

TRANSCRIPT OF MEETING

of

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA

September 24, 1964

PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Hale Champion, Director of Finance, Chairman

Hon. Glenn M. Anderson, Lieutenant Governor

Hon. Alan Cranston, Controller

Mr. Frank J. Hortig, Executive Officer

Mr. Alan Sieroty, Executive Secretary to
Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)

Mrs. James P. Crowley, Long Beach, representing
Citizens Committee for Preservation of
Public Beaches and Parks

Mr. Michael Traynor, Attorney, San Francisco,
representing City of Martinez

Mr. Arthur O. Spaulding, Petroleum Administrator
and Assistant City Administrative Officer,
City of Los Angeles

Mrs. Harold C. Morton, Member, Los Angeles
Recreation and Parks Commission

continued

1 APPEARANCES: (continued)

2 Mr. William Frederickson, Jr., General Manager,
3 Los Angeles Department of Recreation and Parks

4 Hon. Rex Minter, Mayor, City of Santa Monica

5 Mr. John Evans, representing Venice Civic Union

6 Mr. Glenford J. Foster, President of Marina Peninsula
7 Property Owners Association; past Chairman of
8 Venice Planning Committee; present Chairman of
9 Oil Committee of Venice Planning Committee

10 Dr. Basil Gordon, President, Association to Save
11 Santa Monica Bay Beaches

12 Mr. Kurt Simon, Property owner, and alternate member,
13 Venice Planning Commission

14 Mr. Willis O. Gooden, President of the Harbor
15 Resident Property Owners Association

16 *****

17 AFTERNOON SESSION OF THE COMMISSION IN RE LONG BEACH UNIT
18 OF EAST WILMINGTON FIELD HAS BEEN REPRODUCED ON STENCILS,
19 PAGES 1 THROUGH 51.

20 APPEARANCES IN AFTERNOON SESSION:

21 Senator Virgil O'Sullivan

22 Mr. Harold Lingle, Deputy City Attorney, Long Beach

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

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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
1 Call to order			
2 Confirmation of minutes June 24, 1964			2
3 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE:			
(a) County of Sacramento, Dept. of Public Works	29	1	2
(b) State of California, Div. of Forestry	19	2	2
MOTION ON (a) and (b) only			3
(c) City of Martinez	31	3	16
4 PERMITS, EASEMENTS, RIGHTS-OF-WAY, LEASES -- FEE			
(a) W. J. Harlamert	16	5	3
(b) Marine Advisers, Inc.	4	6	3
(c) Pacific Gas & Elec. Co.	8	7	3
(d) Pacific Gas & Elec. Co.	36	8	3
(e) So. Calif. Edison Co. and San Diego Gas & Elec. Co.	32	9	4
(f) Neva Hallmark	37	11	4
(g) Calvin P. Bentley	6	12	4
(h) Calvin P. Bentley	7	13	4
(i) Condon-Cunningham, Inc.	9	14	4
(j) Condon-Cunningham, Inc.	10	15	4
(k) Leonard Elsbree	30	16	5
(l) So. Calif. Edison Co. and San Diego Gas & Elec. Co.	27	17	5

continued

I N D E X

(In accordance with Calendar Summary)

3	<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>CALENDAR</u>	<u>PAGE OF</u> <u>TRANSCRIPT</u>
4	PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE continued			
5				
6	(m) Standard Oil Co. of Cal. and Shell Oil Co.	14	18	5
7	(n) Standard Oil Co. of Calif.	22	19	5
8	(c) Standard Oil Co. of Calif.	18	21	5
9	(p) Bay Cities Bldg. Mat. Co.	26	25	6
10	(q) Ryerson Logging Company	5	26	6
11	5 CITY OF LONG BEACH			
12	(a) Town Lot, Raise Oil Wells	25	27	6
13	(b) Navy Landing Facility	38	30	6
14	6 LAND SALES AND EXCHANGES			
15				
16	(a) Fish & Game purchase under Applic. 5526; reject Appl. 3886 of F.T. Elliott	1	31	11
17				
18	(b) Sale to George D. LaMoree 618.25 school land San Bernardino County	3	34	11
19				
20	(c) Exchange 80 ac. State school lands for 280 ac. Federal land, Trinity County - future sale Eva Copeland	33	35	12
21				
22	7 MINERAL EXTRACTION, OIL & GAS LEASES			
23				
24	(a) Offer 7.33 ac. T&S lands vic. Marina, Monterey Bay for ex- traction sand - Applic. GraniteRock Company	24	37	12
25				
26	(b) Award to Standard Oil Co. of Calif. of Parcel 22A Oil & Gas Lease, Ventura County	13	35	12

continued

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(In accordance with Calendar Summary)

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<u>ITEM CLASSIFICATION</u>	<u>ITEM ON CALENDAR</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
8 PROPOSED ANNEXATIONS			
(a) San Buenaventura	17	41	12
(b) City of Richmond	23	42	13
9 APPROVAL OF MAPS AND SURVEYS			
(a) Map 12353, San Mateo	11	43	13
(b) Boundary agreement betw. State and Louis Nixon, etc.	12	46	14
10 Drilling and operating contract, Board of Harbor Comm., L.A., San Pedro Bay	28	47	14
11 Commission Policy re development petroleum resources	20	49	14
12 Report of Exec. Officer to Senate Factfinding Committee re public lands, 9/25/64	34	51	14
13 Interagency agreement - State Lands Comm. and Reclamation Board	15	52	15
14 Confirmation transactions of Executive Officer:	21		15
Richfield Oil Corp.		53	
Standard Oil Co. of Calif.		54	
Texaco Inc.		53	
15 Election of Chairman	2	55	15
16 Report on litigation	39	56	--
17 Meeting Oct. 22, 1964 and tentative meeting 10/9/64			15

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SUPPLEMENTAL:

18 Resolution on oil and gas lease, City of Los Angeles, Santa Monica Bay	35	58	18
19 LONG BEACH UNIT, CHAPTER 138/64 E.S. WAS REPRODUCED ON STENCILS, PAGES 1 THROUGH 51			

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SUPPLEMENTAL

LONG BEACH UNIT
EAST WILMINGTON
FIELD -- REPRODUCED
ON STENCILS, PGS. 1-51

NEXT MEETINGS 15

1 MR. CHAMPION: The meeting will please come to
2 order. We have a number of problems today which may take
3 some time. I don't anticipate that we will be able to com-
4 plete our work this morning. If it is satisfactory to the
5 other members of the Commission, it is my intention to run
6 until shortly after twelve and then to adjourn until two
7 thirty. So we will run somewhere shortly after twelve, then
8 we will reconvene at two thirty and go until we complete our
9 business. It is our fond hope that we won't go beyond four
10 o'clock and I'd like to shoot for that if we can; but we don't
11 want to cut off anyone in the discussions of these matters.

12 I have several requests to appear early, but I am
13 going to have to try to handle that within the framework of
14 the discussions. Some of the requested early appearances are
15 on matters which we just can't get to, in the nature of
16 things, right away.

17 I think what we will do is simply go through the
18 calendar and then to those points which are going to involve
19 discussion -- get the routine out of the way. I think there
20 are probably three matters I know of now on which there may
21 be some discussion -- one involving the Commission's action
22 on the agreement regarding development of a small craft harbor
23 at Martinez; another involves the Santa Monica drilling matter,
24 and the third involves the tidelands oil field contractor
25 agreement and the unit agreement at Long Beach. We will
26 reserve those three to the last after we have run through

1 quickly the routine; and then we will go in this order --
2 dealing with Martinez (and I am trying to do these in the
3 order which I hope will not hold things up) -- Martinez,
4 which will be relatively brief; Santa Monica Bay, a problem
5 which I hope will be brief; and the Tidelands oil contract,
6 which I know will be brief. That's the best way I think I can
7 arrange it. If there is someone who has a time problem and
8 needs to meet another commitment, if you will let Mr. Hortig
9 know, I will try to work it out even if we have to hold that
10 statement or testimony until we get to the subject. I don't
11 see any other way we can organize this thing properly.

12 So we will proceed with that understanding. The
13 first order of business is confirmation of minutes of meeting
14 of June 24th.

15 MR. CRANSTON: Move approval.

16 GOV. ANDERSON: Second.

17 MR. CHAMPION: It has been moved and seconded --
18 stand approved.

19 Permits, easements, and rights-of-way to be granted
20 to public and other agencies at no fee, pursuant to statute:

21 (a) County of Sacramento, Department of Public
22 Works -- Life-of-structure permit, 0.367 acre tide and sub-
23 merged land of Sacramento River, Sacramento County (for con-
24 struction and maintenance of six-inch cast iron submarine
25 force main).

