations about this next item.

18 MR. CRANSTON: Item (b) is moved to be approved and
 19 seconded, and unanimously so ordered.

20 Item 4 --Selection of vacant Federal lands for the
 21 benefit of the State: Item (a) - 160 acres in San Bernardino
 22 County. Application of Maurice William Nolan canceled at his
 23 request. Item (b) - 80 acres in San Bernardino County. Appli-
 24 cation of Lester J. Vilven disqualified for failure to deposit
 25 required funds within specified period. Item (c) - 80 acres in
 26 San Bernardino County. Application of Lester J. Vilven disquali-
 fied for failure to deposit required funds within specified

1 period, John?

2 MR. CARR: Now, what is the significance of this,
3 Mr. Hortig? That is my question, Mr. Chairman.

4 MR. HORTIG: The significance would be that there
5 would be added, on approval of the Commission of the selection
6 of the listed lands, there would be added 320 acres of vacant
7 land to the vacant land list of lands under the control of the
8 Commission for disposal pursuant to the trust requirements,
9 which would also consist, therefore, of a 320-acre decrease in
10 the deficiency of the total amount of lands that the Federal
11 Government owes the State but has not heretofore granted.

12 MR. CARR: Mr. Chairman, I was talking to Mr. Hortig
13 about these lands and some others in informal conversation and
14 pursuant to the action of the board some time back, in which
15 we wanted to get our inventory in shape so we knew what the
16 State now owned and take a second look at it to determine what
17 possible uses other than those agencies with whom we have
18 clearance might have. I think maybe we are going to see some
19 demand on the State for such things as housing aids and what
20 not. I don't know whether they want to live out in the desert
21 someplace, but I think we should get our inventory in clear
22 shape in accordance with our previous policy before we get
23 these lands out on the market. Mr. Hortig, how much does the
24 Federal Government still owe us -- something like 200,000 acres?

25 MR. SMITH: Approximately 150,000 acres in lieu.

26 MR. HORTIG: This would be a 320-acre decrease in

1 that amount they owe us.

2 MR. CARR: Percentagewise

3 MR. HORTIG: It is a step in the right direction.

4 MR. CRANSTON: There is actually no action required.

5 MR. HORTIG: Yes, there is approval required by the
6 Commission. Unless we have that, these transfers are not
7 validated.

8 MR. CRANSTON: Approval and selection is moved and
9 seconded, unanimously so ordered.

10 Item 5 - City of Long Beach; Item (a) Approval of
11 adjusted average price of \$0.21205 per MCF as the reasonable
12 wholesale market value of tideland dry gas received by the
13 Municipal Gas Department of the City of Long Beach during the
14 period November 1, 1956 through June 30, 1959; approval of
15 tentative price of \$0.2348 per MCF, for period from July 1, 1959
16 until next price determination is made, subject to revision if
17 warranted.

18 MR. HORTIG: Mr. Chairman, by way of brief explanation,
19 the Commissioners will recall that under Chapter 29 of the
20 Statutes of 1956 the State receives a 50% interest in the net
21 value of the oil produced from tidelands by the City of Long
22 Beach under operating contracts, and concurrently the State re-
23 ceives 100% of the value of the dry gas which is produced in
24 conjunction with that oil production. The calculation of the
25 amounts to be received by the State representing 100% of the
26 value of the dry gas are by statute to be calculated on the

1 reasonable wholesale market value of tidelands dry gas as deter-
 2 mined jointly between the City of Long Beach and the State Lands
 3 Commission. The rates here proposed for approval by the State
 4 Lands Commission have been established through extensive nego-
 5 tiation, technical review, the employment both by the City and
 6 the State of consultants in the gas marketing field, and complete
 7 review by the Office of the Attorney General; and the rates here
 8 proposed have been adopted by resolution of the City Council of
 9 the City of Long Beach to be applicable if the State Lands Com-
 10 mission concurs herewith.

11 MR. CARR: I move approval.

12 MR. CRANSTON: Approval has been moved, is seconded,
 13 and without objection it is so ordered.

14 Item 6 - Authorization for Executive Officer to issue
 15 patent to the Housing Authority of the City and County of San
 16 Francisco covering lands valued at \$3,700 in 1959, in exchange
 17 for filled and unfilled tide and submerged lands, known as
 18 Parcel 84, appraised in 1959 at \$5,200, all located within the
 19 Hunters Point Reclamation District in the City and County of
 20 San Francisco.

