

1 TRANSCRIPT OF  
2 MEETING  
3 of  
4 STATE LANDS COMMISSION  
5 SACRAMENTO, CALIFORNIA  
6 May 24, 1961  
7

8 PARTICIPANTS:

9 THE COMMISSION:

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

13 F. J. Hortig, Executive Officer

14 Don Rose, Executive Secretary to the  
15 Lieutenant Governor

16 OFFICE OF THE ATTORNEY GENERAL:

17 Howard S. Goldin, Deputy Attorney General  
18 Jay L. Shavelson, Deputy Attorney General

19 ASSEMBLY:

20 Bruce F. Allen, Assemblyman, Chairman of Committee  
21 on Manufacture, Oil and Mining

22 APPEARANCES: IN THE ORDER OF THEIR APPEARANCE

23 Clark Heggeness, Esq., of Ball, Hunt and Hart,  
24 representing Richfield Oil Corporation

25 Paul K. Home, representing Standard Oil Company  
26 of California, Western Operations, Inc.

27 J. W. Garfinkle, representing Pauley Petroleum

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29 Reporter: Louise H. Lillico  
30 Division of Administrative Procedure

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(In accordance with Calendar Summary)

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1 MR. CRANSTON: The meeting will please come to order.  
 2 Lieutenant Governor Andersen is enroute to this meeting.  
 3 Frank, do you want to suggest the procedures we should follow  
 4 in taking up certain of the more important matters first, in  
 5 view of our time limitation?

6 (Governor Anderson arrived)

7 MR. HORTIG: Mr. Chairman, with the arrival of  
 8 Governor Anderson may I suggest, in view of the fact that there  
 9 is a rather full attendance particularly with respect to the  
 10 oil and gas matt to be considered by the Commission, that  
 11 the Commission start with the supplemental calendar items,  
 12 which are numbered sequentially starting with page 29.

13 MR. CRANSTON: The first item will be Supplemental  
 14 Calendar Item 16 -- Adoption of emergency regulation amending  
 15 Section 2100 of Title 2 of the California Administrative Code  
 16 pertaining to geophysical and geological survey permits --  
 17 Work Order 3949. Frank?

18 MR. HORTIG: As the Commission will remember, at the  
 19 last meeting protests were received, questions were raised, as  
 20 to the oil and gas leasing procedure of the Commission in re-  
 21 lationship to the terms and conditions of geological exploration  
 22 permits heretofore issued.

23 It is the recommendation of the Office of the Attorney  
 24 General that the procedural matters and controls not heretofore  
 25 specified by the Commission within the framework of the rules  
 26 and regulations, but heretofore adopted and prescribed as

1 policy -- that in general these matters should preferably be  
 2 adopted as emergency rules and regulations by resolution of  
 3 the Commission today and that to accomplish a filing and a  
 4 literally immediate effective date for the effectiveness of  
 5 these rules and regulations a finding of emergency be adopted,  
 6 and, as recommended, that the herein proposed amendment to  
 7 Section 2100 of Title 2 of the California Administrative Code  
 8 be adopted as an emergency regulation; that the finding of  
 9 emergency, which is detailed on page 35 of the Commissioners'  
 10 calendars, be made by the Commission; that the Commission  
 11 authorize its Executive Officer to file this emergency amend-  
 12 ment with the Secretary of State and the Rules Committee of  
 13 each house of the Legislature, as prescribed by statute;  
 14 (4) that the Executive Officer be authorized to institute and  
 15 maintain such proceedings as will enable the Commission to  
 16 file the certificate of compliance required by Government Code  
 17 Section 11422.1 in connection with the adoption of this regu-  
 18 lation -- which is a procedural prescription with respect to  
 19 the adoption of emergency regulations; and (5) that notice be  
 20 published in the manner prescribed by law, affording interested  
 21 parties an opportunity to present statements or arguments in  
 22 writing relative to Section 2100 of Title 2 of the California  
 23 Administrative Code in its amended form.

24 It is also recommended that the Commission adopt a  
 25 separate resolution as follows:

26 It is hereby resolved that immediately upon the

1 effective date of the foregoing emergency amendment to Section  
 2 2100 of Title 2 of the California Administrative Code, or as  
 3 soon thereafter as is practicable, all existent or outstanding  
 4 geophysical or geological survey permits be amended, or re-  
 5 issued, in such form as will comply with the provisions of said  
 6 Section 2100, as amended; and that the Executive Officer be  
 7 authorized to take all steps necessary to effectuate this  
 8 objective.

9           The Commission will recall that one of the repre-  
 10 sentations with respect to procedural difficulties which was  
 11 contained in a letter of protest which has been filed with the  
 12 Commission was that the Commission had not previously adopted  
 13 rules and regulations with respect to this subject of geological  
 14 and geophysical exploration permits. In fact, the Commission  
 15 did have a double set of conditions for such permits, inasmuch  
 16 as Section 2100 of Title 2 of the California Administrative Code  
 17 dealing with such permits was amended to include these permits  
 18 in 1955. Supplemental thereto, the Commission's procedure in  
 19 connection with the issuance of permits had been to prescribe  
 20 additional conditions and controls by resolution of the Commis-  
 21 sion.

22           By adoption of the calendar item here under considera-  
 23 tion, these additional policy resolutions of the Commission  
 24 would be adopted as rule and regulation in supplement to the  
 25 previously existing rule and regulation.

26           If there are any questions with respect to the

1 specifics of either the rules and regulations or the reason  
2 for this procedure, Deputy Attorney General Howard Goldin is  
3 here today to answer the Commission if there are such questions.

4 MR. CRANSTON: Do any of you have any questions?

5 GOV. ANDERSON: Yes. Now, these Commission rules  
6 that you are proposing we adopt here, are they pretty much in  
7 substance similar to what has been your procedure in the past  
8 from the staff point of view?

9 MR. HORTIG: With the exception of one addition,  
10 Governor, they are not only similar -- they are verbatim  
11 transcripts, with such modifications only as necessary to  
12 adopt prior language to the form of the rules and regulations;  
13 but the substance -- the content of the procedures would be  
14 adopted here as rules and regulations without any change in  
15 substance.

16 The one addition would appear on the bottom of page  
17 32 of your agenda, in providing specifically that "Nothing  
18 herein contained shall preclude the State Lands Commission  
19 itself, in its discretion and upon application duly made, from  
20 authorizing drilling operations subject to the same terms and  
21 conditions as those which applied to a prior permittee at the  
22 same location." "This provision does not authorize any member,  
23 officer or employee of the Commission, nor any person perform-  
24 ing any function or work assigned to him by the Commission to  
25 disclose any information made confidential by law."

26 Under this procedure, the Commission could consider



1 applications to duplicate the drilling and exploration of  
2 holes that had heretofore been completed under earlier permits  
3 authorized by the Commission and issued by the staff.

4 GOV. ANDERSON: So the rest of these were procedural  
5 rules you already had in writing, verbatim, that you followed  
6 in your staff operations?

7 MR. HORTIG: Yes sir.

8 GOV. ANDERSON: Have you discussed these things at  
9 all -- this proposed one thing -- with any representatives of  
10 the industry involved?

11 MR. HORTIG: No sir. We have not had the opportunity  
12 to do so. As you recall, our reports and material that had  
13 to be reviewed and experted by the Office of the Attorney  
14 General have only very recently been received from that office.  
15 As a matter of fact, a rather remarkable volume of material  
16 has been received in a rather short period of time.

