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TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA

JUNE 22, 1961

PARTICIPANTS:

THE COMMISSION:

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

Mr. F. J. Hortig, Executive Officer
Mr. Don Rose, Executive Secretary to
Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Howard S. Goldin, Assistant Attorney General

APPEARANCES:

Mr. Gerald Desmond, City Attorney of the
City of Long Beach

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

ITEM CLASSIFICATION	ITEM ON CALENDAR	PAGE OF CALENDAR	PAGE OF TRANSCRIPT
1 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE			
(a) U.S. Army, Corps of Engineers	12	1	7
2 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE			
(a) Calif. Minerals Corp. and S. A. Tanner	5	3	8
(b) Phillips Petroleum Co.	22	4	8
(c) Richard B. & Constance Shelley	19	5	10
(d) Carl Hemmeter	18	6	11
(e) Arthur & Beatrice Olson	21	7	11
(f) Docal, Inc.	25	8	12
(g) M & H Oil Corp.	17	9	12
(h) Milton Oil Corp.	15	10	12
(i) Reading Oil Corp.	16	11	12
(j) R. E. Oliver	20	12	13
(k) Union Offshore Corp.	10	13	13
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(m) Utah Const. & Mining Co.	13	17	14
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3 CITY OF LONG BEACH PROJECTS			
(a) Maintenance and operation of tideland beaches and facilities 1961-62 fiscal yr.	3	19	4

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4 SALES OF VACANT STATE SCHOOL LAND			
(a) Andrew Dalman	4	28	15
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5 Authorization to issue permit Southern Pacific Co. for deposition fill on 5.45 acres T&S lands Carquinez Strait	27	30	17
MOTION -----			20
6 Authorization to execute service agreement City of Oakland	1	34	20
MOTION -----			21
7 Authorization to approve plat Portion Sec.23 and 24, San Joaquin County	24	35	21
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8 DATA PROCESSING PROGRAM			
(a) Authorization to request deficiency authorization \$19,360 - G15 Bendix Computer	7	36	23
(b) Authorization to request deficiency authorization \$10,485 for completion of installation and continue operation in Sacramento Office 1961-62	8	39	23
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(In Accordance with Calendar Summary)
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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
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9	Authorization for deficiency authorization \$3,320 covering cost unbudgeted relocation expenses L. A. office	9	41	29
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10	Confirmation of transactions of Executive Officer:	6		30
	Roy Hunter		43	
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11	11	INFORMATIVE ONLY:			
	(a)	Report on proposed ocean-floor oil well completion Standard Oil, Santa Barbara County	14	45	30
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		Application City of Long Beach for expenditure of tideland oil revenues for maritime and commerce museum site construction phase of shoreline development project	28	49	1

		MOTION -----			4
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I N D E X

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1 MR. CRANSTON: The meeting will please come to order.
2 The Chair would like to announce one new policy which we will
3 seek to follow on the Lands Commission -- which will be to
4 take up matters first where there are people in the room who
5 want to testify or have a particular interest, so they don't
6 have to sit through matters where nobody has bothered to come
7 or they have no interest; and in accordance with that procedure
8 we will now take up Supplemental Calendar Item 28 and if any-
9 body else has anything they would like to have handled early,
10 if they will send up word to the desk we will take care of
11 those items after this item.

12 Supplemental Calendar Item 28 is an application of
13 the City of Long Beach for expenditure of tideland oil revenues
14 for maritime and commerce museum site construction phase of
15 shoreline development project - LBWO 10,138. Frank?

16 MR. HORTIG: Mr. Chairman, as you and Commissioner
17 Carr are aware, there have been pending before the State Lands
18 Commission an application by the City of Long Beach for authori-
19 zation to expend a portion of its share of the tideland revenues
20 of the City of Long Beach for the development of a shore line
21 project authorized in general by charter amendment of the
22 electorate of the City of Long Beach, and as to a specific
23 portion thereof for which application has been filed with the
24 State Lands Commission, have proposed a maritime and commerce
25 museum, which in turn would be located upon a filled area in
26 currently water-bearing tide and submerged lands fronting on

1 the City of Long Beach -- the filled area to serve initially
 2 basically as the foundation area for the proposed maritime and
 3 commerce museum. The stated primary purpose of the museum is
 4 the promotion of interest and understanding of maritime affairs,
 5 including commerce, transportation, shipping, navigation and
 6 naval operations, with the objective of promoting the develop-
 7 ment of the Port of Long Beach; and the additional facilities
 8 which would be proposed to be installed on fill areas include
 9 a new public beach, a lagoon, parking areas; and this is
 10 analyzed in the opinion of the Office of the Attorney General
 11 as being within the express trust purposes of the previous
 12 State grant of tide and submerged lands to the City of Long
 13 Beach.

14 At this point, then, it is stated in the opinion
 15 that the State Lands Commission may properly approve the re-
 16 quested expenditure provided the Commission is satisfied in
 17 its own independent judgment that the City has reasonably
 18 determined that such a museum is necessary or convenient for
 19 the promotion of commerce and navigation -- and it is submitted
 20 that the record shows that the City has reasonably determined
 21 such necessity and convenience; secondly, that the Commission
 22 must also be satisfied that the technical plans submitted by
 23 the City are reasonable and adequate, and it is stated specifi-
 24 cally that the Commission should not approve expenditures for
 25 actual construction prior to independent Commission review as
 26 to adequacy and feasibility of these specific construction plans

*Governor Anderson came in at this point.

1 Inasmuch as such construction plans have not yet
 2 been prepared by the City, they of course have not as yet been
 3 submitted to the State Lands Commission. The opinion of the
 4 Office of the Attorney General suggests that there is no objec-
 5 tion to authorizing the City to spend a designated amount of
 6 money to hire professional help to prepare the descriptions of
 7 the proposed structure.

8 On these bases, then, it is the staff recommendation
 9 that the Commission approve in principle the application of the
 10 City of Long Beach, pursuant to the authority of Chapter 29,
 11 Statutes of 1956, First Extra Session, to construct a site for
 12 a proposed maritime and commerce museum, and specifically to
 13 approve an expenditure subsequent to June 22, 1961 of not more
 14 than \$500,000 from the City's share of the tideland oil revenues
 15 for engineering site investigations, design, contract admini-
 16 stration and advertising, and similar preconstruction work nec-
 17 essary for the construction of the first phase of the shoreline
 18 development project, which is primarily a site for a proposed
 19 maritime and commerce museum.

20 This approval would be subject to the condition that
 21 the work would conform in essential details to the plans and
 22 background material heretofore submitted to the Commission for
 23 approval and that all costs herein considered are for expendi-
 24 tures on tide and submerged lands.

25 MR. CRANSTON: You have heard the staff recommendation.
 26 Is there a motion?

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GOV. ANDERSON: So move.

MR. CARR: Second.

MR. HORTIG: Mr. Chairman, the representatives of the City of Long Beach, as you are aware, are present here today if there is any amplification that the Commission desires on this matter.

MR. CRANSTON: There doesn't appear to be any controversy on the matter, but does anyone wish to speak to it?

MR. DESMOND: We have nothing unless there are questions.

MR. CRANSTON: If not, we are ready for the question and the motion has been made, duly seconded, and without objection it is carried unanimously.