21 MR. HORTIG: Mr. Chairman, the summary statement which
 22 you have just read is completely correct. You have just been
 23 handed a revised edition of the full calendar item, which revi-
 24 sion has been recommended by the Office of the Attorney General
 25 here in Sacramento after review of the previously completed
 26 calendar item, in order that (for the same facts which you have

1 just received) the Commission's resolution will completely
 2 implement and authorize the actions required under the statute
 3 which provided specifically for this type of exchange with the
 4 Federal Housing Authority -- on consummation of which the State
 5 will have received lands of greater value than the unfilled
 6 tide and submerged lands which the State would transfer to the
 7 Housing Authority for use in conjunction with the housing
 8 development in the southern portion of San Francisco Bay in
 9 the City and County of San Francisco. The proposed resolution
 10 of the Commission, therefore, would read:

11 "It is recommended that the Commission grant approval
 12 to conclude the exchange transaction outlined above:..."

13 (and, parenthetically, I might state that this was authorized
 14 to be initiated by Commission action on July 30, 1959)

15 "...Determine that as of December 31, 1957 the value
 16 of the land to be conveyed to the State of California
 17 (Exhibit B attached hereto and made a part hereof)
 18 was of equal or greater value than the lands to be
 19 conveyed by the State of California to the Housing
 20 Authority of the City and County of San Francisco
 21 (Exhibit A attached hereto and made a part hereof).....

22 (and again parenthetically, the lands to be received by the
 23 State have been appraised previously at \$5,200, while the lands
 24 to be relinquished have been appraised at \$3,700)

25 "... To authorize the Executive Officer to proceed
 26 with preparation, execution and delivery of the
 State patent, subject to the usual constitutional and
 statutory reservations, to said Housing Authority
 when the Housing Authority delivers a grant deed to
 the State of California conveying the lands described
 in Exhibit A; and authorize the Executive Officer to
 accept a deed in the form substantially as in Exhibit
 C attached hereto and made part hereof."

1 And again, parenthetically, the form of deed attached hereto
2 has been reviewed -- prepared and approved by the Office of
3 the Attorney General.

4 MR. CRANSTON: Approval is moved by Mr. Carr, seconded,
5 and without objection it is so ordered.

6 J.A. -- Confirmation of transactions consummated
7 by the Executive Officer pursuant to authority confirmed by
8 the Commission at its meeting of October 5, 1959. Frank?

9 MR. HORTIG: Mr. Chairman, on pages 25 through 27 are
10 listed essentially routine administrative items which have been
11 completed under delegations of authority from the Commission
12 in terms of approval of assignment of pier sites, ark sites,
13 and assignments of prospecting permits; a grazing lease; and
14 the issuance of a controlled burning permit which has previously
15 been authorized concurrently by State Division of Forestry.

16 MR. CRANSTON: This needs a motion of confirmation?

17 MR. HORTIG: It is desired.

18 MR. CRANSTON: Mr. Carr moves confirmation of that
19 and it is seconded. So ordered.

20 We now come to the supplemental calendar item on
21 page 28. It is the form of oil and gas lease and leasing
22 procedure, Santa Barbara County. Frank?

23 MR. HORTIG: As the Commissioners will recall, in
24 Los Angeles on October 27th action was deferred on the adoption
25 of a final or complete adoption of a combined bid lease form
26 for oil and gas lease offers and on authorization which had been

1 proposed on that date for publication of notice of intention
 2 to receive bids for specified parcels of tide and submerged
 3 lands in Santa Barbara County. The staff was requested to
 4 report on an evaluation of three alternative types of lease
 5 offers. Actually, in the interim, a fourth type had been sug-
 6 gested -- auction bidding. However, it appears that auction
 7 bidding is not authorized by statute for Commission oil and
 8 gas leases and, therefore, the three types contemplated for
 9 evaluation on October 27th are all that are reported on here.

10 The first would be unconditional bidding on a
 11 multiple lease offer; the second procedure would be conditional
 12 or contingent bidding; and the third would be that for which
 13 we have adopted the terminology of "sequential bidding" as a
 14 short form of a basis of offering one lease at a time and
 15 offering such leases in a continuing sequence.

16 If the Chairman will approve, I would suggest that I
 17 read the calendar item because it does summarize and I believe
 18 will have a minimum possibility of omitting any essential
 19 factors:

20 In summary, evaluation of all factors relating to
 21 unconditional bidding (that is, one above) indicates that it
 22 might be impossible to establish optimum conditions in the
 23 best interests of the State for this type of offer and also
 24 the time requirements of the processing schedule, which are
 25 prescribed primarily by statute, result in a spasmodic lease-
 26 offer schedule which makes long-range planning ineffective for

1 both the State and the bidders.