17 MR. GOLDIN: Governor Anderson, I merely wish to  
18 point out that prior to the time that these regulations become  
19 permanent, the industry will be afforded a full opportunity  
20 to submit statements and arguments in writing -- as I say,  
21 before this set of regulations becomes permanent.

22 GOV. ANDERSON: So that if they have -- actually,  
23 there is only one new addition to our normal procedure here  
24 that they might be concerned with, or if they feel there are  
25 some changes that are different, that we do not feel are any  
26 different, they will have a chance to protest this before they

1 become effective, and in how much time?

2 MR. GOLDIN: That isn't quite accurate, Governor  
3 Anderson. It will become effective on an emergency basis  
4 immediately upon filing with the Secretary of State and the  
5 Rules Committees of both houses of the Legislature; but the  
6 emergency regulation will remain effective not to exceed one  
7 hundred twenty days. In that interval, statutory procedures  
8 to make the regulations permanent must be followed, and as  
9 part of those procedures an opportunity is afforded interested  
10 parties to protest. Thus, it is conceivable that these regu-  
11 lations will contain this provision not to exceed one hundred  
12 twenty days and it may be removed if the Commission is con-  
13 vinced during that time by a proper showing that it should be.  
14 Do I make myself clear?

15 GOV. ANDERSON: Reasonably. In other words, if we  
16 adopt this now, it goes into effect immediately. It will stay  
17 in until it has been approved by the Legislature. Is that the  
18 statutory procedure you are talking about?

19 MR. GOLDIN: No sir. It will remain effective not  
20 to exceed one hundred twenty days and during this time the  
21 Government Code requires that a statutory procedure must be  
22 followed before these regulations can become permanent; and  
23 the heart of that statutory procedure is to require the publi-  
24 cation of notice and afford opportunity for interested persons  
25 to present protests.

26 GOV. ANDERSON: So this will be in effect one hundred

1 twenty days and before that time is over we will have a  
2 chance to review that before it becomes permanent?

3 MR. GOLDIN: Yes.

4 MR. CRANSTON: The recommendation comes in the form  
5 of two motions. The first one is as follows:

6 (1) That the herein proposed amendment to Section  
7 2100 of Title 2 of the California Administrative Code  
8 is hereby adopted as an emergency regulation;

9 (2) That the finding of emergency contained therein  
10 is made by the Commission;

11 (3) That the Commission authorizes its Executive  
12 Officer to file this emergency amendment with the Secre-  
13 tary of State and the Rules Committee of each house of  
14 the Legislature;

15 (4) That the Executive Officer also is authorized  
16 to institute and maintain such proceedings as will enable  
17 the Commission to file the certificate of compliance  
18 required by Government Code Section 11422.1 in connection  
19 with the adoption of this regulation;

20 (5) That notice be published in the manner prescribed  
21 by law affording interested parties an opportunity to  
22 present statements or arguments in writing relative to  
23 Section 2100 of Title 2 of the California Administrative  
24 Code in its amended form.

25 A motion is in order.

26 MR. CARR: Does this require separate motions for each  
one of these numbers or can it be included in one?

MR. CRANSTON: I would think one motion would cover  
them all.

MR. HORTIG: For the material just read by the Chairman  
one motion would appear to be in order.

MR. CARR: I move the adoption of this.

GOV. ANDERSON: I'll second it.

1 MR. CRANSTON: Is there anyone present who wishes to  
2 make any comments?

3 MR. HEGGENESS: I'd like to make a comment, your  
4 Honor, if I might.

5 MR. CRANSTON: Yes. Would you please identify  
6 yourself?

7 MR. HEGGENESS: My name is Clark Heggeness. I am  
8 with the firm of Ball, Hunt and Hart in Long Beach, repre-  
9 senting Richfield Oil Corporation.

10 Of course I recognize it is easy for one lawyer to  
11 criticize the work product of another lawyer, but I would  
12 make this suggestion -- particularly in subdivision (f) of  
13 your regulations, specifically subdivision (1) of section (f)  
14 on page 32, fourth paragraph in subdivision (1) -- that the  
15 depth granted to an applicant, that he be authorized to drill  
16 to the same stratographic penetration as a prior applicant.

17 In other words, in subdivision (1) the only standard  
18 given to the State Lands Division is "... factors of location,  
19 knowledge or lack of knowledge of the substrata, and other  
20 existent technical data, including information available to  
21 the Commission but classified as confidential," etcetera.

22 It is Richfield's recommendation that one of the  
23 standards be that an applicant be permitted to go to the same  
24 stratographic penetration as a prior applicant; also under  
25 the fourth paragraph of subdivision (1) permit the Division  
26 of State Lands upon reexamination to permit an applicant to

1 drill to the same stratographic depth..." That's Richfield's  
2 suggestion.

3 I think the standards here are ambiguous and the vice  
4 that Richfield finds in the present policy is the fact that one  
5 applicant can get information which might not be made available  
6 to subsequent applicants.

7 MR. CRANSTON: I think it would be difficult and  
8 perhaps dangerous for us to try to amend this at this time.  
9 In view of the fact there is a 120-day period before its final  
10 adoption, would it be satisfactory with you to submit some-  
11 thing in writing to us that we may consider?

12 MR. HEGGENESS: Yes sir.

13 MR. CRANSTON: Thank you. Anyone else?

14 MR. HOME: Mr. Chairman, members of the Commission,  
15 my name is Paul Home. I am with Standard Oil Company of  
16 California, Western Operations, Inc., and my comments go to  
17 the same point as those of Mr. Heggeness, except that we do  
18 not necessarily suggest that one permittee be permitted to  
19 drill to the stratographic equivalent of the prior drilling  
20 operation. I feel that it would be sufficient in the last  
21 paragraph on page 32 if, after the words "drilling operations"  
22 in the third line, there were to be inserted "to the same  
23 depth and...." which would carry on thereafter "... subject  
24 to the same terms and conditions...." In that way, we would  
25 be assured of being enabled to obtain the same information as  
26 that which was obtained by a prior permittee which had drilled

1 at the particular location.

2 Now, we have no way of knowing in advance whether  
3 any particular permittee did not comply with all of the terms  
4 and conditions of the permit. We wish to operate in strict  
5 conformity with our permits; however, by inadvertence or other-  
6 wise a permittee may have drilled deeper than strict compliance  
7 with the permit would permit and we feel that a subsequent  
8 applicant should be permitted to duplicate that performance  
9 at the same location -- which does not involve the difficult  
10 task of correlating between widely separated locations.

11 MR. CRANSTON: Is the same procedure satisfactory  
12 with you in regard to consideration of what you have suggested  
13 that I suggested to the Richfield representative?

14 MR. HOME: We have pending before the Commission an  
15 application to duplicate one of the core holes which has been  
16 drilled offshore. Whether we would wish to wait 120 days --  
17 We have under contract a barge from which such drilling opera-  
18 tions can be conducted. These things are in short supply on  
19 the Pacific Coast and if that barge becomes available within  
20 120 days, we would probably wish to use it within that time to  
21 conduct drilling operations under our pending application.

