

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

TRANSCRIPT OF  
MEETING  
of

STATE LANDS COMMISSION  
LOS ANGELES, CALIFORNIA

May 28, 1964

\*\*\*\*\*

PARTICIPANTS:

THE COMMISSION:

Hon. Alan Cranston, Controller, Chairman (first portion of meeting)

Hon. Glenn M. Anderson, Lieutenant Governor, Chairman, (second portion of meeting)

Mr. Charles S. Hurley, Deputy Controller represented Mr. Cranston during second portion of meeting.

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Howard S. Goldin, Assistant Attorney General

APPEARANCES:

Mr. J. R. Jackson, Area Manager  
Humble Oil & Refining Company

Mr. John F. Jaussen, Regional Manager  
California Department of Fish and Game

Mrs. George D. La Moree

Mr. Arthur O. Spaulding, Petroleum Administrator  
City of Los Angeles

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
1 Call to order			
2 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE			
(a) American Tel. & Tel.	6	1	2
(b) State of California, Dept. of Fish and Game	13	2	3
(c) Los Angeles County Flood Control District	25	3	3
(d) State of California, Division of Highways	22	5	3
3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE			
(a) R. W. Cypher	33	6	3
(b) Decon Corporation	27	10	4
(c) Leo D. Kialkoff	7	12	4
(d) G. K. Whitney, et al	4	13	4
(e) Leslie Salt Company	8	14	4
(f) Delta Marina Yacht Harbor, Inc.	17	16	4
(g) Oil Terminals Company	16	17	5
(h) Signal Oil & Gas Co.	14	18	5
(i) Signal Oil & Gas Co.	36	19	5
	30	23	5
	31	27	5
	32	31	5
(j) Standard Oil Co. of Cal. Western Operations, Inc.	5	35	5
(k) Standard Oil Co. of Cal.	9	36	5

} off  
} calendar  
}

continued

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE continued			
(1) Standard Oil Co. of Calif.	37	38	13
(m) Humble Oil & Ref. Co. and Texaco Inc.	10	41	13
(n) Phillips Petroleum Co.	2	43	16
(o) Texaco Inc.	11	45	16
4 CITY OF LONG BEACH			
(a) Earth Fill Berths 83-87			
(b) Raise Oil Facilities "	28	46	17
5 LAND SALES AND EXCHANGES			
(a) Molybdenum Corp. of Amer.	1	49	19
(b) George D LaMoree	23	51	19
6 OIL & GAS, AND MINERAL EXTR. LEASES			
(a) Pacific Cement & Aggreg.	24	56	48
(b) R. W. Cypher	34	58	49
(c) Authorization publish notice re offering for oil & gas lease 74,000 acres T & S lands Ventura Co.	12	67	49
(d) Issuance Oil & Gas Lease Parcel 19, Santa Barbara County, Humble Oil & Ref.	26	68	1
7 APPROVAL OF BOUNDARY AGREEMENTS			
(a) Willis A. Laine	18	70	49
(b) Alviso Marina Corp.	19	75	50
(c) MacDonald and Dorsa	20	80	50
(d) City of Alviso	21	85	50

continued

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
8 Dismissal Without Prejudice, City of Hermosa Beach vs. State of Calif., et al	29	90	50
<u>SERVICE AGREEMENTS</u>			
(a) Metropolitan Blueprint	3	92	51
(b) Control Data Corp.	35	93	52
(c) International Bus. Mach. and Control Data Corp.	15	95	52
10 INFORMATIVE - LITIGATION	38	97	53
11 NEXT MEETING			64
<u>SUPPLEMENTAL</u>			
12 Withdrawl of offers Parcels 20 and 22; Proposed oil and gas leases 20A and 22A	39	100	53
13 Approval of resolution, Oil and Gas Lease, City of Los Angeles, Santa Monica Bay	40	103	54
14 LEGISLATION	41	105	64

\*\*\*\*\*



1 MR. CRANSTON: The meeting will please come to  
2 order. We will go first, if there is no objection, to Classi-  
3 fication 6, item (d), which is: Authorization for issuance  
4 of an Oil and Gas Lease, Parcel 19, 5,535 acres of tide and  
5 submerged lands in Santa Barbara County, to Humble Oil &  
6 Refining Company, as highest bidder, with cash bonus payment  
7 of \$22,002,500. Frank, do you have any comments to make on  
8 this?

9 MR. HORTIG: The bid received, as just announced by  
10 the Chairman, is of course pursuant to prior authorization by  
11 the State Lands Commission to offer the specific parcel of  
12 tide and submerged lands for lease. The bid has been reviewed  
13 by the Office of the Attorney General as to legal compliance  
14 with the specified bid terms and conditions, and has been re-  
15 viewed by the technical staff of the State Lands Commission as  
16 to technical sufficiency and accuracy; and, therefore, accept-  
17 ance of the bid and award of the lease is recommended.

18 MR. CRANSTON: Motion is in order.

19 GOV. ANDERSON: I move it.

20 MR. CRANSTON: Approval is moved, seconded by myself,  
21 and therefore adopted unanimously by those present. Mr. Hale  
22 Champion was unable to be here today. Is Mr. Jackson of  
23 Humble here with a nice big check for the State?

24 MR. JACKSON: It's a pleasure to give you the  
25 remainder of our twenty-two million. Here is a check for  
26 \$17,600,000.

1 MR. CRANSTON: Thank you very, very much. I'd like  
 2 to say that this is the largest single cash bonus bid ever  
 3 received by this Lands Commission, \$22,000,000. It is the  
 4 second largest in the history of this leasing history of the  
 5 State. It brings income in this fiscal year to \$57,500,000,  
 6 which is more than \$11,000,000 in excess of what was antici-  
 7 pated for the fiscal year in the original budget estimates.

8 I think this is evidence that the leasing program  
 9 that we have undertaken is working very effectively and it is  
 10 certainly a very pleasant way to get money for the State other  
 11 than taking it from the taxpayers' pockets. Every dollar,  
 12 every million dollars, we get this way is money we don't have  
 13 to take from the taxpayers. I hope all of those companies  
 14 who are represented here will take part in this program for  
 15 leasing in the future.

16 Frank, let me give you the money.

17 (Television and other photos taken, and motion  
 18 repeated for their benefit)

19 MR. CRANSTON: (continuing) Now, we will return to  
 20 the regular order of business.

21 Item 2 -- Permits, easements, and rights-of-way to  
 22 be granted to public and other agencies at no fee, pursuant  
 23 to statute:

24 (a) American Telephone and Telegraph Company --  
 25 Approval of location of submarine coaxial telephone and tele-  
 26 graph cable, with necessary appurtenances, across 80,818 acres

1 tide and submerged lands of Estero Bay and the Pacific Ocean,  
2 San Luis Obispo County.

3 Item (b) State of California, Department of Fish and  
4 Game -- Permit for construction of an underwater reef for fish  
5 propagation purposes, 4,304 acres submerged land in Gulf of  
6 Santa Catalina, 1½ miles southwest of pier at Oceanside, San  
7 Diego County.

8 Item (c) Los Angeles County Flood Control District --  
9 Life-of-structure permit for period of thirty years, two per-  
10 cels of tide and submerged lands of Santa Monica Bay, Los  
11 Angeles County, for construction and maintenance of Storm  
12 Drain Project No. 507, Electric Avenue.

13 Item (d) State of California, Division of Highways --  
14 Reservation for a bridge right-of-way of a 2.153-acre parcel  
15 of State sovereign lands of the San Joaquin River, Fresno and  
16 Madera counties, as shown on State Highway Map VI-FRE, MAD-  
17 126(145)-A.

18 That concludes that item. Motion is in order.

19 GOV. ANDERSON: I so move.

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

22 Item 3 -- Permits, easements, leases, and rights-of-  
23 way issued pursuant to statutes and established rental policies  
24 of the Commission:

25 Item (a) R. W. Cypher -- One-year extension of Pros-  
26 pecting Permits, Imperial County, through June 3, 1965.



1 Mineral components of the mineral waters being tested; if  
 2 wells prove relatively constant in productivity, pilot chemi-  
 3 cal plant will be constructed to recover minerals, and elec-  
 4 tric generating plant will be built. Exploration and geo-  
 5 physical work has cost approximately \$900,000 to date; addi-  
 6 tional \$1 million to be spent during 1964 for drilling and  
 7 testing wells.

8           Item (b) Decon Corporation -- 49-year subjacent  
 9 permit, 0.268 acre strip of submerged land in Anaheim Bay,  
 10 Orange County, for installation and maintenance of pilings  
 11 for support of a bulkhead on applicant's property. Total con-  
 12 sideration, \$4900.

13           Item (c) Leo D. Fialkoff -- Assignment to Sycamore  
 14 Properties of Lease P.R.C. 719.1, tide and submerged lands  
 15 offshore Ventura County.

16  
 17           Item (d) G. K. Whitney, et al. -- Assignment to  
 18 Cliff House Properties of Lease P.R.C. 742.1, tide and sub-  
 19 merged lands, Pacific Ocean, City and County of San Francisco.

20           Item (e) Leslie Salt Company -- Permit to dredge  
 21 approximately 7,000 cubic yards of material at royalty of five  
 22 cents per cubic yard from portion of bed of the Napa River,  
 23 Napa County, and to redeposit the material on adjacent property  
 24 owned by applicant.

25           Item (f) Delta Marina Yacht Harbor, Inc. -- 15-year  
 26 lease, 0.290 acre tide and submerged land in Sacramento River

1 City of Rio Vista, Solano County, for construction and opera-  
2 tion of a floating wharf and walkway. Annual rental \$191.98.

3 Item (g) Oil Terminals Company -- 15-year lease, 0.222  
4 acre tide and submerged land, Petaluma Creek, Sonoma County,  
5 for construction of pier and four dolphins, for use in con-  
6 junction with petroleum products storage and distribution plant  
7 on upland property of applicant. Annual rental \$150, which  
8 is the minimum.

9 Item (h) Signal Oil and Gas Company -- 10-year re-  
10 newal of Lease P.R.C. 701.1, 0.55 acre tide and submerged lands  
11 of Sacramento River, Yolo County, used for maintenance of pier  
12 for unloading petroleum products. Annual Rental, \$693.

13 Item (i) Signal \*\*\*\*

14 MR. HORTIG: Mr. Chairman, the Office of the Lieuten-  
15 ant Governor has requested that item (i) relative to Signal  
16 Oil and Gas Company be withheld to permit further study of the  
17 proposal.

18 MR. CRANSTON: Item (i) will be stricken.

19 Item (j) Standard Oil Company of California, Western  
20 Operations, Inc. -- Modification of State's participating per-  
21 centage under Compensatory Royalty Agreement P.R.C. 255.1,  
22 Kirby Hill, Solano County -- with appropriate figures.

23 Item (k) Standard Oil Company of California --  
24 approval of location and construction of a rubble-mound drill-  
25 ing and production island approximately 1.2 miles from shore  
26 within area of Oil and Gas Lease P.R.C. 3095.1, Orange County

1 to be located thirty-five feet below mean lower low water,  
2 with top elevation of twenty-four feet above mean lower low  
3 tide, to provide drillsites from which forty wells may be  
4 drilled into the leased lands.