2 Conditional or, as it is sometimes alternatively
3 described, contingent bidding (which is type two just referred
4 to) with conditions included at the option of the bidder, would
5 have a high potential for producing a series of offers in which
6 the high bidder could not be identified as required by statute.
7 The Office of the Attorney General has reported on the legality
8 and feasibility of conditional or contingent cash bonus bidding.
9 Again, in summary, there is no legal prohibition against the
10 invitation of conditional or contingent bids. However, unless
11 permissible conditions were limited and prescribed by the Com-
12 mission, thereby limiting any alleged advantage to a condi-
13 tional bidder, there would be some possibility of successful
14 legal attack upon the awarding of a particular lease. In
15 addition, it appears that there are likely to be substantial
16 administrative difficulties and drawbacks in any system of
17 conditional bidding.

18 Evaluation of sequential bidding procedure, type
19 three referred to, shows that this system can have the highest
20 degree of practicability simultaneous with being in the best
21 interests of the State and the best interests of the majority
22 of potential bidders.

23 A comparative schedule of the principal factors and
24 contentions relating to conditional or contingent bidding and
25 sequential bidding is attached as Exhibit A. A tabulation of
26 criteria for effective sequential bidding is attached as

2
1 Exhibit B, and comparisons of schedules for sequential bid
2 offers, evaluating programs at two-hour intervals and thirty-
3 day intervals are attached as Exhibit C. The combined form of
4 bid-lease proposed for future lease offers is attached as
5 Exhibit D.

6 Therefore, it is recommended, first, that the Com-
7 mission rescind all partial approvals with respect to combined
8 bid-lease form which were given at the meeting of October 27th
9 and approve and adopt, pursuant to the applicable portions of
10 the Public Resources Code, the combined bid-lease form attached
11 hereto as Exhibit D as the form to be utilized for tide and
12 submerged land oil and gas lease offers. (I would like to
13 inject there that this proposed lease form is identical with
14 that which the Commission had under consideration on October 27th

15 (2) It is recommended that the Commission determine
16 that it is the intention of the Commission to receive bids for
17 individual tide and submerged land oil and gas leases at
18 intervals of not less than thirty days in as continuous a
19 sequence as is reasonably practicable, with the sequence of
20 offering specific areas to be determined solely by the Com-
21 mission.

22 (3) Authorize the inclusion in each lease-offer of
23 an option to all bidders except the apparent high bidder to
24 have the required bid deposit refunded upon written request
25 and relinquishment by such bidder of any rights of interest in
26 the particular lease offer.

1 The item following, if this procedure is adopted by
2 the Commission, specifies procedure to be followed. The follow-
3 ing calendar item would recommend the location and the details
4 necessary with respect to the first parcel proposed to be
5 offered for lease under the system here under discussion.

6 MR. CARR: Mr. Chairman, in order to get this before
7 the house, I move the approval of recommendations 1, 2, and 3.

8 MR. CRANSTON: I second the motion. Discussion is
9 now in order if anyone wishes to make any comment. Are there
10 any queries anyone wishes to express? (No response) If not,
11 we are ready for the question and it is my understanding that the
12 Lieutenant Governor, were he here, would vote for the approval.
13 Is that right, Don?

14 MR. ROSE: I am quite sure.

15 MR. CRANSTON: Then it will be approved by those
16 present, with the intent that it would have been unanimous had
17 the Lieutenant Governor been present.

18 We come to supplemental calendar item on page 36.

19 MR. HORTIG: In accordance with the actions proposed
20 and approved in the preceding calendar item, it is recommended
21 that the Commission authorize the Executive Officer to offer a
22 parcel of tide and submerged lands in Santa Barbara County for
23 oil and gas lease, pursuant to Division 6 of the Public Resources
24 Code. The lease award is to be made to the qualified bidder
25 offering the highest cash bonus payment in consideration of the
26 issuance of an oil and gas lease. The bid-lease form to be

1 utilized for the following described parcel shall be the form
 2 approved and adopted pursuant to the preceding calendar item
 3 in this calendar. The proposed lease area is not within the
 4 known geologic structure of any producing oil or gas fields.

5 I wish to explain to the Commission this is not a
 6 finding or requirement of current statute, but is recited here
 7 for the information of the Commission as to the type of land
 8 proposed to be offered.

9 There follows the parcel description given in Cali-
 10 fornia coordinate system coordinates for Zone 5 of a parcel
 11 lying immediately easterly of Point Conception, containing
 12 approximately 4,250 acres; also being the westernmost of the
 13 four parcels that the Commission had under consideration for
 14 potential lease offer at the meeting of October 27th. It is
 15 shown in blue in the maps attached to the Commissioners'
 16 calendars. It is also in blue on the wall map on the wall
 17 behind me. The landward, or northerly, boundary of the parcel
 18 is the ordinary high water mark of the Pacific Ocean, which is
 19 the standard boundary location for tide and submerged land
 20 parcels offered by the State Lands Commission; and the seaward,
 21 or southerly, boundary of the recommended parcel is a line
 22 parallel to the ordinary high water mark and seaward therefrom
 23 three nautical miles.