Have any requests come to you, Frank, for any other items to be taken ahead of time?

MR. HORTIG: No -- unless that piece of paper you have

MR. CRANSTON: We may as well take up the other items for Long Beach under Classification 3. Pages 19 to 25 on the calendar: Project (a) is maintenance and operation of tideland beaches and facilities during 1961-'62 fiscal year. Frank?

MR. HORTIG: Mr. Chairman, the two items just referenced are the normal monthly applications which are necessary for prior approval for disbursement of funds from the City's share of tideland revenues for maintenance, operation and

1 construction of facilities within the City of Long Beach for
 2 which specific provision is made in Chapter 29 of the Statutes
 3 of 1956 -- requiring, for the expenditure of tideland funds,
 4 advance approval by the State Lands Commission; and, as to
 5 subsidence elements which may be included in these operations,
 6 State participation of twenty-five per cent in the cost of
 7 those elements which are, in fact, subsidence elements.

8 It will be noted from the calendar item appearing
 9 on pages 19 to 25 the requested approval is for an amount of
 10 \$654,000, with a potential or prospective approval of \$107,000
 11 for items on which the Office of the Attorney General has yet
 12 to inform the State Lands Commission as to the legal applica-
 13 bility for approval under Chapter 29. The items proposed
 14 within the total amount of \$107,000 are items for which appli-
 15 cation is being made by the City of Long Beach for the first
 16 time and are of such a nature they have not been studied as to
 17 whether or not they are within legal approval by the State
 18 Lands Commission. However, since these expenditures will start---
 19 whether they are to come ultimately from City tideland funds
 20 or from the City's general municipal funds, they are to start
 21 July 1 and hence if it should be determined in the future that
 22 the Commission can legally approve them, it is desirable that
 23 the City have this advance approval at this meeting in order
 24 that all funds expended after July 1 will have been approved.

25 The calendar item appearing on pages 26 and 27 relates
 26 to wharf construction, as noted, on Pier F -- of which it is

1 estimated that approximately eight per cent of the construction
 2 costs are additional elements included as subsidence costs and
 3 it is in that eight per cent that the State would participate.
 4 The approval, again, is in the heretofore standard form that
 5 the amount ultimately to be allowed will be determined upon
 6 final audit and engineering review after the work is actually
 7 completed.

8 Approval of both items is recommended in accordance
 9 with the listed staff recommendations.

10 MR. CRANSTON: Motion is in order.

11 MR. CARR: Mr. Chairman, I move the approval of
 12 items (a) and (b), Long Beach projects.

13 GOV. ANDERSON: Second.

14 MR. CRANSTON: Is there any comment from anyone
 15 present?

16 MR. GOLDIN: Mr. Cranston, Mr. Desmond, the City
 17 Attorney of Long Beach, has authorized me to advise the Commis-
 18 sion that it will not use the Commission's conditional approval
 19 of this \$107,000 requested expenditure against the State in any
 20 manner should the Office of the Attorney General subsequently
 21 disapprove the propriety of its spending tidelands moneys for
 22 any requested item or items covered by that. Have I accurately
 23 stated that, Mr. Desmond?

24 MR. DESMOND: Gerald Desmond, City Attorney, City
 25 of Long Beach. That is correct. Mr. Chairman and members of
 26 the Commission, as Mr. Goldin stated, we understand the action

1 proposed by the Commission this morning.

2 So I will not have to take your time later, we do
3 appreciate your taking these matters up earlier. We particu-
4 larly want to thank the staff and Attorney General's Office
5 for having the supplemental item on the calendar; and, lastly,
6 because we know this is Mr. Carr's last meeting and we of Long
7 Beach are, of course, very proud of the record he set in State
8 government, we wish him well in the future.

9 MR. CRANSTON: Do you have any comments, Mr. Carr?

10 MR. CARR: No comment.

11 MR. CRANSTON: Thank you very much.

12 MR. CARR: Thank you, Jerry.

13 MR. CRANSTON: We will now proceed to the regular
14 order: Item Classification 1 is permits, easements, rights-of-
15 way to be granted.....

16 MR. HORTIG: Mr. Chairman, may I suggest there is no
17 specific vote on record by the Commission of these last two
18 items.

19 MR. CRANSTON: Approval was moved, seconded, and made
20 unanimously.

21 Item Classification 1 -- Permits, easements, and
22 rights-of-way to be granted to public and other agencies at no
23 fee, pursuant to statute: Application (a) is U. S. Army, Corps
24 of Engineers -- approval of revision of legal description in
25 Lease P.R.C. 2677.9 covering north and south jetties at Bedega
26 Bay Harbor, Sonoma County.

1 MR. HORTIG: This item, Mr. Chairman, is exactly as
 2 stated. They desire to move the legal description of the
 3 authorized area of tide and submerged lands under the jetties
 4 where the Army Engineers have actually constructed them. They
 5 didn't construct them where the Commission originally authorized
 6 them by a matter of a few feet.

7 MR. CARR: So move.

8 GOV. ANDERSON: Second.

9 MR. CRANSTON: Any comment? (No response) If not,
 10 that item is approved unanimously.

11 Item Classification 2: Permits, easements, leases, and
 12 rights-of-way issued pursuant to statutes and established rental
 13 policies of the Commission:

14 (a) California Minerals Corporation and S. A. Tanner --
 15 deferment of operating requirements under Mineral Extraction
 16 Leases P.R.C. 1511.2 and P.R.C. 1512.2, Fresno County, for
 17 lease year ending April 27, 1961. Is there any comment on
 18 that item? (No response) If not ...

19 item (b) Phillips Petroleum Company -- deferment of
 20 drilling requirements under Oil and Gas Lease P.R.C. 2205.1,
 21 Naples Field, Santa Barbara County, to February 10, 1962.
 22 Any comment on that?

23 MR. HORTIG: Yes, particularly to Governor Anderson,
 24 because the application was for a deferment for one year, and
 25 in compatability with your prior analyses of deferment requests
 26 on oil and gas leases, the staff recommendation is that this

1 defarment be granted only for a period of six months -- with
2 the obvious understanding that if there are factors which are
3 developed during that six-month period which would justify an
4 application for further deferment, that this would again be
5 heard by the State Lands Commission.

6 Actually, under the basic terms of this lease, the
7 Phillips Petroleum Company is ahead of total development schedule,
8 having started development earlier, in fact, than required by
9 the lease; but there is a minimum amount of time specified be-
10 tween drilling successive wells, which would be exceeded at the
11 present time if no further well is initiated; and rather than
12 proceeding to drill an additional well at this time, it is
13 preferred and has been requested that an opportunity be given
14 to complete analyses of all exploration work from core drilling
15 operations on adjoining areas, as well as the development work
16 which has already been completed under this lease, in order to
17 select an optimum location for the next well to be drilled
18 under the lease. Wells that have actually been drilled are in
19 operation and are producing and, as I stated, from a required
20 time schedule basis, the lessee, Phillips Petroleum Company,
21 as of this date is actually ahead of the required minimum
22 time schedule required by the lease.