5 GOV. ANDERSON: Can we talk about this a little?  
6 Frank, will you explain this?

7 MR. HORTIG: Yes, sir. The Standard Oil Company of  
8 California is proposing to develop State Lease P.R.C. 3095.1 --  
9 which was issued pursuant to competitive public bidding, on an  
10 authorization by the State Lands Commission, offshore from the  
11 City of Seal Beach -- by means of erecting an offshore drill-  
12 ing island adjacent, but seaward, of the entrance channel to  
13 Anaheim Bay and the Naval Weapons Station at Seal Beach.

14 The Corps of Engineers, on approval by the Lands Com-  
15 mission of the present proposed location of an offshore drill-  
16 ing island, will hold public hearing to determine to the satis-  
17 faction of all the navigation interests concerned that the  
18 location of the island will not constitute a hazard to naviga-  
19 tion, or permit to construct the island will not be granted.

20 The island or an offshore platform is necessary to  
21 permit the development of the lease as it was issued by the  
22 State Lands Commission and was authorized by the lease as  
23 issued, and as authorized by the statutes pursuant to which  
24 such leases are awarded.

25 Are there any other specifics you would like to  
26 have, Governor?

1           GOV. ANDERSON: I think maybe the best thing I can  
2 do is ask questions. How many of these do we have now out in  
3 that area?

4           MR. HORTIG: In Orange County, one.

5           GOV. ANDERSON: That was the one we granted here  
6 about three or four months ago? At the time I raised a ques-  
7 tion on it.

8           MR. HORTIG: No, sir. That was for location of an  
9 offshore drilling platform. This is an island-type operation.  
10 That was on an adjoining lease, which was issued approximately  
11 1945.

12           GOV. ANDERSON: That result would be the same, ex-  
13 cept this would be more permanent than that one?

14           MR. HORTIG: This is correct.

15           GOV. ANDERSON: At that time you told about a tempor-  
16 ary derrick that would be up for a period of time...

17           MR. HORTIG: Yes, sir.

18           GOV. ANDERSON: .. and then you would have a floating  
19 platform for the length of time they would be using it, which  
20 would be twenty, thirty, forty years, perhaps.

21           MR. HORTIG: Correct.

22           GOV. ANDERSON: This one, instead of being a tempor-  
23 ary platform, will be a permanent island?

24           MR. HORTIG: However, with the condition of removal  
25 if desired at the termination of the production -- a maximum  
26 of twenty-four feet over the water, and drilling specifications

1 for the island include removal on completion of development.

2 GOV. ANDERSON: You are going to have a derrick or  
3 rig up there for drilling. How high will that be?

4 MR. HORTIG: One hundred sixty feet.

5 GOV. ANDERSON: One hundred sixty feet above the  
6 surface of the water?

7 MR. HORTIG: Above mean lower low water.

8 GOV. ANDERSON: And then when the derrick is taken  
9 down, there is a mast or something that will be put up or  
10 down probably a few times a week, depending on the drilling?

11 MR. HORTIG: This is right -- depending on how much  
12 development and maintenance work is required. It could re-  
13 quire as little as once every several months; on the other  
14 hand, it could be a maximum of two or three times a week.

15 GOV. ANDERSON: How high will that be, when they  
16 work on it?

17 MR. HORTIG: Eighty feet.

18 GOV. ANDERSON: Eighty feet on top of the permanent  
19 island?

20 MR. HORTIG: Yes, sir; on top of the island.

21 GOV. ANDERSON: So, eighty feet from there up, and  
22 the island itself will be twenty feet above....

23 MR. HORTIG: Twenty-four.

24 GOV. ANDERSON: So when this is up, which could be  
25 two or three times a week, we will have something one hundred  
26 four feet up in the air...

1 MR. HORTIG: That is correct.

2 GOV. ANDERSON: ... and this will be as long as we  
3 are getting oil out of the area?

4 MR. HORTIG: That is correct.

5 GOV. ANDERSON: How many of these islands are we  
6 contemplating in this area?

7 MR. HORTIG: This, as I say, since 1945 is the  
8 second island in Orange county and only the third proposed  
9 offshore California. There is an island similar to this in  
10 place in the Rincon Field.

11 GOV. ANDERSON: How many of these do you think we  
12 will have in the next twenty years? I am a little concerned  
13 about having an orchard of these wells sticking up there.  
14 Now we are coming up with another one; we don't know how  
15 many there are going to be. My feeling is there ought to be  
16 some sort of plan, so we can tell the people when they express  
17 concern that there is only going to be ten or twenty, or what-  
18 ever it is going to be. We do not have this kind of plan?

19 MR. HORTIG: We do not have a specific plan at this  
20 time. As you will recall, Governor, the staff has been told  
21 to report to the Commission on this and this is in progress.

22 GOV. ANDERSON: That was several months ago?

23 MR. HORTIG: Yes, sir.

24 GOV. ANDERSON: How long will this kind of thing  
25 take? I had hoped we would have a plan before another one  
26 came in.

1 MR. HORTIG: As you know, the legislative session  
2 came in.

3 GOV. ANDERSON: Who is preparing this? You are not  
4 doing this yourself?

5 MR. HORTIG: No, sir -- a staff engineer.

6 GOV. ANDERSON: Is this someone who understands  
7 esthetics?

8 MR. HORTIG: Very definitely. The report will  
9 include all aspects of estimated maximum density; the esthetic  
10 factors; photographs of actual installations; photographs of  
11 actual installations of other types of commercial activity  
12 which have been found to be more objectionable, if anything,  
13 or could be found to be more objectionable; plus things such  
14 as the results of development factors, such as removal of  
15 drilling derricks from platforms and the resultant diminution  
16 of objections on esthetic grounds.

17 Parenthetically, we can report with respect to one  
18 drilling platform in the Santa Barbara area that the drilling  
19 has been completed, and the drilling equipment has been re-  
20 moved, which it was anticipated would minimize objections to  
21 the platform. We have had only one objection -- and that is  
22 there aren't the colorful string of lights that used to be  
23 there. This is the only thing we have received on this  
24 operation.

25 GOV. ANDERSON: You apparently have different com-  
26 munications than I have, because I have had several inquiries

1 following the last one -- what was that three or four months  
2 ago?

3 MR. HORTIG: Yes, sir.

4 GOV. ANDERSON: And I had to explain why we were  
5 allowing this kind of thing off their shore and not Santa  
6 Monica; and I said there was a law prohibiting this off of  
7 Santa Monica. I had to answer the questions and I answered  
8 that the law prohibited them off Santa Monica and we are  
9 going to try to do this with the best degree of safety for  
10 the people of Orange County.

11 I am not going to object to this, but before we  
12 authorize another island I would like to see a report and we  
13 should have some kind of goal -- whether there will be ten,  
14 twenty -- that we are going to do something about the beauti-  
15 fication of these things. I would hate to see twenty of  
16 these things sticking up one hundred sixty feet.

17 MR. HORTIG: This is completely right, Governor.  
18 You will recall the particular lease under discussion here is  
19 pursuant to clearance under the Public Resources Code, where-  
20 under the State Lands Commission did hold a public hearing in  
21 Orange County with respect to the entire proposed program.  
22 As a matter of fact, that public hearing was chaired by Mr.  
23 Cranston at the time, and none of the proposed operations --  
24 the placement of the platforms, the placement of additional  
25 islands, et cetera -- were objected to.

26 GOV. ANDERSON: Frank, nobody knows we do these



1 things until we do them. Now that the people are becoming  
2 aware we are doing this, it gets to them. Now we are getting  
3 some objection to the idea. When you hold a public hearing  
4 in an area, the average person does not know about it and  
5 does not come and protest.

6 How many of these do we have ahead of us now?

7 MR. HORTIG: I believe there are two additional  
8 leases that we have now in the immediate offing that are going  
9 to require some type of offshore development structure.

10 GOV. ANDERSON: When will they be coming up for  
11 this same kind of permit we have here today?

12 MR. HORTIG: Within the next few months, just as  
13 fast as the operators on the lease have developed their  
14 engineering economics as to the type of structure to be  
15 utilized.

16 GOV. ANDERSON: Could we have our report back before  
17 we pass on the next one?

18 MR. HORTIG: We will, sir.

19 GOV. ANDERSON: I am not going to object to this  
20 because I realize there has been a great deal of work and  
21 planning that has gone into this. Before I vote on another  
22 of these islands, I would like to have the State Lands Com-  
23 mission have some kind of goal as to what we are going to  
24 have. I think the people should know what to look for.

25 MR. CRANSTON: I would like to say I share your  
26 concern and I would like to concur in that request.

1 MR. HORTIG: Mr. Chairman, in connection with the  
2 proposed action of the Commission, the proposed location of  
3 the island is now contemplated to be eight hundred eighty feet  
4 farther seaward from the coast than as reported in the calen-  
5 dar item before you. It is this farther seaward location that  
6 will be considered by the U. S. Army Corps of Engineers and  
7 it is this farther seaward location that would be approved  
8 and authorized by the State Lands Commission.

9 MR. CRANSTON: O. K. We will turn to item (l) --  
10 Standard Oil Company of California: Determine that the enter-  
11 ing into and performance of the Rio Vista Gas Unit Agreement  
12 for Easement 415.1, Sacramento, San Joaquin and Solano counties,  
13 is in the public interest; approve Unit Agreement and Unit  
14 Operating Agreement, in accordance with Section 3301 of the  
15 Public Resources Code.

16 Item (m) Humble Oil & Refining Company, and Texaco  
17 Inc. -- Deferment of drilling requirements under Oil and Gas  
18 Lease P.R.C. 186.1, Belmont Offshore Field, Orange County,  
19 through December 31, 1964. New activities to be undertaken  
20 should be consistent and compatible with operations in pro-  
21 posed Long Beach Unit.

22 GOV. ANDERSON: Are these next three deferments some-  
23 what related?

24 MR. HORTIG: No, sir -- only in point of time of  
25 issuance and the time on the development program that has  
26 gone into these leases, which are in the same general area and,

1 consequently, the same difficulties have been experienced and  
2 the necessity for developing the engineering and geologic  
3 studies to make the economic optimum selection for future  
4 drilling programs.

5 GOV. ANDERSON: Are these the first deferments in  
6 these cases, or have there been prior deferments?

7 MR. HORTIG: I believe there have been prior defer-  
8 ments. If I may refer to the whole calendar item, where  
9 these are listed - - With respect to the request for defer-  
10 ment for Phillips Petroleum, there have been prior deferments  
11 as listed in paragraph two, based on the fact that the addi-  
12 tional wells that have been drilled by the lessee actually  
13 essentially completed the required lease drilling requirements  
14 to date. There are operating wells on the lease to the maxi-  
15 mum extent that it has been possible to develop operating  
16 wells and, therefore, prior to drilling any additional wells,  
17 the geologic information on areas adjacent to the lease are  
18 desired to be reviewed in order to determine optimum location  
19 for new wells.