24 The statutes also provide that the Commission shall
 25 determine the annual rental which shall be not less than one
 26 dollar per year, and this rate of rental is recommended for

1 the subject lease offer.

2 (Governor Anderson came in at this point)

3 MR. HOREIG (continuing) The Commissioners also have
4 attached to their calendar, on the page following the map, a
5 tentative leasing schedule -- which is a theoretical schedule,
6 but can be applied actually if the Commission authorizes this
7 particular lease offer today, by translating the Commission
8 authorization to offer Parcel 1 as being Parcel 1, the parcel
9 described and proposed for lease offer today -- with the
10 possibility of offering successive parcels on a continuing
11 schedule so that if the Commission today authorized the lease
12 offer of the first parcel, with a first publication of notice
13 of intention to receive bids on December 1 and a recommendation
14 to the Commission to offer the second parcel at the December
15 meeting (the date for which is still to be set, but the normal
16 meeting date would be December 22, the last Thursday in the
17 month), followed with a recommendation to the Commission to
18 authorize offering of Parcel 3 on January 26, 1961 (again the
19 last Thursday of January), bids could be received on the first
20 parcel on February 3, 1961 (which would be the first Friday of
21 the month) with a high degree of probability of the Commission
22 being able to award the lease on Parcel 1 at the February
23 meeting on Thursday, February 23rd, if that be the final
24 determined date; at the same time recommendation to the Com-
25 mission and authorization to offer Parcel 4; bids received on
26 Parcel 2 on March 3, 1961, again the first Friday, and at the

1 March meeting of the Commission (which nominally would fall
2 on March 30th, again a Thursday), with the award of a lease on
3 Parcel 2 and a recommendation to the Commission for authoriza-
4 tion to offer the fifth parcel in the sequence, and so on.
5 This could establish a fairly normal routine, resulting in
6 receipt of bids on the first Friday of each month starting in
7 February 1961 and award of a lease to the highest qualified
8 bidder on the last Thursday of each month, or the regular Com-
9 mission meeting date, also starting in February 1961.

10 MR. CRANSTON: Motion is in order to approve Calendar
11 Item Number 19.

12 MR. CARR: So move.

13 GOV. ANDERSON: I will second it.

14 MR. CRANSTON: It has been moved and seconded to
15 approve. Is there any discussion? (No response) If not,
16 approval is unanimously ordered.

17 In order to make as clear as possible what the Lands
18 Commission has done and hopes to do in the future, I have a
19 policy statement that I would like to read, which has been
20 cleared with the other members of the Lands Commission.

21 On September 29 it was announced, for the information
22 of the industry interested in bidding on future tideland oil
23 and gas leases, that the Commission had concluded that the
24 interests of the State would be served best by inviting cash
25 bonus bids for leases to be considered in Santa Barbara County
26 westerly of the Elwood Oil Field.

1 Again, for the information of potential lease bidders,
2 it appears desirable to emphasize that there are potential ad-
3 vantages which should result from the Commission's initiative in
4 the establishment of the leasing program authorized today.
5 Particularly, it should be apparent that one of the foremost
6 advantages should be the feasibility of effective long-range
7 planning, both by industry and by the State, in exploration
8 and development under a continuing and augmented leasing program.

9 It is the expectation of the Commission that it will
10 seek the orderly development of the tidelands by taking the
11 initiative in the opening of new parcels in the future for leas-
12 ing without necessarily waiting for industry nominations.
13 This program would be intended to supplement and complement,
14 not to replace, active industry area nominations or other
15 effective suggestions for the best possible offshore develop-
16 ment in the interest of the people of California.

17 Frank, there has been some question, apparently, as
18 to the intentions of the Lands Commission in regard to the
19 other areas in Santa Barbara that were nominated by Shell but
20 have not yet been offered by the Lands Commission for bidding
21 and for leasing. I wish you would briefly clarify our inten-
22 tions as of this moment in that regard.

23 MR. HORTIG: Mr. Chairman, the Commission has never
24 considered, nor have the staff recommended, that that portion
25 of the area considered by the Commission for oil and gas leas-
26 ing east of Gaviota should be withheld for any extended period

1 of time from oil and gas lease offer. At the October 27th
 2 meeting, when it was suggested that the Commission might con-
 3 sider lease offers or should consider lease offers at that
 4 time only westerly of Gaviota, this staff suggestion was
 5 predicated on a desire to be able to complete discussions with
 6 the County of Santa Barbara as to possible modification of the
 7 offshore restrictions as to locations of platforms and other
 8 fixed structures which have heretofore been included in lease
 9 offers east of Gaviota. This, of course, has been unfortunately
 10 accepted as a standard -- a limitation that no structure shall
 11 be placed closer than one mile to shore.