26 (b) State of California, Division of Forestry --

1 49-year easement, 1.84 acres school lands, Placer County, for
2 construction and maintenance of a firebreak.

3 The next item, which I will pass temporarily, is the
4 City of Martinez matter.

5 GOV. ANDERSON: I move.

6 MR. CRANSTON: Second.

7 MR. CHAMPION: Stand approved.

8 Permits, easements, leases, and rights-of-way
9 issued pursuant to statutes and established rental policies of
10 the Commission:

11 (a) W. J. Harlamert -- five-year minor structure
12 permit, 0.041 acre sovereign lands of San Joaquin River, Contra
13 Costa County (for private, noncommercial fixed wharf, floating
14 wharf and walkway) -- total rental \$25.

15 (b) Marine Advisers, Inc. -- 3-year lease on 33
16 parcels of submerged lands in Gulf of Santa Catalina near San
17 Onofre, San Diego County, for construction and maintenance
18 of a monitoring system in conjunction with the San Onofre
19 Nuclear Generating Station Project; rental \$150 a year.

20 (c) Pacific Gas and Electric Company -- 10-year
21 renewal of Lease P.R.C. 406.1, 1,492-acre parcel of tide and
22 submerged lands of Three Mile Slough, Sacramento County, for
23 suspension and use of electric power lines and private tele-
24 phone lines; annual rental \$47.25.

25 (d) Pacific Gas and Electric Company -- 49-year
26 easement, 0.055 acre submerged land under Georgiana Slough,

1 Sacramento County, for submarine cable crossing, total rental
2 \$255.29.

3 (e) Southern California Edison Company and San
4 Diego Gas and Electric Company -- 15-year lease, 7.599 acres
5 tide and submerged lands at San Onofre, San Diego County, for
6 two water circulating conduits for San Onofre Nuclear Generat-
7 ing Station; annual rental \$497.62.

8 (f) Neva Hallmark -- Approve sublease to State Depart-
9 ment of General Services under Lease P.R.C. 745.1, of portion
10 of 0.186 acre parcel of tide and submerged lands in Trinidad
11 Bay, Humboldt County, for facility to supply water to laboratory
12 at Humboldt State College.

13 (g) Calvin P. Bentley -- Approve assignment to Marion
14 B. Wall, et al, of partial interest in Oil and Gas Lease P.R.C.
15 2205.1, Santa Barbara County.

16 (h) Calvin P. Bentley -- Approve assignment to Marion
17 B. Wall, et al, of partial interest in Oil and Gas Lease P.R.C.
18 2206.1, Santa Barbara County.

19 MR. HORTIG: Mr. Chairman, the P.R.C. 2206.1 should
20 be corrected to read 2207.1.

21 MR. CHAMPION: (i) Condon-Cunningham, Inc. -- Approve
22 assignment to Condon-Cunningham Equipment Co, of partial inter-
23 est in Oil and Gas Lease P.R.C. 2205.1, Santa Barbara County.

24 (j) Condon-Cunningham, Inc. -- Approve assignment to
25 Condon-Cunningham Equipment Co, of partial interest in Oil and
26 Gas Lease P.R.C. 2207.1, Santa Barbara County.

1 (k) Leonard Elsbree -- Approve extraction of addi-
2 tional 50,000 cubic yards of material at royalty of three
3 cents per cubic yard under Dredging Permit P.R.C. 3029.1,
4 Sacramento River, Yolo County, in order that operation of
5 marina under Lease P.R.C. 2442.1 may be continued; deposition
6 of sand is a reoccurring problem.

7 (l) Southern California Edison Company and San Diego
8 Gas and Electric Company -- Amend Permit P.R.C. 3130.1, reduc-
9 ing area from 3.45 acres to 3.288 acres of tide and submerged
10 lands, San Diego County; reducing rental from \$2,070 to
11 \$1,972.80 annually; and refunding \$97.20 overpayment of first
12 year's rental.

13 (m) Standard Oil Company of California and Shell
14 Oil Company -- Defer drilling requirements, Oil and Gas Lease
15 P.R.C. 2198.1, Santa Barbara County, through April 13, 1965,
16 to permit further review and analysis of geological and geo-
17 physical data.

18 (n) Standard Oil Company of California -- Approve
19 construction of stationary "outrigger type" pylon-supported
20 drilling and production platform approximately 17,000 feet
21 offshore Sand Point in vicinity of Carpinteria, Santa Barbara
22 County, within area of Oil and Gas Lease P.R.C. 3150.1.

23 (o) Standard Oil Company of California -- Authorize
24 Executive Officer to execute (under Easement 415) an agreement
25 to joinder to the Rio Vista Gas Unit certain lands of the
26 State in Contra Costa, Sacramento, and Solano counties.

1 (p) Bay Cities Building Materials Company, Inc. --
 2 Terminate Mineral Extraction Lease P.R.C. 275.1, San Mateo
 3 County, effective September 29, 1964; and refer matter to
 4 Office of Attorney General for such action as is deemed appro-
 5 priate. Currently lessee owes royalty amount of \$600 for
 6 two-year period.

7 (q) Ryerson Logging Company -- Accept quitclaim deed
 8 terminating leasehold interest in Lease P.R.C. 732.1, tide and
 9 submerged lands of Klamath River, Del Norte County. Last
 10 year's rental of \$10 paid in advance will be forfeited to
 11 the State.

12 MR. CRANSTON: I move approval with the amendment
 13 on (h).

14 GOV. ANDERSON: Second.

15 MR. CHAMPION: Stand approved.

16 City of Long Beach -- Approvals required pursuant to
 17 Chapter 29, 1956, First Extraordinary Session, and Chapter
 18 138, 1964, First Extraordinary Session:

19 (a) Town Lot, Raise Oil Wells, 2nd phase -- Estimated
 20 subproject expenditure September 24, 1964 to termination of
 21 \$680,000 with \$428,400 (63%) estimated as subsidence costs.

22 I think let's act on that.

23 MR. CRANSTON: I move approval.

24 GOV. ANDERSON: Second.

25 MR. CHAMPION: If there is no question, stands
 26 approved. I gather the next one does not require any action.

1 It has to do with the testimony we have heard with regard to
2 the Long Beach Navy Landing, and the Attorney General has
3 issued an informal opinion which concludes that under present
4 laws advance approval by the State Lands Commission is not
5 required. So that is a matter that will be handled by the
6 people in Long Beach, without their having to seek our approval.
7 Groups had asked us to intercede there, but we are told they have
8 the legal authority to proceed. I don't think that completely
9 settles the question as to whether or not we wish to intervene.

10 What is the pleasure of the Commission?

11 MR. CRANSTON: Isn't it the actual fact we have no
12 direct power to do anything?

13 MR. CHAMPION: I think under general trust provisions
14 we would have, Mr. Shavelson? I don't think this prohibits
15 us from inquiring into this, but they have every right to pro-
16 ceed whether we make an inquiry or not.

17 MR. SHAVELSON: Yes, Mr. Chairman, that is our
18 opinion. Certainly if there were an abuse of the trust we
19 would have the right to act, and we certainly do have the right
20 to examine the situation as closely as necessary to determine
21 whether there has been such a breach; but, provided they act
22 within the broad limits of their trust discretion, we think
23 this is one of the areas where the City, like any other tide-
24 land grantee, can act without State Lands Commission approval --
25 but subject to subsequent review if there is anything seriously
26 wrong.

1 MR. CHAMPION: Have either you or Mr. Hortig made
2 any investigation or had any immediate ideas as to whether
3 you recommend we make further inquiries?

4 MR. HORTIG: In view of the fact, Mr. Chairman, that
5 the proposed lease, method of operation and specifications for
6 bid have not been completed on behalf of the City, but are be-
7 ing reviewed currently as they are being produced for considera-
8 tion, it was the conclusion that there was no basis for quest-
9 ioning at this time any of the procedures that have taken place
10 in the City to this date with respect to the Navy Landing.

11 MR. CHAMPION: Subject to agreement of the other
12 members of the Commission, I would suggest the proper procedure
13 here is to say that we will not intervene at this time, but we
14 will review this to make sure the trust purposes are not vio-
15 lated; but there isn't anything really formally before us, ex-
16 cept we are on notice and we should observe and see that our
17 responsibilities are met.