20 On page 41 of the agenda, there is reflected that  
21 the Commission has also previously granted deferments of  
22 drilling requirements on this lease through June 30, 1964;  
23 and this lease, which has actually fifty-two wells producing  
24 from the first offshore island that was erected on a Cali-  
25 fornia lease, adjoins the area which is going to be considered  
26 for development under a unit plan by the City of Long Beach

1 and the so-called Alamitos State Beach Park parcel; and there-  
2 fore, further development program in connection with this  
3 lease should preferably include a study of this new develop-  
4 ment program of Long Beach as to compatibility and possible  
5 unitization of operations under this existing lease prior to  
6 going ahead on an independent drilling program.

7 GOV. ANDERSON: Well, I am looking at the last para-  
8 graph on page 1, those first five lines:

9 "The lands covered by State Lease P.R.C. 186.1 are  
10 not far removed from the large offshore area in which the City  
11 of Long Beach plans to conduct oil and gas development opera-  
12 tions in the immediate future, and for which it proposes uniti-  
13 zation with other nearby areas. It is conceivable that under  
14 certain conditions such expansion would include State Lease  
15 P.R.C. 186.1 in the proposed unit."

16 MR. HORTIG: Yes, sir.

17 GOV. ANDERSON: What would that do to this particu-  
18 lar lease if it was brought in?

19 MR. HORTIG: If it was brought into a unit, it would  
20 mean that the additional development drilling under Lease  
21 P.R.C. 186.1.....

22 GOV. ANDERSON: A new lease would have to be drawn up?

23 MR. HORTIG: No, sir -- simply that the lease, on  
24 approval of the Lands Commission, be included within the pro-  
25 gram for unit operations of the entire area -- which at a  
26 maximum, as it is envisioned now, would consist of tide and

1 submerged lands granted to the City of Long Beach by the  
2 Legislature; tide and submerged lands under the jurisdiction  
3 of the State Lands Commission, known as the Alamitos Beach  
4 Park; the lands under Lease 186.1.

5 GOV. ANDERSON: Would that be to the State's advan-  
6 tage to bring this into unitization?

7 MR. HORTIG: There will be no staff recommendation  
8 unless it is to the State's advantage. It would be dependent  
9 upon and optional upon whether it would be to the State's  
10 advantage and to the lessee's advantage to bring it into a  
11 unitization program.

12 MR. CRANSTON: Item (n) Phillips Petroleum Company --  
13 Deferment of drilling requirements under Oil and Gas Lease  
14 P.R.C. 2207.1, Santa Barbara County, through December 21,  
15 1964, to permit lessee to integrate geological information  
16 from an adjacent area into current engineering and geological  
17 studies.

18 Item (o) Texaco Inc. -- Deferment of drilling re-  
19 quirements under Oil and Gas Lease P.R.C. 2725.1, Santa Bar-  
20 bara County, through January 24, 1965, to enable applicant to  
21 obtain production data that will indicate whether an extensive  
22 program of development of other sands is economically feasible.

23 Motion is in order to approve all items in this  
24 classification, excluding (i) and (k) which have been taken  
25 off the calendar.

26 GOV. ANDERSON: No. (k) wasn't taken off. We

1 left (k) on.

2 MR. HORTIG: Mr. Chairman, if the Commissioners can  
3 refer to item (1), Standard Oil Company of California, and  
4 particularly to page 40, to the proposed form of recommenda-  
5 tion for approval, it is recommended by counsel that item (1)  
6 of the recommendation should be amplified to read:

7 "It is recommended that the Commission (1) deter-  
8 mine that the entering into and the performance of the Rio  
9 Vista Gas Unit Agreement is in the public interest and will  
10 promote conservation and prevent unreasonable waste of  
11 natural gas, condensate and associated hydrocarbons in the  
12 Rio Vista Field; and \*\*\*"

13 The balance of the recommendation should be as it  
14 is before you on page 40.

15 MR. CRANSTON: With that exception, motion is in  
16 order to approve item classification 3.

17 GOV. ANDERSON: I make the motion.

18 MR. CRANSTON: Second. Unanimously approved.

19 (Mr. Cranston left the meeting at this point  
20 and Lieutenant Governor Anderson took over as  
21 Chairman; Mr. Charles S. Hurley sat in for  
22 Mr. Cranston.)

23 GOV. ANDERSON: This takes us, then, down to  
24 Item 4 -- City of Long Beach approvals required pursuant to  
25 Chapter 29, 1956, First Extraordinary Session:

26 Project (a) Earth Fill, Berths 83-87, Back Area,

1 (2nd Phase) -- Estimated subproject expenditures from  
2 5/28/64 to termination of \$1,320,000, with \$897,600 (68%)  
3 estimated as subsidence costs.

4 Project (b) Raise Oil Facilities, Berths 83-87,  
5 Back Area. (2nd Phase) -- Estimated subproject expenditures  
6 from 5/28/64 to termination of \$85,000, with 100% estimated  
7 as subsidence costs.

8 Any comment on that?

9 MR. HORTIG: Governor Anderson, these items are the  
10 continuing repair of subsidence-damaged areas in the Long  
11 Beach Harbor District, which require advance approval by the  
12 Lands Commission prior to expenditure of any funds by the City,  
13 in order that the Harbor Commission may be compensated up to  
14 twenty-five percent of the cost of such subsidence elements  
15 from the State's share of the tideland revenues, as provided  
16 under Chapter 29 of the Statutes of 1956. This is a continua-  
17 tion of the program on which the Commission since 1956 has  
18 had items for action of the same general nature at virtually  
19 every meeting of the Commission.

20 Specifically, the recommendation again limits the  
21 amounts that will ultimately be allowed to the City to those  
22 amounts that are determined to have qualified, after the work  
23 has actually been completed. Therefore, there is no commit-  
24 ment or guarantee that the estimated amount as approved in  
25 advance will ever be paid to the City; and, as a matter of  
26 fact, in general there are rebates in the accounting procedure

1 when these projects are completed, as a result of being able  
2 to conduct accurate engineering, economic and audit reviews  
3 after the project has been completed much more precisely than  
4 on any estimated basis.

5 MR. HURLEY: I move approval.

6 GOV. ANDERSON: Second. I think the secretary  
7 should make note that Mr. Hurley is sitting in for Mr.  
8 Cranston.

9 Item 5 -- Land Sales and Exchanges. All items here  
10 presented have been reviewed by all State agencies having a  
11 land-acquisition program, and, unless otherwise indicated, no  
12 interest has been reported by those agencies in the lands pro-  
13 posed for sale or exchange.

14 (a) Selection and sale to Molybdenum Corporation of  
15 America, of 190 acres vacant Federal land in San Bernardino  
16 County, at appraised price of \$9,690.

17 (b) Find that the Department of Fish and Game has  
18 adequately supported its objections to the sale to George D.  
19 La Moree of Fractional Section 36, Township 7 North, Range 1  
20 West, S.B.M., San Bernardino County, by showing substantial  
21 public need and greater benefit to the public; reject applica-  
22 tion of George D. La Moree to purchase said land, with all  
23 funds submitted by him except the \$5 filing fee to be re-  
24 turned; land to be held for two-year period from April 3, 1964,  
25 for purchase or lease by Department of Fish and Game;

26 Or if the Commission finds otherwise: (1) Determine



1 that the land is unsuitable for cultivation without artificial  
2 irrigation; and (2) Authorize the sale of the land to George  
3 D. La Moree at the October 3, 1961, staff appraisal of  
4 \$26,287.10.

5 MR. HORTIG: Governor Anderson, on the second item,  
6 (b), you will recall the then Chairman Champion of the last  
7 meeting of the State Lands Commission, at which this item was  
8 presented, suggested deferment and full hearing at the next  
9 meeting of the Lands Commission to be held in the Los Angeles  
10 area, at which time Mr. La Moree could be presented and also  
11 at which time specific presentations could be made by the  
12 Department of Fish and Game with respect to the position of  
13 that Department in desiring to acquire these lands over the  
14 prior application of Mr. La Moree. This was the purpose of  
15 recalendaring this item here today.

16 Representatives of the Department of Fish and Game  
17 are in the audience, as well as Mrs. La Moree, and the pro-  
18 posal at the last Sacramento meeting was to the effect that  
19 the Commission would hear from the State's original applicant  
20 for purchase, from either Mr. or Mrs. La Moree, and then con-  
21 sider the proposals by the Department of Fish and Game in  
22 order to determine the disposition of these lands.

23 Under the circumstances, it appears that the presenta-  
24 tions of both parties should now be heard.

25 GOV. ANDERSON: Which one should come first -- Mrs.  
26 La Moree or the Department of Fish and Game?

1 MR. HORTIG: In view of the fact that Mrs. La Moree  
2 reported at the last meeting of the Lands Commission but there  
3 was no specific proposal made by representatives of Fish and  
4 Game -- although the Commission has received letter reports  
5 to this effect since -- possibly Fish and Game should be  
6 called on first.

7 GOV. ANDERSON: Who is representing Fish and Game?  
8 Would you identify yourself?

9 MR. JANSSEN: My name is John Janssen. I am repre-  
10 senting the California Department of Fish and Game in this  
11 matter.

12 A number of years ago we engaged in a cooperative  
13 program with the Bureau of Land Management of selecting lands  
14 with unique wildlife values to be included in their Resource  
15 Management areas. We have requested that a considerable block  
16 of Bureau of Land Management lands east and north of Victor-  
17 ville be withdrawn from public sale, to be included in one  
18 of these Resource Management areas.

19 If I may, Mr. Chairman, I would like to show you  
20 some maps to orientate you on the area. For the benefit of  
21 the audience, I am showing the Chairman a map of San Bernardino  
22 County with the general area of this proposed Wildlife Resource  
23 Management area outlined on the map in an area east and north  
24 of Victorville. This is for just orientation of the general  
25 area.

26 Now, here I have the topo map of this area

1 circumscribed there. The light orange lands are Bureau of  
2 Land Management lands. These sections uncolored are private  
3 holdings within the Bureau of Land Management lands. The  
4 blue section here and this fractional section here are State  
5 lands. This is the land under consideration -- this section  
6 here.

7 Now, in our work with the Bureau of Land Management  
8 we are assisting the Bureau of Land Management and locating  
9 the owners of the private lands within this proposed Resource  
10 Management area and we are assisting them in negotiating land  
11 exchanges, so that we can have as solid a block of Government  
12 land here as possible and as convenient a boundary as possible.  
13 You will notice this exterior boundary is rather awkward.

14 Now, in similar negotiations with the Bureau of  
15 Land Management, the State of California has actually put up  
16 funds to assist the Federal Government in their program of  
17 developing roads, camp sites; we have developed water in these  
18 areas and the Bureau of Land Management has developed water  
19 in these areas to make these areas suitable for various types  
20 of public recreational use.