12 On a review of the water depths in the parcels remain-
 13 ing to be leased, it was recognized that an arbitrary one-mile
 14 safety zone, or "beauty" zone, as the County of Santa Barbara
 15 has proposed, would necessitate putting platforms -- if plat-
 16 forms were to be used for the development of the lands, it
 17 would necessitate the placing of these platforms in water twice
 18 as deep as that in which any platform has been constructed to
 19 date. Those platforms which have been constructed in the Cali-
 20 fornia offshore to date already demonstrated what a large price
 21 tag comes with these platforms and, therefore, it would be ex-
 22 tremely difficult to estimate with any reasonable accuracy what
 23 the price would be resulting from the necessity of placing the
 24 platform in water two and three times as deep as actually has
 25 been developed heretofore from platforms,

26 Under these circumstances it was felt desirable that,

1 rather than to accept without further review the one-mile
2 limitation, it might be feasible on further study with the
3 County of Santa Barbara to reach an agreement where, in some
4 locations, it might be possible by such agreement to place
5 platforms closer than the one mile. Whether this goal can be
6 accomplished, we do not know yet -- but the County is cooper-
7 ating. The County of Santa Barbara are willing to consider
8 specific proposals by the staff of the State Lands Commission
9 and recommendations, which they may or may not accept; and the
10 staff are to present such a report for County review as soon as
11 it can be completed. Staff work on this study has been under
12 way for the last two months and as soon as a determination has
13 been made by the County as to acceptability of recommendations
14 or nonacceptability, then the staff will be in a position to
15 recommend to the Commission the final conditions under which
16 the areas easterly of Gaviota may be leased.

17 It is reasonable to anticipate, and this is certainly
18 the staff goal, that with the program adopted by the Commission
19 today for offering parcels sequentially, by the time the area
20 which is already cleared and ready to be offered for lease has
21 been offered -- that by that time (and this is westerly of
22 Gaviota) there will be conclusions which can be reported to the
23 Commission, so that the areas easterly of Gaviota could be
24 offered in the same lease sequence without breaking the routine
25 in what we hope by then will be a nominally routine program and
26 a continuous leasing program.

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MR. CRANSTON: Are there any queries or comments on the action taken by the Lands Commission in this regard or contemplated in the future?

MR. CARR: Mr. Chairman, may I ask a question? Mr. Hortig, do you contemplate in discussing this problem with the Santa Barbara County officials just the placing of platforms closer than one mile, or do you contemplate discussing with them the possibilities of using any of this technology whereby they develop oil wells on the bottom and after the wells are brought in you do not have structures above the surface of the water, thereby annoying the ducks and being an eyesore to the tourists?

MR. HORTIG: Mr. Carr, the latter phase of bottom-completed wells -- which are being evaluated by actual operations, as you know, off the northwest coast of South America currently -- has already been relayed to Santa Barbara officials as a possible approach in certain instances where justified economically for development off the Santa Barbara coast. It is not considered that either under existing leases or leases proposed to be offered that there is any legal bar or public objection to proceeding with such development anywhere along the Santa Barbara coast. Therefore, the question -- and almost the sole question -- that is being considered by Santa Barbara County officials is whether fixed platforms or other fixed structures may properly be located closer than one mile to the shore east of Gaviota. Your other area of problem does not

1 appear to be a problem in Santa Barbara County and, as I say,
2 there do not appear to be any objections on the part of Santa
3 Barbara County, nor are there any legal objections, to contem-
4 plating bottom-completed wells, irrespective of the distance
5 or closeness to the high water mark.

6 MR. CRANSTON: If there are no further comments or
7 queries on this point, I believe we have two remaining
8 supplemental items, the first being Number 16 on page 37,
9 relating to electronic data processing. Frank?

10 MR. HORTIG: Mr. Chairman, you gentleman will recall
11 Mr. Carr's statement at the meeting of October 27th that he
12 would undertake a review and there would be a report to you
13 gentlemen today on the status of review being conducted by
14 Division of Organization and Cost Control of the Department of
15 Finance with respect to the adaptability and desirability for
16 using data processing equipment -- primarily, or initially,
17 with respect to accomplishing the inventory and classification
18 and land indexing tasks which are the responsibility of the
19 Land Title Record Section of the Lands Division in Sacramento,
20 and, secondly, the desirability for utilization of electronic
21 data processing equipment in the balance of the operations of
22 the State Lands Division.

23 As a result of Mr. Carr's comment to you gentlemen
24 that this review would be made, it was made and a preliminary
25 report from Organization and Cost Control Division has been
26 received by the State Lands Division, in which they conclude

1 that data processing may effectively and profitably apply in
2 the State Lands Division to all the engineering and accounting
3 problems; and particularly in the case of land sales and record
4 work, a specific system has been recommended for installation
5 in Sacramento consisting of a Royal McBee Card Sort and Micro-
6 film System, which could be installed at a cost of less than
7 \$22,000 -- with operating costs estimated at approximately
8 \$8,100 annually -- to permit immediate processing and, therefore,
9 in the near future final collation of all the index and record
10 data for lands under the jurisdiction of the State Lands Com-
11 mission, all of which would be centralized in the Land Title
12 Record Section here in Sacramento.