18 MR. CRANSTON: We should go further and ask the staff
19 to advise us if there is any violation possibly popping up.

20 GOV. ANDERSON: I agree with Mr. Cranston. I think
21 we should let them know we are definitely interested in these
22 things. There may be some borderline cases where we would
23 hate to move in after the contract was in. It might be a lot
24 better to do this when they have started.

25 MR. CHAMPION: I think this opinion states our
26 approval is not required, and the moment we can enter the thing

1 is when we think there is an abuse of discretion; and I
2 don't think in this case there is any evidence that there has
3 been any abuse of discretion. Certainly we can instruct the
4 staff to watch for such abuse, but in the absence of any evi-
5 dence of that kind, we are not in a position to do anything.

6 GOV. ANDERSON: I think we should inform them that
7 they shouldn't make a decision on a borderline case without
8 discussing it with our staff. I think we should do this.

9 MR. CHAMPION: I think that has been what has hap-
10 pened in this case -- they have been discussing it.

11 MR. HORTIG: I might report, Mr. Chairman, that this
12 has been staff practice even without specific direction from
13 the Commission.

14 MRS. CROWLEY: Mr. Champion, may I speak on this
15 matter, please? I am Mrs. James Crowley, 6427 East Seaside
16 Walk, Long Beach, California. I am speaking for the Citizens
17 Committee for the Preservation of Public Beaches and Parks,
18 and directly for Mrs. Charlene D. Roberts, who is chairman of
19 the Long Beach Navy Landing Subcommittee.

20 Through your courtesy I have appeared here before.
21 I am sure that you are well versed on the subject, so I will
22 not go through the formality of the lease proposal, the speci-
23 fications, and so on.

24 Honorable Mr. Champion, members of the State Lands
25 Commission ****

26 MR. CHAMPION: Excuse me. What is the character of

1 your statement? You have appeared before us on other
2 occasions.

3 MRS. CROWLEY: The character is a slight analyzation
4 of the proposed lease, which I believe we cannot call a
5 "proposed lease" any longer. The point I wish to bring out
6 to the Commission is where we feel you not only have the right
7 but the need and the responsibility to go into this matter.

8 MR. CHAMPION: Mrs. Crowley, we have now been over
9 this several times and I think in view of the position of the
10 Commission it would be well that you furnish any information
11 to the staff in view of their assignment. I do believe in
12 view of the number of matters we have to come before the Com-
13 mission and the limited time we have, I would appreciate it
14 if you would submit your further statements to the staff for
15 analysis. If it comes before us in an official way, we will
16 be glad to go into it.

17 MRS. CROWLEY: Mr. Champion, I appreciate you are
18 very busy. I have a very brief paper. I think it should be
19 heard now. I and the committee have gone to considerable
20 trouble

21 MR. CHAMPION: Mrs. Crowley, may I do it this way --
22 I hate to be firm. Under normal circumstances we would go
23 into it. If you provide copies to each of the members of the
24 Commission, as well as to members of the staff, I think that
25 would serve the purpose. We would have the matter fully before
26 us in the form you have prepared it, and simply to spend the

1 time in reading the statement does not help the matter.

2 MRS. CROWLEY: Mr. Champion, it is a rather fright-
3 ening thing in this lease.....

4 MR. CHAMPION: Well, Mrs. Crowley, please submit
5 them to us and I assure you that they will be given every
6 attention, but I simply have to proceed with the matters on
7 the calendar.

8 Next item - 6 - Land sales and exchanges.

9 All items here presented have been reviewed by all
10 State agencies having a land acquisition program, and, unless
11 otherwise indicated, no interest has been reported by those
12 agencies in the lands proposed for sale or exchange:

13 (a) Find that State Department of Fish and Game has
14 established its preferential right to purchase 47.33 acres in
15 Tulare County acquired from U. S. Bureau of Land Management
16 under Application No. 5526; reject application No. 3886 of
17 F. T. Elliott, Jr., for said land; authorize sale of said land
18 to State Department of Fish and Game at appraised cash price
19 of \$2,539.25.

20 MR. HORTIG: Mr. Chairman, the reported application
21 number, 3886, should read 5086.

22 MR. CHAMPION: It will be amended.

23 (b) Authorize sale of 618.25 acres of State school
24 land in San Bernardino County to George D. La Moree, under his
25 application No. 11588, at the October 3, 1961 staff appraisal
26 of \$26,287.10.

1 (c) Authorize exchange of 80 acres State school
2 lands in Trinity County for 280 acres Federal land in said
3 county of approximately equal value. Upon completion of ex-
4 change, land to be appraised for anticipated future sale to
5 Eva Copeland, applicant.

6 GOV. ANDERSON: I move them.

7 MR. CRANSTON: Second.

8 MR. CHAMPION: Any questions? (No response)

9 Stand approved.

10 7 - Mineral extraction, and oil and gas leases:

11 (a) Authorize Executive Officer to offer 7.33 acres
12 tide and submerged lands in vicinity of Marina, Monterey Bay,
13 Monterey County, for extraction of not more than 40,000 cubic
14 yards of sand a year, at minimum royalty of six cents a cubic
15 yard, pursuant to application of Granite Rock Company.

16 (b) Award to highest qualified bidder, Standard Oil
17 Company of California, of Parcel 22A Oil & Gas Lease, 5,540
18 acres of tide and submerged lands, Ventura County, for cash
19 bonus payment of \$8,123,345.

20 MR. CRANSTON: Move approval.

21 GOV. ANDERSON: Second.

22 MR. CHAMPION: Is there any further question?

23 (No response) Stand approved.

24 Proposed Annexations:

25 (a) Authorize Executive Officer to notify City
26 Council of San Buenaventura (1) that present value of 17,822

1 acres of tide and submerged lands in Ventura County that it
2 proposes to annex under Resolution No. 5778 is \$178,220; and
3 (2) that map and legal description of boundaries of territory
4 to be annexed comply with provisions of Government Code Sec-
5 tion 35014 and are approved.

6 (b) Authorize Executive Officer to notify City
7 Council of Richmond (1) that present value of 1,700 acres of
8 tide and submerged lands in Contra Costa County that it pro-
9 poses to annex is \$7,220,750; and (2) that map and legal
10 description of boundaries of territory to be annexed comply
11 with provisions of Government Code Section 35014 and are
12 approved.

13 MR. CRANSTON: Move approval.

14 GOV. ANDERSON: Second.

15 MR. CHAMPION: Any question? (No response) Stand
16 approved.

17 Approval of maps and surveys:

18 (a) Authorize Executive Officer: (1) to approve
19 Map No. 12353 entitled "Survey of Corrected Boundaries Tide-
20 land Survey 63 (Parcel Two), Tideland Survey 76 (Parcel D),
21 San Mateo County, California," dated September 1963, insofar
22 as it depicts the common boundary of Parcel Two of Tideland
23 Survey 63 along the landward or westerly boundary of Tideland
24 Survey 76; (2) to approve corrected descriptions of Tideland
25 Survey No. 63 (Parcel Two) and Tideland Survey No. 76 (Parcel
26 D); to certify Map No. 12353 and cause it to be filed in the

1 Office of the San Mateo County Recorder.

2 (b) Authorize Executive Officer to: (1) Approve
3 boundary agreement between State and Louis Nixon; (2) execute
4 said agreement; (3) request Office of Attorney General to dis-
5 claim any interest in land described in quiet title action
6 known as Case No. 40184 in the Solano County Superior Court.

7 MR. CRANSTON: Move approval.

8 GOV. ANDERSON: Second.

9 MR. CHAMPION: Stand approved.

10 10 - Approve resolution, drilling and operating con-
11 tract, Board of Harbor Commissioners, City of Los Angeles,
12 San Pedro Bay, Los Angeles County.

13 GOV. ANDERSON: I move it.

14 MR. CRANSTON: Second.

15 MR. CHAMPION: Is there any question? (No response)
16 Stands approved.

17 11. Determine Commission policy with respect to
18 development of petroleum resources in California tide and
19 submerged lands under the jurisdiction of the State Lands
20 Commission.

21 I think we will hold that item, too.

22 12. Authorize Executive Officer to report to Senate
23 Fact Finding Committee on Natural Resources at hearing on
24 public lands to be held September 25, 1964. Report will out-
25 line lands under Commission jurisdiction, bases of Commission
26 authority, current usages, and projected studies.

