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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
DECEMBER 22, 1950

PARTICIPANTS:

THE COMMISSION:

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

F. J. Hortig, Executive Officer

Don Rose, Executive Secretary to Lieutenant
Governor

STATE LANDS DIVISION:

Mr. Kenneth C. Smith, Public Lands Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. K. M. Cook, Richfield Oil Corporation

Mr. David Boller, of Moss, Lyon & Dunn, Attorneys
for Deep Springs

Mr. Gerald Desmond, City Attorney, Long Beach

Assemblyman Richard T. Hanna

re Huntington
Harbours
item

Mr. John H. Wingate, Jr.

Mr. Robert Krueger, Counsel

Mr. John G. Moffatt, Engineer

Reporter: Louise W. Hillier
Division of Administrative Procedure

I N D E X
(In accordance with Calendar Summary)

1
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<u>ITEM CLASSIFICATION</u>	<u>Item on</u>	<u>Page of</u>	<u>Page of</u>
	<u>Calendar</u>	<u>Calendar</u>	<u>Transcript</u>
1	Confirmation of minutes meeting of September 29, 1960		1
2	PERMITS, EASEMENTS, RIGHTS-OF-WAY -- NO FEE		
	(a) Pacific Tel. & Tel. Co.	25	1
	(b) State of Calif, Div. Highways	17 20	2 3
	(c) U.S. Army Corps of Engineers	3	4
	(d) U.S., Dept of Interior	24	5
3	PERMITS, EASEMENTS, RIGHTS-OF-WAY, LEASES -- FEE		
	(a) Calif. Elec. Power Company	21	6
	(b) A. E. Gallo	4 through 7	7-14
	NOTION ON items (a) and (b)		3
	(c) Monterey Oil Company	30	15
	(d) Monterey Oil Company	32	18
	NOTION ON items (c) and (d)		7
	(e) Richfield Oil Corporation	27	19
	NOTION ON item (e)		19
	(f) Shell Oil Company	22	20
	(g) Signal Oil and Gas Company	26	21
	NOTION ON item (g)		22
	(h) Standard Oil Company	33	22
	NOTION ON item (h)		7
	(i) Bolano Boat Club	2	25

continued

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
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A N D X
(In accordance with Calendar Summary)
continued

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>TRANSCRIPT</u>
3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE - cont'd			
(j) Vistario Corporation	36	25	24
(k) Trustees of Deep Springs	16	27	24
MOTION ON items (f)(i) (j) (k)			25
4 SALES OF VACANT STATE SCHOOL LAND			
(a) Adrienne C. Burke	19	29	26
(b) John E. Bennett	15	32	26
(c) Karl J. J. Cekada	11	33)
(d) Karl A. Cekada	12	34)
(e) Grace M. Day	13	35)
(f) Ben Mednick et al	17	37) 27
(g) L. W. Montgomery	14	38)
(h) Reddiscraft, Inc.	16	39)
5 SELECTION VACANT FEDERAL LANDS			
(a) 40 acres Mendocino County (Donahue cancellation)	8	40	27
(b) 179.82 acres Shasta County (H.L. MacTaggart disqual.)	9	41	27
6 NEGOTIATED SETTLEMENT - HUDSON A. STOVER et al	38	43	28
7 CITY OF LONG BEACH PROJECTS			
(a) Bridge to Long Beach Marina	31	46	29
MOTION ON item (a)			32

continued

I-N D E X
(In accordance with Calendar Summary)
continued

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
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19
20
21
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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
7 CITY OF LONG BEACH (contd)			
(b) Natural Gas Purchase Contr.	35	50	39
MOTION ON Item (b)			42
(c) Pier A, Berth 11)			
(d) Pier E, etc.)			
(e) Pier 2, Back Area)	28	52	42
(f) Roads and Streets)			
MOTION ON items (c) thru (f)			43
8 PROPOSED OIL & GAS LEASE SANTA BARBARA COUNTY - Parc.2	23	57	43
9 PROPOSED LEGISLATION	34	58	44
10 CONFIRMATION OF TRANSACTIONS OF EXECUTIVE OFFICER:	1		45
Chula Vista, City of		70	
Craig, Jos. R.		69	
Diaz Brothers		72	
Dowrelio Boat Works		70	
Graham Brothers, Inc.		71	
Monterey Oil		66	
Pauley Petroleum Inc.		67	
Richfield Oil Corp.		72	
Ryerson Logging Co.		69	
Texaco, Inc.		67	
Union Oil Company		68	
11 HUNTINGTON HARBOUR CORPORATION	37	73	46
MOTION ON Item 11			63
12 STATUS OF LITIGATION	29	75	63
13 NEXT MEETING			64
<u>SUPPLEMENTAL</u> Orange County Litigation	39	77	63

I N D E X

(In accordance with Item number)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
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20
21
22
23
24
25
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ITEM ON CALENDAR	PAGE OF CALENDAR	PAGE OF TRANSCRIPT	:	ITEM ON CALENDAR	PAGE OF CALENDAR	PAGE OF TRANSCRIPT
1	67	43	:	23	57	43
2	23	33	:	24	5	1
3	4	1	:	25	1	1
4	7	2	:	26	21	19
5	9	2	:	27	19	8
6	11	2	:	28	52	42
7	13	2	:	29	75	63
8	40	27	:	30	15	3
9		27	:	31	43	29
10	2	1	:	32	18	3
11	33	27	:	33	22	3
12	34	27	:	34	58	44
13	35	27	:	35	50	39
14	38	27	:	36	25	24
15	32	26	:	37	73	46
16	39	27	:	38	43	28
17	37	27	:	39	77	63
18	27	24	:	Conf. Minutes		1
19	29	26	:	Next Meeting		64
20	3	1				
21	6	2				
22	20	23				

1 MR. CRANSTON: The meeting will please come to order.
2 The Lieutenant Governor is somewhere in the air approaching,
3 but has not arrived yet so we will proceed.

4 The first item is the confirmation of minutes of the
5 meeting of September 29, 1960.

6 MR. CARR: I move.

7 MR. CRANSTON: It has been moved and I second that
8 they be approved, and it is so ordered.

9 Item 2 is permits, easements and rights-of-way to be
10 granted to public and other agencies at no fee pursuant to
11 statute. Item (a) is Pacific Telephone and Telegraph Company,
12 approval of location for an aerial cable crossing San Joaquin
13 River in Stanislaus County. (Governor Anderson arrived at
14 this point.) If there is no comment on item (a) we will
15 proceed to item (b) - State of California, Division of Highways,
16 two right-of-way easements for highway purposes, one across
17 San Joaquin River, Stanislaus County, (2) across Sacramento
18 River, Tehama County. Hearing no comment - - item (c) - U. S.
19 Army Corps of Engineers -- life-of-structure permit for mainten-
20 ance and operation of two jetties across tide and submerged
21 lands seaward of Bodega Bay, Sonoma County, for protection of
22 the bay; item (d) - United States Department of the Interior --
23 five-year permit for installation of a streamflow measuring cable
24 across the Sacramento River, Glenn and Butte Counties. That
25 concludes the items under (2) and if there is no discussion on
26 them, a motion is in order.

1 MR. CARR: I move authorization of items under (2).

2 GOV. ANDERSON: Second.

3 MR. GRANSTON: Approval has been moved and seconded
4 and is unanimously carried.

5 Item Classification 3: Permits, easements, leases,
6 and rights-of-way issued pursuant to statutes and established
7 rental and fee policies of the Commission. Item (a) California
8 Electric Power Company -- 49-year right-of-way easement for
9 pole line across vacant State school lands, San Bernardino
10 County; item (b) - A. E. Gallo -- four two-year prospecting
11 permits for minerals other than oil or gas, all in Kern County,
12 one for eighty acres and three for one hundred sixty acres
13 each of vacant State school land.

14 MR. KORTIG: Mr. Chairman, a technical correction:
15 The lands involved will be former vacant State school lands
16 which were purchased by Mr. Gallo but in which the State
17 reserves the minerals.

18 GOV. ANDERSON: What kind of minerals would they be
19 prospecting for?

20 MR. KORTIG: Any hard rock and commercial and indus-
21 trial minerals that may be discovered. Depending upon the
22 type of discovery, royalty rates would be established in rela-
23 tion to the minerals which might actually be produced under a
24 preferential mineral lease which would be issued pursuant to
25 statute if there is a commercial discovery under any of these
26 permits.

1 MR. CRANSTON: If there is no further comment - -
2 item (c) Monterey Oil Company, assignment of interest in oil
3 and gas leases itemized in the notation here.

4 MR. HORTIG: Mr. Chairman, I would like to direct the
5 attention of the Commission to the specific and detailed recit-
6 tation of the interests to be assigned, as outlined on pages
7 15 and 16 of the calendar, resulting from the fact that Monterey
8 Oil Company is being acquired by Humble Oil and Refining Company,
9 and the recommendation as it appears on page 16 carries the
10 specific authorizations which the Commission should authorize
11 the Executive Officer to undertake in terms of approving the
12 documentation in order to accomplish completely, effectively
13 and legally by the desired deadline the required assignment
14 approval. The format of all of the certifications, all of the
15 documentation, has been approved as to form by the Office of
16 the Attorney General.

17 MR. CARR: Does this require separate authorization,
18 Mr. Hortig?

19 MR. HORTIG: It might be preferable to have separate
20 authorizations on this and also the next one and (h) in Item 3.

21 MR. CARR: Mr. Chairman, in order to catch up with
22 ourselves, I move the authorizations through (a) and (b) and
23 later move these others.

24 GOV. ANDERSON: I'll second (a) and (b).

25 MR. CRANSTON: Approval of items (a) and (b) is
26 moved, seconded, and unanimously ordered.

1 MR. CARR: Mr. Horig, should we move separate
2 authorizations of (c), (d), (e), or how?

3 MR. HORTIG: It will not be material as long as the
4 Commission's resolution indicates that each and every specific
5 item under the group approval is being approved, if this is
6 the case, in accordance with the resolution form recommended
7 on the specific calendar items.

8 GOV. ANDERSON: Now I understood the assignment of
9 the one Monterey to the Humble Oil Company and the second one
10 is to Texaco, so the explanation wouldn't be quite so simple.
11 The next one down is Standard Oil to Shell Oil. What do we
12 do in the case of assignments? Do we expect any additional
13 fee or is this just a matter of course?

14 MR. HORTIG: It is now only taken as a matter of
15 course, where the proposed assignee is a fully qualified
16 assignee and able to perform the terms and conditions of the
17 lease completely, as the original lessee had been able to do
18 and was expected to be able to do at the time the Commission
19 awarded the lease pursuant to competitive public bidding.
20 Approval of assignments is authorized by the statute and is
21 provided for in the individual leases as issued.