22 MR. CRANSTON: Frank, am I correct in understanding  
23 that it might be possible for us at a future meeting to con-  
24 sider these pending applications without waiting for the 120  
25 days?

26 MR. HORTIG: The staff intent, as supported by the

1 opinion of the Office of the Attorney General would be to  
 2 process all pending applications pursuant to the rules and  
 3 regulations as adopted here this morning, if adopted, which  
 4 would mean that pending applications would be -- definite  
 5 attempts would be made to bring the pending applications for  
 6 approval and consideration of the Commission at the meeting of  
 7 May 25th insofar as staff recommendations could be made thereon  
 8 in conformance with the new duly adopted rules and regulations.

9 MR. CARR: I'd like to ask both the Executive Officer  
 10 and the Attorney General: Under the suggestions made here,  
 11 how do we get around the provision of the law as to giving out  
 12 confidential information? Let's assume a case. Mr. Hortig  
 13 has a permit to drill a hole to twenty-six hundred feet. I  
 14 don't know; all I know is he is drilling a hole because I  
 15 caught him at it. Then I come to the Commission and I ask for  
 16 permission to drill a hole to that depth -- I don't know what  
 17 depth it is. Then, in order for me to get a permit to drill  
 18 to twenty-six hundred feet, somebody has to tell me "You can  
 19 go to twenty-six hundred feet." How can you do that and avoid  
 20 committing a misdemeanor, can you tell me that, under the law  
 21 that exists? That is definitely giving the depth of that  
 22 core hole.

23 MR. CRANSTON: Mr. Hortig refers that to the Attorney  
 24 General.

25 MR. CARR: In case he was shut down at twenty-one  
 26 hundred feet because he hit oil sand, then I have to tell him

1 he hit oil sand at twenty-one hundred feet. How would we  
2 handle that, as far as the law is concerned?

3 MR. SHAVELSON: That is the reason, in drafting this  
4 paragraph, the last paragraph on page 32 - - the reason that  
5 it was provided that the person would be allowed to drill  
6 subject to the same terms and conditions and the phrase "to  
7 the same depth" was not put in for the very reason you stated.  
8 It is our opinion that any information that the State Lands  
9 Division obtains, any specific data obtained as a result of  
10 the filing requirements of Section 6826, is, of course, made  
11 confidential by law; and, therefore, the depth to which he  
12 was actually allowed to drill under a particular core-drilling  
13 approval is part of that data in all probability.

14 Therefore, we feel that giving them exactly the same  
15 opportunity that the person drilling the prior hole was given  
16 to reach a particular depth is as far as we can go in giving  
17 equality. Anything beyond that -- which would require a dis-  
18 closure as to when he was shut down or as to how far he actu-  
19 ally went -- I think would require a disclosure to the new  
20 permittee of information obtained by the old permittee.

21 MR. CARR: Then there's another practical question  
22 that seems to me to raise itself here; that is, say Mr. Hortig  
23 wanted to go to twenty-six hundred feet and did and found  
24 nothing; I come along and I want to find something. Then  
25 what do I do? Do I apply to go to the same he did or do I  
26 apply for a permit to go to thirty-five? Without revealing



1 confidential information, I have looked over some of these  
 2 records. In fact, in all of them nobody seems to think they  
 3 are going to exactly the same depth. Now, they all want to  
 4 go to the same depth. I don't understand this from a technical  
 5 standpoint. What are they going to do -- set the depth by the  
 6 first guy that drills? I'd like to ask Mr. Home or Mr. Heggeness.  
 7 Is that your intention? Do you want the first guy that drills  
 8 the hole to set that depth? I don't understand what you want  
 9 to do. I don't understand how it is going to benefit you.

10 MR. HOME: No sir, it is not our intention that the  
 11 depth be limited by the depth first drilled. However, it is  
 12 our desire that if anyone has drilled to a depth at a particular  
 13 spot, then the industry generally should be given the same  
 14 opportunity to drill to the same point.

15 MR. CARR: What about going further?

16 MR. HOME: That is within the discretion of the Com-  
 17 mission and staff. We can only go to the depth permitted by  
 18 the Executive Officer. However, we wish a limitation upon  
 19 his power to prohibit us from going to the same depth somebody  
 20 else went at a particular spot.

21 MR. CARR: If it is in order, we have the Chairman,  
 22 don't we, of the Oil and Gas Committee, Mr. Allen - - if you  
 23 would care to express yourself on this, I'd like to hear how  
 24 you rationalize this thing. You are probably in a better  
 25 position here than I am. What is good about this? It has  
 26 been my observation that these oil companies are all in

1 competition with each other. Now, it seems to me they are  
2 trying their own hands -- not that it makes any difference, but  
3 we want to get as thorough an exploration of these reservoirs  
4 as any particular oil company cares to go. Some of them are  
5 willing to spend more money than others, some don't want to  
6 drill at all; but those who want to drill -- what is in the  
7 public interest here so far as restricting, encouraging, or  
8 augmenting these rules? I'd like to hear your reaction.

9 MR. ALLEN: Well, I came here to address the Commis-  
10 sion on another matter. I have read the proposed rule and I  
11 have no objection to it. I think it's a good rule and in the  
12 public interest and I would urge it be adopted.

13 MR. GOLDIN: Mr. Carr, may I venture an observation?  
14 I am not tossing this out as an opinion of the Attorney General  
15 because it is tentative, but it may perhaps resolve the objec-  
16 tions of both Mr. Home and Mr. Heggeness and still satisfy the  
17 query that you pose.

18 Now, tentatively, I believe Mr. Shavelson and I are  
19 of the opinion that the data submitted in an application must  
20 be confidential. Now, that would include the depth limitation  
21 that a particular applicant seeks and, similarly, data filed  
22 with the Commission as a result of core hole drilling must be  
23 regarded as confidential.

24 However, and as I say tentatively, we are of the  
25 opinion that the depth limitation which is specified in the  
26 core hole drilling permit perhaps may not be confidential.

1 This isn't something which is required to be filed with the  
 2 Commission and it doesn't necessarily follow that the limit  
 3 specified in the core hole drilling permit is necessarily what  
 4 the applicant asks for, nor is it necessarily the depth which  
 5 the applicant reaches by drilling -- because it is possible  
 6 that he may have to stop for another reason. I hope I have  
 7 made this clear, but I believe that it is possible to work out  
 8 a practical solution to this equal depth that Mr. Home suggests.

9 MR. CRANSTON: Well, it would certainly be the desire  
 10 of the Commission to work out a reasonable solution of this  
 11 problem if there is one within the language of the law binding  
 12 our actions. It is my understanding, although I was not here  
 13 when it happened, that the measure enacted by the Legislature  
 14 which makes it a misdemeanor for us to divulge any information  
 15 was written into the law at the behest of the oil companies;  
 16 and if they want some change, perhaps their recourse should be  
 17 some revision of that statute.

18 The real question on depth is how much you limit  
 19 somebody's activities; whether you are divulging more than a  
 20 depth figure when you divulge that figure. It seems to me it  
 21 would be wise to take all these matters under consideration,  
 22 as we will most carefully, and give full opportunity for any  
 23 further comments that anyone wishes to make in writing to this  
 24 Commission; and we will certainly take into consideration  
 25 those that have been given.