23 GOV. ANDERSON: You don't feel this is just an
24 attempt to delay?

25 MR. HORTIG: No sir. It is a justifiable study
26 period and the recommendation of the staff is to permit selecting

1 what may be a more optimum location for the next well, rather
2 than having to select one arbitrarily to comply with the time
3 schedule -- which time schedule, when it was issued in 1958,
4 couldn't be set with precision as against geological factors
5 which were then unknown.

6 MR. CRANSTON: Any further comment? (No response)
7 If not

8 Item (c) -- Richard B. and Constance J. Shelley -
9 ten-year renewal of recreational ark site lease, tide and
10 submerged lands of Petaluma Creek at Black Point, Marin County,
11 effective October 1, 1960; annual rental, \$65.

12 MR. HORTIG: Mr. Chairman, may I offer an amendment
13 in the resolution as stated on page 5 for this item, which
14 should read:

15 "It is recommended that the Executive Officer be
16 authorized to issue a new recreational type lease of certain
17 tide and submerged lands of Petaluma Creek at Black Point,
18 Marin County, to Richard B. and Constance J. Shelley for a
19 ten-year period beginning October 1, 1960, at an annual rental
20 of \$65, without any option to renew. The lease area is
21 described as follows ..."

22 and the lease area is still as described on page 5.

23 The reason for the amendment is, as the Attorney
24 General's office called it to our attention yesterday, despite
25 the fact that a prior lease was issued for ten years with
26 ostensibly two renewal periods of ten years each, back in 1950,

1 this is contrary to the basic statutory authorization, which
 2 limits recreational leases to a maximum ten-year period --
 3 therefore the amended recommendation on this item.

4 GOV. ANDERSON: What is the difference between a
 5 recreational lease and an ark site lease? I see in this one
 6 you call it a "recreational ark site lease" and the next two
 7 you simply call them "ark site" leases.

8 MR. HORTIG: This is simply a non-uniformity.

9 GOV. ANDERSON: We are talking about the same item?

10 MR. HORTIG: We are talking about the same item --
 11 except, peculiarly, the next two items that you note were for
 12 a ten-year period and in their initial issuance they did not
 13 have this ten-year option to renew.

14 GOV. ANDERSON: I was wondering if we gave any special
 15 compensation or rate for a recreational site?

16 MR. HORTIG: The only statute we have limits it to
 17 the ten-year period -- which, however, is subject to a bill in
 18 the last Legislature not yet signed by the Governor, in which
 19 the terms may be increased to fifty years.

20 MR. CRANSTON: If there is no comment, the item will
 21 be considered in its amended form.

22 Item (d) Carl Hemmeter -- ten-year ark site lease,
 23 tide and submerged lands, Petaluma Creek, Black Point, Marin
 24 County; annual rental, \$65. If there is no comment on that...

25 Item (e) Arthur S. and Beatrice E. Olson -- ten-year
 26 ark site lease, tide and submerged lands, Petaluma Creek, Black

1 Point, Marin County; annual rental, \$65;

2 And Item (f) Docal, Inc. -- Approval of assignment....

3 MR. HORTIG: Excuse me, Mr. Chairman, but with refer-
4 ence to items (c), (d) and (e) which you just read, and with
5 particular reference to the question raised previously by Com-
6 missioner Carr, these are all recommended after a definite
7 statement of nonobjection on the part of the Marin County
8 Planning Department.

9 MR. CRANSTON: Item (f) -- Docal, Inc. -- Approval
10 of assignment to Douglas Oil Company of California of Oil and
11 Gas Lease P.R.C. 1524.1, Huntington Beach Oil Field, Orange
12 County. Any comment on that? (No response) If not ..

13 Item (g) M & H Oil Corporation -- Approval of assign-
14 ment to Hammil Oil Corporation of Oil and Gas Lease P.R.C.
15 986.1, Huntington Beach Oil Field, Orange County.

16 Item (h) Milton Oil Corporation -- Approval of
17 assignment to Hammil Oil Corporation of Oil and Gas Lease
18 P.R.C. 985.1, Huntington Beach Oil Field, Orange County.

19 Item (i) Reading Oil Corporation -- Approval of
20 assignment to Hammil Oil Corporation of Oil and Gas Lease
21 P.R.C. 977.1, Huntington Beach Oil Field, Orange County.

22 GOV. ANDERSON: Why are these being assigned at this
23 time? There must be some reason.

24 MR. HORTIG: Yes sir. It is the intent of the Hammil
25 Oil Corporation, who will receive these wells for operation,
26 to consolidate all their operations and possibly dispose of the

1 other remaining paper corporations after their only asset,
2 these individual wells, have been transferred. Actually, the
3 corporate ownership of all of these wells is one corporation.

4 GOV. ANDERSON: In fact, the Hamill Corporation has
5 been the controlling element at all times?

6 MR. CARR: Is that a California corporation?

7 MR. HORTIG: Yes.

8 MR. CRANSTON: Item (j) R. E. Oliver -- approval of
9 assignment from Rose I. Moore of Corte Madera Ark Site Lease
10 No. 9, Corte Madera Canal, Marin County.

11 Item (k) - Union Offshore Corporation -- Approval
12 of assignment to Runnels Gas Products Corporation of partial
13 interest in Oil and Gas Lease P.R.C. 2205.1, Santa Barbara
14 County.

15 Item (l) Union Offshore Corporation -- Approval of
16 assignment to Runnels Gas Products Corporation of partial
17 interest in Oil and Gas Lease P.R.C. 2207.1, Santa Barbara
18 County.

19 GOV. ANDERSON: Is this the same story with Union
20 Offshore and the Runnels Corporation?

21 MR. HORTIG: They acquired an interest in connection
22 with the issuance of the lease initially and they are simply
23 selling their interests. They are a minority interest holder
24 in the operation. Actually, these are leases operated by
25 Phillips Petroleum and Mr. Edwin W. Pauley.

26 GOV. ANDERSON: Assigning to the Runnels Gas Products
Corporation?

1 MR. HORTIG: That's right -- from Union Offshore
 2 Oil, who were included in the original group of lessees, which
 3 are listed, for example, on page 14. As you will see, origi-
 4 nally there were some forty-two joint bidders that were in-
 5 volved and the interest which was acquired at that time by
 6 Union Offshore, Union Offshore now desires to dispose of to
 7 Runnels Gas Products Corporation; and the statutes provide that
 8 any of these leases may be assigned in whole or in part.

9 GOV. ANDERSON: I just wanted to inquire why they
 10 were making these transfers.

11 MR. HORTIG: As you will appreciate, Governor, a
 12 great majority, it probably can safely be said, of these types
 13 of transfers are related to the tax position of various companies.

14 MR. GRANSTON: Item (1) Union Offshore Corporation --
 15 Approval of assignment to Runnels Gas Products Corporation of
 16 partial interest in Oil and Gas Lease P.R.C. 2207.1, Santa
 17 Barbara County.

18 Item (m) Utah Construction and Mining Company --
 19 Approval of termination and cancellation of Lease P.R.C. 1689.1
 20 and acceptance of quitclaim deed, and authorization for refund
 21 of \$8,841.75 representing performance surety deposit, pursuant
 22 to request of lessee and in conformance with terms of the lease.