22 MR. CARR: It is stipulated in the resolution that
23 they are qualified assignees -- that's my understanding.

24 MR. HORTIG: This determination is made before the
25 recommendation for approval, Mr. Carr. With respect to the
26 second assignment Governor Anderson referred to, Monterey to

1 Texaco, this item might be more clear to the Commission if we
2 had requested approval of assignment of one lease to Texaco,
3 Inc. in one instance and then the balance of the holdings to
4 the Humble Oil and Refining. These two assignments together
5 will transfer all interests in all State leases held by the
6 Monterey Oil Company -- the one to Texaco, Inc., and the
7 balance to Humble Oil and Refining.

8 GOV. ANDERSON: What review do we have when a company
9 asks for an assignment of lease? In our original lease form
10 do we have the right to evaluate and the right to refuse, or
11 not?

12 MR. MORTIG: Inasmuch as the assignments are valid only
13 when approved by the Commission, for cause the Commission could
14 withhold approval of assignment; as, for example, if it were
15 approval, as is obviously not here the case, if it were approval
16 to assign to a potential lessee-operator where the Commission
17 had reason to believe that the terms and conditions of the
18 lease could not be complied with and where effective development
19 would not be prosecuted as a result of the assignment, the
20 staff recommendation would be and we presume the Commission
21 recommendation would be not to assign.

22 GOV. ANDERSON: That would be where the lessee would
23 not be as good as a former lessee. I am thinking of where
24 conditions would develop where possibly we could get a better
25 royalty rate. Is there any possibility of changing the lease?

26 MR. MORTIG: With respect to modification of the

1 lease terms, there are two conditions in all existing State
2 oil and gas leases. These may be modified by mutual consent
3 between the parties or in some leases -- which are still in
4 existence and which will be before the Commission for renewal
5 periodically -- by their terms they may be renewed on such
6 reasonable terms and conditions as the Commission may then
7 specify. At that time the Commission could and would, and
8 the staff will recommend with respect to any desirable modifi-
9 cations with respect to those leases; but in connection with
10 the authority for approval of assignments, the authority is
11 to approve assignment of the lease contract in toto as it
12 exists, without modification -- except, if as I stated, under
13 the provision of mutual consent the applicant should desire to
14 make an application for modification and then the Commission
15 can consent; but there is no initial authority in the Commis-
16 sion to request a modification at the time of assignment.

17 I believe Deputy Attorney General Shavelson here
18 can confirm this and can be more specific if you desire further
19 explanation.

20 MR. SHAVELSON: I'd just like to add one thing.
21 There is specific provision in the Public Resources Code,
22 Section 6804, that provides for the assignment of oil and gas
23 leases. It says that they may be assigned with the approval
24 of the Commission. I would say that normally the Commission's
25 determination that the State would be fully protected by the
26 assignment, in other words be as well off as it was before --

1 once that determination is made

2 GOV. ANDERSON:..that would be the end of our power?

3 MR. SHAVELSON: Yes.

4 GOV. ANDERSON: In other words, if prior to the
5 assignment we could get a better lease arrangement we couldn't
6 have that power?

7 MR. SHAVELSON: I don't think that would be proper
8 under Section 6804.

9 MR. ROSE: May I ask a question on this? I believe
10 we have a standard lease form that we use. Is it standard
11 practice to put an assignment clause in our leases when drawn --
12 that is, the right of assignment?

13 MR. HORTIG: This is required by statute as a lease
14 condition. It is included.

15 MR. ROSE: In various transactions it is sometimes
16 there as a bargain matter; very often it is not desired by the
17 person giving the lease. But if that is in our standard lease
18 form, that does dispose of the matter unless the Commission ...

19 MR. HORTIG: It is required by statute to be in our
20 standard lease form.

21 MR. CRANSTON: Pending matters are item (c) -
22 Monterey Oil Company assignment, (d) Monterey Oil Company assign-
23 ment, and item (h) Standard Oil Company assignment to Shell.
24 Motion is in order for these three items, if that is your
25 desire -- to dispose of them together.

26 GOV. ANDERSON: I move.

1 MR. CARR: Second.

2 MR. CRANSTON: Items (c), (d), and (h) are moved and
3 seconded, and unanimously approved.

4 Turning to item (e), Richfield Oil Corporation --
5 Deferment to October 25, 1962 of drilling and operating require-
6 ments under Oil and Gas Lease P.R.C. 1465.1.

7 MR. HORTIG: As outlined on page 19 of the calendar,
8 this lease, while issued pursuant to competitive public bidding
9 on August 29, 1955, has yet failed to disclose commercial pro-
10 duction after expense of offshore exploration and slant drilling
11 of test wells from the adjoining uplands..... excuse me, I am
12 on the wrong calendar item.

13 This lease, which was issued at Rincon Field in
14 Ventura County, is one or two items earlier, and has been sub-
15 stantially but not completely developed from an offshore island,
16 which the Commissioners have inspected, at Rincon. It is now
17 apparent that there may be difficulty in fully developing the
18 total area of the lease from the site of the one island and it
19 is proposed that studies be undertaken as to possible further
20 exploration and development from mobile marine equipment and
21 other completion techniques prior to continuing with drilling
22 from the island; to permit such study and to permit the lessee
23 to retain possession of the lease without being in default be-
24 cause of the lease requirement to drill a specified reasonably
25 continuous program; to permit halting of that drilling program
26 on the island while this evaluation is going on. It is

1 recommended that there be granted a deferment of the drilling
2 requirements under the oil and gas lease to October 25, 1962,
3 with the anticipation that drilling will be resumed, in fact,
4 at an earlier date.

5 GOV. ANDERSON: What drilling requirements actually
6 will be deferred? I mean what if we didn't give this deferment?
7 What would they be doing between now and October 25, 1962?

8 MR. HORTIG: We now must assume an intent on the
9 part of the lessee. There are several alternatives that could
10 be carried on by the lessee: The lessee could remain inactive
11 on the drilling, pursuant to which the staff would report to
12 the Commission that the drilling requirements

13 GOV. ANDERSON: They are inactive now?

14 MR. HORTIG: They are right at the point now where
15 they should be drilling another well and are not.

16 GOV. ANDERSON: When did this inactivity start,
17 actually?

18 MR. HORTIG: Within the last month. In other words,
19 within the last month another well should have been commenced.
20 At this time, in lieu of commencing another well, an application
21 was filed requesting this deferment.

22 GOV. ANDERSON: Another well should be started now,
23 and between now and '62 normally how many wells would we expect
24 to have started?

25 MR. HORTIG: This would be difficult to say precisely,
26 Governor, for the reason that as long as they are actively

1 drilling a well, sometimes when they are in trouble, particu-
2 larly on a deep well, it may give them six months in order to
3 complete an additional well. On the other hand, a series of
4 shallow wells -- for which there are no reasonably justifiable
5 locations from the island -- could be completed in a shorter
6 period of time.

7 GOV. ANDERSON: We are talking about almost a two-
8 year deferment.

9 MR. HORTIG: That's correct. I believe the repre-
10 sentative of the lessee is here -- In the opinion of the
11 Commission, if a less lengthy deferment is desired and the
12 justification for that lesser deferment time would be reasonable,
13 I would presume the lessee would

14 GOV. ANDERSON: This is what I think: It seems to
15 me if they want to do some exploring out there, they could do
16 it in a matter of months and not almost two years.

17 MR. HORTIG: There are, of course, problems of devel-
18 opment of techniques in which the Commission is also interested,
19 on which -- even with a diligent exploration and development
20 activity going on -- it could take this long.

21 GOV. ANDERSON: If it did, then we could give them
22 another extension; but it seems to me we should be in the
23 driver's seat enough so that if we give them a six-month
24 extension, then in six months we can look at it again. If we
25 say two years, we might as well say five years.

26 MR. HORTIG: No sir. The staff estimation would be

1 that this would be excessive in view of reasonable probabilities
2 if diligent operation is carried on and diligent exploration
3 and development is carried on, for which reason the two-year
4 period would not appear excessive, but any longer period than
5 that would. For this purpose, I suggest if the Chairman would
6 wish to call on the representative of Richfield Oil as to
7 acceptability of a period of shorter deferment or any possible
8 justification for the period here recommended, this explanation
9 might be helpful to the Commission.

10 MR. CRANSTON: We would be very happy to hear from
11 a representative of Richfield if there is one who wishes to
12 speak.

13 MR. COOK: Mr. Chairman, I am K. M. Cook, Richfield.
14 The purpose of this deferment is to eliminate the sixty-day
15 interval between the completion of one well and the commencement
16 of another. The development of the new techniques to be used
17 for ocean floor completions, that type of thing, requires more
18 time between wells. For your information, we have applied al-
19 ready to the Army Corps of Engineers for a permit to drill a
20 well west of the island. This will be started probably some
21 time in January but you see we are in default on the sixty days
22 in between wells.

23 GOV. ANDERSON: Well, that's sixty days. This is
24 two years.

25 MR. COOK: Well, this is going to be a continuing
26 thing. When we finish this well, there will be new developments

1 that will take probably more than sixty days to start another
2 well....

3 GOV. ANDERSON: ... which should be considered at
4 that time.

5 MR. CARR: When the Governor is through

6 GOV. ANDERSON: I am through, John, I am just asking.

7 MR. CARR: It says here on these forty-six producing
8 wells - - "It appears that the wells heretofore drilled can
9 drain all of that portion of the producing structure adequately
10 that can be developed economically from the island drillsite."
11 Now, I believe that the requirements are that any of these oil
12 fields be developed according to their maximum efficiency.

13 MR. HORTIG: That's correct.

14 MR. CARR: The question I would like to ask: If
15 you are covering all of the area that can be produced from
16 this island drillsite, does that accomplish the intent of this
17 maximum efficiency formula? Are you getting that oil out of
18 there as fast as you can with forty-six wells as you would with
19 forty-eight or fifty? You are going to the outer edges of the
20 island to develop this?

21 MR. COOK: That is correct. As to the efficiency of
22 the forty-six wells, the lease calls for one well to each fif-
23 teen acres and there are three producing zones in that field
24 and there are three wells producing from each of those fifteen-
25 acre spacings.

26 MR. CARR: I am a little bit slow. I am not very

1 good at mental arithmetic. How many wells in how many zones
2 does your lease call for from the island or from some other
3 site?

4 MR. COOK: Well, there is a qualifying statement in
5 the spacing provisions. It calls for one well to each fifteen
6 acres down to a depth, I believe, of six thousand feet; and one
7 well to each thirty acres below six thousand feet.

8 MR. CARR: Well, now, this relief that you are
9 seeking here -- would that result in the production of the
10 whole field at a more rapid rate than if you don't get this?
11 If you don't get it, what would you do -- put in more islands
12 or are you anxious to explore this underwater production?

13 MR. COOK: That is correct. We want to eliminate
14 the four million dollars another island would cost.

15 GOV. ANDERSON: You are going to start in January
16 with the underwater well?

17 MR. COOK: That is correct. We don't have the boat.

18 GOV. ANDERSON: How long does this operation take?

19 MR. COOK: You mean drilling the well? Well, I
20 understand this is to be a deep test and to say how long it
21 is going to take would be very difficult.