1 Is there any question about that appearance?

2 MR. CRANSTON: I move authorization.

3 GOV. ANDERSON: Second.

4 MR. CHAMPION: Stands approved.

5 13. Authorize Executive Officer to execute inter-
6 agency agreement providing for rendering of auditing services
7 by the State Lands Commission to The Reclamation Board, relat-
8 ing to revenues from gas leases located in the Sacramento-San
9 Joaquin Delta area, for fiscal year 1964-65, at cost not to
10 exceed \$2500.

11 MR. CRANSTON: I move authorization.

12 GOV. ANDERSON: Second.

13 MR. CHAMPION: Stands approved.

14 14. Confirm transactions consummated by the Executive
15 Officer pursuant to authority confirmed by the Commission at
16 its meeting on October 5, 1959.

17 MR. CRANSTON: Move confirmation.

18 GOV. ANDERSON: Second.

19 MR. CHAMPION: Stand approved.

20 The next item is the election of the Chairman to
21 serve at the beginning of the next regular meeting of the
22 Commission, which is proposed for October 22nd.

23 MR. CRANSTON: Mr. Chairman, in conformity with the
24 rotation system we have been following, I nominate Glenn
25 Anderson to be the next Chairman of the Lands Commission.

26 MR. CHAMPION: I second that nomination. Hearing

1 no dissent, Governor Anderson is unanimously elected, and
2 he will preside over the next regular meeting of the State
3 Lands Commission on October 22nd.

4 I should announce at this time that, because of the
5 method of procedure on approval of the unit agreement and the
6 field contracting agreement with Long Beach, while we will
7 first push this to a conclusion and approve it in principle,
8 the first formal action on this is by the City of Long Beach
9 and we will have a special meeting after that. Now, the
10 hoped-for scheduling would permit us to have a special meeting
11 at one o'clock Friday, October 9th, in Sacramento, at which
12 time we would hope to take final action. Now, this presupposes
13 approval by the City of Long Beach of what we will have approved
14 in principle before that time. So that is a tentative call
15 for a special meeting. A formal call will be made later.

16 We have two supplemental items. One is the Santa
17 Monica Bay matter; the other is the Long Beach Unit matter.
18 What is that Mr. Hortig? Is this another.....

19 MR. HORTIG: This is the basic problem to which you
20 just referred -- approval in principle.

21 MR. CHAMPION: All right. Let's return, then, at
22 this time to Item 3(c), Roman Numeral Page I, which is the
23 City of Martinez -- Authorize Executive Officer (1) to execute
24 "Memorandum of Agreement" regarding development of a small
25 craft harbor at Martinez; (2) to approve termination of P.R.C.
26 2549.9; and (3) to execute a new 49-year lease as provided in

1 Exhibit F of the Agreement, covering 34.03 acres State tide
2 and submerged lands in Contra Costa County.

3 Now, it is the opinion of the Chair, after consider-
4 ing this item and having some discussion on it, that we are
5 going to need further discussion with the City of Martinez,
6 at least before I am ready to act on this agreement. I think
7 that is the feeling of the Commission. If someone from
8 Martinez or elsewhere would like to make a statement with re-
9 gard to this at this time, we would be very glad to take it
10 into consideration. I do not feel, however, that we are going
11 to be able to act on it today. If, after negotiations, it
12 would return before the Board, it could return at this special
13 meeting on October 9th.

14 In view of those circumstances, is there anyone who
15 would like to make a presentation?

16 MR. TRAYNOR: Mr. Chairman and members of the State
17 Lands Commission, my name is Michael Traynor. I am a lawyer
18 and I am representing the City of Martinez in this matter.

19 The State Lands Commission now has before it an
20 agreement to solve the problems of the harbor at Martinez.
21 This agreement is the product of long and hard negotiation be-
22 tween the City and State, and the State Attorney General's
23 Office represented by Attorney Willard Shank. In the last few
24 days there have been a few questions raised before the Commis-
25 sion. I understand that is the reason for the postponement.

26 MR. CHAMPION: That is correct.

1 MR. TRAYNOR: The City does accept the postpone-
2 ment. However, it does wish to emphasize in its opinion
3 there is no merit at all in the legal questions that have been
4 raised, and the City emphasizes strongly the need for action
5 as quickly as we can get it, so we can proceed with development
6 of the harbor.

7 MR. CHAMPION: Thank you. Is there anything further?
8 (No response) In that case, the matter will be taken off
9 calendar, subject to rescheduling on October 9th.

10 The next matter, in the order I said we would take
11 them up, is the Santa Monica Bay matter. I'd like to make
12 some preliminary remarks and I think perhaps some other mem-
13 bers of the Commission might like to make some preliminary
14 remarks.

15 Those of you who were in attendance at the last
16 meeting will recall the discussion which we had with repre-
17 sentatives of the City, in which we asked that certain condi-
18 tions be set forth in the contract and agreed that the staff
19 would attempt to write those conditions into the contract.
20 On that basis, the Commission -- not the whole Commission,
21 Governor Anderson had to leave, but Mr. Cranston and myself --
22 indicated if those conditions would be met, we would grant
23 approval.

24 After discussion with the staff, with the material
25 before us, it appears it would be impossible to meet those
26 conditions. There was just legal inefficiency for a satisfactory

1 resolution of this problem -- the key point being, really,
2 whether there was some arrangement that could be worked out so
3 that before actually we are committed to a permanent drilling
4 program in Santa Monica Bay of one kind or another, the matter
5 could be brought back to the Lands Commission; in other words,
6 our attempt was to try to have a two-stage arrangement, where
7 you could proceed through exploration.

8 Now, the City under the proposed lease would have
9 some controls, but in the judgment of those with whom I con-
10 ferred, even the City is limited as to what it could further
11 do at the time exploration had been completed.

12 For instance, with regard to underwater wells, I
13 gather that in the opinion of many expert technicians in this
14 field underwater wells would not be practical for the kind of
15 oil they think is there; it could not be satisfactorily pro-
16 duced with the temperature and the character of the oil and
17 other technical considerations. So that, although the City
18 might say at that time that it wanted underwater wells, this
19 would not be and really would not be in conformity with good
20 oil practice and might be an unreasonable restraint of the
21 right of the lessee to proceed, and a court might so find.

22 So that not only do we not have the ability in the
23 State to come into this -- and really we are a secondary party
24 in this -- but the City itself could not be adequately pro-
25 tected by this present lease. It could not have that ability
26 to say: 'Well, we have seen what is there. We don't think it

1 is worth it, particularly if you have to go above water, and
2 therefore we just won't do anything."

3 Now, we are aware of the City's other problems and
4 we think there ought to be some resolution here. We have got
5 other problems, too. The State has this large sanctuary in
6 Santa Barbara Bay and other communities have a stake in the
7 problem here.

8 The real problem is that we are trying to act on an
9 uncertain condition. We don't know whether what is being at-
10 tempted is worth it or not. We don't know the value of the
11 oil. At the same time, we have another problem -- and that is
12 the potential drainage from the City tidelands, and the City
13 as a trustee is trying to protect that asset and they are
14 trying to live up to their trusteeship. There is a real
15 threat that oil belonging to the City would be drained away
16 should the City not take some action to protect it.

17 What it seems to me to add up to is the need to
18 develop a two-stage policy, so the first stage does not really
19 bind the City and State. This may be somewhat more expensive
20 but I think it is well worth the expense. Something should be
21 worked out, in my opinion, in determining -- exploring what
22 that asset is, as in the case of Long Beach. Is this really
23 worth the candle and you can't know that until there has been
24 adequate exploration of the Santa Monica Bay.

25 I, at least, feel that the City and State would be
26 well advised to sit down together to try to devise this, or

1 with the cooperation of the industry have an exploration
2 program without a lease at this time, to determine what the
3 value is, where the oil exists, what the potential is, whether
4 there is going to be oil all the way down, so that we have the
5 same situation all the way down the coast.

6 There are all sorts of such questions. There are
7 questions as to whether it might not be esthetically better
8 to have an onshore development. If the character we felt
9 were such we might never have to build islands in the water.
10 You might have the kind of development which you have at
11 Redondo Beach, which is completely preserved and, as a matter
12 of fact, it looks better than it did before the development
13 was put in. There are all kinds of circumstances, but you
14 can't really decide now whether you can do such things satis-
15 factorily because you don't know enough about the character
16 of the field; and, without belaboring the point, my view is
17 that not being able to satisfy ourselves, we could have that
18 second stage protection after a lessee obtained that informa-
19 tion; that the lease should be on a different arrangement
20 that does not endanger the City and the State in the stakes
21 they hold.