26 Is there anyone who wishes to comment? (No response)

1 If not, a motion has been made and seconded on the first  
 2 portion of this and it is unanimously adopted.

3 We now come to the next resolution, which is on page  
 4 30:

5 It is hereby resolved that immediately upon the  
 6 effective date of the foregoing emergency amend-  
 7 ment to Section 2100 of Title 2 of the California  
 8 Administrative Code, or as soon thereafter as is  
 9 practicable, all existent or outstanding geo-  
 10 physical or geological survey permits be amended,  
 11 or reissued, in such form as will comply with the  
 12 provisions of said Section 2100 as amended. The  
 13 Executive Officer is authorized to take all steps  
 14 necessary to effectuate this objective.

15 A motion is in order to implement this.

16 MR. CARR: I so move. What would the effective  
 17 date be?

18 MR. HORTIG: As soon as we can mechanically file  
 19 copies of the rules and regulations adopted on an emergency  
 20 basis today by the Commission. We even have hopes of an  
 21 opportunity to make such filing this afternoon -- in all  
 22 probability no later than tomorrow.

23 GOV. ANDERSON: I'll second it.

24 MR. CRANSTON: Is there anyone who wishes to  
 25 comment on this item? (No response) Hearing no one who  
 26 wishes to be recognized, the motion is unanimously adopted.

27 We move now to Supplemental Calendar Item 17 on  
 28 page 37, which is - Protest to the award of a proposed oil and  
 29 gas lease on Parcel 2, Santa Barbara County, Work Order 3810...

30 MR. HORTIG: Would you refer to page 37-A of the agenda?

1 MR. CRANSTON: Proposed oil and gas lease, tide and  
2 submerged lands, Santa Barbara County, Number 3810, Parcel 2.  
3 Frank?

4 MR. HORTIG: Yes sir. Mr. Chairman, the Commission  
5 will recall that at the last meeting the identical item here  
6 under consideration was up for consideration by the Commission  
7 with respect to the staff recommendation that the Commission  
8 accept the highest qualified bid made by Texaco, Inc. on  
9 March 3, 1961 for a parcel which has been identified as  
10 Parcel 2. At that meeting the Commission deferred considera-  
11 tion of this item in view of the determination to refer the  
12 entire question of geological and geophysical exploration  
13 permit procedure and its relationship to oil and gas leasing  
14 to the Attorney General for opinion, which opinion report has  
15 now been received by the Commissioners; and, therefore, the  
16 identical item which was on the Commission agenda last meeting,  
17 and on which consideration was deferred, has been again pre-  
18 sented here for discussion and consideration by the Commission  
19 in the light of comments that may be available from protestants  
20 here today, other parties in interest, and the Commission's own  
21 conclusions in the light of the opinion report from the Attorney  
22 General.

23 MR. CRANSTON: Does anyone wish to be heard on this  
24 item? Assemblyman Bruce Allen.

25 MR. ALLEN: Mr. Chairman, members of the Commission,  
26 I am Bruce Allen, member of the Assembly, and presently Chairman

1 of the Assembly Committee on Manufacture, Oil and Mining.

2 What I have to say this morning are my own views  
3 only. I have not been requested to appear here and I have no  
4 interest in any of these oil companies; but I did participate  
5 in the committee hearings that led up to the 1957 revisions  
6 of the Shell-Cunningham Act and the present law on leasing  
7 practices in the State of California in this respect, and I  
8 would like to see that the victory we achieved in 1957 be  
9 maintained and that the very fine competitive bidding practices  
10 of the State of California be continued.

11 I have also had occasion to conduct investigations  
12 into bidding practices of other agencies within the State,  
13 a very assorted variety which I would not like to see come  
14 upon the State of California.

15 I have gone over the information that's been avail-  
16 able to me with respect to the protests against the two bids  
17 that are before the Commission on Parcels 2 and 3 and my purpose  
18 this morning is to urge the Commission to accept the high bid  
19 on each parcel. The law does give the Commission the jurisdic-  
20 tion to reject all bids and that is in the very wise discretion  
21 of the Commission in case the information available to the  
22 Commission might perhaps indicate that the bids are all too  
23 low and the potential is such that another round of bidding  
24 might result in a more adequate payment, or if information is  
25 submitted that indicates by virtue of circumstances some  
26 bidders did not receive a fair opportunity to bid. It's on

1 that basis that the protests were submitted at the last meet-  
2 ing of the Commission by Richfield and Pauley.

3 These protests are based upon the depth to which  
4 Texaco was permitted to drill a core hole on Parcel 2 and the  
5 protest is to the effect that by reason of orders of the State  
6 Lands Division the other bidders were denied an opportunity to  
7 obtain the same information as Texaco.

8 I feel that this argument is without merit for  
9 several reasons. One of these is indicated by the fact that  
10 the core hole drilled by Texaco, while it was the deepest core  
11 hole drilled on Parcel 2, was not as deep as the core hole  
12 drilled by Richfield on Parcel 3; and if there was anything  
13 wrong with the competitive situation as to Parcel 2, the same  
14 problem would apply to Parcel 3.

15 The objections made by Richfield and Pauley, as to  
16 both parties, were withdrawn as to Parcel 3 when it turned out  
17 Richfield had the high bid on Parcel 3 -- which I think refutes  
18 their own argument on Parcel 2. Furthermore, the core hole  
19 that was drilled by Richfield on Parcel 3 to a depth of forty-  
20 three hundred feet took them only two weeks to drill. This is  
21 not a very extensive or time-consuming operation. It was  
22 drilled after the bid period on Parcel 2, so I don't see where  
23 it could have helped them in their bid on Parcel 2.

24 My opinion is by virtue of exchanges of information  
25 within the industry Richfield knew a year before the bidding  
26 date approximately on Parcel 2, the depth of the Texaco core

1 hole on Parcel 2; and if Richfield had been interested in  
 2 drilling a core hole on Parcel 2 to that depth, they could  
 3 have. They have not said that they applied to the Executive  
 4 Officer for a permit to drill a core hole to the same depth  
 5 of Texaco and were rejected. There has been no such conten-  
 6 tion made before this Commission.

7 Furthermore, the change in the regulations of the  
 8 Commission on the depth to which core holes may be drilled -  
 9 and the first change was made in 1959, where the general policy  
 10 of going to the nearest stratographic and so forth marker was  
 11 changed to a policy where the Executive Officer would fix a  
 12 depth to which a core hole would be drilled; it has been over  
 13 two years since that, about two years since that change was  
 14 adopted, and yet as far as my information goes the Richfield  
 15 Oil has drilled no new core holes on Parcel 2 since the new  
 16 regulation came out. Their only interest was drilling core  
 17 holes under the old regulation and they made no attempt to  
 18 drill a new one, and they certainly were informed because they  
 19 attend all these meetings of the Commission and get the public  
 20 information.

21 Finally, I would like to call to your mind the state-  
 22 ment made by one of the officers of the Richfield Oil Company  
 23 at the hearing conducted by this Commission in Los Angeles a  
 24 year ago, where various oil companies were requesting the Com-  
 25 mission to put these parcels up for bid; and this is a state-  
 26 ment of Mr. Ragland at that time. This was after Richfield



1 had participated in the drilling of core holes on Parcel 2,  
2 so they already had some information about Parcel 2. This is  
3 Mr. Ragland's statement to the Commission on May 31, 1960:

"Elchfield believes that the lands should  
4 be offered for lease at this time. In our  
5 opinion there is no advantage to be gained  
6 for the State by deferring the offer and there  
7 may be disadvantages both to the State and to  
8 the Nation if such offer is long deferred.  
9 We are convinced that the Commission need not  
10 fear that there will be any dearth of competi-  
11 tion if the lands are offered at this time,  
12 either in the number of bidders or in the  
13 quality of bids, no matter what basis of  
14 bidding is decided upon."