22 GOV. ANDERSON: Would you be normally starting in
23 six months?

24 MR. COOK: Oh, yes.

25 GOV. ANDERSON: Well, then, why would you need two
26 years' lapse in time if you were starting to drill? By

1 assumption is if they start to drill, Mr. Horbig, under this
2 new method, they would be living up to our requirements with
3 the exception of the sixty-day lapse of time.

4 MR. HORTIG: That's correct.

5 GOV. ANDERSON: Why would they need two years?

6 MR. HORTIG: Because the ultimate program that was
7 designed was that if and when this deep test is finished and
8 if there is production, it is anticipated and hoped -- if the
9 well were producible, it would be hoped that the engineering
10 developments would be completed which might permit completion
11 of this well on the ocean floor without necessity of building
12 a new island; and the actual engineering development of that
13 technique and the additional approvals of the Lands Commission
14 in order to permit its placement, and the approvals of all of
15 the other regulatory bodies in what might be in this instance
16 the first of its type to be completed, could carry over into
17 this deferment period.

18 GOV. ANDERSON: If they have started their drilling
19 in January, then they are back in good graces again and if it
20 takes them four to six months to develop this thing they are
21 still living within the requirements because they are actually
22 making progress -- they are drilling. It would seem to me this
23 study would be going on simultaneously.

24 MR. HORTIG: They are, but we have no absolute control
25 of the timetable for completing these studies and being certain
26 we have finally designed this type of equipment that can be

1 applied with complete safety, as it must be off the California
2 coast. So there is just a factor of safety in timing it. On
3 the other hand, I might suggest an alternative program, which
4 I think complies with your thinking on this, with a reasonable
5 deferment of ninety days or thereabouts to get a well started
6 again.....

7 GOV. ANDERSON: Or even six months. I'd have no
8 objection to six months.

9 MR. HORTIG: and then a further determination as
10 to what additional time may be necessary because the staff
11 recommends it to assure complete engineering safety before that
12 well is completed -- which would keep the entire control of
13 this operation in the hands of the State Lands Commission with
14 respect to timing without creating, I believe, any undue oper-
15 ating hazards for the lessee.

16 MR. COOK: That would be acceptable.

17 GOV. ANDERSON: Are you in agreement with this state-
18 ment here: "It appears that the wells heretofore drilled can
19 drain all of that portion...." -- Do you feel the statement
20 he made that forty-six wells drilled on the island can do as
21 well as forty-eight or fifty, as Mr. Carr asked?

22 MR. HORTIG: Whether these wells can do this in
23 compliance with the requirements of the Lands Commission is
24 under evaluation, and the staff does not necessarily concur.
25 The evaluation may determine that this is correct and is the
26 case. The minimum number of wells to comply with the well

1 spacing on so much of the lease as has been developed has
2 been complied with, as outlined by Mr. Cook. I am certain
3 that if our evaluation indicates that maximum efficiency rate
4 of production in some of the zones requires additional wells,
5 which means that additional oil will be produced, our lessee
6 will drill these wells after that evaluation is made; but this
7 is really a separate operating issue for the existing portion
8 of the lease, whereas the discussion with respect to deferment
9 of drilling requirements is to permit the development of the
10 techniques to complete more economic development of the balance
11 of the lease heretofore undeveloped.

12 GOV. ANDERSON: If we find the new ocean floor
13 technique isn't good and then we can come back to the island,
14 how many more wells can be drilled from that island?

15 MR. HORTIG: Actually within the range of drilling
16 from the island, more wells can be drilled than probably can
17 be justified to be drilled from that island, creating an over-
18 saturation effect in the area already developed. In the area
19 which Richfield wishes to explore from mobile marine equipment,
20 no wells can be drilled effectively in that area from the
21 existing island. If the mobile equipment and ocean floor
22 technique should prove unsatisfactory, a new island or structure
23 would be required.

24 GOV. ANDERSON: In other words, if the ocean floor
25 technique isn't satisfactory, the next thing would be to build
26 another island rather than put more wells on the island.

Forty-six is your maximum?

MR. HORTIG: The area proposed to be explored just can't be reached from the geographical location of the island. Whether forty-six have already covered the island is a subject of evaluation. It may be enough and may be all the wells that may be drilled from the island. There is room for a hundred wells to be drilled from the island on the surface, but no place to go subsurface that can be justified economically.

GOV. ANDERSON: So even if they might find ocean floor technique is good, you still might find that you need further wells to cover existing area that is developed. When will you know this?

MR. HORTIG: In about another forty-five days the staff evaluation will be ready.

MR. CARR: Mr. Chairman, I read this application to mean more or less this: That if the Commission grants this deferment they are actually participating in the research program to see if these subsurface developments are practical. I believe the State has an interest in that. I think we all believe if this technique is successful it will assist in accelerating development of the other fields up and down the coast and also be more economical, so the oil companies can afford to pay a higher bonus for the privilege. Is that right, Mr. Hortig?

MR. HORTIG: We would be happy to have that fortunate combination of circumstances, yes sir.

1 MR. CARR: It could turn out this would be in the
2 interest of the State. From a purely selfish standpoint,
3 though we don't always take that attitude, it would seem to me
4 we would have an interest in these subsurface developments.
5 If we don't develop anything as far as the present island and
6 we do participate in accelerating the production of offshore
7 fields by more economical methods, we would be justified in
8 granting this deferment.

9 GOV. ANDERSON: I think we would be justified in
10 granting a deferment but not this long. I wouldn't want them
11 to sit on it. My feeling is that ninety days or six months
12 would be satisfactory for them to see what this technique
13 looks like.

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

15 GOV. ANDERSON: If it is satisfactory to the rest
16 of you, I would move the deferment date be moved to six months
17 from now, rather than two years from now.

18 MR. CARR: I'll second it.

19 MR. HORTIG: For good round numbers in the months,
20 Mr. Chairman, might I suggest the deferment date be to
21 June 30, 1961?

22 GOV. ANDERSON: I'll so move -- to June 30, 1961.

23 MR. CRANSTON: I'd like to inquire if that is satis-
24 factory to you.

25 MR. COOK: Yes, we will accept that all right. The
26 thought of the two-year deferment was that it would save us

1 coming back every six months asking for another.

2 GOV. ANDERSON: If you have to come back, come back
3 and let us look at it again.

4 MR. CRANSTON: I would like to assure you I believe
5 the Commission will give you every possible cooperation with
6 relation to undersea drilling for the reason John mentioned,
7 to aid in the development, and also to retain the beauties
8 of the coastline. So please don't hesitate to ask for any
9 cooperation you need from us. I also vote for the motion and
10 it is unanimously approved.

11 MR. HORTIG: Mr. Chairman, might I suggest that con-
12 sideration be given next to item (g), which is another deferment
13 with similar problems, if not completely analogous, as long as
14 these items are before the Commission.

15 MR. CRANSTON: Item (g) is Signal Oil and Gas Company--
16 Deferment to January 1, 1962 of drilling and operating require-
17 ments under Oil and Gas Lease P.R.C. 1551.1.

18 MR. HORTIG: This is the lease on which I inadvertently
19 started out -- that while it had been issued in 1955, no com-
20 mercial production has yet been discovered despite the drilling
21 of exploratory wells into the area and the application of various
22 types of geological and geophysical exploration techniques.
23 The area is not being drained by wells on the adjoining lands
24 operating currently, and the lessee -- in which interestingly
25 enough Richfield is a participant in this lease, although
26 Signal Oil and Gas Company are the operators -- have requested

1 deferment of drilling and operating requirements for another
2 year, during which time it is proposed the latest in geo-
3 physical techniques will be applied for further exploration.
4 Some of the equipment is already in operation on the Pacific
5 coast but is under contract until next year, and it will be
6 1951 before the operator can contract for this equipment for
7 this specific area and then determine from the results whether
8 to quitclaim the area to the State or further drilling would
9 be justified.

10 The alternative of the cancellation of the lease,
11 which is within the province of the Commission, would simply
12 return to the Commission's index another six hundred forty
13 acres of vacant tide and submerged lands and the loss of the
14 annual rental which would be paid otherwise in the amount of
15 \$647.

16 GOV. ANDERSON: Now, this was another 1955 lease.
17 They abandoned the second well in 1956. What, actually, has
18 been done since that time?

19 MR. HORTIG: Spasmodic and periodic geological and
20 geophysical exploration and evaluation of the regional geology
21 which might affect this lease resulting from other wells
22 drilled in the general area.

23 GOV. ANDERSON: In fact, that doesn't mean very much,
24 does it?

25 MR. HORTIG: It's all that's been able to be done.
26 Currently there is in California, as I said, a new series of

1 geophysical instrumentation which will be available under
2 service contract next year, which the operator would use to
3 again re-explore this particular area if they still have the
4 lease.

5 GOV. ANDERSON: Well, obviously there must have been
6 a deferment from April 1956 until when it was deferred again
7 in 1959.

8 MR. HORTIG: There have been annual deferments by
9 the Commission.

10 GOV. ANDERSON: From '56 on through?

11 MR. HORTIG: Yes sir.

12 GOV. ANDERSON: What is our policy? How long do we
13 keep this up?

14 MR. HORTIG: As long as there is hope in the lessee
15 and as long as there is no detriment to the State's position
16 in terms of having the lease undeveloped. With the anticipation
17 of further geophysical exploration, this will give the lessee
18 a better basis for determining whether to surrender the lease
19 or continue paying rental.

20 GOV. ANDERSON: What rental do we receive?

21 MR. HORTIG: \$647 a year.

22 GOV. ANDERSON: For what?

23 MR. HORTIG: Six hundred forty-seven acres.

24 GOV. ANDERSON: A dollar an acre a year rental?

25 MR. HORTIG: Yes sir.

26 GOV. ANDERSON: And if this were not deferred, if

1 they gave up the lease, would there be any possibility that
2 someone else might be interested in it?

3 MR. HORTIG: No sir; and, additionally, the bid as
4 offered originally on which this lease was awarded, if there
5 were production, was a substantial and good bid and the State
6 would receive a reasonable return from the production if any
7 production is ever developed from these lands.

8 GOV. ANDERSON: Then it would be your feeling that
9 it would be to the benefit of the State that this lease be
10 continued or deferment granted, is that correct?

11 MR. HORTIG: That is correct, Governor, on this
12 basis -- that if the lease is quitclaimed, it will simply be
13 an addition of 640 acres (there are seven acres of park land
14 involved; that's the difference between six forty and six
15 forty-seven in my quoted statistics) - - 640 acres of vacant
16 tidelands would be added to the inventory of the State Lands
17 Commission, which already has something over nine million
18 acres producing no revenue whatsoever and with no foreseeable
19 prospect for development. Contrary to that, if this lease is
20 continued, there will be exploration next year and small though
21 it may be the State will still benefit to the extent of \$647
22 rental.