22 Governor Anderson?

23 GOV. ANDERSON: Well, I'd like to briefly explain
24 my position because of certain comments made by the Mayor and
25 others in the City.

26 I have a kind of unique interest in the Santa Monica

1 Bay in that I represented it for many years, or the cities
2 from Palos Verdes on up, in the State Legislature; so natur-
3 ally when this matter came up some weeks ago, knowing, I feel,
4 how the people in that area feel about platforms and islands
5 and oil drilling in the Santa Monica Bay, I asked certain
6 questions about it^{and it} was at my suggestion or request that it be
7 put over originally for a month.

8 I didn't want to put a stumbling block of any kind
9 in front of the City of Los Angeles, but I thought surely it
10 would suggest some sort of thing that could be worked out --
11 that perhaps the oil drilling could be on the floor of the
12 ocean and they wouldn't destroy the esthetics of the area, and
13 perhaps something like this could be worked out.

14 We have depended to a great extent upon not only our
15 staff but the staff of the City of Los Angeles, and it is my
16 understanding that they were the ones who came to the conclu-
17 sion that you could not have ocean floor drilling, that the
18 wells could not be on the floor of the ocean but would have to
19 be these platforms that would be two-hundred-plus feet in the
20 air when they were drilling and approximately half that high
21 when the rigs were taken down; but that would be a permanent
22 structure; that they couldn't do this because of the low gravity
23 of the oil. I even heard the suggestion that the temperature
24 of the water was such that you could not have ocean floor
25 drilling; and because of this the City of Los Angeles dropped
26 the idea of ocean floor drilling and went to the idea of islands

1 or floating platforms which would be permanent, because the
2 wells would be there perhaps for twenty, thirty, forty years.

3 I wrote a letter to the Mayor; I was trying to be
4 cooperative and courteous, and I explained to him - - I want
5 to read part of it, not all of it, but I indicated my inten-
6 tion to vote today against this pending application and I asked
7 the Mayor to take another look at it. I said:

8 " As a member of this Commission, I previously
9 expressed strong reservations to the construction
10 of oil drilling platforms in Santa Monica Bay.
11 This position is motivated by a desire to pre-
12 serve the natural beauty and attractiveness of
California for the millions of residents of the
Southern California area who visit or use our
beaches frequently and for the millions of tourists
who come to our State from all over the world.

13 My objection is not to the drilling itself
14 but to the unsightly platforms which would be
15 necessary. If it were feasible to conduct oil
16 pumping operations from ocean floor completion
wells once drilling was completed, as we have
done successfully off Santa Barbara and Ventura
County, my objections would be substantially,
if not wholly, overcome.

17 However, as of now, according to your staff
18 analysis, this does not appear to be economically
19 feasible. This means that platforms clearly
20 visible from the shore would be built to support
drilling operations, as well as pumping equipment
once the well is in production.

21 We are at a critical crossroad. We know that
22 to permit the City of Los Angeles to proceed with
oil drilling would set off a chain reaction in the
23 Santa Monica Bay. Other communities along the Bay
and the State itself would be under considerable
24 pressures to begin drilling, in order to protect
their oil resources from being drained off.
25 Ultimately, we would have a series of unsightly
drilling platforms spotted across Santa Monica Bay.

26

1 " The intrusion of these platforms in the
2 Santa Monica Bay would unquestionably damage
3 one of California's most beautiful natural
4 assets. We would be destroying part of the
5 beauty which has brought to California residents
6 and tourists alike. We would be making less
7 pleasurable the use of our beaches and recreation
8 facilities, and we would be damaging for genera-
9 tions to come the view of the ocean which is of
10 great value to many of the residents of the area.

11 The State Lands Commission, it seems to me,
12 has a serious responsibility to consider all of
13 the effects which would follow from approval of
14 Los Angeles' request. This responsibility goes
15 to the citizens of California and to the many
16 jurisdictions which would be affected by this
17 decision: several cities, the County of Los
18 Angeles, and the State itself.

19 According to the information furnished to
20 us by your staff, the amount and quality of oil
21 deposits beneath the Bay are unknown and unproved.
22 To allow drilling when the potential revenue to
23 the City is small in comparison to the potential
24 damage to the attractive character and integrity
25 of the Bay would be, in my opinion, unwise.

26 I know that you are as concerned as I am
about preserving the beauty of our Southern
California coastline. I hope that you will re-
view this matter and will agree with me that the
construction of oil drilling platforms off Venice
and Playa del Rey would materially affect the
beauty of Santa Monica Bay."

GOV. ANDERSON: (continuing) I sent that to the
Mayor and this, apparently, is what set off his release or
statement because I happened to catch his news conference
last night on television; and I heard him make statements on
something entirely different from what we received from his
own staff. He said last night in the paper "Once in production,
drilling would be placed underwater."

Now, we have been told just the opposite of that --

1 at least, that is the information I have received. I think
2 this should be clarified. Either the Mayor is mixed up as to
3 what his own staff is recommending, or his own staff is not
4 telling us the same thing they are telling the Mayor.

5 I wanted to bring this out because I surely don't
6 consider myself an obstructionist to the Los Angeles program.
7 I recognize their need for this kind of revenue, but I think
8 we ought to have our facts straight, so the Mayor knows what
9 he is saying and what we are saying.

10 You used the word "uncertainty." There is no ques-
11 tion he said they would be placed underwater on the ocean floor
12 and yet there is question on our part as to what they wish to
13 do. This is my position and I wish to clarify it.

14 MR. CHAMPION: Do you wish to add anything before
15 we call on the City of Los Angeles?

16 MR. CRANSTON: I'd like to hear from them first and
17 then will have a comment.

18 MR. SPAULDING. My name is Arthur Spaulding. I am
19 the Petroleum Administrator for the City of Los Angeles. Mr.
20 Chairman, members of the Commission, it is a pleasure to be
21 with you again. I think it does appear we have reached an
22 impasse on this problem. I do have some additional remarks
23 at the conclusion of the proceedings which we have arranged
24 for you today, but at this time I would like to introduce Mrs.
25 Harold C. Morton, who has remarks which I think bear on this
26 whole problem.

1 MRS. MORTON: Gentlemen, good morning. I am Mrs.
2 Harold G. Morton, member of City Recreation and Parks Commis-
3 sion -- which is in session at this moment, by the way -- so
4 I shall make my remarks brief.

5 GOV. ANDERSON: You are a member of the Commission?

6 MRS. MORTON: I am a member of the Commission.

7 GOV. ANDERSON: Who is the Chairman?

8 MRS. MORTON: We rotate the same as you gentlemen.

9 GOV. ANDERSON: Who is the Chairman?

10 MRS. MORTON: I am a Past Chairman now.

11 GOV. ANDERSON: Who is Chairman now?

12 MRS. MORTON: Mr. Stanley Fox. I think no one would
13 question the fact that you gentlemen want exactly what Mr.
14 Anderson has so lucidly stated. I certainly know that the City
15 Recreation and Parks Commission, with the eleven miles of beach
16 front that are so important to us, will use every method --
17 and there are many new ones, as you gentlemen know -- to pre-
18 serve the beauty of our shoreline and our offshore view.

19 I went through the type of distrust on Rancho Park,
20 when the subject was first broached of drilling under Rancho
21 Park. The residents and the users of the park arose to a man
22 and a woman and objected vociferously and loud and earnestly.
23 I took the City Council down to drilling operations. I stopped
24 in the middle of the street and we got out, and I said, "Gentle-
25 men, you are standing over so many producing oil wells." They
26 said, "Well, it's in the middle of the street." I said, "Oh

1 course."

2 All types of protection are available now, even to
3 robots that go down to the floor of the ocean and make repairs
4 on oil connections. I am sure that with the fine staff of Mr.
5 Spaulding, and our general manager Mr. Frederickson, any pro-
6 tection that the Lands Commission desires can be made within
7 the circle of the new procedures that the oil drilling opera-
8 tions now produce.

9 Under Rancho, many authoritative experts said there
10 was no oil. Mr. Gene Starr, who had the Twentieth Century Fox
11 concession for oil, withdrew his bid for slant drilling be-
12 cause we decided if we drilled, we wished to save that type of
13 money for the City. There was Mr. Ed Pauley on the other side,
14 who wished to drill from far away. We drilled from a hillside
15 section of Rancho Park. To date we have had over a seven mil-
16 lion dollar return. There are no objections from the surround-
17 ing neighborhood of note. The drilling rigs are not permanent.
18 They come in and do their work until they drill another hole
19 and they are taken out. There is nothing there to bother the
20 esthetic sensibilities of those of us who are charged with ob-
21 taining money in the best way and the most legal way that we
22 can.