13 Additionally, while different types of electronic
14 data processing systems are available and all of them could
15 possibly or probably be utilized for the balance of the
16 mathematical, computational activities of the State Lands
17 Division, it is not clear as to which system actually would
18 produce the best and most efficient results in terms of work
19 performed as against dollar cost, including the problem of
20 speed of accomplishment and therefore reduction in the future
21 of backlog, of which the State Lands Division has an oversupply.
22 In order to determine which of the data processing systems
23 might be recommended by Organization and Cost Control for
24 operations other than land indexing, it is suggested that a
25 service contract be authorized under which work would actually
26 be performed under such service contract initially on a Bendix

1 calculating system -- which would result both in current work
 2 load of the State Lands Division being accomplished and it
 3 would demonstrate the feasibility of utilizing this particular
 4 instrumentation. It would also permit cost studies for the
 5 accomplishment of these solutions, on which the Organization
 6 and Cost Control Division could in the future base a recommenda-
 7 tion as to the specific type of system to be utilized by the
 8 State Lands Division on a lease arrangement, under which the
 9 State Lands Division would have its own computation center,
 10 rather than have the work performed under continuing service
 11 contract.

12 Accomplishment of both of these factors -- the
 13 establishment of a system in Sacramento and the service contract
 14 to have work performed and determine what the future system
 15 for the balance of the Division should be -- have been estimated
 16 to require current financing in a total amount of \$35,840, as
 17 tabulated on page 39 of your calendars; and, therefore, it is
 18 recommended that the Executive Officer be authorized to submit
 19 a request to the Department of Finance for a deficiency authori-
 20 zation in the amount of \$35,840 against the State Lands Act
 21 Fund, for the purpose of providing funds for the installation
 22 and use of electronic processing equipment at the Los Angeles
 23 and Sacramento offices of the Division. Expenditure of the
 24 funds provided is subject to the approval of the Department of
 25 Finance. It is further recommended that the Executive Officer
 26 be authorized to enter into a contract with Bendix Corporation

1 to provide electronic computer and programming and analysis
2 services at a cost not to exceed \$3,640 (which item is included
3 in the total amount of \$35,840).

4 MR. CARR: Mr. Chairman, at our last meeting I would
5 have voted for this recommendation with exuberance, but after
6 observing the antics of the tote board on election night, I am
7 not so sure. By the way, who got the Hawaiian Islands, does
8 anybody know?

9 GOV. ANDERSON: Does this only now apply to the lands
10 under the jurisdiction of the State Lands Commission? I had
11 understood our original direction was to have a cross check on
12 all State lands and I understood your remarks limited it pretty
13 much to the State Lands Division. This may be a step forward,
14 but this is not what my original interest was, because John and
15 I are on various commissions that handle real estate and no one
16 knows what they are doing. This is my problem.

17 MR. HORTIG: I created that impression and it is
18 obvious that I did, and it was an unfortunate limitation. With
19 respect to the indexing and classification and having available
20 to the State Lands Commission indexes with respect to lands under
21 the index jurisdiction of the State Lands Commission under the
22 proposed system, there would be included in the indexes and
23 therefore available for whatever program studies and policy
24 determinations as to disposition (in which the Lands Commission
25 and your other boards and commissions would be interested)
26 indexes for which the Commission already has statutory

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1 responsibility of all State lands with the exception of
2 escheated lands, which are under the jurisdiction of the State
3 Controller; tax-deeded lands, which again are under the juris-
4 diction of the Controller; and highway lands, which are indexed
5 only in the records of the Division of Highways, Department of
6 Public Works. But all State-owned lands owned for all other
7 purposes, such as fair sites, agricultural sites, agricultural
8 exposition sites, lands owned by Fish and Game, toll bridge
9 authorities, Department of Education, institution sites, and
10 all, are currently in indexes of the State Lands Commission
11 and would be made effectively usable as a result of the estab-
12 lishment of this system with respect to all those classifications
13 of lands.

14 GOV. ANDERSON: But the Department of Highways under
15 the Department of Public Works would not be under this?

16 MR. HORTIG: No sir.

17 GOV. ANDERSON: Would this apply to other Department
18 of Public Works' agencies? You mentioned the toll bridge
19 authorities.