23 MR. GRANSTON: Motion is in order.

24 GOV. ANDERSON: I'll so move.

25 MR. GARR: Second.

26 MR. GRANSTON: Approval is moved and seconded, and

1 is unanimously adopted.

2 MR. CRANSTON: Now we have (f)?

3 MR. HORTON: If you wish to go back in the sequence.

4 MR. CRANSTON: Shell Oil Company, item (f) -- modification of submarine geophysical exploration permits P.R.C. 5 2485.1 (A), (B), (C), etcetera, to provide for use of alternate 6 explosives. 7

8 MR. HORTON: Shell Oil Company and other operators 9 have geophysical exploration permits heretofore issued by the 10 Commission, some of which were modified to permit the use of 11 alternate explosives under conditions which are also controlled 12 by Department of Fish and Game permits. The permits under 13 consideration here today were issued prior to the later modification of permits, and the recommendation is that all existing 14 permits be made uniform to permit the use of the same type 15 of explosives which are now only authorized in the latest 16 permits issued. These permits under consideration today were 17 permits that were issued and extended as to time and were 18 originally issued before conclusion on the feasibility of using 19 the alternate type of explosives specified in the permit. 20

21 MR. CRANSTON: We don't need action on each item as 22 we go along. If there is no discussion on that, we will proceed to item (1) -- Solano Boat Club - ten-year lease for boat 23 marina, approximately 0.732 acre tide and submerged lands in 24 Suisun Slough, Suisun City, Solano County. 25

26 MR. HORTON: As directed by the Commission, the Shell

1 Craft Harbors Commission was informed and also other respective
2 divisions with respect to the pendency of this application
3 and no objection was made or suggestion that this program
4 would conflict with any of their plans has been received.

5 MR. CRANSTON: Item (j) -- Vistario Corporation -
6 Assignment to Producing Properties, Inc. of undivided one-half
7 interest in oil and gas leases.

8 MR. HORTIG: Technical correction --the application
9 has been modified for assignment to Producing Properties, Inc.
10 and Howard Corporation, both qualified corporations to receive
11 the assignment.

12 MR. CRANSTON: Item (k) -- Trustees of Deep Springs
13 Administrators for Deep Springs College - - Six right-of-way
14 easements for transport of water across portions of school
15 lands, Inyo County, at a total rental of \$388.57, as itemized
16 in the calendar.

17 MR. HORTIG: Mr. Chairman, you will recall at the
18 last meeting of the Commission request was made for deferment
19 of consideration as to the proposed issuance of these easements
20 to provide an opportunity to determine what alternatives might
21 be available to the State Lands Commission to provide protec-
22 tion with respect to the easements after the 49-year term,
23 which the State Lands Commission at that time would have
24 authorized. This again was referred to the office of the
25 Attorney General for study. We find it is unnecessary to
26 report to the Commission today the results of any suggestions

1 as to alternatives, because the trustees of Deep Springs
 2 individually contracted with or agreed, or in whatever manner
 3 they are prepared to report here this morning, with the
 4 potential purchaser of the underlying fee and have an agreement
 5 which, it has been reported to us, satisfactorily covers the
 6 question of what happens after forty-nine years, which was
 7 raised at the last State Lands Commission meeting; and, there-
 8 fore, there is no State Lands Commission action necessary to
 9 provide any protection after forty-nine years. The attorneys
 10 for the Deep Springs administrators are here this morning to
 11 report as to the agreement and as to acceptability of the
 12 issuance of the proposed easements as here recommended by the
 13 staff.

14 MR. BOLLER: Mr. Chairman, gentlemen, I am David
 15 Boller of Moss, Lyon and Dunn, attorneys for the trustees of
 16 Deep Springs School. As has been pointed out, the sole ques-
 17 tion that we had was the continuation of the 49-year easement
 18 into perpetuity. We have worked out an agreement with Mrs.
 19 Burke, the purchaser -- the applicant for purchase of the
 20 property -- and her attorney, Mr. Whelan, assures me that that
 21 agreement has been signed and has been delivered to our office,
 22 so we are in entire agreement.

23 GOV. ANDERSON: I'll move that.

24 MR. CARR: Second.

25 MR. CRANSTON: Approval is adopted on those items
 26 under Item Classification 3 on which we have not yet acted

1 this morning. If there is no further discussion of these
2 items, they are all unanimously approved.

3 We come now to Item 4 -- Sales of vacant State
4 school lands. All land sale items here presented have been
5 reviewed by all State agencies having a land acquisition pro-
6 gram and, unless otherwise indicated, no interest has been
7 reported by those agencies in the lands proposed for sale.

8 Item (a) - Adrienne C. Burke, subject to easements as indicated,
9 appraised value \$4,704.60, bid \$4,704.60.

10 MR. MORTIG: Including, Mr. Chairman, these being
11 the specific lands over which the easements have just been
12 approved by the trustees of Deep Springs School - - so that
13 the sale will be subject to both these easements and easements
14 previously approved by the State Lands Commission and exempted
15 from the original application and bid an area also conveyed
16 heretofore with the approval of the State Lands Commission to
17 the Division of Highways for a highway maintenance station.

18 MR. CRANSTON: Item (b) John E. Bennett, appraised
19 value and bid \$14,080.

20 MR. MORTIG: Mr. Chairman, there has been a request
21 from Mr. Bennett to consider the final acceptability of the
22 sale with the required statutory and constitutional reserva-
23 tions and it is, therefore, recommended that consideration of
24 this item and the disposal of this particular parcel be deferred
25 to the next meeting.

26 MR. CRANSTON: Without objection it is so ordered.

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MR. CRANSTON (continuing) Item (c) Karl J. J. Cekada -- appraised value and bid \$8,000; item (d) Earl A. Cekada -- appraisal and bid \$2,400....

GOV. ANDERSON: Are these the same person?

MR. SMITH: No...

MR. HORTIG: Two different applicants.

MR. CRANSTON: Item (e) Grace M. Day -- appraisal and bid \$35,840; item (f) Ben Wednick, et al -- appraisal and bid \$3,200; item (g) L. W. Montgomery -- appraisal \$452.25, bid \$482.40; item (h) Roddiscraft, Inc. - appraisal and bid \$26,560. If there is no discussion,....

GOV. ANDERSON: I'll move them.

MR. CRANSTON: Approval is moved,...

MR. CARR: Did you move?

GOV. ANDERSON: Yes.

MR. CARR: Second.

MR. CRANSTON: That excluded (b). Item Classification 5 -- Selection of vacant Federal lands for the benefit of the State: (a) 40 acres in Mendocino County. Application of Frank P. Donahue cancelled at his request; item (b) 179.62 acres in Shasta County -- application of H. L. MacLaggart disqualified for failure to deposit required funds within specified period. Motion is in order.

GOV. ANDERSON: I'll move.

MR. CARR: Second.

MR. CRANSTON: Approval is moved, seconded, and

1 unanimously approved.

2 Item 6 -- Negotiated settlement of pending litigation
3 entitled People of the State of California vs. Hudson A. Stover,
4 et al, Humboldt County Superior Court Case No. 33195; defendants
5 to pay State \$40,000.

6 MR. HORTIG: Mr. Chairman, a considerable historical
7 novel on pages 43 to 47 details the situation, the problem
8 having revolved around whether or not, deliberately or acci-
9 dentally, with deficiencies both on the part of a contract
10 appraiser formerly retained by the State and misunderstandings
11 on the part of the applicant, certain lands which were purchased
12 purportedly as vacant and potential grazing lands turned out
13 in fact to be timbered lands, from which the timber was removed
14 by the purchasers. Litigation was requested to seek return of
15 the proceeds from this operation -- litigation which was insti-
16 tuted by the Attorney General's office for the State Lands Com-
17 mission.

18 The parties involved have offered to settle, rather
19 than to proceed with opposing the litigation, by paying the
20 State an additional \$40,000; returning the parcel of land that
21 was improperly classified, for which they had also paid the
22 State an additional \$1,300-plus, and retaining title to another
23 parcel of land in which the sales transaction was complete,
24 clear, and in accordance with the facts. The Office of the
25 Attorney General is recommending acceptance of this settlement
26 rather than prosecution of the litigation.

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GOV. ANDERSON: What were we suing for?

MR. HORTIG: Return of the lands and return of the profits.

GOV. ANDERSON: What would that have amounted to?

MR. HORTIG: Do you recall the total amount, Ker/:

MR. SMITH: Approximately \$100,000.

GOV. ANDERSON: That would be the value of the land

MR. HORTIG: And the timber before having been harvested.

GOV. ANDERSON: And we settle that for \$40,000?

MR. CRANSTON: Does your description of this as a historical novel mean it is fiction or fact?

MR. HORTIG: No, it's fact -- historical novel based on fact.

GOV. ANDERSON: I'll move it.

MR. CARR: Second.

MR. CRANSTON: Approval is moved and seconded, unanimously adopted.

Item 7 -- City of Long Beach, approvals required pursuant to Chapter 29/56, 1st E. S.: (a) Approval of additional expenditure from the City's portion of the Tideland Fund of \$37,632, but not to exceed 58.64% of the additional cost, for construction of a bridge over the north arm of Alamitos Bay, to provide access to the Long Beach Marina.

MR. HORTIG: Under the terminology of the Appian Way Bridge project, this will bring some memories to the Commission

1 of prior discussions and at which time on consideration and
 2 pursuant to opinion of the Office of the Attorney General that
 3 this item was properly within the scope of the Commission to
 4 consider for approval pursuant to Chapter 29 of the First
 5 Extra Session in 1956, the Commission authorized a specified
 6 amount of moneys to be expended from the City's portion of
 7 the tidelands funds, the City of Long Beach's portion of the
 8 tidelands funds, in connection with the project.

9 Recently received actual construction bids show
 10 clearly that if the project is to be undertaken and a contract
 11 awarded, more funds are going to have to be necessary than
 12 were approved by the State Lands Commission and it is here
 13 being recommended that the Commission augment its prior approval
 14 in order that the City may award the contract and proceed with
 15 the project.

16 GOV. ANDERSON: What was the prior amount?

17 MR. HORTIG: If I may refer to the page - - \$87,200
 18 approved May 24, 1960. No, excuse me -- the original amount
 19 on October 29, 1959 was \$190,000; then for a phase of the
 20 project additionally the Commission on May 24, 1960 approved
 21 an additional \$87,200, and now on the contract bids to complete
 22 the project an additional \$37,632 are estimated to be needed.
 23 In any event, the final total amount which will be allocated
 24 and approved finally is still going to be dependent upon the
 25 results of a traffic study after the project is completed and
 26 it can be determined with reasonable accuracy how much traffic

1 uses the project as through traffic going from Long Beach to
2 other places and how much of it is traffic in relation to the
3 Marina project, which is a project that was specifically
4 approved by the Legislature for construction by the City of
5 Long Beach.