23 I am sure you gentlemen understand from the topo-
24 graphy other companies could drill from the shoreline that is
25 not ours and if there is oil under the Santa Monica Bay, they
26 could deplete our pool.

1 I can only assure you gentlemen that the
2 esthetic angle is important to us, as it is to you; also the
3 angle of obtaining moneys that otherwise might not come to the
4 City.

5 Are there any questions you gentlemen would like to
6 ask?

7 MR. CHAMPION: I have at least one -- I think two.
8 If there is possibility of drilling from shore and you estab-
9 lish what is there, the character of it, would it not be pos-
10 sible to have unit agreements which would permit the City to
11 participate to the extent it owns oil in that pool without
12 having further drilling?

13 MRS. MORTON: I think you gentlemen must know much
14 better than I the modern methods of drilling that are used
15 and, of course, the one-mile limitation is going to be diffi-
16 cult to overcome if we are to obtain returns, if there are re-
17 turns out to the three-mile limit. At the present moment we
18 are constructing a pier, a beautiful fishing pier, in Venice
19 that will go out twelve hundred feet to begin with. I am sure
20 that any demand on drilling can be met. I am sure that if you
21 gentlemen in the future feel that islands are necessary, they
22 could be made an asset, not a detriment.

23 MR. CHAMPION: We are concerned, Mrs. Morton, if
24 you follow the terms of the lease that our approval is asked
25 for, we think there are limits on the ability of the City to
26 insist on noneconomic practices by the lessee for esthetic

1 reasons; that there is no question that you have written in
2 good many controls and attempted in every way to preserve the
3 City's position, but in our judgment it cannot, under the terms
4 of a lease such as this, be perfectly preserved. That lease
5 gives the lessee certain rights. It gives them the right to
6 take oil, and if what you regard as a proper way to do it makes
7 the operation noneconomic for him, we seriously doubt you could
8 stop him from proceeding.

9 MRS. MORTON: Gentlemen, my only answer to that sug-
10 gestion is we would have the backing of the Lands Commission
11 in setting up safeguards, because I believe that our interests
12 in that respect are identical.

13 MR. CHAMPION: We have tried to do this and we found
14 ourselves legally inhibited from doing it under this lease form.
15 That is precisely what the City and State tried to do.

16 MRS. MORTON: I think it can be done. I think it
17 can be drilled and the unsightly islands and derricks can be
18 removed if we receive returns or if we do not.

19 GOV. ANDERSON: What you are saying, Mrs. Morton,
20 is just exactly what I have been saying; but what you have been
21 saying is what we have been told could not be done. When you
22 talked about the Rancho Park area, you said they put the rigs
23 up and then they put them down?

24 MRS. MORTON: They are movable rigs.

25 GOV. ANDERSON: But they are not movable; they are
26 platforms or islands that will be roughly two hundred twenty

1 feet up in the air.

2 MRS. MORTON: That is right.

3 GOV. ANDERSON: Then when they are through drilling
4 the permanent structure will be somewhere one hundred feet
5 up. That's permanent; that stays there while the oil is being
6 taken out. I was the one that said, "Why can't we take them
7 out? Why can't we have wells on the ocean floor?" and we were
8 told it was not feasible.

9 I didn't mean to embarrass you by asking who was
10 the Chairman, but I remember testimony of another member --
11 I think it was Mr. Shane....

12 MRS. MORTON: Yes.

13 GOV. ANDERSON:... and he identified himself somewhat
14 as you did today, in favor of esthetics; but I remember his
15 telling me that the Commission had been informed -- and I
16 called him this morning before I came here because I thought
17 he might be coming today; he couldn't actually remember his
18 words but I tried to give them back to him. It was something
19 to the effect that the Commission had favored ocean floor
20 drilling too, but they had been informed ocean floor drilling
21 was not feasible.

22 MRS. MORTON: It is too expensive.

23 GOV. ANDERSON: So it is not going to be done. So
24 we are talking about islands, sitting one hundred feet in the
25 air for the next ten, twenty, thirty years, however long they
26 get oil out. I think this is why we asked for this study,

1 asked if we could get together, so we can work out some
2 protection and not have these unsightly things in the Bay.

3 MRS. MORTON: I have talked with Mr. Morton about
4 this at great length. He said at the present moment there is
5 nothing impossible to the oil industry in the way of protec-
6 tion of the shoreline.

7 GOV. ANDERSON: No one knows more about this kind
8 of business than your husband; I am well acquainted with him
9 and I respect his ideas on this. I agree that the oil com-
10 panies could drill and have ocean floor drilling. They, how-
11 ever, have apparently informed the people in the City of Los
12 Angeles that if they were to do it, it would not be economically
13 feasible and Los Angeles would not get the revenue on the bid
14 they wanted. They, therefore, want to disregard that and go
15 to the cheaper way and have the platforms or islands; and
16 that's why I am going to vote against this, because I favor
17 what you favor.

18 MR. CHAMPION: I might add that what you can and
19 can't do are still somewhat up in the air because no one knows
20 the character of the oil field that might be there.

21 MRS. MORTON: Those were the same statements that
22 were made at Rancho. They said we could not go in and drill
23 with portable drilling. So they put it out for bid and we
24 obtained a \$400,000 bonus and then after the cost of the wells
25 a tremendous amount, and it has proved worth while; but at
26 the time they said the same thing -- "It can't be done; it's

1 too expensive." They don't say it can't physically be
2 done.

3 MR. CHAMPION: Are there any more questions of Mrs.
4 Morton? (No response) Thank you very much.

5 MRS. MORTON: Thank you, gentlemen, so much.

6 MR. CRANSTON: Mr. Chairman, I would favor an
7 exploration, if one can be undertaken, to determine how much
8 oil is involved in this field. If it is an immense field, I
9 think the industry can now, or can in the future, find a way
10 to develop that field without destroying the beauties of the
11 shore and sea. I think we, as members of the Commission, are
12 trustees not only of oil, which is a revenue source, but also
13 the beauties of the shore and sea; and I, for one, will not
14 approve a development that will interfere with the beauties
15 of the sea. I think a way can be found. I think the industry
16 is making great advances and if they haven't made it now, I
17 am confident they will soon make it. I am confident they can
18 protect that resource, as we have protected other resources.
19 I know millions of people enjoy the beauties of Santa Monica
20 Bay, and I have been among them; and I am going to see that
21 we find a way to protect that resource.

22 MR. CHAMPION: I might add that I think it is necess-
23 ary that we recognize the City's problem in that it does have
24 a potential trust responsibility here, which it is trying to
25 live up to; and we want to do what we can to help them do it.
26 There are several potentials. I think essential to any kind

1 of decision, however, is some more knowledge than we now have
2 of the character of that oil field -- what kind of oil it is
3 and the extent of it, and where it lies; whether potentially
4 it can be unitized with proposed onshore drilling.

5 While I think all of us are saying to the City, "No,"
6 I think all of us are also saying we would like very much to
7 explore this thing to learn all the facts that can be obtained,
8 even at some expense to the City and State; and instead of
9 accepting a lease at this time, we agree on some other method
10 of exploring the character of that field and enabling the City
11 to protect their resources as well as protect the view.

12 MR. SPAULDING: Mr. Chairman, may I point out we
13 have recently passed an additional SL zoning law and the lands
14 in Santa Monica Bay are currently under this SL zone. We have
15 additional safeguards in this zone, which are not in the lease
16 form, which will protect the attributes you speak of. I add
17 this because your remarks are made to the lease itself and
18 these are additional laws with which the lessee will have to
19 comply.

20 With your permission I will next introduce Mr.
21 William Frederickson, Jr., General Manager, Los Angeles
22 Department of Recreation and Parks, who will describe our
23 beach problems and the use to which this income can be put.

24 MR. FREDERICKSON: Members of the Board, my name is
25 William Frederickson, Jr. I am General Manager of the Los
26 Angeles Department of Recreation and Parks. I certainly

1 compliment this Board, especially Governor Anderson, on the
2 concern for the esthetic values. I think we are really all
3 together and I think no one in this room is of a difference of
4 opinion about that protection. I think maybe we are talking
5 about a matter of judgment and the degree of the value, and
6 I'd like to introduce possibly another view.