15 That's on page 3 of your transcript. And then Mr. Ragland  
16 continues on page 9 of the transcript:

"We know that the offshore lands now under  
17 consideration contain oil."

18 And then again on page 10, Mr. Ragland:

"It is believed that the oil in these unexplored  
19 lands under consideration is over 35 degrees  
20 gravity and is therefore highly desirable for  
21 its content of gasoline, jet fuel, diesel oil,  
22 and other like products."

23 Then Mr. Pauley in the same hearing, on the next  
24 day, is quoted on page 110 of your transcript:

"I would say in your cash bonuses that are  
25 offered in California or offshore Louisiana  
26 or Texas that it is a highly competitive field;  
that the companies bidding are very intelligent  
people. They have spent millions of dollars  
and by and large they know what they are doing.  
Sometimes we doubt it, but by and large I think  
the companies do know what they are doing and  
I think the prices that are bid are truly  
reflective of the properties that they are  
bidding on."

1 Under these conditions and this information, I  
 2 would submit that the protest to accepting the bids on these  
 3 two parcels are without merit and I would submit further, just  
 4 by way of information, that the high bid on Parcel 2 figures  
 5 out at a cash bonus of \$2,247 an acre -- which, for ground  
 6 that is entirely under water, is a pretty fair price, in  
 7 addition to which the State would receive the sliding scale  
 8 royalty that is required by the 1957 legislation.

9 Now, no system of competitive bidding, no matter how  
 10 perfect the regulations or statutes, will work if the people  
 11 who administer it don't want it to work and I do not infer  
 12 that in any way that is the intent of this Commission; but it  
 13 is certainly possible to kill a good system of competitive  
 14 bidding by refusing to accept the high bid when it is offered  
 15 and letting the word get out that the only high bid that will  
 16 be accepted is the one made by the right people -- and I would  
 17 not want to see any inference that that is going to become the  
 18 situation in California. For that reason I request your favor-  
 19 able action on these two bids.

20 MR. CRANSTON: Any questions or comments?

21 MR. HORTIG: Mr. Chairman, might I ask Mr. Allen a  
 22 question? Mr. Allen, I wonder if you would have any objection  
 23 to having the record show that the analyses and comments which  
 24 you have just presented to the Commission were not based on  
 25 any data made available to you by the State Lands Division  
 26 other than the transcripts of the State Lands Commission

1 meetings which are regularly furnished to you as Chairman of  
 2 the Manufacturing Oil and Mining Industry Committee and the  
 3 copy of the letter of protest for Richfield Oil of Joseph  
 4 Ball, which was furnished to you on specific clearance of Mr.  
 5 Ball.

6 MR. ALLEN: That's correct.

7 MR. CRANSTON: Bruce, I want to assure you that this  
 8 Lands Commission has every intention of maintaining the bid  
 9 procedures the Legislature has authorized and we are as eager  
 10 as you to get all the revenue we can to the State and to re-  
 11 ceive the highest possible bids and approve them wherever  
 12 possible.

13 MR. ALLEN: Thank you.

14 MR. CARR: May I ask a question, Mr. Chairman? If  
 15 we wait until some future date to act on these by any chance,  
 16 actually what does this amount to in loss of revenue to the  
 17 State? As I see it -- I think you all know how I feel --  
 18 I'd like to see these things accepted as soon as we can do it  
 19 with the secure feeling that we are not going to involve our-  
 20 selves in litigation which would further delay the receipt and  
 21 the use of this money. There is a substantial amount of money  
 22 in royalties from the oil. What are we thinking about in  
 23 deferring income to the State, before we take any action on  
 24 this? What is involved if we wait ten days, two weeks?

25 MR. ALLEN: As I understand the situation, the delay  
 26 up to the present time has not entailed any loss because the

1 high bidder has agreed to the delay. If the Commission rejects  
 2 the high bid and there is no factual showing of lack of an  
 3 opportunity to have a competitive situation and there is no  
 4 information available to the Commission indicating that all  
 5 the bids are grossly inadequate (which I wouldn't know), then  
 6 the only inference that is going to get out through the industry  
 7 is that the high bid will be accepted by the Commission if it's  
 8 by the right people and otherwise not; and this can destroy the  
 9 system of competitive bidding that we have set up in the  
 10 statutes.

11 MR. CARR: That wasn't exactly my question. I was  
 12 only thinking about the time factor involved in the use of  
 13 the money.

14 MR. ALLEN: I don't see any problem there.

15 MR. GRANSTON: John, as you well know, we lose a  
 16 little bit of potential interest when we don't have a dollar  
 17 in our hands and it is in somebody else's hands, and we have  
 18 that factor involved -- presuming we were going to spend it  
 19 immediately, it is ready for investment. Thank you, Bruce.  
 20 Anyone else have any comments?

21 MR. HEGGENESS: I have a comment which applies to  
 22 not only Item 17 but also Item 18. That is the bid on Parcel  
 23 3. And that is this: I don't want to go into the merits of  
 24 Richfield's dispute. They were fully outlined in this letter  
 25 to the Commission last month. Richfield's policy now is this:  
 26 If the Commission decides to accept the bids on Parcel 2 and

1 3, Richfield will be willing to set aside any action on the  
2 award of the bid to Texaco provided on all future parcels it  
3 is given the same treatment, that is, they could drill to the  
4 same stratographic .....

5 MR. CARR: Aren't you asking us to do what Mr. Allen  
6 said here? If you aren't happy with any future core hole  
7 applications, then they will file a suit on future parcels.  
8 Is that a deal we are making here?

9 MR. HEGGENESS: I don't believe so. I am just  
10 stating a policy.

11 MR. CRANSTON: You either have lying here a protest  
12 or you don't. I think you should make it clear.

13 MR. HEGGENESS: In other words, Richfield will not  
14 waive its protest to Parcel 2 unless it is assured it will be  
15 given equal treatment on future parcels.

16 MR. CRANSTON: The Lands Commission assures all oil  
17 companies they will be given equal treatment. We will not  
18 prescribe what form that will take.

19 MR. HEGGENESS: Well, I have no authority to with-  
20 draw the protest on that basis.

21 MR. CRANSTON: Do you have any further comments?

22 MR. GARFINKE: Mr. Chairman, members of the Commis-  
23 sion, my name is Jack Garfinke with Pauley Petroleum. Our  
24 protest now on the record should be allowed to stand and we  
25 wish to make no further protest or withdraw it at this time.