23 MR. HORTIG: Mr. Chairman, as outlined on pages 17
 24 and 18, Utah Construction had leased from the State Lands Com-
 25 mission in 1956, 379 acres of tide and submerged lands in
 26 Carquinez Strait, adjacent to Martinez, in anticipation of

1 filling and developing industrial sites. The corporation has
 2 now decided not to proceed with that operation, having paid,
 3 however, all the intervening rentals; and under the terms of
 4 the lease as authorized in 1956 at their option it may be
 5 terminated, having paid all rentals up to the date of termina-
 6 tion.

7 They have furnished, in connection with the issuance
 8 of the lease, as a guarantee amount against future payments of
 9 rent and any damages that might have been suffered by the State,
 10 \$8,841.75 as a performance bond. They have now elected to
 11 terminate and not proceed with this project and, therefore, it
 12 is proper -- all rentals having been collected, the State hav-
 13 ing suffered no damage, the State lands remaining in the condi-
 14 tion they were when they were first leased, Utah Construction
 15 having paid the rentals, the lease being terminated -- it is
 16 proper there be acceptance of the termination and authorization
 17 for the refund of the guarantee deposit.

18 MR. CRANSTON: If there is no question or comment,
 19 motion is in order to approve all items under Item Classifica-
 20 tion 2.

21 GOV. ANDERSON: I so move.

22 MR. CARR: Second.

23 MR. CRANSTON: Moved, seconded, as recommended --
 24 one item having been amended.

25 Item Classification 4 -- Sales of vacant State school
 26 lands: Item (a) Andrew Dalman -- appraised value and bid \$2,280.

1 MR. HORTIG: Mr. Chairman, if the Commission will
2 bear with me, you gentlemen do not have before you the amended
3 calendar item -- an amendment I will explain, this having re-
4 sulted from the last conference before the meeting on this
5 calendar item having been completed yesterday with the Office
6 of the Attorney General and Mr. Goldin. Despite the earlier
7 opinion of the Attorney General attached, it appears this
8 opinion does not apply directly to the facts that are here
9 applicable and, therefore, it is felt that in view of the
10 record -- Mr. Dalman having previously offered or met a high
11 bid of \$2,568, that by meeting that high bid the second bid
12 has been rendered a nullity. Mr. Dalman, having met the high
13 bid, may be authorized to acquire these lands at the high bid
14 of \$2,568, only inasmuch as this revision had not yet been
15 transmitted to Mr. Dalman it is suggested that the Commission
16 authorize the sale to Mr. Dalman if he is willing to accept
17 the land at \$2,568 and with the understanding that the Commis-
18 sion will consider cancellation and withdrawal of his applica-
19 tion if he desires not to complete this transaction.

20 MR. CRANSTON: I am glad you have done that. I was
21 going to object to this particular item. Motion is in order
22 to approve the revised recommendation of the staff.

23 MR. CARR: I move approval of the revised recommenda-
24 tion of the staff.

25 GOV. ANDERSON: Second.

26 MR. CRANSTON: Is there any discussion? (No response)

1 If not, the matter is approved unanimously.

2 Frank, I would like to ask that we review the policy
3 that permits withdrawal of bids. It seems to me there is some
4 opportunity for collusion. I don't think it happened here,
5 but it could occur. It seems to me we should review it -- as
6 to whether we ever want that to happen.

7 MR. HORTIG: Of course, we are processing to comple-
8 tion only a limited number of applications; and in establishing
9 any new policies of the Commission this will be a definite
10 recommendation.

11 MR. CRANSTON: Let's review that particular matter.

12 Item 5 -- Authorization for Executive Officer to
13 issue permit to Southern Pacific Company for deposition of
14 approximately 125,000 cubic yards of fill material on 5.45
15 acres State submerged lands in Carquinez Strait near Selby,
16 Contra Costa County.

17 MR. HORTIG: Mr. Chairman, this is an unusual situa-
18 tion, where the Southern Pacific Railroad Company, with a rail-
19 road track going through a tunnel immediately adjoining tide
20 and submerged land, finds it desirable to eliminate the tunnel
21 by cutting away the mountainside in order to provide greater
22 clearance for freight loads than can now be handled through the
23 tunnel. The material that would be cut away from the tunnel
24 is excellent fill material and could and would be used, if
25 approved by the State Lands Commission, by the Southern Pacific
26 Company on tide and submerged lands in such a manner as to

1 result in a filled area, which has a higher lease market value
2 for an industrial site or development sites than unfilled lands;
3 and in these circumstances it is recommended the Southern
4 Pacific Company be given authorization, a permit, to fill
5 approximately 5.45 acres of tide and submerged land -- which,
6 after being filled, would of course still be under the juris-
7 diction of the State Lands Commission and would be leasable
8 by the State Lands Commission -- subject to the conditions that
9 the permit shall provide the area limits within which the
10 material would be deposited, as outlined on page 31; that no
11 material shall be deposited outside the established United
12 States bulkhead line, which is necessary to comply with the
13 requirements of the U. S. Corps of Engineers.....

14 MR. CARR: How far is the bulkhead line from this
15 railroad track?

16 MR. HORTIG: It is waterward of the railroad track.

17 MR. CARR: But how far out has the bulkhead line been
18 established by the U. S. Army?

19 MR. HORTIG: This is shown on the second map follow-
20 ing the item. It is Exhibit 27(b) and if I read the dimensions
21 correctly, 2,000 feet out.

22 MR. CARR: Does that mean a possibility, then, of
23 accretion to the State of that area in there between the bulk-
24 head line and

25 MR. HORTIG: Well, the area between the present
26 shore line and the bulkhead line

1 MR. CARR: ... is already State land?

2 MR. HORTIG: It is State-owned land and would be
3 filled State land after filling.

4 GOV. ANDERSON: Is that the shaded area?

5 MR. HORTIG: That's the shaded area.

6 GOV. ANDERSON: In both Parcel 1 and 2?

7 MR. HORTIG: Both in Parcel 1 and 2. (continuing
8 with recommendation) ... that the permit would require that
9 all material deposited below water level shall be reasonably
10 hard, stable and free from silt. All silty, decomposed or soft
11 material shall only be deposited above water level.

12 Material deposited shall have a finished elevation
13 consistent with adjacent property (which is a sewage treatment
14 plant, incidentally, of the adjoining City of Crockett); and
15 then a revision of permit condition 5 requested and agreed to
16 by the Department of Fish and Game for whom this was first
17 made, that the fill shall be deposited in such manner that
18 pollution or turbidity shall not be evident a distance of one-
19 half mile above or below the fill area, and the contractor
20 shall cooperate with the State agencies which have jurisdiction
21 to require compliance with this condition.

22 And, as a condition of the permit, the Southern
23 Pacific Company would grant roadway and utility easements
24 over its land to the filled State lands, upon such reasonable
25 terms and conditions as the prevailing market warrants at the
26 time of application by the State or its lessee.

1 And this would result, therefore, in a filled parcel
2 of tide and submerged land with railroad tracks on one side
3 and deep, navigable water on the other -- which, of course,
4 would make it potentially high appraised value industrial or
5 commercial site.