7 I am professionally dedicated to the beauty of our
8 community -- our beaches, our camps, our parks, our golf
9 courses; so I have to be with you in your premise and I com-
10 pliment you. As a boy raised in the Los Angeles community,
11 I used to visit the Venice area in the red car, and later I
12 saw the decline of Venice -- not only because of the depression
13 but also because of the fact of the lack of control, where we
14 permitted oil drilling. Today, with adequate zoning laws, the
15 community is beginning to come back socially, economically,
16 and as far as the beauty of the beach is concerned.

17 We have just spent in the bond program approximately
18 two million dollars for the development of the beach itself,
19 much of which is in State ownership and we have only custody
20 of it for a fifty-year period. A recent survey showed that
21 forty-two per cent of the beach users in Santa Monica Bay come
22 from outside of Los Angeles, so when we put in two million
23 dollars of City money, we know we are serving others than in
24 our community; but at the present time our capital funds have
25 been depleted and there can be no further capital improvements
26 in this area.

1 As we consider some of the possibilities, if wells
 2 are to be drilled and can be drilled from that island -- is
 3 that is economically feasible -- then we see the possibility
 4 of landscaping these islands with tall palm trees and making
 5 them available for recreation purposes, even while drilling
 6 going on, for fishing from the perimeter of the island. If
 7 built of rock, we will have the island there forever for year
 8 camps, and so forth.

9 I have studied oil wells along the California coast
 10 and I do agree some of them are somewhat obnoxious. I might
 11 suggest we have a comparatively different view.

12 Mr. Cranston spoke about the use of this facility
 13 I have flown over this on busy days to note where the beach
 14 is used. You must have roadways to the beach, you must have
 15 parking there, you must have restroom facilities and lifeguard
 16 service; and there are days on the beach when there are no
 17 people on the beaches because there are no services. We need
 18 more money to stabilize the beach itself before we lose it,
 19 because it is traveling in a southerly direction because of
 20 the littoral tides, and it can only be stabilized by groins.

21 I agree while a platform is not the most beautiful
 22 thing in the world, we need to protect the beaches themselves.
 23 I say the oil caused the decline of Venice and I would hope
 24 that oil could build it up again to be one of the natural
 25 beauties of our area; and I think we have to realize if private
 26 enterprise going to drain our oil under this area, we are

1 going to lose the value of the oil. So long delay would be
2 detrimental not only to the City but to the State, and I
3 certainly urge that you give us the opportunity of using the
4 zoning laws we have to protect this and therefore take an
5 affirmative vote on today's action.

6 Thank you, gentlemen.

7 GOV. ANDERSON: Mr. Frederickson, you mentioned
8 the beautification of islands -- palm trees and things like
9 that. When you think of that, it sounds very nice; but they
10 have been telling us about making these platforms more
11 esthetic. Have you in your travels ever seen a platform that
12 you would consider esthetic?

13 MR. FREDERICKSON: I have not, Governor.

14 GOV. ANDERSON: This is what we are talking about
15 here -- platforms two hundred feet up and permanently one
16 hundred feet in the air. Now, I'd love to see you come up
17 with something that would beautify this area, but up to now
18 we are talking about an actual vote for or against something
19 that would permit this kind of platform. I have not have
20 understood you on my next point -- that the City of Los
21 Angeles budget for Parks and Recreation was somehow tied...?

22 MR. FREDERICKSON: I said further development by
23 capital investment along the beaches will have to come from
24 tidelands development.

25 GOV. ANDERSON: I would like to point out that there
26 are lots of places that provide beaches that do not have any

1 oil revenue, and I think it is a kind of sad thing if the
2 City of Los Angeles could not provide its own parks and
3 beaches without added income.

4 MR. FREDERICKSON: I stated we had spent two million
5 dollars in Venice on the beaches alone.

6 GOV. ANDERSON: I want to congratulate the City on
7 the progress you have made since those early days. I don't
8 want to be negative on these things. I want to congratulate
9 the City on what they are doing, but there are also other
10 things we have to decide.

11 MR. FREDERICKSON: Thank you.

12 MR. CHAMPION: Mr. Spaulding, is there anything
13 further?

14 MR. SPAULDING: Yes, Mr. Chairman. For the Commis-
15 sion's benefit, I would like to summarize recent events in
16 City oil developments. On September 14th, a week ago Monday,
17 the Standard Oil Company filed applications for the establish-
18 ment of four oil drilling districts extending from the city
19 boundary of Santa Monica on the north to Washington Street,
20 which is essentially the northern limit of Marina del Rey, on
21 the south. The total area covered by these districts is
22 approximately one hundred sixty acres.

23 Now, these applications were based upon a core hole
24 drilled by the Standard Oil Company in the vicinity of a
25 location within these proposed districts, and results from
26 this core hole are so satisfactory that it is reasonable to

1 expect development will drain land under the control of the
2 Recreation and Parks Department. This is our fear -- that
3 production from these four districts will ultimately drain
4 oil resources which the City has in its property adjacent to
5 these. So the City will lose valuable revenues, probably of
6 the order of tens of millions of dollars; and the action, or
7 proposition we have before you, is one of our steps taken to
8 prevent this loss of oil revenue.

9 So I wanted you to understand the reasons behind
10 what we have done, to enable you to better make your decision
11 today, and I do request you do make a decision today.

12 MR. CRANSTON: Is all the drainage of the City's
13 resources coming from potential onshore drilling?

14 MR. SPAULDING: This is correct.

15 MR. CRANSTON: Would it not be possible for the City
16 to find onshore sites that would protect it from drainage?

17 MR. SPAULDING: This is one of our programs. In
18 fact, we hope to have a proposal before you to have leases
19 within one mile onshore.

20 MR. CRANSTON: This would seem to be a different
21 approach and one easier for the Lands Commission to go along
22 with, provided there are adequate safeguards of your drilling.
23 We have seen safeguards and your previous witness was able to
24 list safeguards that have been taken.

25 MR. SPAULDING: Indeed, these safeguards as applied
26 to other areas of the City would be applied to a shoreline
site.

1 MR. CRANSTON: Then it would seem to me that the
2 threat of drainage does not drive us to the islands.

3 MR. SPAULDING: Obviously, any drainage that would
4 take place would relate to those lands closest to Standard's
5 secondly, it would be the lands in the proposition before
6 today.

7 MR. CHAMPION: What if you could have a unitized
8 field?

9 MR. SPAULDING: I am not sure I understand the question.

10 MR. CHAMPION: In other words, if you form a unitized
11 the area you feel would be drained here and entered into unit
12 agreements with Standard and whoever are the onshore drillers
13 so you would realize your proper share of those revenues with
14 out the necessity of any further drilling on your part.

15 MR. SPAULDING: Well, this is a possibility. How
16 ever, the lands which the City owns offshore are all owned
17 laterally by the City. Standard is not a part of that project.

18 MR. CHAMPION: That is not necessary for unitization.

19 MR. SPAULDING: That is correct; and in the same way
20 it is not necessary for the City to consider a unit agreement
21 combining lands on our shoreline. In other words, we have
22 enough land of our own to get leases ourselves, without unit
23 ing with Standard.

24 MR. CHAMPION: But it may be desirable to so do.
25 The minimum amount of wells in a scenic area is desirable,
26 if it doesn't put you in a competitive position

1 MR. SPAULDING: We do have this in mind -- don't
2 misunderstand me.

3 GOV. ANDERSON: Mr. Spaulding, your title is what?

4 MR. SPAULDING: Petroleum Administrator and Assistant
5 City Administrative Officer.

6 GOV. ANDERSON: You advise the Council on these
7 things?

8 MR. SPAULDING: Yes -- when requested.

9 GOV. ANDERSON: Now, were you the one that advised
10 I was wondering where the Mayor got his facts -- that once in
11 production drilling would be placed underwater.

12 MR. SPAULDING: We have tried to advise the Mayor
13 and Council on all matters of such importance as this. In
14 this case, there was no connection between the Mayor, Mr. C.
15 Irwin Piper, my superior, and myself.

16 GOV. ANDERSON: In other words, that drilling would
17 be put underwater -- whatever facts he got came from someone
18 other than you or the people in your department?

19 MR. SPAULDING: Let me answer your question, Governor
20 Anderson -- we, of course, would stress completion of wells on
21 the ocean floor and this would be our aim on any lease we had
22 offshore; and I think this was the Mayor's comment, on the
23 stress we would place.

24 GOV. ANDERSON: Weren't you one of the parties that
25 said this would not be feasible, when you advised your own
26 Parks and Recreation Commission? I understood you were there.

1 I wasn't there, but I understood you were the one, or some-
2 one on your staff, that told them ocean floor drilling was
3 not feasible and that's why you changed the application and
4 asked for the platforms on the island.