26 MR. CRANSTON: Thank you very much. Any other comments?

1 I'd like to ask the Attorney General's representatives  
2 for their advice in view of the current situation.

3 MR. SHAVELSON: May we just have one moment, please?

4 MR. CRANSTON: Surely. We will take a moment's re-  
5 cess but will reconvene in just a few moments.

6 (Very short recess)

7 MR. CRANSTON: The meeting will reconvene. The  
8 Commission would like to ask the following question of those  
9 who have protested here and of anyone else who might contem-  
10 plate the idea of protesting. We have one question in our  
11 minds as to the propriety of our proceeding to act on these  
12 bids at this particular meeting in view of the fact that  
13 written agendas circulated prior to our gathering here did not  
14 contain formal notice therein that we would consider acting on  
15 these bids at this session; and so, while we recognize that  
16 Richfield and Pauley have protests based upon other matters,  
17 we would like to inquire whether they are willing to waive any  
18 protest on the grounds of inadequacy of notice.

19 MR. HEGGENESS: Yes, Richfield will so waive.

20 MR. GARFINKE: Pauley will do the same.

21 MR. CRANSTON: So we then have in the record full  
22 recognition of that waiver and we want to express our gratitude  
23 to you for helping to remove procedural barriers to our acting.  
24 Before proceeding further, the Chair wants to state for the  
25 record that he has .....

26 MR. GOLDIN: Mr. Cranston, I think it also ought to

1 be asked of these representatives if they want an opportunity  
2 to submit additional statements, either by way of argument or  
3 fact before the Commission takes action.

4 MR. HEGGENESS: Richfield has nothing further to  
5 submit, your Honor.

6 MR. GARFINKE: I think we have nothing further to  
7 submit. We would like to have the opportunity after I make  
8 a report to our Los Angeles office. Will we have such an  
9 opportunity?

10 MR. CRANSTON: This goes to the question as to  
11 whether we will now proceed to approve or reject the bids, and  
12 the Chair would like to remind all representatives that con-  
13 siderable opportunity has been given to all oil companies to  
14 present information to us. I wrote a letter to everybody who  
15 has ever indicated any interest in our bidding, inviting  
16 information to be presented to us pro and con as to what we  
17 were doing, our procedures; and we received many communications  
18 from your firm and others and the question is we have not  
19 received any indication up to this point that anyone has any  
20 further protests.

21 MR. GARFINKE: We have no further protest and we  
22 have waived the notice, and certainly don't want to hold up  
23 your proceedings any further.

24 MR. CRANSTON: In view of that, the Commission feels  
25 it has done all it can do to be fair insofar as adequate notice  
26 for presentation of views on these bids. Frank, do you wish

1 to make any further comments?

2 MR. HORTIG: No further comments unless you wish a  
3 statement as to the motions that under these circumstances  
4 would be in order for the Commission.

5 MR. GRANSTON: Does the Attorney General's office  
6 wish to make any further statement?

7 MR. GOLDIN: Mr. Granston, I believe that you had  
8 started to make a statement ....

9 MR. GRANSTON: The Chair would like to get one thing  
10 into the record -- that we have received from the Attorney  
11 General their advise that it is proper for the Commission to  
12 proceed and that if it wishes to it has adequate grounds for  
13 approving the bids that have been presented to us from the  
14 legal point of view, quite apart from the value of the oil  
15 which is up to us to consider -- whether or not we have re-  
16 ceived an adequate bid.

17 Also, for the record the Chair wishes to state that  
18 in order to equip himself to act with all adequacy possible  
19 that he has familiarized himself with confidential information  
20 in possession of the Lands Commission relating to the area  
21 under consideration and I think it would be appropriate to get  
22 into the record similar statements from the other members of  
23 the Commission.

24 MR. CARR: Mr. Chairman, I have familiarized myself  
25 with the information that's in possession of the Lands Commission  
26 relative to the circumstances under which these bids were made



1 as far as our records show.

2 GOV. ANDERSON: And the same statement for me.

3 MR. CRANSTON: The following would be the basis of  
4 proposed action that the Commission, with this information,  
5 would proceed with:

6 On March 3, 1961 three bids were received in response  
7 to a published notice of intention of the State Lands Commission  
8 to enter into a lease for the extraction of oil and gas from  
9 4,250.14 acres of tide and submerged lands, designated as  
10 W. O. 3810, Parcel 2, Santa Barbara County. This offer was  
11 authorized by the Commission on December 22, 1960, Minute  
12 Item 31, page 6587.

13 The Office of the Attorney General has reviewed the  
14 highest bid, submitted by Texaco Inc., and has determined that  
15 the Commission has complied with the procedural requirements  
16 of law and that the bid submitted conforms with (1) the bid  
17 requirements specified in the proposal of the Commission; (2)  
18 the applicable statutory provision of the law; (3) the rules  
19 and regulations of the Commission. A summary tabulation of  
20 the bonus payment offers received pursuant to the lease pro-  
21 posal is attached;

22 It is recommended - - this would be the form of  
23 the proposed motion:

24 It is recommended that in accordance with the  
25 provisions of Division 6 of the Public Resources Code, the  
26 Commission accept the highest qualified bid made by Texaco Inc.

1 on March 3, 1961, and authorize the Executive Officer to issue  
 2 an oil and gas lease to Texaco Inc. for the 4,250.14-acre  
 3 parcel of tide and submerged lands designated as W. O. 3810,  
 4 Parcel 2, in Santa Barbara County, as detailed in the published  
 5 notice of intention under W. O. 3810, Parcel 2, published  
 6 January 3 and January 10, 1961. The cash bonus payment in con-  
 7 sideration of issuance of the lease is to be \$9,550,000 as  
 8 offered in the bid.

9 Motion is in order.

10 MR. CARR: Mr. Chairman, I move acceptance of the  
 11 Texaco bid.

12 GOV. ANDERSON: I'll second it.

13 MR. CRANSTON: Is there any further comment by anyone  
 14 present? (No response) There being no further comment, the  
 15 motion is unanimously adopted by the Lands Commission.

16 We proceed now to Supplemental Calendar Item 18 --  
 17 Proposed oil and gas lease, tide and submerged lands, Santa  
 18 Barbara County - W. O. 3850, Parcel 3. On April 7, 1961, two  
 19 bids were received in response to a published notice of inten-  
 20 tion of the State Lands Commission to enter into a lease for the  
 21 extraction of oil and gas from 4,250.14 acres of tide and sub-  
 22 merged lands, designated as W.O. 3850, Parcel 3, Santa Barbara  
 23 County. This offer was authorized by the Commission on January  
 24 26, 1961, Minute Item 22, page 6683.

25 The Office of the Attorney General has reviewed the  
 26 highest bid, submitted by Richfield Oil Corporation, The Ohio

1 Oil Company, Socony Mobil Oil Company, Inc., and Tidewater Oil  
2 Company, and has determined that the Commission has complied  
3 with the procedural requirements of law and that the bid sub-  
4 mitted substantially conforms with: (1) the bid requirements  
5 specified in the proposal of the Commission; (2) the applicable  
6 provisions of law; (3) the rules and regulations of the Commis-  
7 sion. A summary tabulation of the bonus payment offers received  
8 pursuant to the lease proposal is attached.

9 It is recommended that in accordance with the provi-  
10 sions of Division 6 of the Public Resources Code, the Commission  
11 accept the highest qualified bid made by Richfield Oil Corpora-  
12 tion, a Delaware corporation, the Ohio Oil Company, an Ohio  
13 corporation, Socony Mobil Oil Company, Inc., a New York cor-  
14 poration, and Tidewater Oil Company, a Delaware corporation on  
15 April 7, 1961, and authorize the Executive Officer to issue  
16 an oil and gas lease to the aforesaid bidders for the 4,250.14-  
17 acre parcel of tide and submerged lands designated as W. O.  
18 3850, Parcel 3, in Santa Barbara County, as detailed in the  
19 published notice of intention under W. O. 3850, Parcel 3, pub-  
20 lished February 3 and February 10, 1961. The cash bonus payment  
21 in consideration of issuance of the lease is to be \$1,355,111  
22 as offered in the bid.