6 GOV. ANDERSON: The original estimate we were given
7 was \$190,000?

8 MR. HORTIG: Yes sir.

9 GOV. ANDERSON: Then we gave an additional amount
10 later in May of \$37,000?

11 MR. HORTIG: That is correct.

12 GOV. ANDERSON: Now an additional \$37,000. Isn't
13 this awfully loose figuring on someone's part?

14 MR. HORTIG: This comes about for the reason, if I
15 may quote from the calendar item: "On November 2, 1960 bids
16 were opened by the City for construction of the bridge with
17 the low bid being \$384,174.95, which is \$64,175 above the
18 previous City engineer estimate." And it was on the previous
19 City Engineer estimate that we had made the prior recommenda-
20 tion to the State Lands Commission because those were the only
21 estimates available at the time prior approval was required.

22 GOV. ANDERSON: Since that time we have allowed an
23 additional \$37,000, now an additional \$37,000. Looks like
24 some awfully loose figuring on somebody's part.

25 MR. HORTIG: The item, I believe, would be of
26 greater concern to the Commission if the control wasn't there

1 that the actual amount is still under the control of the Com-
 2 mission and finally will be allocated in relation to the actual
 3 qualified utilization of the project, in which event, if the
 4 amount finally approved by the Lands Commission should be
 5 lower than heretofore allowed, the City is just going to have
 6 to provide other financing for the balance. These are not
 7 final amounts approved by the Commission. The amount finally
 8 approved by the Commission will be no higher than and may be
 9 less than these.

10 This is the way cost bids are coming in and continu-
 11 ously increasing. The Commission will remember the convention
 12 and exhibit center approved by the Commission and the disparity
 13 between the estimates and the bid price was tremendous in com-
 14 parison to the disparity here -- the problem being the Com-
 15 mission's approval must be a prior approval, so it must be
 16 before any actual bids.

17 GOV. ANDERSON: When their engineer estimates it,
 18 do you check it?

19 MR. HORTIG: We check it reasonably and in addition
 20 the City had on this also a consulting firm in on the estimate
 21 who were equally shocked at the disparity between their esti-
 22 mate and the construction bid.

23 GOV. ANDERSON: When they make an estimate, do they
 24 make an allowable increase for rise in construction costs?

25 MR. HORTIG: Yes. If I may quote from the consult-
 26 ing engineers to the City of Long Beach, as an explanation of

1 how this came to be, the people who actually designed the
2 proposed structure and estimated its original cost stated
3 back to the City Engineer on November 30, 1960: "Almost all
4 of the difference between the three low bids and our estimate
5 of total cost can be accounted for by the difference of opinion
6 as to the cost of unwatering and the cost of cofferdam construc-
7 tion. This item is always a matter of opinion, and it appears
8 that the assumptions upon which our estimate was based for this
9 one item must have been incorrect since the three low bidders
10 are experienced in the area and we cannot disagree with the
11 methods used by these contractors to estimate their costs of
12 this item of work. After fully reviewing the bids received,
13 we conclude that nothing can be gained by either a redesign or
14 a rebidding, and recommend award to the low bidder." And our
15 own review was subject to the same problem. Our own review
16 coupled with that of the City Engineer, based initially on
17 the review of the design by a firm of consulting engineers,
18 was low compared with the lowest bid actually received when
19 the bids were finally received.

20 MR. CARR: Mr. Chairman, I can only say that I share
21 Governor Anderson's distress in this area and I think I maybe
22 have seen a little more of it than he has. It just happens at
23 every meeting of the Public Works Board we have these requests
24 for augmentations for construction purposes or for land pur-
25 chases because the original estimates of what these things
26 are going to cost seem to fall way below what they actually

1 get them for. We had a situation here in Los Angeles with a
 2 swimming pool for the State College and various other things
 3 and it is pretty hard at the moment to justify these things;
 4 but when you run them back down again you don't get anywhere.
 5 I don't know what our action ought to be. Maybe we ought to
 6 turn them down for six months and see what happens. Business
 7 is poor, economy is bad, and everybody is waiting for prices
 8 to go up.

9 GOV. ANDERSON: Do you think this is costs going up
 10 or poor figuring in the first place?

11 MR. CARR: I think it is both. I think the figuring
 12 is poor and in trying to put the budget together here for the
 13 Department of Finance I think it is reasonable to suspect,
 14 shall we say, that some of these programs get going on these
 15 lower estimates than maybe the people think they are going to
 16 be; maybe they think they will get it authorized and encumbered
 17 and come back and get an augmentation. It's hard to determine
 18 what is going on here but I think it is a little of both.

19 MR. HORTIG: Mr. Chairman, I would like to add,
 20 particularly in response to Governor Anderson's question, this
 21 difficulty of precision in estimates is just the reason that
 22 the resolutions of the State Lands Commission indicate that
 23 these approvals are on an estimate basis, that the amount
 24 actually and finally to be allowed in any of these items will
 25 be the amount that can be calculated precisely after audit and
 26 rigorous engineering review after the project has been

1 constructed, provided that the project is approved in the
2 first instance as one that is approvable in principle.
3 Additionally, in the specific instance the Commission is here
4 considering whether or not to approve an augmentation not in
5 expenditure of funds which would flow to the State of Cali-
6 fornia, but only from the City of Long Beach's share of tide-
7 land revenue funds which they have in a separate trust fund.

8 GOV. ANDERSON: I recognize that. I recognize that
9 we probably have to go along and do it. I just don't like
10 this kind of loose figuring. It just doesn't seem good.

11 MR. HORTIG: I can only concur with your concern,
12 Governor. We have felt that because of the control that the
13 Commission does have; because of, as we have cited, specifically
14 on recommendation of the Office of the Attorney General, this
15 condition is in every resolution with respect to one of these
16 projects -- subject to the condition that a final determination
17 of the costs to be paid in this case from tideland funds will
18 be made upon the basis of a traffic study to be conducted --
19 in conjunction with the other items still to be considered by
20 the Commission, the reservation condition which is uniform in
21 all of them "... that the amounts deductible will be determined
22 by the Commission upon an engineering review and final audit"
23 subsequent to the time when the work under any of these items
24 is completed, at which time all the factors that make an
25 accurate determination possible are available -- under these
26 circumstances, then, the question is: Is additional staff time

1 and additional review to make a more rigorous estimate worth
2 while?

3 MR. CARR: Mr. Chairman

4 MR. HORTIG: The question is, is the project
5 approvable in principle.

6 MR. CARR: There are various representatives of the
7 City of Long Beach here. One of our problems in government
8 today, whether it is at a State or local level, is: When do
9 you blow the whistle on these things when they seem to go to
10 a cost you can't afford? The thing is, there are two things
11 are they worth it and when do you pass the point of no return?
12 This is the problem we have very definitely and I think I see
13 where it is getting more serious; and I think it would be a
14 good time to discuss this with the representatives of the City
15 of Long Beach and ask them at what point we wont build a
16 bridge across Appian Way -- at what point isn't it worth it.

17 MR. DESMOND: Gerald Desmond, City Attorney, City
18 of Long Beach. Mr. Chairman and members of the Commission,
19 this of course has given us considerable concern, and I can
20 say very definitely in this case it was a case of poor figuring
21 and poor figuring by the engineers who designed this bridge.
22 The bridge, we are convinced, is a very important facility;
23 that it is well designed; that it should be built in the manner
24 in which it was designed. However, the estimates were con-
25 siderably low and through an error in judgment on the part of
26 the consulting engineers -- which they themselves, of course,

37
1 confess and is in the paragraph just read from the agenda
2 item by Mr. Hortig. Now, in addition, to indicate that the
3 sum of \$384,000 for this bridge (of which the 42% is from our
4 other funds) -- this sum is also, I think, substantiated by
5 the fact that the Division of Highways of the State have also
6 reviewed this; have given approval, as they must to a bridge
7 of this type; and their own analysis and extension of unit
8 prices, they have advised Mr. Glikerson (our City engineer,
9 who is here today), indicated a total estimate of \$374,659.
10 The low bid of \$384,174 would then be 2.5% over the Bridge
11 Department estimate. They also point out, which we took
12 into consideration too, we had very good contractors bidding
13 and the three lowest bidders are only \$7,000 apart. We have
14 given a bit of thought, too, to redesign; but we do not feel
15 that what the Commission has approved in the past could be
16 built at a lesser cost. This is as the situation appears to
17 us. We are concerned; we feel there was a very definite,
18 grievous error made by the designers, the consulting engineers.

19 MR. CARR: I'd like to ask a question of the City
20 Attorney. Now, this is only a very small part of that project,
21 isn't that right? Don't you widen Appian Way?

22 MR. DESHOND: That has been done, Mr. Carr.

23 MR. CARR: I know there has been some work done, but
24 is all that other part of it done? You don't have any more
25 rights-of-way to condemn or more property to acquire to finish
26 this project from start to finish, the total project? What is

1 the situation?

2 MR. DESMOND: That is correct. (I was looking back
3 for confirmation) The work has been done. Appian Way has
4 been curbed and widened. There are no further rights-of-way
5 to be acquired. The bridge is ready for construction.

6 MR. CARR: How much money was spent in the widening
7 of Appian Way? Did you have to acquire any other rights-of-
8 way or was that all widened in the direction of the lagoon?
9 Was that City property?

10 MR. DESMOND: That was private property that was
11 actually donated by the private property owner to the City,
12 I think some three or four years ago, for the widening.

13 MR. CARR: In consideration of the fact that all
14 the other work has been done, so there are no other augmenta-
15 tions - - I'd like to call your attention, Governor, that in
16 the South Alameda site for the State College, after we selected
17 the site sufficient to build the college, then they came up
18 with the idea they have to acquire thirty-nine pieces of
19 property in order to acquire proper access. We don't get
20 these projects planned all the way through and the prices we
21 are paying for those thirty-nine pieces of private property
22 are, I think, an out and out holdup; and our concern should
23 be, wherever we are involved, we ought to know more about
24 what the total cost of these projects is going to be, not
25 only the part that we have something to do with but the other
26 collateral costs, because they all get back in the State

1 somewhere along the line, maybe in the Highway Fund or some
2 other fund. This is apparently the last augmentation that you
3 would have to have to complete this particular project.....

4 MR. DESMOND: That is correct.

5 MR. CARR: ... and then it's all washed up?

6 MR. DESMOND: That's correct. I do want to make one
7 other point, if I may, because the figure of \$190,000 has been
8 used and referred to here. I think we must also realize that
9 that is only 58% of the total estimated cost. This estimate
10 was made before the plans were drawn, before the bridge was
11 designed, at \$190,000, with later augmentation of eighty-seven,
12 making \$277,000; but that \$277,000 is 58% of the total, the
13 total for the bridge phase, and this \$277,000 was for bridge
14 and highway work; but of the bridge phase, instead of just
15 58%, we are talking about a total of \$384,000. We should not
16 consider the \$190,000 as now being doubled in cost. That
17 would not be correct.