20 MR. HORTIG: That's right. The only statutory excep-
21 tion in Public Works is Highways.

22 MR. CARR: Mr. Chairman, I agree with the Governor
23 here. We have a good deal wider overlapping program.

24 GOV. ANDERSON: You remember that one piece of
25 property down off Contra Costa there? I am on three different
26 agencies in the operation and selling and disposal of that land.

1 It's kind of foolish, I think.

2 MR. HORTIG: Governor, if I may suggest -- The
3 ultimate on this program, and we haven't proposed this to the
4 Controller yet, but without in any wise changing jurisdiction
5 or responsibility, after this system is established it would
6 be recommended that there be considered that integrated in the
7 system for index purposes only there be integrated also the
8 index relating to escheated lands -- under which circumstances,
9 then, there would be only three places that anyone would have
10 to go in the State of California to find out absolutely every-
11 thing with respect to what is known as to the record status of
12 any parcel of land in which the State has interest. The one
13 minor exception -- and actually this does not normally get
14 into, I believe, the operation of any other boards and commis-
15 sions any more than it does in the operations of the State
16 Lands Commission -- would be the tax deeded lands, which,
17 while nominally they come under the jurisdiction of and are
18 processed and handled by the State Controller's office, are
19 primarily a county concern. That being the case, we would have
20 only two places to refer to an index with respect to any State-
21 owned lands in which there might be an active State interest
22 and that would be the Highways index as to highways and the
23 State Lands Commission index as to all other State lands.

24 GOV. ANDERSON: Now, you mentioned Education a moment
25 ago. Would that include the State colleges?

26 MR. HORTIG: Yes sir.

1 GOV. ANDERSON: Would it include the Regents, the
2 Universities?

3 MR. HORTIG: It already does. In other words, these
4 lands are already indexed and are under the index jurisdiction
5 of the Lands Commission, but it is mechanically difficult to
6 get at or construct a tabulation or analysis out of these
7 indexes -- which would be made feasible by the installation of
8 this processing system.

9 GOV. ANDERSON: I am sorry. I interrupted, John.
10 You started off

11 MR. CARR: Not at all. This is a step in the direc-
12 tion of carrying out the policy. I think what we had in mind
13 was to get a single place, not just two, but eventually get a
14 single central source of information as to what lands the State
15 owned and something of a description of their nature and avail-
16 ability for various purposes. Wasn't that what we wanted?
17 I think this is a step in the right direction. Is there some
18 legal obstacle to incorporating the inventory of the Highway
19 Department into this single index?

20 MR. HORTIG: They are excepted by statute from being
21 in the index made by the State Lands Commission.

22 MR. SHAVELSON: Section 6219 of the Public Resources
23 Code. Offhand, I think it merely exempts the Commission from
24 the duty and it wouldn't prevent it undertaking it. There
25 might be a little problem there.

26 MR. CARR: With this program of the water plan and

1 the acquisitions for rights-of-way for canals and things, I
2 think it would be even more desirable that we have a single
3 source of information to which anyone can go having any interest
4 in the subject to determine quickly and accurately just what
5 lands we have. Our policy - - I think what we were trying to
6 do was accelerate the disposal of the lands which we considered
7 inappropriate for the State to use, in order to get them on the
8 tax rolls and into commercial use; and at the same time make
9 sure we hadn't sold anything or got rid of anything that we
10 might have to turn around and buy at two or three times the
11 price.

12 MR. HORTIG: There is, of course, Mr. Carr, a third
13 facet; and this is the one that would produce the bulk of the
14 records, has produced the bulk of the records in the index and
15 increased the desirability of a mechanical system to process
16 the records, and that is those indexes of State lands over which
17 the Lands Commission does not have any jurisdiction, which are
18 under the jurisdiction of other State government but for which
19 the Lands Commission has the responsibility to index and maintain.

20 MR. CRANSTON: John, do your election night studies
21 and others lead you to support or reject this motion?

22 MR. CARR: I'll support this.

23 GOV. ANDERSON: I'll second it.

24 MR. CRANSTON: It has been moved and seconded to
25 approve recommendations contained in supplemental calendar
26 item 16, and it is unanimously so ordered. We now have one

1 final supplemental item, item 17, which also relates to oil.
2 Frank?

3 MR. HORTIG: If I may presume to suggest, Mr. Chair-
4 man, it relates to oil negatively in that the Commission has
5 been informed previously the United States Navy had asked the
6 Army Corps of Engineers to establish under authority to control
7 navigation a set of regulations which would permit the Commander
8 of Pacific Missile Range in Santa Barbara County to exclude as
9 necessary for the Pacific Missile Range any navigation activity
10 on the tide and submerged lands fronting on the Pacific Missile
11 Range, which now comprises approximately 40 miles of coastline,
12 such exclusion authority to be available three miles out, or
13 effectively covering 120 square miles of tide and submerged lands.