6 GOV. ANDERSON: There is no proposed disposition of
7 the filled lands at this time?

8 MR. HORTIG: No sir. That's right.

9 GOV. ANDERSON: It is under the control

10 MR. HORTIG: ... of the Commission to lease under
11 such terms and conditions as the Commission wants to approve.

12 GOV. ANDERSON: Is there access in addition to over
13 the railroad?

14 MR. HORTIG: No sir. As it is now, actually the State
15 tidelands are accessible only from the water side because be-
16 tween privately owned uplands and the water there is no road,
17 but access to this location would be granted by the Southern
18 Pacific as a condition of this arrangement.

19 MR. CARR: Move approval.

20 GOV. ANDERSON: Second.

21 MR. CRANSTON: Approval is moved, seconded and made
22 unanimously.

23 Item 6 -- Authorization for Executive Officer to
24 execute service agreement with City of Oakland, Alameda County,
25 providing for surveying services to be rendered pursuant to
26 provisions of Statutes of 1960, Chapter 15, at Commission's

1 actual costs but not to exceed \$2,000.

2 MR. HORTIG: As the Commission will recall, there
3 have been periodic grants of tide and submerged lands or
4 amendments to prior grants of tide and submerged lands by the
5 Legislature to various municipalities, which, under current
6 statutes, require a survey by the State Lands Commission at
7 the cost of the grantee. This item recommended would provide
8 for such a survey in connection with a grant to the City of
9 Oakland that was provided in the statutes of 1960. Paren-
10 thetically, and for future forecast, there are potentially
11 upwards of a dozen of this type of situation which will result
12 from the Governor's signature of tide and submerged land grants
13 which have been passed by the last session of the Legislature,
14 which will have to be surveyed in the future by the State Lands
15 Division.

16 MR. CRANSTON: Motion is in order.

17 GOV. ANDERSON: So move.

18 MR. CARR: Second.

19 MR. CRANSTON: Motion is moved, seconded and made
20 unanimously.

21 ITEM 7 -- Authorization for Executive Officer to
22 approve plat entitled "Map of Survey, a Portion of Sections
23 23 and 24, T. 2 S., R. 8 E., MDB&M, San Joaquin County, Cali-
24 fornia," dated November 1960.

25 MR. HORTIG: Under Section 27564 of the Government
26 Code -- and this comes as a surprise to the land surveyors --

1 it is required that all surveys which cross or adjoin lands
2 owned by the State shall be submitted to the State Lands Com-
3 mission for approval. In the subject instance an area of
4 privately owned lands adjoining the Stanislaus River was sur-
5 veyed and the bed of the Stanislaus River, which is here
6 navigable, is under the jurisdiction of the State Lands Com-
7 mission. Therefore, prior to acceptance for recordation of
8 the survey, it is recommended that the Lands Commission approve
9 the proposed survey as reflecting correctly the area which is
10 under the jurisdiction of the Lands Commission.

11 This survey has been reviewed as to technical suf-
12 ficiency by the State Lands Division and it is pointed out
13 that this is only a survey of the Stanislaus River as it existed
14 at the time of the survey and it is not a survey which fixes
15 the boundary of State lands for all times on this portion of
16 the Stanislaus River, because the Stanislaus River can still
17 move gradually and imperceptibly by natural means.

18 It is recommended that the Executive Officer be auth-
19 orized, pursuant to the Government Code, to approve the plat,
20 so that the plat can be recorded.

21 GOV. ANDERSON: You approve only the plat -- not
22 the survey?

23 MR. HORTIG: That's right.

24 GOV. ANDERSON: In other words, you don't have to go
25 out in the field on a thing like this?

26 MR. HORTIG: No sir. This was an office check as

1 against the records of the Lands Commission.

2 GOV. ANDERSON: What does it cost you to do this
3 each time?

4 MR. HORTIG: This, of course, is going to depend
5 entirely on how much area, how many feet of survey line, are
6 involved.

7 GOV. ANDERSON: For example, how much did this cost?
8 This looked like quite a bit.

9 MR. HORTIG: Actually, from the standpoint of a fast
10 office compilation and review, I have no specific amount.

11 GOV. ANDERSON: What do we charge for this?

12 MR. HORTIG: We do not. We have no basis for charging.

13 GOV. ANDERSON: There is no fee?

14 MR. HORTIG: There is no fee. It is a requirement
15 of the Government Code and this is part of the operating costs
16 of the State Lands Division Engineering Section, for which
17 operating funds are approved in the budget.

18 MR. OTTOSON: We wanted that -- Government Code
19 Section 27564, is that right?

20 GOV. ANDERSON: Move it.

21 MR. CARR: Second.

22 MR. CRANSTON: Moved, seconded and approved unani-
23 mously.

24 Item 8 -- (a) Authorization for Executive Officer to
25 submit request to Department of Finance for deficiency authori-
26 zation in amount of \$19,360, to provide funds, and to execute

1 a lease-rental agreement with the Bendix Corporation, Computer
2 Division, for rental of a G15 Bendix Computer for period July
3 1, 1961 through June 30, 1962, at rental of \$1,530 per month.

4 Item (b) Authorization for Executive Officer to sub-
5 mit request to Department of Finance for deficiency authoriza-
6 tion in amount of \$10,485, to provide funds for completion of
7 the installation, and to continue operation of data processing
8 equipment in the Sacramento office during the fiscal year
9 1961-'62.

10 GOV. ANDERSON: Does that mean we spent more money
11 than we should have?

12 MR. HORTIG: No sir.

13 GOV. ANDERSON: I thought that was only the Lieutenant
14 Governor's office did that.

15 MR. HORTIG: Mr. Chairman, I will consider the items
16 in reverse order from the manner in which they are listed. The
17 Commission will recall, in connection with the moratorium on
18 State lands adopted by the Commission May 24, 1960, it was
19 suggested that there would probably be a necessity for the
20 establishment of data processing equipment in the land title
21 record section in Sacramento in order to make it mechanically
22 feasible to develop the analyses, reports and indices of the
23 State lands, in order that the Commission could determine a
24 proper future policy with respect to disposal of vacant State
25 lands.

26 The amount of equipment determined to be necessary

1 was determined by the Division of Organization and Cost Control
 2 in the Department of Finance and was recommended and previously
 3 approved by the State Lands Commission for installation in
 4 Sacramento, but the survey report from the Department of Finance
 5 wasn't received by the Commission until December 20, 1960 and
 6 as a consequence, with slow deliveries, a considerable portion
 7 of the funds as reflected on page 40 (as you will see, the
 8 starred items were items provided for previously, approved but
 9 not expended during 1960-'61 due to delay in starting the
 10 project) and the balance of the funds indicated thereon as
 11 necessary are necessary to run the completely installed system
 12 for 1961-1962 -- which could not be provided for in the prior
 13 budget because the cost estimates and the specifications for
 14 the equipment to be used were not received until December 20,
 15 1960.

16 So what the recommendation is, is that there be an
 17 approval for a request for a deficiency allocation which, it
 18 had been suggested by Director Carr, would be considered for
 19 approval when these data were known; and they are known, and
 20 it is estimated that \$10,485 will permit completion of the in-
 21 stallation of the system in Sacramento and provide operating
 22 funds for the fiscal year 1961-'62. For 1962-'63, these com-
 23 parable funds will be provided in the operating budget of the
 24 Commission.