18 GOV. ANDERSON: I'll second it.

19 MR. CRANSTON: Approval is moved, seconded and is
20 unanimously adopted.

21 Item (b) under City of Long Beach -- Approval of
22 specifications, bid forms and advertisement for natural gas
23 purchase contract for Parcels W, X, Y, Z, Z-1, J, K, and L.

24 MR. HORTIG: The short form for the parcel desig-
25 nations, Mr. Chairman, is that these are all of the areas
26 currently under operating contract to Long Beach Oil Development

1 Company, one of the two operating contracts operating on tide-
2 lands at Long Beach; and in connection with the operation of
3 these parcels and to provide for the disposal of the natural
4 gas produced with the oil, it is proposed that concurrent with
5 the anticipated unitization of Fault Blocks II and III to
6 include the tide and submerged lands, which unitization has
7 already been approved by the State Lands Commission, that there
8 be a new gas contract to provide for disposal of the gas under
9 the unit operations.

10 In order to request a new contract, such contract
11 must be awarded pursuant to competitive public bidding and
12 again under Chapter 29 the specifications, the bid forms, and
13 authorization for the advertisement for bids must be approved
14 in advance by the State Lands Commission in order to have
15 validity.

16 This matter has been reviewed by the Office of the
17 Attorney General. You gentlemen have a copy of the Attorney
18 General's opinion attached to your agenda, indicating that
19 this is a matter that may properly be approved by the Lands
20 Commission. The engineering staff of the Lands Commission
21 have reviewed the documentation as to its engineering feasi-
22 bility and it is recommended that the approval be granted at
23 this time; and it is essential that it be granted at this
24 meeting if a time schedule is to be met by the City of Long
25 Beach because even after bids have been invited and been re-
26 ceived, under the Long Beach City Charter there is a requirement

1 that the bid be held in abeyance for a period of
 2 15 days after the date of award, after which time again the bid
 3 will have to come back to the Commission with request for
 4 approval of the issuance of the contract to the high bidder.
 5 GOV. ANDERSON: Are any of these in any areas that
 6 are covered in the agreement?
 7 MR. MORRIS: They are not in areas covered by
 8 operating contracts in existence now.
 9 GOV. ANDERSON: In gas or in highway taken out,
 10 there will be no provisions made for pressurizing?
 11 MR. MORRIS: As these areas are included in a unit
 12 operation they, of course, will be pressurized. The majority
 13 of the repressurization operations that are in effect in some
 14 areas today are in these parcels because the majority of the
 15 repressurization parcels that are taking place in the Wilmington
 16 oil fields are being conducted on the islands, either under
 17 the contract with E.M.O.D. here specified or under contract
 18 with Mitchell Oil.
 19 MR. ANDERSON: Mr. Demand?
 20 MR. DEMOND: May I point out, too, this is a contract
 21 proposed for the sale of the natural gas. It is only for the
 22 sale of the gas after its production and, of course, all of
 23 the profits from such sales go to the state of California and
 24 hundred percent. We are the operator there through our own
 25 operating companies and this will provide for the disposal of
 26 the natural gas. Under our chapter it is necessary that there

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be a new contract because the old one will expire upon utilization becoming effective. We would, therefore, be without any provision for the sale of the gas, the profits of which go one hundred percent to the State of California.

MR. CRANSTON: Motion is in order.

MR. MORTIG: Mr. Chairman, may I note for the Commission that the resolution as reported on page 51 of the agenda was prospective, subject to approval by the Attorney General's office. Approval opinion having been issued, it is recommended that the Commission approve these specifications and bid forms without the necessity of approval, as stated in the recommendation, because the approval was received after the agenda item was prepared.

MR. CARR: I so move.

GOV. ANDERSON: Second.

MR. CRANSTON: Mr. Carr moved, Mr. Anderson seconded, and it is unanimously approved.

Item (c) -- Pier A. Berth 11, Redevelopment - first phase; estimated subproject expenditure from 12/22/50 to termination of \$100,000 with 34% estimated as subsidence costs.

MR. MORTIG: Mr. Chairman, items (c) through (f) are the normal types of projects conducted by the Long Beach Harbor Commission insofar as they involve estimated potential subsidence costs for which there is specific provision in Chapter 29 for State participation. Such projects, again, require advance approval by the State Lands Commission. The projects,

1 as indicated by the nature of the definitions, are all integral
2 parts of the operation of the Harbor by the Harbor Commission
3 and are all subject, in the approval by the Commission, to the
4 reservation condition I mentioned previously -- that the
5 amounts finally allocated will be determined when the actual
6 measure of the costs is available by reason of the projects
7 having been completed, the approval of the Commission here
8 being the conduct of the project being approved in principle.

9 MR. CARR: I move authorization.

10 GOV. ANDERSON: Second.

11 MR. CRANSTON: Authorization is moved and seconded
12 on item (c) which I have already read; item (d) - Pier E,
13 Water Main under Entrance Channel and North of Pier E, first
14 phase; item (e) -- Pier 2, Back Area Rehabilitation, second
15 phase; and item (f) -- Roads and Streets, Pico Avenue Service
16 Road, Third Street to Pier A. Approval is unanimously adopted.

17 Item 8 -- Proposed oil and gas lease, Santa Barbara
18 County - Parcel 2.

19 MR. HORTIG: Mr. Chairman, as the Commission will
20 recall, a program was initiated by the State Lands Commission
21 at the last meeting for the sequential offering of oil and
22 gas leases. Drawing your attention to the map on your left,
23 the parcel colored green, marked "Parcel 1" is the parcel
24 that was authorized to be advertised for bid at the last meet-
25 ing of the Lands Commission. Bids are to be received thereon
26 on February 3, and it is recommended here today that Parcel 2

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1 the parcel colored in blue, being the same size as Parcel 1,
2 previously authorized, and lying east of the westernmost exist-
3 ing lease in Santa Barbara County, be authorized for advertise-
4 ment for bids to be received effectively March 3rd....

5 MR. CARR: So move.

6 GOV. ANDERSON: Second.

7 MR. HORTIG: ... in accordance with the program
8 established by the Commission at the last meeting.

9 MR. GRANSTON: Approval of the bid offer is moved,
10 seconded and unanimously adopted.

11 Item 9 -- Proposed legislative program -- amendment
12 of specified sections of the Public Resources Code.

13 MR. HORTIG: Mr. Chairman, on pages 58 to 66 follow
14 drafts of proposed amendments to six existing sections of the
15 Public Resources Code, the purposes of which are detailed in
16 the calendar item; and the short form purpose of the amendments
17 being to eliminate differences of opinion, misinterpretations,
18 as to the intent of existing legislation -- which differences
19 of interpretation have developed as a result of administrative
20 experiences with the particular sections. The proposed amend-
21 ments will not affect any vested rights, will not impinge on
22 any existing contract terms and conditions, have only one
23 purpose -- to clarify and to eliminate confusion as to the
24 application of these sections, so that everyone can from a
25 reading understand that they mean exactly the way they have
26 been interpreted by the Lands Commission and conform to the

1 original legislative intent when they were adopted.

2 The office of the Legislative Counsel has drafted
3 in proposed legislative form amendments to accomplish these
4 purposes if the Commission wishes to authorize the Executive
5 Officer to have the proposed amendments introduced in bill form
6 at the opening of the legislative session in January.

7 GOV. ANDERSON: These would all be classed as
8 technical, not of any substance?

9 MR. HORTIG: That is correct. There isn't any
10 substance or policy....

11 MR. CRANSTON: Do you wish action by the Commission?

12 MR. HORTIG: Authorization to introduce for the
13 State Lands Commission next Legislature.

14 GOV. ANDERSON: So move.

15 MR. CARR: Second.

16 MR. CRANSTON: Approval is moved, seconded, and
17 unanimously adopted.

18 Item 10 -- Confirmation of transactions consummated
19 by the Executive Officer, pursuant to authority confirmed by
20 the Commission at its meeting on October 5, 1959.

21 MR. HORTIG: As outlined on pages 67 to 72, the
22 normal crosssection of extensions, geological exploration
23 permits, and approval of subleases and assignments of boating
24 facilities and log rafting facilities were completed by the
25 Executive Officer since the last meeting, pursuant to delegation
26 of authority, and confirmation of such actions is recommended.

1 MR. CARR: I so move.

2 GOV. ANDERSON: Second.

3 MR. CRANSTON: Confirmation is moved, seconded and
4 unanimously adopted.

5 Item 11 -- Huntington Harbour Corporation --
6 application for agreement locating the ordinary high water
7 mark, agreement for exchange of lands, and permit to dredge
8 and fill submerged lands, Orange County.

9 MR. HORTIG: Mr. Chairman, if I may -- and the
10 other Commissioners can look on (demonstrating on map) --
11 the sinuous channel outlined on the map before you is the bed
12 of a tidal slough in Orange County, in which title is vested
13 in the State of California, the State having in past years
14 under then existing statutory authority sold the adjoining
15 area between high and low water marks bordering on this exist-
16 ing slough. The outer perimeter boundaries on the margins of
17 this sheet indicate an area which has been acquired in private
18 ownership -- with the exception, of course, of the bed of the
19 slough below the low water mark -- by an organization now
20 incorporated under the name of Huntington Harbour Corporation,
21 who propose to dredge a 400-foot wide channel limited by these
22 straight lines, and then with finger channels at right angles
23 and other locations thereto, to provide access to the main
24 channel, with the intervening dry land remaining to be sub-
25 divided into primarily residential areas and with such other
26 facilities as a large scale development of this type would

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justify in terms of shopping centers and related facilities. The area has recently been annexed into the City of Huntington Beach. This area is now within the area of Huntington Beach.

Huntington Harbour Corporation, pursuant to provisions of the statute which authorize State Lands Commission consideration, have made application to have the State Lands Commission agree to exchange the bed of the existing slough in the amount of some twenty-three acres -- referring to the latest revised version, 23.3 acres of State Land would be exchanged with Huntington Harbour for 61.3 acres of channel, which would be included within this channel proposed to be dredged.

The additional documentation which is attached to your agenda items are the documents that would be necessary to assure, first, that the project will be completed, to provide a performance bond so that in the event that the State's existing channel were filled and the project were not completed there is a performance bond which would permit re-excavation; so the State cannot finally lose any of the existing navigable channel, but if the project is completed the State would benefit in having sixty-one acres of navigable channel, navigable in fact more desirably than the existing tortuous channel which only has 21-odd acres in it. This is specifically authorized for consideration by the Commission that this may be done, if the Commission finds and determines that such an exchange would be in the interest of the State for improvement of navigation

1 or aid in reclamation or flood control protection. All of
2 these features would be. I believe this is obvious from the
3 relative size of the parcels to be exchanged.

4 GOV. ANDERSON: Where is this located?

5 MR. HORTIG: Immediately shoreward, southerly - -
6 it borders on the southerly border of the Naval reservation,
7 U. S. Naval Ammunition Depot at Seal Beach, and seaward from
8 this property line is Sunset Beach.