21 This section here under consideration is unique in  
22 that it has water available in two locations here and water  
23 isn't generally available in this area. We have developed  
24 some springs in a few areas and there is water at a few loca-  
25 tions; but this is rather unique in that there are two sources  
26 of water in this general area and, as I pointed out, this is

1 a program we are carrying on in cooperation with the Bureau  
2 of Land Management. I believe in your folder is the letter  
3 that we submitted, in which we pointed out the lands that we  
4 are interested in, in working with the Bureau of Land Manage-  
5 ment, comprise approximately 131,000 acres.

6 I would be pleased to answer any questions.

7 GOV. ANDERSON: Why has the Department changed its  
8 mind from time to time on this piece of property?

9 MR. JANSSEN: Sir, the Department of Fish and Game  
10 has not changed its mind.

11 GOV. ANDERSON: I understood they had.

12 MR. JANSSEN: No, I think there is a misunderstand-  
13 ing on this point.

14 MR. HURLEY: I think Mrs. La Moree pursued this  
15 consistently.

16 MR. HORTIG: The problem is that while the Depart-  
17 ment of Fish and Game, as Mr. Janssen has said, has not  
18 changed its mind, it did not indicate a continued interest in  
19 these lands pursuant to requests from the State Lands Division  
20 as to expression of interest in lands that the Department  
21 specifically desired to have held for it against private sale,  
22 pursuant to the newly adopted and still being generated policy  
23 of the State Lands Commission; and the records of the State  
24 Lands Division indicate a period of time where there was a  
25 lapse of expression of interest by the Department with respect  
26 to the desired acquisition of these lands; and the statement

1 as to desire to acquire was renewed by the Department of Fish  
2 and Game only at the time that the staff recommendation came  
3 to the Commission proposing to sell these lands pursuant to  
4 the original private application.

5 GOV. ANDERSON: When did Fish and Game first ex-  
6 press an interest?

7 MR. HORTIG: If I may refer to the historical resume  
8 starting on page 51 of the agenda before you, Governor, it was  
9 at least as early as February 27, 1962.

10 GOV. ANDERSON: That was the first time Fish and  
11 Game expressed an interest in this property?

12 MR. HORTIG: This was one of the earliest expressions.

13 GOV. ANDERSON: At any time since that time have  
14 they relinquished that interest?

15 MR. HORTIG: By at least indirection, Governor, in  
16 that upon circularizing all departments with respect to hav-  
17 ing a land acquisition program preceding the staff recommenda-  
18 tion for private sale, Fish and Game did not include these  
19 specific lands.

20 GOV. ANDERSON: When was this?

21 MR. HORTIG: This was in the latter part of 1962,  
22 early 1963. We are scanning the files now to get the exact  
23 dates, Governor; and, consequently, it was assumed that, in  
24 view of the fact that the Department of Fish and Game did not  
25 again include these specific lands in a program for holding  
26 or acquisition from the State Lands Commission, everything was

1 clear for the sale of the lands pursuant to the application of  
2 Mr. La Moree, and this was the staff proposal at the meeting  
3 of April 29, 1964 -- that the lands should be so sold.

4 It was at that time, then, that Fish and Game inter-  
5 posed an objection -- renewing, in effect, their interest and  
6 stated their proposal of possible consideration of acquisition  
7 of these lands in connection with the wildlife development  
8 program as Mr. Janssen has outlined.

9 GOV. ANDERSON: When was this renewal, then, made?  
10 That's the one we are talking about right now?

11 MR. HORTIG: Apparently at the meeting of the last  
12 State Lands Commission, but it had been made by letter; and,  
13 as you will recall, Governor Anderson, there was no authorized  
14 representative of the Department of Fish and Game present at  
15 the Commission's last meeting to discuss the significance of  
16 the renewal and to validate the position and the strength of  
17 the interest of the Department in the acquisition of these  
18 lands; and, therefore, the matter was recalendared for this  
19 meeting today.

20 GOV. ANDERSON: When did the La Morees first make  
21 their application with the State Lands Division?

22 MR. HORTIG: About 1960 -- February 4, 1960.

23 GOV. ANDERSON: Well, this then gets back to my  
24 question. The application was made by the La Morees in 1960.  
25 Fish and Game expressed their first interest in 1962 and then,  
26 when they were circularized when we circularized all the

1 different State people, they did not express an interest;  
2 and then in 1964, when we are ready to consummate the sale,  
3 Fish and Game comes in and renews their interest.

4 MR. JANSSEN: I believe when the original applica-  
5 tion was filed in February 1960 -- I am not sure, but I be-  
6 lieve we were not aware of the application at that time. We  
7 were engaged at that time in a program with the Bureau of  
8 Land Management of investigating lands for withdrawal, but I  
9 do not believe that the Department of Fish and Game knew of  
10 this calendar item when it was on your calendar in February  
11 1960.

12 GOV. ANDERSON: Frank, under our new method, do we  
13 have to wait for a private party to want to buy a piece of  
14 land before the State department comes in and chooses; or  
15 can't the State department come in and identify what they want  
16 before we find a buyer?

17 MR. HORTIG: Prior to the current year, there was  
18 no specified or orderly procedure for letting all State de-  
19 partments know as to what applications for sale to private  
20 ownership were being contemplated by the Commission. Under  
21 the new policy of the Commission, all State departments having  
22 a land acquisition program are informed of the proposed sale  
23 and are permitted to submit their application for holding of  
24 the land for the department's acquisition over and above a  
25 private application.

26 GOV. ANDERSON: Now, leaving this particular thing

1 aside, would Fish and Game have notified you what land they  
2 want that we have, so we don't embarrass a person who finds  
3 what they want, goes through all the red tape, filing fees,  
4 and everything, and after the lands are put up for sale they  
5 find out it isn't available? This isn't fair.

6 MR. HORTIG: The only improvement in the situation,  
7 if I can so characterize it, is that applicants for future  
8 purchases of State land will know that the application is sub-  
9 ject to possible superseding by the application of a public  
10 agency to buy the land.

11 GOV. ANDERSON: Well, when the La Morees found this  
12 property in 1960 and decided they wanted to buy it, there  
13 wasn't anyone who knew that they were interested in it.

14 MR. HORTIG: Nor, when the La Morees did this, was  
15 it the policy of the Commission to have all pending applica-  
16 tions reviewed for higher and better use.

17 GOV. ANDERSON: It is my thinking, Frank, that Fish  
18 and Game and all other State departments should come in before  
19 this time; they ought to be able to check the lands and tell  
20 us, "We don't want you to put it up for sale," instead of hav-  
21 ing somebody make all their plans and then have a department  
22 say, "We want it."

23 MR. HORTIG: This, of course, is the optimum program,  
24 Governor Anderson. We haven't been able to achieve it yet be-  
25 cause these development programs of these departments do  
26 change. Additionally, it was felt undesirable to withdraw



1 from the State lands reservoir for potential sale all lands in  
2 which all agencies indicated they might have, some time in the  
3 nebulous future, some tenuous desire to have these lands.

4 A possible clarification and elimination of diffi-  
5 culty in the prior program was made in the new program --  
6 which, unfortunately, does not apply to the La Morees, in  
7 which full cash deposit was made. Future applications will  
8 not require full cash deposit and applicants will not be sub-  
9 jected to having to make the full cash deposit and then find  
10 they can't have their application perfected.

11 GOV. ANDERSON: When did the La Morees put up their  
12 cash?

13 MR. HORTIG: In 1960.

14 GOV. ANDERSON: And how much did they put up at  
15 that time?

16 MR. JANSSEN: \$12,401.33

17 GOV. ANDERSON: It has been sitting there for four  
18 years?

19 MR. JANSSEN: I am reading from Exhibit B of  
20 Calendar Item 20.

21 MR. HORTIG: Of the April meeting, I believe.

22 MR. JANSSEN: At a later date, it was re-appraised  
23 and, in all fairness, they put up additional money at a later  
24 date.

25 MR. HORTIG: For a total of \$26,287.10.

26 GOV. ANDERSON: When did they put this balance up?

1 MR. HORTIG: October 23, 1961.

2 GOV. ANDERSON: In 1961 they put up another sixteen  
3 thousand?

4 MR. HORTIG: Roughly, the difference between \$26,287  
5 and \$12,401.

6 GOV. ANDERSON: So they have had \$26,287 up for  
7 almost four years?

8 MR. HORTIG: Right - - three, from '61 to '64.

9 GOV. ANDERSON: Now, let's go back here, when did  
10 the agency come in?

11 MR. JANSSEN: As soon as we were officially advised.

12 GOV. ANDERSON: That was in early '62?

13 MR. HORTIG: February 27, 1962.

14 MR. JANSSEN: As soon as we were officially advised  
15 that this land was being offered or considered for sale.

16 GOV. ANDERSON: You knew by that time that somebody  
17 had \$26,000 up?

18 MR. JANSSEN: We were notified by the State Lands  
19 Commission and this was the first opportunity we had to ex-  
20 press ourselves because it was the first knowledge we had that  
21 this land was possibly going to be sold.

22 GOV. ANDERSON: Then we came back about a year  
23 later....

24 MR. JANSSEN: We expressed our opposition at that  
25 time. Then, following that, a notice was sent around, appar-  
26 ently, to the State agencies, I am assuming; and since we had

1 already filed a protest, I am assuming that through admini-  
2 strative oversight, since we had already filed a protest,  
3 that our Department did not file an additional protest until  
4 the matter came up recently on the calendar. When the matter  
5 came up on the calendar again, why, we re-protested, thinking  
6 that our previous protest had been on file and had been appar-  
7 ently overlooked.

8 GOV. ANDERSON: How can this kind of administrative  
9 oversight be made?

10 MR. JANSSEN: This was in our own Department --  
11 this administrative oversight. When the list came out, list-  
12 ing this land, we already had a protest on file.

13 GOV. ANDERSON: Is this the sort of notification  
14 that would be overlooked?

15 MR. HORTIG: No, sir -- because this was specific  
16 notification.

17 GOV. ANDERSON: This would have been to someone who  
18 had expressed interest in 1962?

19 MR. HORTIG: That's right.

20 GOV. ANDERSON: On a piece of property that some has  
21 \$26,000 on?

22 MR. HORTIG: Yes, sir.

23 GOV. ANDERSON: Do you send them a mimeographed  
24 form? We would have assumed Fish and Game would have an  
25 interest.

26 MR. JANSSEN: We should have replied at that time.

1 MR. HORTIG: We did, in effect, by stating: "The  
2 following lands are going to be recommended to be sold by the  
3 Lands Commission pursuant to private application. Does your  
4 department (and this is as to all departments) have an  
5 interest?"

6 GOV. ANDERSON: But this Department had already  
7 expressed interest in 1962. Fish and Game had already noti-  
8 fied you by letter, so I think this is different from a  
9 hundred other agencies.