25 The second phase - - The Organization and Cost Control
 26 Division had for two years under study the matter of whether

1 or what kind of processing equipment should be installed,
 2 primarily for processing engineering work of the State Lands
 3 Division at the Los Angeles headquarters, as well as ultimately
 4 adapting such equipment to other data processing for the Com-
 5 mission.

6 On May 26, 1961 a supplemental report was received
 7 from the Department of Finance, indicating the need for and
 8 specifying the type of equipment -- or recommending the type
 9 of equipment would be a Bendix G15 electronic computer with
 10 certain satellite equipment which could be installed and operated
 11 for 1961-'62 for a total cost of \$19,360.

12 Both of these items (a) and (b) and in the amount
 13 specified having been unavailable to be included in budgets of
 14 the Lands Commission heretofore, are therefore recommended for
 15 approval for request to the Director of Finance for deficiency
 16 allocation to cover.

17 MR. CRANSTON: This motion should most appropriately
 18 come from Mr. Carr.

19 GOV. ANDERSON: Tell me the difference between a
 20 deficiency authorization and a deficiency allocation, because
 21 I see you are talking about a deficiency authorization in one
 22 part and a deficiency allocation here. Is this money we are
 23 spending in this fiscal year or money we are going to be
 24 spending in the next year? What is this?

25 MR. CARR: This is money that couldn't be spent.
 26 This is an authorization to request the Department of Finance

1 for money to cover this installation.

2 GOV. ANDERSON: Have we spent it already?

3 MR. HORTIG: No sir.

4 GOV. ANDERSON: We have not spent it already?

5 MR. CARR: No.

6 GOV. ANDERSON: Then why do you call it a deficiency?

7 MR. CARR: Because this money has already reverted to
8 the general fund because we didn't spend it.

9 MR. HORTIG: And, additionally, the new equipment is
10 not regularly provided for in our operating budget and cannot
11 be included in our operating budget until the year 1962-'63.
12 Therefore, in order to have the funds available in 1961-'62,
13 we need approval from the Director of Finance to expend money
14 from the State Lands Fund for these items.

15 GOV. ANDERSON: This is money we could have spent
16 this time but weren't able to spend it because the job wasn't
17 completed and we are going into the next year?

18 MR. HORTIG: Yes sir.

19 GOV. ANDERSON: Why do you call it a deficiency?
20 It is not a deficiency. A deficiency is when you spend more
21 money than you got.

22 MR. CARR: The deficiency here was that we didn't
23 spend it.

24 GOV. ANDERSON: I am asking these questions because
25 maybe I think I am going to learn something -- how to get money
26 in my budget.

1 I have heard three terms here -- "deficiency appro-
2 priation," "deficiency allocation," "deficiency authorization"
3 -- none of which seem to be deficiencies. I am a little
4 confused.

5 MR. CARR: This is a bad time to start my new
6 frontier speech. We have followed here what we would like to
7 see followed in the future -- that is, when these appropriations
8 for a certain project or program are not spent, that they be
9 returned and permitted to be renewed; and we anticipated this
10 would be operating long before now to keep an inventory of
11 these State lands -- that was our point, so we could get con-
12 trol and inventory of these lands.

13 GOV. ANDERSON: I would have called this an unexpended
14 allocation.

15 MR. CARR: That's the same thing -- probably your
16 language is better than this. There are two phases of this.
17 One of these refers to what has already been approved and not
18 spent; and the other is not, which is in the 1961-'62 budget,
19 which we hope to get out of the deficiency because it wasn't
20 put in in '61-'62, but we hope to get it out of the other one.
21 Then '62-'63 goes on

22 MR. CRANSTON: Motion is in order.

23 MR. CARR: I so move.

24 GOV. ANDERSON: I'll second it.

25 MR. CRANSTON: Approval is moved, seconded, made
26 unanimously.

1 MR. CRANSTON (continuing) Item 9 -- Authorization
 2 for Executive Officer to submit request to Department of
 3 Finance for deficiency authorization in amount of \$3,320 to
 4 provide funds to cover costs of the unbudgeted relocation ex-
 5 penses to be incurred at the Los Angeles office.

6 MR. HORTIG: As the Commissioners are aware, and
 7 the Governor in particular as he is also going to be relocated
 8 as a result of new space assignments in this building, we have
 9 just been informed that the contract for rehabilitating the
 10 third floor currently occupied in part by the State Lands Com-
 11 mission calls for removing temporarily all of the staff and
 12 all of the equipment to another operating location while walls
 13 are knocked down and reassembled, and that the Division will
 14 have to move to the second floor of the building during the
 15 period of rehabilitation, and then move back again.

16 The costs of this move to the second floor and back
 17 again were, again, costs which could not be anticipated, were
 18 not included in the operating budget of the Commission; and,
 19 therefore, it is felt it is proper to ask the Department of
 20 Finance for the additional funds previously not budgeted in
 21 the amount of \$3,320 to cover these costs of the Commission.

22 MR. CRANSTON: Motion is in order.

23 MR. CARR: So move.

24 GOV. ANDERSON: Second.

25 MR. CRANSTON: Approval is moved, seconded, made
 26 unanlmsusly.

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

4 MR. CARR: So move.

5 GOV. ANDERSON: Second.

6 MR. CRANSTON: Approval is moved, seconded, made
7 unanimately.

8 Item 11 -- Informative only, no Commission action
9 required: (a) Report on proposed ocean floor oil well completion,
10 Standard Oil Company of California, Western Operations, Inc.,
11 Santa Barbara County .

12 Since this is informative and no action required, I
13 am going to leave and catch a plane.

14 Before going I want to say goodbye to John and it
15 is wonderful to have been working with you. I feel a deep feel-
16 ing of loss at your departure.

17 (Governor Anderson assumed the Chairmanship)

18 GOV. ANDERSON: Item 11 -- Report on proposed ocean-
19 floor oil well completion, Standard Oil Company of California,
20 Western Operations, Inc., Santa Barbara County. Informative
21 only.

22 MR. HORTIG: If the Commissioners will refer to the
23 second exhibit following page 45 of the calendar, the unique
24 features of this underwater completion will be immediately
25 apparent. While it is an underwater completion, it is not an
26 ocean floor completion in the sense of completion that has been

1 made by a lessee of the State Lands Commission -- where all
2 operating valving, piping, everything, was located very close
3 to the ocean floor.

4 In this proposal, which will be installed offshore
5 Santa Barbara County of a State oil and gas lease, the valving
6 is located above the ocean floor, still sufficiently deep to be
7 completely unseen; from the surface unseen, but sufficiently
8 deep to obviate any difficulty with shipping, anchor lines,
9 or any of the other hazards, and with an elevated platform, so
10 that divers can work for a longer period of time from an ele-
11 vated platform than they could in the 235 feet of water proposed
12 for this location. The well at which this will take place is
13 in the process of drilling currently.

14 GOV. ANDERSON: In other words, this well is actually
15 90 feet under water and 135 feet above the ocean.

16 MR. CARR: How does it avoid anchor lines?

17 MR. HORTIG: This is out of the shipping channels.
18 There will be a marker buoy and actually the cantilever mast
19 structure, as it is indicated, is smooth, cylindrical, and a
20 complete turn of a line would have to be taken; and in the
21 particular area the bottom conditions there are notoriously
22 poor for anchoring anyway.