14 The last public hearing on objections with respect to
15 the manner in which the regulations were proposed to be estab-
16 lished was held on June 8, 1960, at which time under the author-
17 ity of the Commission I presented the views of the Commission
18 relevant to the problems that would be created in terms of ex-
19 cluding future exploration and possible oil development in this
20 120-square-mile area at any time that the Commander of the
21 Pacific Missile Range felt it was necessary or desirable because
22 of the missile testing program. The Navy representatives agreed
23 that these problems had not been considered heretofore and in
24 this connection it was suggested that any regulations under
25 consideration be promulgated only after a mutually satisfactory
26 program for appropriate multiple Federal-State use for offshore

1 tide and submerged lands had been established pursuant to
2 inter-government consideration of the interrelated operating
3 problems.

4 That wordy recommendation was taken into considera-
5 tion by the U. S. Corps of Engineers and the next thing that was
6 heard of the proposal or heard from the proposal that there be
7 intergovernment consideration for the establishment of a mutual
8 usage program was a notice dated October 26th, saying that on
9 November 11, 1950 the regulations to exclude at the request and
10 desire of the Commander of the Pacific Missile Range would be
11 in full force and effect.

12 The administrative situation has been reviewed with
13 the Office of the Attorney General and it was concluded that
14 there is no basis for direct immediate action that could be
15 taken by the State Lands Commission, since it appears that the
16 regulations as promulgated have met with all the regulatory
17 and administrative requirements of Federal law. It is sug-
18 gested that a later modification of these regulations may be
19 proposed if, in any later development, they interfere with
20 development of petroleum offshore work, particularly if such
21 operations have actually been impeded.

22 MR. CRANSTON: Is there any such interference at this
23 time?

24 MR. HORTIG: We have not had any actual case of
25 interference. We have outstanding issued permits for explora-
26 tion offshore and which existed prior to adoption of these

1 exclusion rules, and whether the operators holding those permits
2 would still request from the Pacific Missile Range -- would re-
3 quest opportunity to go in and explore -- of course is not
4 known today; and if they did request, if they would be permitted
5 to explore effectively is not known.

6 MR. CRANSTON: Have there been no explorations in
7 this area?

8 MR. HORTIG: Not recently, and not, practically speak-
9 ing, since there has been a Pacific Missile Range.

10 MR. CRANSTON: When was it established?

11 MR. HORTIG: Roughly, not over two years ago, I
12 believe. It sort of grew. There were minor activities and
13 then all of a sudden after about a year of suddenly growing
14 there it was.

15 MR. CRANSTON: Are there any questions or comments on
16 this point? (No response) If not, I believe we have come to
17 the point where we fix the time and place of the next meeting,
18 is that right?

19 MR. HORTIG: Yes sir.

20 MR. CRANSTON: The regularly scheduled meeting would
21 be in Los Angeles December 22nd, is that right?

22 MR. HORTIG: That's right.

23 MR. CRANSTON: Is there any difficulty? Ten o'clock.

24 MR. SHAFER: Mr. Chairman, my name is F. G. Shafer,
25 representing Texaco. It is not clear in my mind whether this
26 sequential bidding would follow parcel by parcel to the east

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1 from this one proposed today or will we not know until the
2 date comes, the first Friday in the month, which is the next
3 parcel to be put up for leasing?

4 MR. HORTIG: If I may answer, Mr. Chairman, the first
5 Friday isn't the significant date. It would be nominally the
6 Commission meeting date. In other words, on December 22, which
7 has just been adopted here, it will be expected there will be
8 a staff recommendation as to which parcel located where shall
9 be the next one in the sequence to be offered by the Commission.

10 MR. SHAFER: That answers my question then. We will
11 not know in advance of these meetings what the next parcel is
12 to be.

13 MR. HORTIG: No sir, but under the tentative schedule
14 outlined you will have sixty days after notice to consider each
15 parcel inasmuch as starting with the parcel authorized today
16 there will be a sixty-day period before bids are received and
17 the next parcel will be recommended within thirty days. There-
18 fore, while there is sixty days between first publication and
19 receipt of bids, the receipt of the bids will be staggered by
20 thirty-day intervals, the same way the recommendations for
21 offering will be staggered thirty days.

22 MR. CRANSTON: Under this schedule, you will know
23 which the second and third parcels will be before we receive
24 bids on the first parcel.

25 MR. SHAFER: Thank you.

26 MR. CRANSTON: Any further questions or comments?

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(No response) If not, just to make it clear, the next meeting is in Los Angeles December 22nd at ten o'clock. If there is nothing more to come before us, we now stand adjourned.

ADJOURNED 11:30 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing forty-five pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION in Sacramento, California, on November 15, 1960.

DATED: Sacramento, California, November 17, 1960.

Louise H. Lillico