10 MR. HORTIG: This is correct. So, as a follow-up,  
11 you will note on page 53 that the Commission on February 27,  
12 1962 adopted a resolution relative to holding the land to give  
13 Fish and Game an opportunity to decide whether they wished  
14 to acquire the land, and giving Mr. La Moree the option of  
15 either canceling his application and receiving a refund of the  
16 moneys which he had on deposit \*\*\*\*

17 GOV. ANDERSON: That's the initial interest. That's  
18 the first time Fish and Game expressed an interest\*\*\*\*\*

19 MR. HORTIG: That's correct.

20 GOV. ANDERSON: ... in February 1962.

21 MR. HORTIG: Now, when the Commission's policy of  
22 circularizing all agencies specifically, with respect to all  
23 lands that are going to be offered to be sold, was adopted --  
24 pursuant to that policy, then, a specific notification again  
25 went to all departments including the proposal to sell this  
26 particular land on which Fish and Game had previously expressed

1 an interest and on which there was an application by the  
2 La Morees; and all departments were specifically circularized  
3 as to whether they still had or have an interest and desire to  
4 make any presentation with respect to the proposed sale of  
5 the lands by the Commission under the new policy.

6 GOV. ANDERSON: But, Frank, the thing I am trying to  
7 clear up here, because I am not sure we are right -- You are  
8 notifying all agencies, but this one specific agency had in  
9 February 1962 written you a letter and expressed interest.  
10 If they didn't answer back, it would seem to me you wouldn't  
11 regard them as any agency but would have called them up and  
12 asked them, "Have you dropped your interest?" instead of assum-  
13 ing they dropped it. It seems to me you have a little responsi-  
14 bility instead of a notification like this.

15 MR. HORTIG: This circularization was made by the  
16 Lands Division in a specific letter dated October 24, 1963;  
17 and pursuant thereto, we did receive a response from the  
18 Resources Agency on December 23, 1963, which included a report  
19 of all lands in which, it said, the Department of Fish and  
20 Game was then interested and by omission did not specifically  
21 describe the fractional of Section 36 as a section in which  
22 the Department was interested.

23 GOV. ANDERSON: Then how can they call it "admini-  
24 strative oversight"?

25 MR. JANSSEN: I used this expression of "admini-  
26 strative oversight." We were interested in this. Our people

1 in Sacramento did not list this at this time because we had  
2 already applied to have this piece withdrawn. We should have  
3 listed it at this time. We assumed too much in assuming that,  
4 since we already had a letter on file two years previous, it  
5 wasn't necessary; but we should have protected ourselves by  
6 listing this parcel again. When we discovered our error, then  
7 we submitted another letter to the State Lands Commission.

8           GOV. ANDERSON: Now, Frank, don't you also think  
9 that on this particular piece of property, where you circular-  
10 ized all the other agencies and Fish and Game had previously  
11 expressed interest and now did not express one -- don't you  
12 think our department should have followed up on that one to  
13 make sure they had dropped their interest before we again put  
14 it up for sale and carried this thing on?

15           MR. HORTIG: There is probably a difference of  
16 interpretation as to what the reason for the last circulariza-  
17 tion was. In view of the passage of time and the adoption of  
18 the new policy by the Lands Commission, the purpose of the  
19 circularization by the Lands Division was to determine what the  
20 current status of interest of any agency was in all the lands  
21 of the State of California; and when we received from the  
22 Resources Agency, department by department, a listing showing  
23 "The following departments are interested in the following  
24 lands" and a complete and specific list on the part of Fish  
25 and Game which did not include this particular parcel, I feel  
26 that the logical conclusion was that they were no longer

1 interested in this particular parcel because they did give a  
2 specific listing, saying "These are the parcels in which Fish  
3 and Game is now interested."

4 GOV. ANDERSON: I don't know how wealthy the La Moreas  
5 are, but if I had \$26,000 sitting there for four years and got  
6 this kind of treatment, I'd be sore. I have nothing further.

7 MR. HURLEY: What has Fish and Game done out here,  
8 if anything? What kind of wildlife is on this property?

9 MR. JANSSEN: This area is fine quail habitat, both  
10 for desert quail and mountain quail. We have chucker part-  
11 ridges in this area -- and I am speaking widely of this area,  
12 the general area I showed you on that map -- and there is fine  
13 chucker partridge hunting in this area. We feel this is a  
14 fine area to reserve for the public, for people who like to  
15 watch, observe, other wildlife species -- species other than  
16 game species. For instance, our desert tortoise is gradually  
17 disappearing and this is a fine area for the desert tortoise.  
18 Our burrowing owl, quite interesting little creatures, are  
19 found in this area; mourning doves are found in this area; and  
20 there is considerable hunting of them in this area and there  
21 is considerable nesting in this vicinity.

22 Outside of wildlife, there is considerable scenic  
23 area and the fact that there is water for wildlife in this  
24 particular section makes it quite unique and very valuable for  
25 wildlife.

26 GOV. ANDERSON: In this area, everything in a kind

1 of orange -- where do we stand on that?

2 MR. JANSSEN: The orange land?

3 GOV. ANDERSON: That's all in the national land  
4 reserve?

5 MR. JANSSEN: This orange land is all Federal land.  
6 It is all now in the national land reserve.

7 GOV. ANDERSON: So far as we are concerned, we won't  
8 have any problem. The white in here is the property now owned  
9 by private people?

10 MR. JANSSEN: The white is now owned by private  
11 people.

12 GOV. ANDERSON: And the only two parcels we will be  
13 concerned with are Section 36 and this half of Section 16?

14 MR. JANSSEN: That is right.

15 GOV. ANDERSON: I notice both sides of Section 36  
16 are owned by private parties.

17 MR. HURLEY: Is the Bureau of Land Management making  
18 acquisition attempts?

19 MR. JANSSEN: They have plans to. We are working  
20 with the Bureau of Land Management, getting the descriptions  
21 of these parcels in private ownership. Eventually, with our  
22 assistance, the Bureau of Land Management is going to contact  
23 the owners and endeavor to make property exchanges to make this  
24 as solid a block of Federal land as they can make it.

25 GOV. ANDERSON: Have you tried to work out something  
26 with the La Morees?



1 MR. JANSSEN: No.

2 GOV. ANDERSON: Isn't that something we had hoped  
3 might be worked out?

4 MR. HORTIG: Not specifically with respect to this  
5 application because at the last meeting there was no repre-  
6 sentative of Fish and Game who was in a position to comment  
7 whether Fish and Game could or would desire to contemplate a  
8 program of that type.

9 MR. JANSSEN: Thank you.

10 MRS. LA MOREE: You have heard most of our objections  
11 and complications in regard to this land, but I just wanted to  
12 say that in your statement of the morning, in your agenda, the  
13 Fish and Game Commission was supposed to show substantial pub-  
14 lic need and greater benefit to the public; and we submit that  
15 this Section 36 was given to the State of California for school  
16 land, either to build a school or the proceeds of which to go  
17 for schools in the very beginning, in the establishment of our  
18 country, and we feel the money spent here would possibly be  
19 of greater benefit to the State of California than those items  
20 listed by the Fish and Game representative.

21 Also, in the policy which the State Lands Commission  
22 adopted in 1962, it was stated that this would establish a  
23 firm policy allowing withdrawal of such lands -- that is,  
24 land selected for sale -- by a public agency for a reasonable  
25 period; and we have a feeling in our case that this period has  
26 been unreasonable -- the length of time we have been asked to  
wait.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

In 1963, in the circularization, the City of Victorville applied and they waived and defaulted three months later; but nothing was heard from the Department of Fish and Game in reply to that circularization; nothing has been heard except in February 1962, at which time they initially objected.

We feel, also, that possibly the representative of Fish and Game has not visited this land. There is no cover on it -- a little bit of greasewood. It is very shaley and rocky. There is no water developed. That seems to mean a lot to his office, but we have investigated and there is no water; it will have to be developed.

We also feel this little corner on the road would hardly be satisfactory for a wildlife area, with the cars and traffic going by, and so forth.

Also, we have been accused this last month that whatever we had in mind would make the desert unbeautiful and it would be an unplanned desert site. This is far from our plan. We had hoped to divide it, possibly, into forty-acre plots in the future, or some such large size, for the raising of horses or livestock, as the horse in California is being pushed into the background. Places in Los Angeles are having to close daily because of the press of population.

We feel that having our land on the tax roll, having it still in the public domain of the State of California -- in private hands but in the domain of the State of California taxwise -- and because we plan to develop it so it won't be

1 offensive to the eye, and perhaps because of the bureaucratic  
2 errors that have taken place, we would like to appeal to the  
3 Commission the right to close on this particular piece of  
4 property for which we have been applying for four years.

5 GOV. ANDERSON: Do you own any of the property  
6 adjacent to this?

7 MRS. LA MOREE: No, we do not.

8 GOV. ANDERSON: Why this specific piece?

9 MRS. LA MOREE: We saw it in 1960 on a map and went  
10 visiting it and saw it and felt it was one we would like to  
11 bid on.

12 GOV. ANDERSON: What are on the two properties  
13 north and south of you there?

14 MRS. LA MOREE: It is undulating desert land. The  
15 particular piece we are talking about, 36, starts in a gentle  
16 upgrade and then goes upward on a rather steep hill. There  
17 is very little cover. One can walk without touching brush  
18 through it. We saw one jackrabbit and two mice, and no water  
19 developed. On the contour maps, the geodetic survey maps, it  
20 shows places where springs possibly used to be. I think it  
21 was surveyed, the map was made in 1917.

22 GOV. ANDERSON: On the map it shows one well and on  
23 the edge of the property it shows "Taylor Springs."

24 MRS. LA MOREE: We couldn't locate anything of that  
25 sort. They were eroded, where possibly rain water runs down,  
26 but we could not locate them.

1 MR. HORTIG: Governor Anderson, the appraisal report  
2 shows: Well and spring reported on the quadrangle could not  
3 be located. However, a spring location, not flowing, was  
4 found; but the water was not located after a thorough search.

5 MR. HURLEY: You are making me wonder why you want  
6 to buy it.

7 GOV. ANDERSON: Where would you get your water?  
8 Your plan is to cut it into ranches for sale?

9 MRS. LA MOREE: Very vaguely; we haven't really  
10 worked it out.

11 GOV. ANDERSON: Where would you get your water for  
12 this?

13 MRS. LA MOREE: It would be a matter of chance.

14 GOV. ANDERSON: Where does water come from there?

15 MRS. LA MOREE: I suppose as in any other undevel-  
16 oped area -- just get a water expert and hope you can make a  
17 successful well. Down below, at least indicated on this map,  
18 there is a dry lake bed. There are several farmers who have  
19 alfalfa fields and must have wells.

20 GOV. ANDERSON: So on this section below you there  
21 are active wells?

22 MRS. LA MOREE: No, no. It is miles down, Lucerne  
23 Valley.

24 GOV. ANDERSON: I know about Lucerne Valley. I was  
25 actually thinking about the two sections, because the repre-  
26 sentative of Fish and Game indicated they might also try to

1 get these other white sections, which would be "1" and "25".  
2 I was wondering what was on "1" and "25" now. Is there any-  
3 thing there?

4 MRS. LA MOREE: Not a thing -- just more shaley  
5 greasewood property. They aren't game cover whatever. No  
6 quail could live there because there is no water.