9 GOV. ANDERSON: Does the access come through the
10 Naval reservation?

11 MR. HORTIG: It would come through Anaheim Landing,
12 which has been developed for the Naval Depot, which has been
13 developed above its initial landing capacities. The title to
14 the slough is in the State of California, not in the Navy.

15 GOV. ANDERSON: These people in these subdivisions
16 would have to come through this Naval reservation?

17 MR. HORTIG: That is correct.

18 GOV. ANDERSON: What happens if they clamp down?

19 MR. HORTIG: They would have an interior channel,
20 unless the people who propose this operation should ever con-
21 template undertaking in effect a back door access by dredging
22 a channel across.

23 GOV. ANDERSON: Is that feasible?

24 MR. HORTIG: It is geographically feasible. It
25 has been contemplated in discussion both with Huntington Harbour
26 Corporation and other individuals who sought to accomplish the

1 same project, but none of the proposed developers has committed
2 himself to undertake such an additional channel. The repre-
3 sentatives of Huntington Harbour are here. Whether this is
4 necessary as a matter of insurance against having, in effect,
5 a landlocked harbor which could result from the Navy

6 GOV. ANDERSON: How many people, for example, will
7 be located when this is fully developed?

8 MR. HORTIG: Twelve hundred.

9 GOV. ANDERSON: And they could be landlocked?

10 MR. HORTIG: They could be landlocked. Representa-
11 tives of Huntington Harbour are here today and, in addition,
12 I have a request from Mr. Richard Hanna to be heard in connec-
13 tion with this item. These specific questions that the Governor
14 just asked might be amplified by the Huntington Harbour repre-
15 sentatives who are here.

16 MR. CRANSTON: Assemblyman Hanna.

17 ASSEMBLYMAN HANNA: I didn't bring all these files
18 here to scare you gentlemen, but merely to impress you that
19 I have spent some time on this problem and it goes back about
20 five years in actual work and about nine years in interest
21 in this area, so I think I know something about it. I think
22 Frank will testify to the fact I have been bothering his office
23 about three years and a half about it, and I have discussed it
24 with the Beaches and Recreation Department for a long period
25 of time.

26 The matter you just asked about, Lieutenant Governor,

1 has been considered very carefully and, as a matter of fact,
2 regardless of the access through the Naval Depot, it would be
3 possible to develop something here in the nature of what you
4 have in Belvedere in the San Francisco area. In other words,
5 we could develop the thing as a self-contained waterway and
6 the high and low levels of the tides take care of your clearing
7 your water, if this were in effect, if this came to pass.

8 As a matter of fact, I have also discussed the possi-
9 bilities with both the Federal Government and the State for
10 meeting the problems of making this access available. Some
11 quite extensive discussions were carried on with the Federal
12 Government relative to making a separate channel, actually,
13 along the southerly section of their present access, for carry-
14 ing the private boats that might be using this.

15 GOV. ANDERSON: This is under normal conditions, but
16 supposing in a security measure they just clamped up on this
17 access?

18 ASSEMBLYMAN HANNA: Well, of course, in trying to
19 project for what happens in the event of war, Lieutenant
20 Governor, this sort of thing is pretty hard to project and
21 we all have to take whatever burdens come with war; and it
22 would, I think, be made known to the people whatever the situa-
23 tion was, that that was the situation; and now, as far as
24 bringing in large crafts are concerned, this is not going to
25 be possible here under the present circumstances and everybody
26 would know that immediately because with the bridging situation

1 that now exists both with the State Highways and with the
2 Pacific Electric operation, you aren't inviting people to come
3 in here with large crafts anyway and until circumstances
4 develop where they change the whole complex of that Federal
5 bay operation, you are going to be more in the activity like
6 Belvedere than you are in something like Newport Harbor.

7 What the future will hold there, I think, is some-
8 thing none of us can project as far as what will happen in
9 regards to those facilities on Highway 101; but at the present
10 the project before you, I think, accomplishes for the public
11 these things: Number one, it makes certain what at present
12 is uncertain. If I followed pretty closely with what we
13 developed in your department, Mr. Horig, and with the title
14 people, the total covered land over the years has drifted
15 around some. There is really no certainty, as I said, where
16 this 23.3 acres has been during the total time, where the
17 high or low watermark has been. It has come up for question
18 because of one place where it was established in the 1890s and
19 another place in the original Rancho line before the treaty of
20 Guadalupe Hidalgo. All these things which are uncertain will
21 be made certain and that which is rather useless will be made
22 useful. While there is now a channel which fluctuates very
23 considerably, you will have a developed channel that will have
24 a minimum depth and therefore will be useful for the whole
25 period of time. Not only that, but it does something even
26 over and above that, because at present the flow of the waters

1 Both from the flood control and ebb and flow of tides covers
 2 lands and then uncovers it, and you have a situation so far
 3 as the public is concerned as in the lower San Francisco Bay
 4 areas -- you have the type of smells that come with that type
 5 of thing. If you have the deep channel, you take care of it
 6 and you don't have that inundated material that lays out there
 7 and gives that ripe odor.

8 In addition to that, the harbor people will come in
 9 with a service facility, so that when people who now use this
 10 facility off and on in a situation which is hard to police --
 11 with a developed channel in here, the harbor policing facilities
 12 will be able to move in and out and see that the interests
 13 of the public will be protected insofar as it needs policing.

14 We have been looking forward to this development of
 15 these areas in Orange County for about twenty years, maybe
 16 more. There are gentlemen here who have been in the county,
 17 have been in the county much longer than I, that can attest
 18 to that. Within the City of Huntington Beach itself, I think
 19 Bill Gallienne, who has been on the Chamber of Commerce (I know
 20 a couple years ago I sent him congratulations for twenty-five
 21 years), I think he can attest how long they have been looking
 22 forward to doing something with that land, that is nothing
 23 more than an eyesore at present.

24 We have expressions from the County Board of Super-
 25 visors indicating their study of this proposal and their
 26 approval of it. I'd like to submit the Board of Supervisors'

1 resolution, indicating that; and at the same time we have a
 2 resolution from the City of Huntington Beach, in which this
 3 land will be located. Also, here present if there are any
 4 questions you gentlemen might wish to ask, I think we have Mr.
 5 Kenneth Sampson, who is the director of the Harbor District
 6 of Orange County. Mr. Sampson is in the back here and would
 7 be glad to answer any questions, I am sure, that involve their
 8 interest in the project; and then there are representatives
 9 from the City of Huntington Beach, in which this would be
 10 located. They are present this morning to answer any questions
 11 in regard to their interest. I think the gentlemen sitting
 12 here in the fourth row are the gentlemen from the City and
 13 would be very glad to answer any questions relating to their
 14 interest in this project.

15 Are there any other questions?

16 GOV. ANDERSON: Getting back to this back door
 17 problem, what would that cost in round figures, nothing exact?
 18 Are we talking about a big amount?

19 ASSEMBLYMAN HANNA: Yes, you are; for the reason,
 20 Lieutenant Governor, you have to understand the problems of
 21 that coast line to understand what the problems are at the
 22 present moment. There is an action set up - - if you put a
 23 jetty out into the sea, there is an action set up that secures
 24 the coast line. At present, the Federal Government has been
 25 facing this problem and the problem of seeding the beaches
 26 with sands. I represent Sunset Beach and, believe me, their

1 problems are my problems, and I know what they are facing;
 2 and Seal Beach -- in Seal Beach we worked the problem out
 3 with a series of groins, worked out with the Federal people;
 4 but in putting out another projection out here you would then
 5 lift the problem off the Federal Government and put it on
 6 somebody else, and they would have to take care of it. The
 7 only way would be to put a berth out to the breaker, past
 8 there, which the State of California and the Federal Government
 9 have been talking about for these many years, and when that
 10 comes about the problem of approach will be much more feasible.

11 GOV. ANDERSON: What will they be talking about in
 12 round figures ?

13 ASSEMBLYMAN HANNA: I think if you get below a
 14 million dollars I don't think you are even in the ball park.
 15 How much you would need in addition to that -- I am not an
 16 engineer and wouldn't be able to say. I do say as far as our
 17 studies are concerned, the actual operations of a water
 18 facility within this area does not rest engineeringly upon a
 19 new outlet there and I would think it would be at this point
 20 more advisable to determine what is going to happen with the
 21 Federal Government facility because, to lift the curtain just
 22 a little bit, we think from the discussions we have had with
 23 the City of Seal Beach and the Federal Government there is
 24 every likelihood they will go ahead with the project that was
 25 fairly well delineated before the Korean War, in which the
 26 County of Orange might acquire property directly behind what

1 is now Anaheim landing and develop a much larger public
2 resource there; and if this were true, I am sure the picture
3 for that whole area will satisfy itself up to the point that
4 nobody is going to be protected against what might be required
5 should we get into another wartime situation, how that is going
6 to affect the locking of a harbor, and so on. It can affect
7 people up in San Francisco Bay, San Diego Bay, any place,
8 where there would be operation of Federal ships back and forth.
9 They would curtail the use of nearly all private crafts.

10 GOV. ANDERSON: I have great confidence in your
11 knowledge and your recommendations on that area, but my
12 concern is we have seen in the past where often we have allowed
13 subdivisions to develop without thinking them through and the
14 State or local cities having to go in and pick up the bill
15 with streets, access and schools -- everything that goes along
16 with it. I wanted to make sure we had explored every outlet.
17 If by some chance by war that was tied up, would we have the
18 proper access for these people or would they use other means
19 of keeping their community alive? I wanted to make sure the
20 contractors and subdividers have gone as far as they could.

21 ASSEMBLYMAN HANNA: I am quite sure in engineering
22 this, it becomes pretty obvious this is a problem. I can
23 assure the Commission this isn't the first time this has come
24 up. It has been determined, at least to my satisfaction,
25 although I am not an engineer, that this has engineering
26 feasibility merely because this is useful with the rise and

1 fall of the actual tides that are there at present. There is
2 an engineer here if you wish to hear from him. I am sure they
3 have their own representatives and they could answer specific
4 problems. I was speaking on the general ones.

5 GOV. ANDERSON: These are what I want to hear anyway.
6 Would you feel there is any further responsibility in this
7 particular instance or do we play this by ear as it develops?

8 MR. HORTIG: Actually, Governor, I think the thing
9 could be summarized very readily that the responsibility,
10 whatever it may be, of the State Lands Commission is only
11 slightly relocated and would concern itself only with a
12 slightly larger water area if the consummation of the exchange
13 were approved. This would be the only difference from the
14 position the State Lands Commission is in today, whatever that
15 may be, because there is a 23-acre channel that comes in
16 through Anaheim Landing today in which title vests in the State.

17 GOV. ANDERSON: I realize that purely speaking the
18 State Lands Commission is limited in our scope, but we all
19 have a broader responsibility too and I wanted to make sure
20 when we get through we wouldn't have something on our hands
21 that was a problem. If any steps could be taken to eliminate
22 that, I would rather go into it now unless you feel you have
23 gone into this completely and checked this and we are in good
24 shape.