23 Motion is in order.

24 MR. HORTIG: Mr. Chairman, may I ask the Attorney  
25 General's representative as to the desirability of the record  
26 showing at this point that all prior protests with respect to

1 the issuance of this lease have been withdrawn.

2 GOV. ANDERSON: Which were the protestants?

3 MR. HORTIG: There were protests again by Richfield  
4 and Pauley.

5 GOV. ANDERSON: Both of them have been withdrawn,  
6 including Richfield's?

7 MR. HORTIG: That is correct. Richfield first and  
8 Pauley second.

9 MR. CRANSTON: You have received written notice to  
10 this effect?

11 MR. HORTIG: No sir. The Commission received verbal  
12 notice to this effect from Attorney Ball for Richfield at the  
13 last meeting. We did receive written notice from Mr. Pauley  
14 to this effect.

15 MR. SHAVELSON: The fact is, Mr. Hortig, there are  
16 no pending protests?

17 MR. HORTIG: That is correct.

18 MR. SHAVELSON: And you merely wish the record to so  
19 reflect?

20 MR. HORTIG: That is correct.

21 MR. CRANSTON: The record should also reflect the  
22 members of the Commission have looked at the files and explored  
23 the information available to us on this field, too. I have  
24 done so ....

25 MR. CARR: And I have.

26 MR. CRANSTON: And you....

1 GOV. ANDERSON: Yes. Wouldn't it be wise to have  
2 the record show that Richfield has withdrawn their protest  
3 instead of letting it rest on the other item?

4 MR. SHAVELSON: That is a matter of record.

5 MR. HEGGENESS: I don't think Richfield ever pre-  
6 tested Bid 3. They requested the bidding be deferred and  
7 that was ....

8 MR. GOLDIN: In any event, Mr. Heggeness, the com-  
9 munication filed by Richfield speaks for itself.

10 MR. HEGGENESS: It does, your Honor.

11 MR. CRANSTON: Are there any further comments?

12 (No response) Motion is in order.

13 MR. CARR: I move the acceptance of this bid.

14 GOV. ANDERSON: I'll second it.

15 MR. CRANSTON: There being no further comments, the  
16 motion is unanimously adopted by the State Lands Commission.

17 We now move to Supplemental Calendar Item 19 --  
18 H. R. 4390 - Proposed amendment to Submerged Lands Act -  
19 W. O. 721 -- back on page 40, the bottom of the supplement.  
20 Frank, do you want to make any comments?

21 MR. HORTIG: Yes sir. House Resolution 4390, as  
22 introduced in the House of Representatives by Mr. Brooks of  
23 Louisiana, and which has been referred to the Committee on  
24 Judiciary, would amend the existing Submerged Lands Act by  
25 which all coastal states receive clearance of title to tide  
26 and submerged lands. It would be amended to confirm that the

1 seaward boundaries of all coastal states would be three marine  
2 leagues waterward of the coastline in lieu of the present  
3 language of the Act, which is in effect, which provides for a  
4 limit of three geographical miles. This procedure, applicable  
5 to all coastal states in the United States, would accomplish a  
6 clarification as to the position of this boundary and a recti-  
7 fication so that there would uniformity as to these locations,  
8 inasmuch as this same distance has been upheld in decisions of  
9 the United States Supreme Court in connection with the deter-  
10 mination of the offshore limits of the states of Florida and  
11 Texas.

12           The Office of the Attorney General has also reviewed  
13 this legislation and has advised the Commission that the passage  
14 of the said bill would be in the interests of the State of Cali-  
15 fornia; and, therefore, it is recommended that the Commission  
16 (1) declare its support for House Resolution 4390 as attached  
17 to the Commissioners' agenda; (2) authorize the Executive  
18 Officer to submit a proposed resolution for consideration dur-  
19 ing the current session of the Legislature urging enactment  
20 thereof by the Congress ("thereof" referring to H. R. 4390) --  
21 urging enactment thereof by the Congress of the United States;  
22 and (3) authorize the Executive Officer to take appropriate  
23 steps in cooperation with the Office of the Attorney General  
24 to enlist support for said bill.

25           MR. CRANSTON: Motion is in order.

26           GOV. ANDERSON: I'll make it.

1 MR. CARR: Second.

2 MR. CRANSTON: Any comments?

3 MR. ROSE: I might just say since Senator McBride  
4 had a particular interest in this area, I spoke to him about  
5 it yesterday and he is very much in agreement with the proposed  
6 calendar item suggested and would aid in presenting it to the  
7 Legislature.

8 MR. CRANSTON: We move to the regular calendar --  
9 confirmation of minutes of meetings of February 7, February  
10 15 and March 7, 1961.

11 MR. CARR: So move.

12 GOV. ANDERSON: Second.

13 MR. CRANSTON: Item 2 -- Permits, easements, and  
14 rights-of-way to be granted to public and other agencies at  
15 no fee, pursuant to statutes: (a) State of California, Divi-  
16 sion of Highways -- right-of-way easement, 1.70 acres of  
17 Tuolumne River lands, Stanislaus County; item (b) State of  
18 California, Division of Highways -- Additional right-of-way  
19 easement .05 acre sovereign lands of Mokelumne River; item (c)  
20 State of California, Division of Highways -- Extraction of  
21 materials from sovereign lands, Tuolumne River, Stanislaus  
22 County; item (d) County of Sacramento, 49-year easement, 0.22  
23 acre submerged lands of American River plus temporary working  
24 easement 30 feet in width, Sacramento County, for sewer outfall.  
25 Any comments on those? (No response) Motion is in order.

26 GOV. ANDERSON: So move.

1 MR. CARR: Second.

2 MR. GRANSTON: Moved, seconded and unanimously  
3 approved.

4 Item 3. Are those things deferred, Frank?

5 MR. NORTIG: Item 3, items (a) and (b), it is  
6 proposed these items be deferred to June 22nd.

7 GOV. ANDERSON: For the record, I have three tele-  
8 grams from the Mayor of City of Falos Verdes Estates, the  
9 City Manager of Redondo Beach, and the City Manager of the City  
10 of Torrance.

11 MR. GRANSTON: Item (c) -- Permit to excavate 8500  
12 cubic yards of material at royalty of three cents per cubic  
13 yard from bed of Napa River, Napa County. Any comments?  
14 (No response) Motion is in order.

15 MR. CARR: So move.

16 GOV. ANDERSON: Second.

17 MR. GRANSTON: Unanimously approved. Item 4 --  
18 Selection of vacant Federal lands on behalf of the State:  
19 (a) 240 acres Trinity County, pursuant to application of  
20 Frank P. Donahue; (b) 635.69 acres in San Bernardino County,  
21 pursuant to application of George McCarthy; (c) 640 acres  
22 San Bernardino County, pursuant to application of George  
23 McCarthy; (d) 560 acres in San Bernardino County, pursuant to  
24 application of George McCarthy.