23 GOV. ANDERSON: Isn't the working platform kept there?

24 MR. HORTIG: Yes sir.

25 GOV. ANDERSON: That's not smooth.

26 MR. HORTIG: However, it is circular in cross-section

1 and the probabilities for someone trying to anchor in 235
2 feet of water are estimated by the Coast Guard and by the Corps
3 of Engineers to be absolutely minimum.

4 GOV. ANDERSON: This is a little different than what
5 it was originally explained to us. I had understood we were
6 going to be working pretty much on the floor of the ocean.

7 MR. HORTIG: The one installation in operation on a
8 State lease definitely is within a matter of not more than ten
9 feet above the ocean floor. However, this operation is in
10 roughly fifty feet of water and, therefore, there is still only
11 approximately forty feet of water clearance; whereas in this
12 instance we have over ninety feet of clearance under the water.

13 GOV. ANDERSON: Is this the depth the divers can go to
14 and work with relative safety? They can't go down

15 MR. HORTIG: They can go down to 235 feet, but they
16 can only stay down there as a suit diver under pressure for a
17 few minutes in twenty-four hours.

18 GOV. ANDERSON: Whereas here they can go down

19 MR. HORTIG: ... and work for extended periods of
20 time. Recovering from a 235-foot dive either requires an
21 ascent that can take three or four hours, or a rapid ascent and
22 three or four hours of decompression in a decompression chamber
23 just from making one dive, in addition to a limited period of
24 time of operation on the bottom.

25 MR. CARR: Whose risk is this -- the oil company's
26 risk?

1 MR. HORTIG: It is the oil company's risk. I may
 2 also point out, Mr. Carr, that all of the valving that could
 3 release production in connection with this operation is fail-
 4 safe, in the sense that if any line, pipe or otherwise does
 5 rupture that is connected to this cantilever mast structure,
 6 the valves automatically close; and, secondly, the last line
 7 of defense -- there is an automatic fail-safe device in the
 8 well itself below the surface of the ground below the ocean
 9 such as that if the worst possible condition could occur and
 10 this cantilever structure would carry away, the well would
 11 still be shut in completely, automatically, and immediately.

12 MR. CARR: From the looks of this structure and the
 13 lower end of the cantilever structure, it goes out to what would
 14 appear to be a six-foot platform and above that a marker buoy.
 15 I think you should put a sign on the marker buoy -- just tie
 16 on the cantilever structure, not bother. It's just ninety
 17 feet down. Is that contemplated?

18 MR. HORTIG: No sir.

19 MR. CARR: Because if they ever take a turn around,
 20 that working platform is going to be affected; but so long as
 21 it is the oil company's risk and they are not going to sue the
 22 State of California -- I have in mind this decision that you
 23 can now sue the State of California. The State no longer enjoys
 24 sovereign immunity, which means the State has to accept responsi-
 25 bility for things it is responsible for or carry pretty heavy
 26 insurance. Somebody comes along and ties on to this and

1 damages this, and the fail-safe safe fails - - Did you ever
2 have any fail-safe failures of these valves?

3 MR. HORTIG: No sir. Of course, neither have we had
4 a large number of installations of this type. Of course, they
5 have all been shop and laboratory-tested and similar mechanisms
6 in other applications have been operated underwater and for
7 other purposes.

8 However, in connection with the liability of the
9 State in this instance, I do not have the State lease before
10 me to quote; however, I can paraphrase it very accurately.
11 As a matter of contract in connection with this specific lease
12 and all leases issued by the State Lands Commission, there is
13 a performance bond plus the lease condition that the lessee
14 agrees to save the State free and harmless from any liability,
15 damage, claims or other action arising from any operations
16 under the lease.

17 MR. CARR: That is fine if they have the resources
18 to do it. Suppose it is a very frail company, who couldn't
19 stand it?

20 MR. HORTIG: At the price for this operation, it
21 can't be a very frail oil company.

22 MR. CARR: I'd like to ask whether or not the A.G.'s
23 Office under this decision

24 MR. GOLDIN: Muskopf?

25 MR. CARR: Under the Muskopf decision, what sort of
26 position does that leave the State in in a case like this?

1 MR. GOLDIN: Mr. Carr, I have been out of the State
2 for a short period of time, but it is my understanding that in
3 my absence the Legislature has

4 MR. CARR: There is a moratorium, I know.

5 MR. GOLDIN: Yes, which reverted to the pre-Muskopf
6 rule. It would seem to me, of course, that before the State
7 would incur any liability there would have to be something
8 more than damage. There would have to be negligence attribut-
9 able to the State. I am not purporting to give a legal view....

10 GOV. ANDERSON: Couldn't he give one to us in a sub-
11 sequent meeting?

12 MR. GOLDIN: It's a little bit difficult. I am not
13 in any manner trying to duck the responsibility of giving you
14 an answer, but it would seem that in any given instance whether
15 or not the State would be negligent would depend upon the facts
16 of a given transaction. Rather than purporting to give you an
17 answer in a vacuum, if there is any specific factual situation
18 that you would like me to express an opinion as to whether or
19 not that might or might not involve negligence, I would be
20 most happy to do so.

21 GOV. ANDERSON: Looking at this thing - - I am not
22 an engineer, I do not know. - - it looks to me the higher they
23 make this platform on a little thirty-inch deal going up a
24 hundred thirty-five feet, this looks to me like it is not very
25 strong; maybe it is. Where does negligence develop as far as
26 the State is concerned by allowing this structure to be built?

1 What happens if the tides and various things affect this
2 structure?

3 MR. HORTIG: Governor, if I may presume -- I think
4 this gets a little more into the realm of engineering rather
5 than law.

6 GOV. ANDERSON: But I was questioning the matter of
7 negligence. The last time we talked about this, I had assumed
8 these structures were going to be on the ocean floor and I have
9 talked about them being on the ocean floor. Now I find this
10 being located more than half way from the ocean surface some way
11 and I was going to ask you who allowed them to go this high.
12 If they can go this high, why can't they go ten feet from the
13 surface?

14 MR. HORTIG: Number one, they have not gone this high;
15 they are proposing to go this high.

16 With respect to the strength -- and not going into
17 the details of the engineering -- this is a cylinder thirty
18 inches in diameter which is literally full of steel on the in-
19 side in addition; so despite the textbook criteria which
20 indicate that this is physically completely sound and barring
21 a cataclysm cannot be carried away, the design was reviewed --
22 in addition to by the design personnel, of course, of the com-
23 pany proposing to make this installation, the design was re-
24 viewed by a structural engineer of the State of California as
25 an independent consultant, who has certified as to the struc-
26 tural adequacy and stability of this type of structure which

1 has been assembled and tested on dry land in addition, prior
2 to its contemplated installation and operation on the ocean
3 floor.