7 MR. HURLEY: I can express sympathy to Mrs. La Moree  
8 for the slow treatment she has received, but I feel after 1962  
9 as far as having the deposit tied up, this was done with her  
10 eyes open. She knew from 1962 by experience that this might  
11 not be decided tomorrow.

12 GOV. ANDERSON: What did Victorville want with this  
13 piece of property?

14 MRS. LA MOREE: I don't know. We weren't informed.  
15 Victorville is some twenty miles away. I don't know what they  
16 had in mind.

17 GOV. ANDERSON: What kind of road is this? Is this  
18 a pretty good road that skirts this property?

19 MRS. LA MOREE: Yes, it is paved by the county and  
20 in good condition.

21 GOV. ANDERSON: That's the one from Lucerne to  
22 Barstow. What is our legal position on this? Do we have to  
23 sell this to Fish and Game?

24 MR. HORTIG: I believe it is under the control of  
25 the Commission, as a matter of policy. We have a valid pend-  
26 ing application from the La Morees. We also have a policy

1 base expressed by the Commission, where there is demonstrated  
2 higher and better public use value in the lands, and the power  
3 of the Commission to withhold such lands for such agency upon  
4 definite showing of active intent on the part of the public  
5 agency to acquire the lands within two years.

6 MR. HURLEY: What impresses me, Mrs. La Moree, is  
7 the program of the Bureau of Land Management, which is hold-  
8 ing property all around three sections; and just looking at  
9 the map, it appears for us to sell this into private owner-  
10 ship could be a deterrent to their program.

11 MRS. LA MOREE: I just wonder is it your obligation  
12 to do so.

13 MR. HURLEY: Well, it is our obligation to determine  
14 whether or not there is a showing of substantial need or  
15 greater public benefit. This is what I am not entirely  
16 decided upon.

17 GOV. ANDERSON: Is there any other land that we  
18 have that the La Morees might want, that would be outside of  
19 this area? Is there any area that Fish and Game has, where  
20 something might be done?

21 MR. HORTIG: Well, offhand.....

22 GOV. ANDERSON: If there was something specific  
23 about this piece of property, why they would want it over  
24 some other section - - Apparently, just four miles south the  
25 land reserve stops and just five or six miles north.

26 MR. HURLEY: Did you look into any other property,

1 Mrs. La Moree?

2 MRS. LA MOREE: Not in this area.

3 GOV. ANDERSON: She hasn't got another \$27,000.

4 MR. HURLEY: She had \$27,000 to put here.

5 MRS. LA MOREE: Not in this area at this time. We  
6 have looked before and under the bidding system of the State  
7 of California we were not the highest bidder on another piece  
8 in Kern County, I believe. We were not the highest bidder;  
9 and although we raised the bid, the first people met it. On  
10 this particular piece, we were successful. These are the  
11 only two.

12 MR. HURLEY: Am I correct that what you have in  
13 mind is speculating on this property?

14 MRS. LA MOREE: Well, we thought it was a good  
15 investment, yes.

16 MR. HURLEY: So in your purpose, for speculation,  
17 you might look anywhere for property. There is nothing  
18 particularly significant about the physical characteristics  
19 of this property as distinguished from some other property?

20 MRS. LA MOREE: No, we don't expect to live there  
21 unless we develop it into a desirable piece, if there were  
22 water and so forth; but we are just taking that chance.

23 MR. HURLEY: I would like to talk to our legal  
24 counsel in our office again on this.

25 GOV. ANDERSON: Aren't we interested in finding out  
26 just what Fish and Game really intends to do if we do not

1 sell this to the La Morees and then we turn it over to Fish  
2 and Game? What happens, then, to this and some of these other  
3 blank pieces of property out there? Now, if they really had  
4 a program to develop this, then there wouldn't be any question  
5 in my mind; but if it is just a case to keep these people from  
6 having it because they feel they may want to do something in  
7 the area, I'd like to see something...

8 MR. HORTIG: The program would be, on rejection of  
9 the La Moree's purchase, based on recommendation "3" on page  
10 55 -- that the land would be held for the two-year period from  
11 April 1964 for purchase or lease by the State Department of  
12 Fish and Game in implementing the program which Mr. Janssen  
13 outlined here this morning for Fish and Game. A possible  
14 alternative course, though I hesitate to mention this ....

15 GOV. ANDERSON: What happens if Fish and Game  
16 decides they don't want it in two years?

17 MR. HORTIG: Then the Lands Commission has a piece  
18 of vacant State school land available for sale.

19 MRS. LA MOREE: May I just say that under the policy  
20 adopted, it said it required that on or before the expiration  
21 of the withdrawal period, such agency must offer to purchase  
22 or lease the land. We feel they've had more than their two  
23 years' appropriate time. I would think it would be necessary  
24 to show they have the funds.

25 GOV. ANDERSON: Why do we have to wait until  
26 April 1966 to have Fish and Game make up their mind if they



1 want it or not?

2 MR. HORTIG: This was part of the policy adopted  
3 by the Commission.

4 GOV. ANDERSON: It seems to me there are some  
5 irregularities here. This isn't a brand new, fresh thing  
6 where we have to give them two years. It would seem if we  
7 take this off the list for Fish and Game, we should have  
8 some indication they want it.

9 MR. HORTIG: I agree with you, Governor Anderson.  
10 The application, the request of Fish and Game, the additional  
11 deposit by the La Morees, all spanned this transitional time  
12 of the adoption by the Commission of a policy of withdrawing  
13 lands for better and higher public use.

14 GOV. ANDERSON: What would prevent Fish and Game  
15 from telling us now? It isn't money?

16 MR. HORTIG: It probably is from a budgetary stand-  
17 point. Mr. Janssen might be able to tell us. In an undated  
18 memorandum from Fish and Game, in reply to our inquiry of  
19 May 5, 1964, Fish and Game reported over the signature of  
20 Director Shannon, and I quote:

21 "We feel that Section 36, T. 7 N., R. 1 W., S.B.M.  
22 has significant wildlife values in itself and it is an  
23 integral part of a very important part of a wildlife recrea-  
24 tion area. We desire to purchase or lease this section with-  
25 in the next two years and we will plan for adequate funding  
26 for such purchase or lease."

1 GOV. ANDERSON: When they purchase or lease, what  
2 kind of money are they talking about? They are not talking  
3 about this kind of money?

4 MR. HORTIG: Yes, they must meet the appraised value  
5 as indicated on the agenda of the Commission, because these  
6 funds are put in the State School Fund, which is a trust fund.

7 GOV. ANDERSON: They would have to have it approved  
8 at the next budget session, an item of at least \$26,287?

9 MR. HORTIG: That is correct.

10 GOV. ANDERSON: So they could not purchase this  
11 until the next budget session next September.

12 MR. JANSSEN: Mr. Chairman, I believe this land  
13 could be purchased by the Wildlife Conservation Board without  
14 having it a budget item in the Fish and Game Department. The  
15 Wildlife Conservation Board purchases land quite frequently.

16 GOV. ANDERSON: Then why do we have to wait two  
17 years?

18 MR. JANSSEN: The Director assured the Commission  
19 that the purchase would be made within two years. If the  
20 Commission does not sell this land to the applicant, then we  
21 will immediately take steps to fund the purchase ourselves  
22 and we will have to decide whether we want to fund through  
23 our regular budgetary process or through the Wildlife Conser-  
24 vation Board.

25 GOV. ANDERSON: If you use the former, it will take  
26 until next year?

1 MR. JANSSEN: Right.

2 GOV. ANDERSON: If you use the latter, you can do  
3 it immediately?

4 MR. JANSSEN: We can do it as soon as the Wildlife  
5 Conservation Board approves it.

6 GOV. ANDERSON: Then why do we have to wait two  
7 years?

8 MR. JANSSEN: It isn't necessary to wait two years.  
9 We are just guaranteeing we will do it in two years.

10 GOV. ANDERSON: I go along with Mr. Hurley -- maybe  
11 I shouldn't say this; maybe I don't know what you think. I  
12 don't want to disrupt a long range program of the national  
13 land reserve. On the other hand, I just don't want us to  
14 kick an applicant around that has come in with their money  
15 like this and say, after four years, "O. K. here is your money  
16 back and we don't want to go through with it," and after two  
17 years Fish and Game might not want it anyway.

18 If they want us to put off this sale and they want  
19 it put into reserve, they should take it right away. In the  
20 meantime, I think we should work out something as good as this  
21 land that she would want to buy, if it is as good as she  
22 described it ...

23 MR. HORTIG: Summarizing on both of those factors,  
24 Governor Anderson, number one, we do have a letter of commit-  
25 ment by the Department of Fish and Game to buy the land as  
26 Mr. Janssen outlined.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

MR. HURLEY: What is the date of that?

MR. HORTIG: Some time in May, because it is in response to a letter from our office of May 5th. Unfortunately, the copy Mr. Janssen has does not have a date.

MR. JANSSEN: This was quoted from my file copy. I prepared the letter and sent it to the Director for his signature. He signed it. The original is certainly in your files.

MR. HORTIG: I have just had the information that the original letter is dated May 26th, which is two days ago; so there is the commitment on the part of the Department of Fish and Game to buy the land if the Commission does not order its sale to Mrs. La Moree.

Secondly, of course, with the coming into effect in the immediate future of rules and regulations of the Lands Commission to provide for new private sale applications for the first time in four years -- new and separate applications that could be processed much more expeditiously than those which suffered through the entire transition period could be discussed with the La Morees as to other available land; whether desirable to them, of course, is the problem of their own evaluation.

GOV. ANDERSON: I think it is the feeling of Mr. Hurley and myself that we not take action today; that we do it at the next meeting. In the meantime, I'd like to see some effort made that there wouldn't be this kind of tie-up for the La Morees. I know we have a lot of land out there.

1 MR. HORTIG: We will certainly review the vacant  
2 land list with the La Morees and proceed with an inventory for  
3 that purpose immediately.

4 GOV. ANDERSON: Then we will take this under submis-  
5 sion for one month.

6 MR. HURLEY: Yes.

7 GOV. ANDERSON: Item (b) in Classification 5 will  
8 be taken under submission for one month. The other item --

9 MR. HURLEY: I'll move.

10 GOV. ANDERSON: You make a motion on 5(a)?

11 MR. HURLEY: I move we sell that at the appraised  
12 price.

13 GOV. ANDERSON: Item 5(a) is moved and seconded,  
14 so ordered that we sell. Item (b) we will take off calendar  
15 for one month and make our decision at the next meeting.