25 MR. NORTIG: In all four instances, Mr. Chairman,  
26 the original applicants for whom the requests were filed with



1 the Federal Government chose to withdraw. These lands are  
2 now available for selection and inclusion in the State Land  
3 list and it is recommended that this be done.

4 MR. CARR: Move.

5 GOV. ANDERSON: Second.

6 MR. CRANSTON: Approved unanimously. Item 5 --

7 Authorization for Executive Officer to notify City Council of  
8 City of Oxnard that present value of State-owned tide and  
9 submerged lands proposed to be annexed under Resolution No.  
10 2439 is \$840,000.

11 MR. HORTIG: As the Commission is aware from prior  
12 analogous actions, if it is proposed by a city to include in  
13 an annexation uninhabited tide and submerged lands of the State  
14 of California, a report of the valuation of those lands must be  
15 included in the annexation proceedings and the State Lands Com-  
16 mission is the designated agency to make the evaluation and  
17 the report and also to submit objections to the annexation,  
18 if any is indicated to be in the interests of the State. In  
19 this instance, there appear to be no bases for recommending to  
20 the Commission any objection to the annexation and, therefore,  
21 it is recommended that the Commission authorize the Executive  
22 Officer to inform the City Council of the City of Oxnard of the  
23 value which has been determined by the Lands Commission as  
24 applying to the lands proposed to be annexed.

25 MR. CRANSTON: Motion is in order.

26 GOV. ANDERSON: So move.

1 MR. CARR: Second.

2 MR. CRANSTON: Moved by Governor Anderson, seconded  
3 by John Carr, unanimously approved.

4 Item 6 -- Authorization for Executive Officer to  
5 approve map entitled "Plat of Lands East of Levee and West of  
6 Belmont Slough in Section 25, T. 4 S., R. 4 W, MDB&N, San  
7 Mateo County, California," prepared by Wilsey, Ham & Blair,  
8 Engineers; and authorization for Executive Officer to enter  
9 into agreement with T. Jack Foster fixing the boundary line  
10 described in the proposed agreement as the boundary line be-  
11 tween certain State and upland property in San Mateo County.

12 MR. HORTIG: The Commission will recall several  
13 months ago the awarding of a lease for mineral extraction  
14 from an area known as San Bruno Shoals, which is to be used in  
15 developing an area of extensive low-lying upland; and in order  
16 to determine and fix for all time, because the natural boundary  
17 will be obscured by this development, survey was completed and  
18 it is recommended that the survey of the legal boundary line  
19 be approved and recorded so this will be a matter of record  
20 despite physical elimination of the original location in the  
21 future as a result of the excavation and dumping operations  
22 which will be carried out -- again under terms and conditions  
23 of a State Lands Commission lease.

24 MR. CRANSTON: Motion is in order.

25 GOV. ANDEBSON: So move.

26 MR. CARR: Second.

1 MR. CRANSTON: Moved, seconded, unanimously adopted.  
 2 Item 7 -- Consideration of following land reports  
 3 made by staff to the Commission: (a) Report No. 1 - re school  
 4 and swamp and overflowed lands; (b) Report No. 2 - re indemnity  
 5 (lieu) land selections; (c) Report No. 3 - re exchange applica-  
 6 tions.

7 MR. HORTIG: Mr. Chairman, in summary -- and this is  
 8 the neatest trick of the week in view of the volume of the  
 9 reports, the Commission will recall that on May 24, 1960 by  
 10 resolution the further acceptance of applications to sell or  
 11 transfer state lands was placed in abeyance subject, however,  
 12 to staff completion of any conveyances that would be made  
 13 pursuant to valid applications pending on that date.

14 In the course of processing to completion the balance  
 15 of such pending applications, at the meeting of January 26,  
 16 1961 the Commission directed the suspension of further process-  
 17 ing of the remaining pending applications and requested the  
 18 preparation of a report on the number and status of such appli-  
 19 cations and specific descriptive data as to the lands. This  
 20 report, in three volumes as listed -- relating to the three  
 21 classes of land which we have been processing: school, swamp  
 22 and overflowed is one, indemnity or lieu land is two, and  
 23 exchange applications is three -- has heretofore been delivered  
 24 to the Commission, together with recommendations, which are  
 25 repeated in the agenda item appearing on pages 25 and 26 --  
 26 which, again, in summary recommend that the suspension order

1 of January 26, 1961 be rescinded and that again the staff be  
2 authorized to complete only those applications for land that  
3 were valid and pending on May 24, 1960, which would thereafter  
4 be followed with the initial report bearing on the initial  
5 request of the Commission on May 24, 1960 of a larger and more  
6 detailed report with specific recommendations as to future  
7 policy determinations by the Commission with respect to the sale  
8 or handling or exchange of the other remaining vacant State  
9 lands and lands to which the State is still entitled by way  
10 of indemnification from the United States by reason of losses  
11 to the school land grant.

12 MR. CARR: I so move.

13 GOV. ANDERSON: Second.

14 MR. CRANSTON: The motion is moved, seconded,  
15 unanimously adopted. Does that conclude everything under  
16 that item, Frank?

17 MR. HORTIG: Yes sir.

18 MR. CRANSTON: Item 8 -- Authorization for Executive  
19 Officer to execute supplementary agreement with Remington Rand  
20 in sum of \$19,000 on lands index project.

21 MR. HORTIG: Under Section 127 of the Government Code  
22 the Lands Commission is charged with the responsibility and  
23 the Lands Division has the mechanical problem of establishing  
24 and maintaining an index of lands located in California which  
25 are under the jurisdiction of the United States. Bases for  
26 initiating such an index were explored under a pilot agreement

1 with Remington Rand and the Legislature has included \$19,000  
2 in the Division's support budget for 1960-61; and although  
3 the original \$27,000 allocated to do the exploratory work has  
4 not as yet been fully expended, the additional current fiscal  
5 year appropriation of \$19,000 will be needed to carry the ex-  
6 panded program forward and these balances should be encumbered  
7 by means of a supplemental agreement to be placed in effect  
8 prior to June 30, 1961, the end of the current fiscal year.

9 The agreement is in an amount beyond that which the  
10 Executive Officer is authorized to enter into under delegations  
11 of authority, so it is recommended that the Commission authorize  
12 the issuance and execution of the necessary supplemental agree-  
13 ment, in order that the funds which are available may be en-  
14 cumbered and properly applied to continuation of this project.

15 MR. CRANSTON: Authorizing motion is in order.

16 MR. CARR: I'll so move.

17 GOV. ANDERSON: Second.

18 MR. CRANSTON: Moved, seconded and unanimously  
19 carried.

20 We come to the final item -- scheduling of next  
21 Commission meeting, which is Thursday, May 25, 1961 at 10 a.m.  
22 in Sacramento.

23 GOV. ANDERSON: So move.

24 MR. CARR: Second.

25 MR. CRANSTON: Moved, seconded, unanimously carried.  
26 Meeting is adjourned.

ABJOURNED 11:43 A.M.

CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, hearing reporter for the  
Division of Administrative Procedure, hereby certify that the  
foregoing forty-one pages contain a full, true and correct  
transcript of the shorthand notes taken by me in the meeting  
of the STATE LANDS COMMISSION on May 4, 1961 at Sacramento,  
California.

Dated: Sacramento, California, May 8, 1961.

*Louise H. Lillico*