25 MR. HORTIG: By the same token, I think the record
26 should be clear, Governor, that inasmuch as there are

1 subdivision plans and the ultimate actual specific locations
 2 of the various features are not yet a matter of record and
 3 are outside the scope of jurisdiction of the State Lands Com-
 4 mission, they have not been reviewed by the State Lands Commis-
 5 sion staff; and the program for utilization of this area and
 6 whether or not the particular subdivision plan might be
 7 benefitted or reoriented to advantage, none of these items have
 8 been considered by the State Lands Commission. What is here
 9 being recommended is only that an exchange of channels be made,
 10 which by its very nature must be of benefit to navigation and
 11 flood control and reclamation, which are the criteria required
 12 to be found under the statute if the Lands Commission is to
 13 approve such an exchange.

14 GOV. ANDERSON: Once we approve this here today, it
 15 will be construed the State has approved the subdivision.

16 MR. HORTIG: I believe under those circumstances the
 17 Commission should indicate in the record that it is not to be
 18 construed as approving the project as such -- that the only
 19 thing that is approved hereby and that the Commissioners found
 20 what is recommended -- that the proposed exchange and the
 21 ultimate dredging of this foot channel is the ultimate
 22 project considered by the State Lands Commission and that this
 23 will be to the interest of the State for the improvement of
 24 navigation and for aid in reclamation and in flood control,
 25 end of extent of approval.

26 MR. CARR: Mr. Chairman, I understand what Governor

1 Anderson has in mind. I have had the same thing in mind for
2 a good many years. I drove up and down that highway twice or
3 three or four times in the past several years. I'd like to
4 say anything they do in there is an improvement of what they
5 have now. I would move we approve this exchange. I think
6 if you have ever gone over that territory it is obvious they
7 need to dredge considerable mud out of there in order to raise
8 the surrounding land that is being subdivided; but I think the
9 most important point is we do approve only this exchange and
10 I think the prospective owners and purchasers would be ade-
11 quately protected by subdivision plans filed. This is going
12 to be part of Huntington Beach and I believe Huntington Beach
13 would comply with its responsibility to keep people from
14 misleading themselves into what they are buying. Actually,
15 access to this water is made under the highway bridge. The
16 Navy has control over it but I believe they still grant permis-
17 sion to go through freely.

18 ASSEMBLYMAN HANNA: Yes, they do.

19 MR. CARR: And I would anticipate before this prob-
20 lem would become acute it will get a lot better and even you
21 might see the Seal Beach Ammunition Depot declared surplus,
22 which would be an advantage to the State of California and
23 anybody in it.

24 GOV. ANDERSON: I'll second it.

25 MR. CRANSTON: Did Mr. Wingate wish to be heard on
26 this item?

1 MR. WINGATE: Yes, My name is John Wingate. I am
 2 a landowner in Sunset Beach. I wish to go on record as
 3 requesting the responsibility of the existing channels that
 4 would not be affected; that would be affected, actually, by
 5 the dredging of the harbor area as far as the sanding up,
 6 because of the lack of water through these areas, and I just
 7 would like to know where the responsibility of the filling of
 8 these channels would lie.

9 MR. CRANSTON: Could someone speak to this point
 10 from those interested?

11 MR. KRUEGER: My name is Robert Krueger. I am an
 12 attorney for the applicant, Huntington Harbour Corporation.
 13 As is pointed out in the proposed agreements and has been
 14 made clear to the staff, Huntington Harbours intends to main-
 15 tain the existing routes of ingress and egress to the proposed
 16 channel. If you are interested in further engineering details,
 17 why, I could refer you to our engineer, who is present.

18 GOV. ANDERSON: I would think there would have to be
 19 an engineer answer these questions.

20 MR. KRUEGER: Mr. Moffatt.

21 MR. MOFFATT: My name is John G. Moffatt. I did
 22 not hear the question.

23 MR. CRANSTON: Would you please repeat the question
 24 that you wish answered to him.

25 MR. WINGATE: Yes. There is an island area. There
 26 was two channels that actually the water is conveyed back and

1 forth through the highway bridge, and my question is: If the
2 channel through your property or through the Huntington Harbour
3 property is widened and deepened, then the amount of water
4 passing through the parallel channel will be lessened, there-
5 fore the keeping of this channel depth will diminish and it
6 will fill up with silt. My question is: Whose responsibility
7 will it be to maintain this channel?

8 MR. MOFFATT: You are speaking of the channel under
9 Bolsa-Chico to the area?

10 MR. WINGATE: I am speaking of the channel under the
11 county highway bridge.

12 MR. MOFFATT: The channel adjacent to the present
13 highway?

14 MR. WINGATE: Yes.

15 MR. MOFFATT: That lies without the boundary of this
16 proposed development. It has an individual and separate en-
17 trance now, not quite contiguous to what might be described
18 as this Navy channel. This slough is properly located within
19 the confines of the Navy boundary. It would not have any
20 change in the flow characteristics of your channel nor will
21 the floodway under Los Patos Road to the Bolsa-Chico Creek
22 area change. So the channel you refer to is lying without the
23 proposed development -- will be connected to it in any case, and
24 you have your own entrance, so to speak, to this channel, lying
25 on property now in the United States Government, and it will
26 not affect the flow of your channel. If there is any effect,

1 It will probably increase it, because there is a larger area
2 filled with water than previously, so there will be a slightly
3 greater flow. Certainly you should have a beneficial effect
4 because the water coming into your channel will change often,
5 the same as at Alamitos Bay, the same as in Mission Bay, San
6 Diego.

7 GOV. ANDERSON: If this channel is deepened as a
8 result of either more or less water coming in and out of an
9 adjacent lagoon, do we have any responsibility? Is there any
10 liability on our part for whatever less or more water might
11 result by deepening this channel?

12 MR. HORTIG: Conceivably, Governor, there could be.
13 That question has many ramifications, but as Mr. Moffatt pointed
14 out and possibly clarified, amplified by clarifying, the common
15 source for both channels -- there are now two channels under
16 discussion. This isn't only one channel that is going to be
17 altered. The channel this gentleman has questioned, as Mr.
18 Moffatt pointed out, is outside the project limits.

19 GOV. ANDERSON: But if we deepen and straighten this
20 one channel and affect the amount of water coming in through
21 the whole area, it may give more or less water. Do we have a
22 responsibility?

23 MR. HORTIG: We might have that where there is a
24 possibility -- and this would be a possibility if there were a
25 limited source of water; but we are speaking of two existing
26 channels to be improved, both of which are fed by Anaheim Landing,

1 which has a supply from the entire Pacific Ocean.

2 ASSEMBLYMAN HANNA: Is it not true that merely what
3 you are talking about is the natural workings of the tides and
4 you are not going to be able to change the working of the tides
5 by whatever improvement you put in?

6 MR. MOFFATT: That's correct.

7 MR. CRANSTON: Mr. Wingate, does that satisfy your
8 question?

9 MR. WINGATE: It answers part of it. I still wanted
10 to know the responsibility if there is a change in flow through
11 the area, which there seems to be an educated opinion there
12 won't be -- but if there is, whose responsibility is it?

13 MR. CARE: The responsibility would be that of who-
14 ever changes the flow, wouldn't it?

15 MR. HORTIG: That's who would be responsible, cer-
16 tainly.

17 MR. MOFFATT: I think to clarify it, it is as simple
18 as this: that you drive home one route and your neighbor takes
19 off a half block before you, so you are traversing that route
20 which affects the traffic on your street but not on your
21 neighbor's street. This man, so to speak, gets his water
22 farther down the line, so this work has no relative effect on
23 his channel. The difference occasioned by the proposed improve-
24 ment is infinitesimal to that flow required to fill the sloughs
25 of Navy property, of this property, and the lagoon.

26 GOV. ANDERSON: Are there people living in these

1 adjacent sloughs that might be affected?

2 MR. MORFATT: Only one effect is that the flow is
3 downstream and can turn into this area and any circulation in
4 this lagoon, of which there is very little now, would be vastly
5 improved because it has a flow from a new area, quite similar
6 to the condition now existing in Mission Bay as compared to
7 twenty years ago.

8 MR. CRANSTON: I think the record that would be made
9 clear by this discussion is that the State of California is
10 merely granting authority to the Huntington Harbour Corporation
11 to undertake this work; that it would be their responsibility
12 if there was any change, not the State's. It should also be
13 noted that the U. S. Army Corps of Engineers has reported that
14 this project would be an aid to navigation. I believe we have
15 answered the questions raised here. It has been moved and
16 seconded that the approval be granted and if there is no further
17 discussion at this time, the approval is unanimously granted.

18 We come to Item 12, which is report of status of
19 major litigation.

20 MR. HORTIG: Mr. Chairman, while that is informative,
21 I wish to hand the Commissioners a supplemental calendar item,
22 supplemental with particular reference to that phase of the
23 status of litigation involving the controversy with Orange
24 County for ownership of tide and submerged lands; and as noted
25 in this item, on the subject of which the County of Orange again
26 took official action yesterday, I have received word thereof

1 this morning. In view of the fact that it has been reported
 2 previously to the Commission that the Orange County Board of
 3 Supervisors have voted unanimously to abandon litigation which
 4 they initiated earlier questioning the State's title to tide
 5 and submerged lands in Orange County, and the format of the
 6 specific request for dismissal was approved together with
 7 auxiliary documents by action of the Board of Supervisors of
 8 Orange County by formal action yesterday, it is recommended
 9 that the Commission direct the Executive Officer to authorize
 10 the Office of the Attorney General to consent to the request
 11 for dismissal in the stated action. The format has also been
 12 approved heretofore by counsel for private defendants in the
 13 action. With this approval and the final issuance of the
 14 order for dismissal by the court, the litigation will have
 15 been stricken from the court records.

16 MR. CRANSTON: Motion is in order.

17 GOV. ANDERSON: So move.

18 MR. CARR: Second.

19 MR. CRANSTON: The staff recommendation for approval
 20 has been moved and seconded and unenimously adopted. Is
 21 there anything extra at this point or are we ready for con-
 22 firmation of next meeting date?

23 MR. HORTIG: No.

24 MR. CRANSTON: Final item, then, is date and time of
 25 the next scheduled meeting, presently scheduled for January 26,
 26 1961 at 10:00 a.m. in Sacramento.

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GOV. ANDERSON: I have no objection to this, but there is a possible chance I might want to get the time changed either an hour later or hour earlier, depending upon what the Senate's time of meeting is on that day.

MR. GRANSTON: You let us know. Nothing further coming before us, the meeting is adjourned.

ADJOURNED 12:08 P.M.

CERTIFICATE OF REPORTER

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I, LOUISE H. LILICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing sixty-five 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 in Los Angeles, California, on December 22, 1960.

Dated: Sacramento, California January 4, 1961.

Louise H. Lilio