16 MRS. LA MOREE: Thank you very much for hearing us.  
17 I appreciate it.

18 GOV. ANDERSON: Item Classification 6 -- Oil and  
19 Gas, and Mineral Extraction Leases:

20 (a) (1) Determine that extraction of limited amount  
21 of sand from area proposed in application of Pacific Cement  
22 and Aggregates, Inc. will not adversely affect the adjoining  
23 shoreline; (2) Authorize Executive Officer to offer for lease,  
24 pursuant to competitive bidding, for extraction of sand at  
25 minimum royalty of six cents per cubic yard, 10.00 acres tide  
26 and submerged lands in vicinity of Lapis, Monterey Bay,

1 Monterey County.  
(1)

2 (b) Determine that valuable deposits of geothermal  
3 steam and mineral waters have been developed within limits of  
4 Prospecting Permits P.R.C. 2705.1, P.R.C. 2706.1, P.R.C.  
5 2707.1, and P.R.C. 2708.1, covering approximately 535 acres  
6 of State land under jurisdiction of the Department of Fish and  
7 Game in Imperial County; (2) Authorize Executive Officer to  
8 issue four preferential mineral extraction leases to R. W.  
9 Cypher covering: P.R.C. 2705.1, 55 acres more or less; P.R.C.  
10 2707.1, 160 acres more or less; P.R.C. 2706.1, 160 acres more  
11 or less; and P.R.C. 2708.1, 160 acres more or less, at rental  
12 of one dollar per acre per year, and at the royalty rates  
13 specified in the prospecting permits.

14 (c) Authorization for Executive Officer to publish  
15 notice that the Commission is considering the offering for  
16 oil and gas lease, pursuant to competitive public bidding  
17 under the Public Resources Code, of approximately 74,000 acres  
18 of tide and submerged lands offshore Ventura County, for  
19 bidding at such times and in such parcels as the Commission  
20 shall determine to be in the best interests of the State.

21 (d) we have taken care of.

22 MR. HURLEY: I'll move on (a), (b) and (c).

23 GOV. ANDERSON: (a), (b), and (c) have been moved,  
24 seconded, and so ordered.

25 Item 7 -- Approval of boundary agreements. Authori-  
26 zation for Executive Officer to execute agreements fixing the

1 Ordinary Low Water Mark along Steamboat Slough, a tidal water  
2 way in the vicinity of Alviso, Santa Clara County, (a) With  
3 Willis A. Laine, as described in Boundary Agreement, W.O. 4667;  
4 (b) With Alviso Marina Corporation, as described in Boundary  
5 Agreement, W.O. 4668; (c) With MacDonald and Dorsa, as de-  
6 scribed in Boundary Agreement, W.O. 4669; (d) With the City  
7 of Alviso, as described in Boundary Agreement, W.O. 4672.

8 MR. HURLEY: I'll move that the Executive Officer  
9 be authorized.

10 GOV. ANDERSON: Moved and seconded; so ordered.

11 Classification 8 -- Authorization for Executive  
12 Officer to inform the Office of the Attorney General that a  
13 Dismissal Without Prejudice may be entered on behalf of the  
14 State in the matter of City of Hermosa Beach vs. State of Cali-  
15 fornia, et al., Los Angeles County Superior Court Case No.,  
16 757030.

17 Do you want to comment on that, Frank?

18 MR. HORTIG: Yes, sir. Since we have Assistant  
19 Attorney General Goldin here, whose office has been handling  
20 the action, the details of the report should properly come  
21 from him, Mr. Chairman.

22 MR. GOLDIN: Yes. Governor, in 1960 the City sued  
23 the State in declaratory relief to obtain a judicial declara-  
24 tion that it could expend two cash bonuses totaling about a  
25 half million dollars for the execution of a tidelands contract  
26 and an uplands contract, this money to be spent on general

1 municipal projects. The State filed an answer, stating that  
2 the entire bonus was impressed with the Tidelands Trust.

3           At the present time, the City has indicated its  
4 intention to expend the entire cash bonus on a proper tide-  
5 lands trust purpose and, consequently, the City is desirous  
6 of dismissing its complaint for declaratory relief. However,  
7 since the State filed a cross-complaint seeking affirmative  
8 relief, in that we questioned the validity of the then City  
9 drilling ordinance, the case cannot be dismissed unilaterally  
10 by the City, but requires concurrence by the Attorney General's  
11 Office. Before we acquiesce in any such dismissal, we want  
12 the approval and permission of our client.

13           When we questioned the anti-drilling ordinance, it  
14 was predicated on the assumption that the tide and submerged  
15 lands off Hermosa Beach were being drained by drilling opera-  
16 tions off Redondo Beach. Subsequent to that time, we have  
17 had an engineering expert study which convinces us that this  
18 is not a realistic danger and, consequently, the question of  
19 the anti-drilling ordinance is one which does not involve  
20 draining; and at the present time the State Lands Commission  
21 is being asked to authorize its attorney to dismiss an action  
22 in which the State was sued as a defendant.

23           MR. HURLEY: So move.

24           GOV. ANDERSON: Second; no objection, so ordered.

25           Item 9 -- Service Agreements: (a) Authorization  
26 for Executive Officer to enter into and execute an agreement



1 for reproduction services for the 1964-65 fiscal year with  
2 the Metropolitan Blueprint Company of Los Angeles, at a cost  
3 not to exceed \$7500.

4 (b) Authorization for Executive Officer to enter  
5 into and execute a Supplementary Agreement to that certain  
6 agreement known as LC-34, dated July 1, 1961, as amended by  
7 Agreement LC-91, dated January 1, 1963, between Control Data  
8 Corporation and the State Lands Commission, to provide funds  
9 for the continued rental and maintenance of a G-15 general  
10 purpose computer, a flexowriter, and for systems analysis  
11 service for the period July 1, 1964 through June 30, 1965 at  
12 a cost not to exceed \$11,940.

13 MR. HOFMIG: Mr. Chairman, items (b) and (c), both  
14 in accordance with the budget of the State Lands Commission,  
15 are for covering the service and rental of the electronic  
16 data processing equipment which is operated by the Lands  
17 Division. In item (c), the typewriter invented a new corpora-  
18 tion, the Internal Business Machines, which should read  
19 "International Business Machines." With that correction, it  
20 is recommended.

21 GOV. ANDERSON: (c) Authorization for Executive  
22 Officer to enter into and execute contracts for the rental of  
23 peripheral computer equipment for the 1964-65 fiscal year, as  
24 follows: International Business Machines, not to exceed  
25 \$9,510; Control Data Corporation, not to exceed \$4,570.

26 MR. HURLEY: I move authorization of (a), (b) and (c).

1 GOV. ANDERSON: Seconded, so ordered.

2 Informative only, no Commission action required --  
3 Report on the status of major litigation.

4 MR. HORTIG: As noted, informative; and the princi-  
5 pal litigation item has already been outlined to you under  
6 Classification 8, the dismissal of the City of Hermosa Beach  
7 vs. California item. No action is required at this time.

8 GOV. ANDERSON: Is there any other matter to be  
9 brought before we settle the adjournment date?

10 MR. HORTIG: Yes. We have supplemental calendar  
11 items.

12 GOV. ANDERSON: Supplemental items -- Item 12:  
13 Withdrawal of offers to receive bids for proposed oil and gas  
14 leases - Parcel 20, Parcel 22; and proposed oil and gas lease,  
15 Orange County, Parcel 20A, and proposed oil and gas lease,  
16 Ventura County, Parcel 22A.

17 MR. HORTIG: Mr. Chairman, the Commission has pre-  
18 viously authorized and had published three bid receipt dates  
19 for three separate parcels of tide and submerged lands, to  
20 be opened during the month of June 1964.

21 In view of the control desired by the Lands Commis-  
22 sion on administration of the sequential bid lease offer  
23 program, to offer parcels at a location and at times which  
24 will optimize the entire operation, it is being recommended  
25 here that the bid offers for Parcels 20 and 22 be terminated  
26 and rescheduled in succeeding months, leaving the current

1 bid opening date for Parcel 21 for the 9th of June still  
2 available for industry to submit bids.

3 The situation becomes complicated mechanically only  
4 because, to comply with the statute, it is required that the  
5 Commission authorize the termination of the prior offer, to  
6 cancel the publication, and to re-authorize the offering at a  
7 later date of the same parcels which the Commission had pre-  
8 viously authorized.

9 MR. HURLEY: That's what -- north of Huntington  
10 Beach?

11 MR. HORTIG: They are scattered. Actually, one is  
12 in Orange County and one in Ventura County.

13 MR. HURLEY: I'll move withdrawal of the offers.

14 GOV. ANDERSON: Second, and so ordered.

15 Item 13 -- Approval of resolution, oil and gas  
16 lease, City of Los Angeles, Santa Monica Bay, Los Angeles  
17 County. Frank?

18 MR. HORTIG: By Statutes of 1959 the Legislature  
19 required that any grantee of tide and submerged lands from  
20 the State of California, who thereafter wished to offer tide  
21 and submerged lands for oil and gas lease, would -- in addi-  
22 tion to complying with their municipal code and their charter  
23 if a chartered city -- also be required to secure advance  
24 approval of the State Lands Commission as to the form and  
25 method under which it was proposed to lease such granted tide  
26 and submerged lands. Subsequently, after bids are received

1 on such an approved lease offer, the bids must also be approved  
2 by the State Lands Commission prior to issuance of a lease.

3           Following this procedure, it is the desire of the  
4 City of Los Angeles to call for bids on two parcels of tide  
5 and submerged lands lying on lands previously granted primarily  
6 to the City of Venice, subsequently annexed to the City of Los  
7 Angeles, in the Santa Monica Bay area easterly of the City of  
8 Santa Monica.

9           In accordance with the statutory requirements, the  
10 City of Los Angeles has adopted a resolution setting forth the  
11 proposed requirements of the lease, the lease offer, and all  
12 matters required both by local ordinance and by the State  
13 statutes; and the request before the Lands Commission today --  
14 and it is recommended by the staff -- is that the resolution  
15 as adopted by the City and the procedure to be carried on by  
16 the City of Los Angeles be approved and authorized by the  
17 State Lands Commission.

18           GOV. ANDERSON: How does this fit with the law  
19 prohibiting drilling offshore in Santa Monica Bay?

20           MR. HORTIG: Uniquely, Governor, the portions of  
21 Division 6 of the Public Resources Code prohibiting the offer-  
22 ing of oil and gas leases by the State Lands Commission, except  
23 to protect State lands against drainage, apply only to State-  
24 owned tide and submerged lands; do not apply to granted tide  
25 and submerged lands. So we do have the anomaly that the City  
26 of Los Angeles and other grantees in Santa Monica Bay are

1 authorized to go forward in the development of tide and sub-  
2 merged lands in a manner which the State is not authorized  
3 to do.

4 GOV. ANDERSON: What lands are we talking about  
5 that are granted in this place? You have only shown Parcels  
6 1 and 2 off Santa Monica and off El Segundo.

7 MR. HORTIG: Actually, this comprises the entire  
8 grant to the City of Los Angeles, inasmuch as it is comprised  
9 of the tidelands between El Segundo and the City of Santa  
10 Monica.