4 Over and beyond that, as reported in our calendar
5 item, it has been reviewed by the State Lands Division and on
6 the basis of my own technical suggestion

7 GOV. ANDERSON: Is this a solid thirty inches?

8 MR. HORTIG: No sir. It is a series of pipes.

9 GOV. ANDERSON: So it is hollow to a certain extent --
10 there is a buoyancy?

11 MR. HORTIG: With the bulk weight of this, there is
12 negative buoyancy.

13 GOV. ANDERSON: That far down in the water?

14 MR. HORTIG: Yes -- besides which, all of these pipe
15 joints are either firmly screwed together or welded together
16 and, in turn, extend thousands of feet into the ground -- with
17 the interlocking pieces of pipe also cemented into the ground.
18 This is only the upper protuberance; and, as reported on page
19 45, pursuant to suggestions by the Commission's technical staff,
20 Standard will incorporate additional safety monitoring features
21 in at least one of the units for environmental proofing after
22 installation, so that we will have -- this simply means we are
23 going to have actual measures of the stresses of the units
24 when installed that will indicate that it is safe to operate,
25 how safe it is to operate, and that we can either continue
26 with complete assurance that it cannot be carried away or the

1 thing can be shut down and replaced if such is necessary.
2 Despite any theoretical design considerations, actual measure-
3 ments will be made of these units when installed to assure
4 the factor of safety and the degree of stability that actually
5 occurs under real operating conditions.

6 GOV. ANDERSON: This thirty-inch structure -- how far
7 down into the ocean does this go below the ocean floor?

8 MR. HORTIG: Actually, this in turn is assembled to
9 the other piping, which is the piping for the oil well -- all
10 of which are tied together by cement, which means you actually
11 have a solid block of material which goes down thousands of
12 feet to whatever depth the oil well is drilled.

13 MR. CARR: Are you informed now?

14 GOV. ANDERSON: I am more informed than

15 MR. CARR: This cement base indicated here -- what
16 is the size and thickness of that?

17 MR. HORTIG: Oh, recalling it from the last time we
18 saw it in the yard -- and, incidentally, if you gentlemen in
19 the Commission want to see the specific drawings and the actual
20 construction drawings, we have a copy which we can discuss and
21 review with you -- it is on the order of ten feet in diameter
22 and approximately four feet high and filled with concrete and,
23 again, it weighs thousands of pounds; and this is an incident
24 function initially in order to line up the entire operation
25 for a spot to which to drill a well. Impressive as it is, it
26 is only a small amount of the weight and strength in the ent

1 structure.

2 GOV. ANDERSON: How are the currents down that deep?
3 Are they pretty heavy?

4 MR. HORTIG: No sir, they are very light and also
5 another reason for this depth; and I didn't completely answer
6 your question in that respect. As to navigation hazards at
7 this depth, these have been reviewed and declared to be non-
8 existent by the Corps of Engineers and by the Coast Guard.
9 There are approvals from those agencies as to this installation
10 and the hydrographers, and the laboratory measurements made
11 as to depth of wave action, say that on the Pacific Coast in
12 particular, and at Santa Barbara County in particular where
13 this operation is to be located, there are no wave forces act-
14 ing on this structure or would be acting on this structure at
15 this depth; and, additionally, neither will there be if even
16 the most severe wave condition occurs -- which has occurred
17 statistically about once every fifty years off the particular
18 area according to the geographic records -- even under the
19 most severe condition that has ever occurred or could be fore-
20 cast, this structure would be outside of the range of force
21 action. This is another reason why you don't put the platform
22 ten feet below the surface, as you suggested as a possibility.

23 GOV. ANDERSON: I didn't suggest it.

24 MR. HORTIG: Or asked "why not?" and the last answer
25 of course is

26 GOV. ANDERSON: Was this their decision and they

1 presented it to you? There was no choice on the staff's part?

2 MR. HORTIG: There would have been if there would
3 have been a basis for suggesting the platform should be deeper,
4 if there had been possibility of wave action acting on it, or
5 if the Corps of Engineers had indicated there were navigation
6 hazards which would be eliminated by going ten, fifty, or even
7 a hundred thirty-five feet deeper.

8 MR. CARR: As a matter of fact, if the wave action
9 was severe, the divers couldn't work on the platform?

10 MR. HORTIG: No sir.

11 MR. CARR: They had to design it so the divers could
12 work on the platform.

13 MR. HORTIG: Actually, after it is completed the
14 divers will be out there for nominal operations only, which
15 it is hoped will be very infrequently.

16 MR. ROSE: What is the diameter of the well on the
17 ocean floor?

18 MR. HORTIG: Well, it starts out as a thirty-inch
19 hole and as it gets deeper to the total depth necessary to
20 encounter production, it could be reasonably anticipated that
21 it could probably not be less than seven and a half inches at
22 the very bottom.

23 GOV. ANDERSON: The thirty-inch cylinder -- what
24 would you feel it would go down -- a hundred feet?

25 MR. HORTIG: I believe there is probably approximately
26 a twenty-four-inch pipe that comes inside this that goes down

1 several hundred feet; but the thirty-inch would be rather
2 short. The twenty-four-inch, in turn, is surrounded by cement
3 and cemented to the formation for several hundred feet of depth.

4 MR. ROSE: That would be a lot of difference in
5 strength.

6 MR. CARR: I think it's strong enough so you could
7 take abold of the world by this thing.

8 GOV. ANDERSON: There is no action on this -- just
9 informative, anyway. We can ask a lot of questions when we
10 learn a little more about it.

11 Status of Legislation, 1961 session.

12 MR. HORTIG: As reported on page 46, the bills which
13 the Commission authorized for introduction on December 22, 1960
14 for the purpose of clarifying sections of the Public Resources
15 Code were all passed by the Legislature and have been signed
16 by the Governor, and chaptered, I am happy to report, as indi-
17 cated in the tabulation. Also attached to the front of your
18 calendars today is a copy of Joint Resolution 44, which the
19 Commission asked in May be introduced to indicate support by
20 the California Legislature for the House resolution which the
21 Commission felt should be supported, with respect to clarifying
22 and establishing limits of jurisdiction on tide and submerged
23 lands for all coastal states. This Senate Joint Resolution is
24 now Chapter 198 of Resolutions, was also passed by both houses
25 of the Legislature subsequent to the preparation of this
26 calendar, and I regret to report was one of the last bills

1 followed through to completion by Senator McBride.

2 GOV. ANDERSON: Item (c) -- Report on status of
3 major litigation.

4 MR. HORTIG: Strictly informative, with no major
5 changes in principal litigation since the last meeting of the
6 Commission.

7 GOV. ANDERSON: Anything further anyone wishes to
8 bring before the Commission before we adjourn? (No response)
9 If not, a motion to adjourn to our next meeting on Friday,
10 July 28, 1961, at 10:00 a.m. in Sacramento is in order.

11 MR. CARR: I so move, Mr. Chairman, and may I take
12 this opportunity to express my gratitude to the other members
13 of the Commission; the staff; the very capable, patient and
14 durable verbatim reporter, who runs out of gas occasionally;
15 and say that it is with regret that I will discontinue my
16 association with this outfit officially, but not in spirit.

17 GOV. ANDERSON: Thank you, John. We hate to see you
18 go.

19 MR. CARR: I move we adjourn.

20 GOV. ANDERSON: It has been moved and seconded,
21 carried unanimously. Meeting is adjourned.

22 ADJOURNED 11:27 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing forty-two pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Los Angeles, California, June 22, 1961.

Dated: Sacramento, California June 28, 1961.

Louise H. Lillico

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