11 GOV. ANDERSON: Then, the lands off Redondo, Paso  
12 Robles -- are they in the same situation?

13 MR. HORTIG: Yes, they have been granted to the  
14 municipalities.

15 GOV. ANDERSON: Are they in the same position as  
16 the City of Los Angeles? MR. HORTIG: Yes, sir.

17 GOV. ANDERSON: So the only one where the State law  
18 applies is El Segundo?

19 MR. HORTIG: Yes, this is correct -- because the  
20 tide and submerged lands are still under the jurisdiction of  
21 the State Lands Commission. In the case of the City of  
22 Santa Monica itself, there has been no proposed development  
23 of the tide and submerged lands because the City of Santa  
24 Monica, while it has a grant and has no State statutory pro-  
25 hibition against or limitation against leasing, does have a  
26 municipal ordinance -- an initiative ordinance prohibiting

1 drilling.

2 GOV. ANDERSON: This morning or some time, I read  
3 somewhere that the courts had upheld the State law in Santa  
4 Monica.

5 MR. HORTIG: That was the City's ordinance prohib-  
6 iting drilling.

7 GOV. ANDERSON: Then the State law only applies to  
8 the City of El Segundo in the whole bay?

9 MR. HORTIG: And westerly of Santa Monica, where  
10 there are no tidelands grants; in other words, from the City  
11 of Santa Monica westerly.

12 GOV. ANDERSON: Are we going to have development of  
13 fields off all of these cities?

14 MR. HORTIG: This is possible at the option of the  
15 cities.

16 GOV. ANDERSON: But it is also at our option if  
17 there is a resolution for us to approve. What happens if we  
18 don't approve this?

19 MR. HORTIG: Then there could be no legal procedure  
20 and no legal lease offering by the cities on the granted  
21 lands if the Lands Commission does not approve.

22 GOV. ANDERSON: This is something I'd like to have  
23 another look at, Frank.

24 MR. HORTIG: I am looking for the representative of  
25 the City of Los Angeles. The Petroleum Administrator for the  
26 City of Los Angeles, Mr. Arthur Spaulding, is here, Mr.

1 Chairman, and I think the viewpoint and the proposals and  
2 the program of the City should be detailed for you by him.

3 MR. SPAULDING: Mr. Chairman, this program repre-  
4 sents the first effort by the City of Los Angeles to initiate  
5 leasing in Santa Monica Bay on these lands granted by the  
6 State to the City. The program that we have devised involves  
7 lands seaward one mile from shore. We have divided the land  
8 into two parcels, each consisting of about 3,500 acres. This  
9 will be the first phase -- which will be from the city limits  
10 of the City of Santa Monica to the City of El Segundo. This  
11 effort is necessary to develop the lands in connection with  
12 upland leases at the present time.

13 We would be delighted to answer questions on this.

14 GOV. ANDERSON: Are there exploratory results that  
15 indicate there is oil off these shores? Haven't you been in-  
16 volved in this, Frank?

17 MR. HORTIG: No, sir -- not on this specific land  
18 because, again, these are granted lands that are administered  
19 by the City of Los Angeles and on which we have only such  
20 information as is relayed to the State Lands Commission by  
21 the City of Los Angeles.

22 GOV. ANDERSON: Did we not, though, approve some  
23 geodetic surveys off Santa Monica?

24 MR. HORTIG: No, sir -- never in connection with  
25 granted lands. The surveys in Santa Monica Bay are always  
26 for those lands under the State Lands Commission's jurisdiction.

1 GOV. ANDERSON: So this means El Segundo?

2 MR. HORTIG: El Segundo and west of the City of  
3 Santa Monica.

4 GOV. ANDERSON: When we granted those exploration  
5 permits I don't think it was ever clarified. I understood  
6 they were doing their exploration in Santa Monica Bay and it  
7 wasn't limited to El Segundo and the Malibu coast.

8 MR. HORTIG: It was limited to those lands under  
9 the Lands Commission's jurisdiction.

10 MR. SPAULDING: Concerning your question as to the  
11 prospective oil and gas accumulations in Santa Monica Bay,  
12 there is every reason to believe that there are such accumu-  
13 lations. It is not our plan to include these lands. We have  
14 other problems on which we have to think before offering the  
15 inshore mile. This is the reason we have offered the two  
16 parcels seaward one mile, the extent of the City's ownership,  
17 as the original offer.

18 As you may recall from that map before you, if I  
19 am not incorrect there is indicated the oil field at Venice  
20 itself. You will find that on the reference map. Perhaps  
21 you are familiar, Governor Anderson, with the oil field that  
22 is located on the Venice peninsula itself. That has been  
23 there since 1930. It is our effort at this time to commence  
24 a program which eventually would lead to the development of  
25 the region, so there will be no longer any drainage taking  
26 place from our lands lying offshore.



1           Subsequent to the development of the Venice oil  
 2 field, other developments have taken place on the shoreline  
 3 immediately north of the Venice peninsula. Where you see  
 4 that small projection where the word "beach" appears - -  
 5 "Beach Survey Control Line" -- that small projection seaward --  
 6 there are several operators who have taken very strong lease-  
 7 hold positions on shore, and it is our intent that the City  
 8 of Los Angeles should place itself in a position to offset  
 9 any development the onshore developers may propose. This is,  
 10 again, why we urge your approval of our present proposal.

11           MR. GOLDIN: Mr. Chairman, may I make an observa-  
 12 tion? I don't purport to be dogmatic about this because  
 13 this is a problem which has been raised by Governor Anderson  
 14 as of this moment, but the action is this:

15           That where you have a grant of tide and submerged  
 16 lands in trust to a city, it is a determination for that  
 17 municipal grantee to decide for itself whether or not to  
 18 proceed with oil exploitation. If it so decides to proceed  
 19 with offers for lease, then certain statutory formalities  
 20 have been prescribed by the Legislature. One of these formal-  
 21 ties has been the declaration in the form of resolution of the  
 22 notice of intention to offer for lease. The contents of that  
 23 resolution are prescribed in Section 7058.5 of the Public  
 24 Resources Code. Then, Section 7060 provides that "No such  
 25 lease or agreement shall be effective unless prior to adopt-  
 26 ing the resolution provided for by Section 7058.5 the city

1 "shall have petitioned the State Lands Commission for approval  
2 of the proposed resolution, and the proposed resolution shall  
3 have been approved by the State Lands Commission."

4 I believe that it may well constitute an abuse of  
5 discretion on the part of the State Lands Commission to refuse  
6 to approve a resolution which meets the form of the statutory  
7 formalities. In other words, Governor, what I am saying is  
8 that in my opinion I believe the determination as to whether  
9 or not to proceed with the leasing of granted trust lands is  
10 one for the municipality to make, in which event it is incumbent  
11 upon the Lands Commission to see that certain statutory  
12 formalities and statutory safeguards are observed.

13 GOV. ANDERSON: With all regard to what he has  
14 said, I don't want to vote for this until I look it over.  
15 You may call it a formality but, in effect, when we approve  
16 it we are approving something I am not aware of and I am not  
17 sure other people were aware of it, either. I was under the  
18 impression that the State land covered Santa Monica Bay. I  
19 didn't think we were going to be faced with the same situation  
20 in the Santa Monica Bay, with the exception of El Segundo,  
21 that we have in Orange County and other places; and I am not  
22 sure the other Commissioners are aware of this because I am  
23 about as close to this as anyone can be.

24 MR. SPAULDING: May I say, Governor Anderson, we  
25 are trying to protect this against drainage.

26 GOV. ANDERSON: I know what you are trying to

1 protect. You are trying to protect your lands from upland  
2 people who are starting drilling.

3 MR. SPAULDING: Yes.

4 GOV. ANDERSON: And I am in sympathy with you, but  
5 I want to know what is going to happen along that bay. If  
6 you start yours, it will start all along that bay; and I am  
7 not too sure we want this. This is a legislative thing and  
8 I thought the Legislature had spoken, but apparently no.

9 MR. SPAULDING: Also, Governor, the City has by  
10 Council action of September last year determined that these  
11 steps should be taken by the City.

12 GOV. ANDERSON: Why did this come to us as a supple-  
13 mental item? This wasn't ready to be on the agenda you  
14 passed out to us?

15 MR. HORTIG: That is correct, Governor, for the  
16 reason that while the staff review as to the technical com-  
17 pliance with the statutes -- that is, as to the proposed  
18 technical phases of the procedures -- as outlined in the  
19 resolution had been completed; --- concurrently we had the  
20 Office of the Attorney General so loaded with work, particu-  
21 larly in connection with legislation, that we did not receive  
22 the Attorney General's Office opinion with respect to the  
23 legal compliance.

24 GOV. ANDERSON: But you knew of this in the last  
25 two or three weeks?

26 MR. HORTIG: Yes, sir.

1           GOV. ANDERSON: Then it would seem to me you  
2 should have notified the Commission something like this was  
3 coming up. This is not a little thing.

4           MR. HORTIG: Under the normal circumstances, we  
5 would have expected not having it ready for the regular  
6 calendar, because we did not have the Attorney General's  
7 opinion and we would have proposed this item fully in accord-  
8 ance with the regular procedure for the June meeting; but  
9 because of other deadlines and times that are desired to be  
10 met, or were desired to be met, by the City of Los Angeles  
11 and at the request of Mr. Spaulding, we indicated that if  
12 we did receive the Attorney General's opinion in time so that  
13 we could present this matter at this meeting we would present  
14 it as a supplemental item.

15           GOV. ANDERSON: According to the calendar you sent  
16 me a week ago, it was not on there and I was ready to adjourn.  
17 I am sure this is something that Alan and Mr. Champion would  
18 want to think about a little, in connection with Mr. Hurley  
19 and myself, I am not saying there is anything we can do but  
20 approve this, but I say when we approve this, maybe some of  
21 the people in the Legislature should be talked to, as to  
22 whether this was their intent. I did not know that that  
23 bill I thought applied to Santa Monica Bay applied only to El  
24 Segundo and offshore Malibu.

25           MR. SPAULDING: One further comment, Governor  
26 Anderson: In my letter which transmitted this proposal to

1 the State Lands Commission, I think copies were sent to  
2 members of the State Lands Commission.

3 MR. SIEROTY: That's true.

4 GOV. ANDERSON: Let's continue this until our next  
5 meeting.

6 Item 14 is the status of legislation.

7 MR. HORTIG: In view of the fact that the closing  
8 deadline for preparation of status is May 22nd, prior to the  
9 time of adjournment of the Legislature, this is informative  
10 only. A final status of legislation report, indicating those  
11 areas of additional assignment of responsibility to the Lands  
12 Commission or otherwise affecting the administration of the  
13 Lands Commission, a complete and final report, will appear as  
14 part of the June agenda of the Lands Commission.

15 GOV. ANDERSON: Reconfirmation of date, time and  
16 place of next Commission meeting -- Wednesday, June 24, 1964,  
17 ten a.m., Sacramento.

18 MR. HURLEY: Move.

19 GOV. ANDERSON: It has been moved and seconded,  
20 so ordered.

21  
22 ADJOURNED 12:12 p.m.

23 \*\*\*\*\*  
24  
25  
26

CERTIFICATE OF REPORTER

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing sixty-four pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held in Los Angeles, California on May 28, 1964.

Dated: Los Angeles, California, June 4, 1964.

*Louise H. Lillico*