5 MR. SPAULDING: Let's say ocean floor drilling is
6 completely infeasible but the completion of wells on the ocean
7 floor is a possibility.

8 GOV. ANDERSON: In other words, you are saying in
9 this agreement you are suggesting to us that once the oil
10 wells were drilled, you would take the platform down and put
11 the well on the ocean floor?

12 MR. SPAULDING: We think that any drilling which
13 would take place at the outset would be from floating barges.

14 GOV. ANDERSON: And would you be telling the oil
15 companies when they did that, when they drilled from the sur-
16 face, they would then take the platform down and put the well
17 on the ocean floor? There is nothing like that in your
18 contract.

19 MR. SPAULDING: We would place strong emphasis on
20 that, Governor Anderson.

21 GOV. ANDERSON: I am not talking about emphasis.
22 Is there anything in the lease that says they would have to
23 put it on the ocean floor?

24 MR. SPAULDING: There is nothing in the lease.

25 GOV. ANDERSON: So when the Mayor makes that state-
26 ment that once oil wells would be drilled they would be placed

1 underwater, it is not there. It is an emphasis that is not
2 there. If you were drilling and trying to get the most
3 results for your company, you would not take away a platform
4 and spend many millions of dollars to put the well on the
5 ocean floor if it is uneconomic. If you would, you are not
6 working for my company.

7 MR. SPAULDING: There are other provisions in the
8 zoning.

9 GOV. ANDERSON: Is there any provision either in the
10 zoning or in the lease or any other City ordinance which makes
11 mandatory that these wells are under the surface of the water?

12 MR. SPAULDING: It is not mandatory, Governor
13 Anderson.

14 MR. CHAMPTON: I think in our analysis of the latest
15 language -- we'd like to know if our analysis agrees with
16 yours -- there is specific language dealing with underwater
17 wells, but at least in our judgment if the company makes a
18 defensible economic position of good oil practice, the City has
19 no way to overcome this opposition -- the option goes to the
20 lessee in this lease. The City can bring certain pressures
21 to bear, but it cannot be sure that its position would prevail
22 as to whether there would be underwater drilling. That is our
23 staff analysis.

24 MR. SPAULDING: Mr. Chairman, there is a provision
25 in our contract which requires the City to approve any installa-
26 tion which is proposed by the lessee, and we assume this would

1 cover any such installation as Governor Anderson describes.

2 MR. CHAMPION: I think legally we are aware of
3 that language and the analysis of that was that this was up
4 to the point of reasonableness, and in exploitation of the
5 lease the City would be hard put not to let them do anything.

6 MR. SPAULDING: I think if we required that, it
7 would be outside of the bids we received.

8 MR. GRANSTON: I wonder if we could go ahead with
9 other matters. Does the City have other witnesses? (No
10 response)

11 Mr. Chairman, I would like to make the following
12 motion: That we deny the application that is before us; that
13 we instruct the staff to explore with the City the alternate
14 approaches that we have discussed today; that if possible we
15 find a way of learning more than is presently known about the
16 oil presumed to be there before we come to the point of
17 decision; that we seek ways of protecting the esthetic values,
18 which are immense; and that we seek a lease form which does
19 not commit the City and State to a form of development which
20 is only deemed to be economic by the oil company and does not
21 take adequate account of the esthetic values we are determined
22 to protect.

23 GOV. ANDERSON: I'll second.

24 MR. CHAMPION: Stands approved.

25 MR. MINTER: I am Rex Minter, Mayor of Santa Monica,
26 and I am certainly in favor of the motion; but I would like

1 to submit a motion in opposition to the granting of this
2 contract. I won't be redundant because we are very much in
3 favor of the motion Mr. Cranston just made, so we will just
4 submit this.

5 MR. CHAMPION: Are there any others who would like
6 to present statements?

7 MR. EVANS: Mr. Chairman, my name is John Evans. I
8 live in Venice. Today I am representing the Venice Civic
9 Union, and I want to thank you on behalf of the residents of
10 Venice, my friend Mr. Chairman, for Mr. Cranston's motion, and
11 my former colleague in the Assembly, now Lieutenant Governor,
12 for his second. Thanks a lot.

13 MR. FOSTER: Mr. Chairman, Commissioners, I have
14 five points here, but only one of them ****

15 MR. CHAMPION: Would you identify yourself for the
16 record?

17 MR. FOSTER: I am Glenford J. Foster, President of
18 Marina Peninsula Property Owners Association, Past Chairman of
19 Venice Planning Committee, present Chairman of the Oil Com-
20 mittee of the Venice Planning Committee. I have one point
21 that hasn't been brought out -- I have a letter here and I
22 will give it to you. We are concerned with the beauty of our
23 California coastline and ask that you consider the extension
24 of the Sunset Seaway idea south to make the Venice Aquatic
25 Park which could be constructed to provide sites for oil
26 drilling cellars. This is engineeringwise feasible, and I'd

1 like to have you gentlemen consider this.

2 MR. CHAMPION: I think that certainly can be taken
3 into consideration in the staff discussions. Thank you very
4 much. It has been moved and seconded - - Do we have further
5 testimony?

6 DR. GORDON: Mr. Chairman and members of the Commis-
7 sion, my name is Doctor Basil Gordon and I am the president
8 of the Association to Save Santa Monica Bay Beaches, which is
9 a civic group opposed to oil drilling in Santa Monica Bay.

10 MR. CHAMPION: Is this a new group?

11 DR. GORDON: This is a relatively new group formed
12 not many weeks ago, but during those weeks we have been very
13 active indeed in circulating petitions against the oil drilling;
14 and we now have some thirteen hundred signatures on our peti-
15 tions. Our petitions are also against putting freeways in the
16 Bay, so they have to go to the Highway Commission, but I would
17 like to submit them, if they can be returned at the end of the
18 meeting. Originally, I had a more lengthy statement, but in
19 view of what seems now intended, I'll just cut it short.

20 We are grateful and very much in agreement with the
21 motion made by Mr. Cranston. We feel that if Los Angeles
22 starts drilling in Santa Monica Bay, then all of the other
23 communities will be put under tremendous pressure to do the
24 same, and that our Bay will just be completely ruined by these
25 platforms. I have seen other beaches where there were only
26 one or two platforms and, believe me, that is quite adequate

1 to destroy the entire scenery of the Bay.

2 Incidentally, it might also drive the land values
3 down to the extent where it might offset the revenues.

4 One other point -- Our figures of lifeguards in
5 Santa Monica City alone, only a small portion of the Bay,
6 show that two and one-half million visitors were there last
7 month. I think we can safely say the over-all attendance in
8 Santa Monica Bay was over ten million people, and we are very
9 hopeful that this Commission will think of the people involved
10 with this very great source of recreation, and hope their
11 view will be taken into consideration as well as the economic
12 value of these oil fields.

13 Thank you very much.

14 MR. CHAMPION: The Commission can stand a certain
15 amount of gratitude, but ...

16 MR. SIMON: My name is Kurt Simon. I am a property
17 owner and alternate member of the Venice Planning Commission.
18 I just wanted to add more gratitude. You explained it much
19 more lucidly than I had planned to do. I am going to reduce
20 it to two minutes. I just want to add one point to the mystery
21 conflict between the underwater or not underwater platforms.

22 You may find in the record that the property owners
23 and the Property Owners Association approved of the new zoning
24 district. We were promised in various meetings which were
25 conducted by our City councilmen, by the vice president of
26 Standard Oil, by various City officials, by our oil administrator,

1 by the head of the Planning Commission -- we were assured that
2 these platforms would be temporary only; and, of course, you
3 can imagine people in Venice have misgivings about the oil
4 industry and only after long debates did we give our approval.
5 We were amazed when we finally saw in the last draft that
6 nothing was mentioned, and some harsh words were spoken -- but
7 to no avail. So I am happy that you have looked into this.
8 If you should find in the record that the property owners
9 agreed to the oil drilling offshore and to the formation of
10 the new district, this is the reason.

11 I would add a little story. I know a painter. He
12 is not a very good artist, who has made a small fortune in Texas
13 and Oklahoma painting oil derricks on canvas, going to the
14 owner of the oil well and saying, "Your oil well -- isn't it
15 beautiful?" And he gets three, four, five hundred dollars for
16 a picture of an oil well to hang in his office. To him, his
17 oil well is the most beautiful thing in the world, but to most
18 people oil derricks -- and to me, too -- are not.

19 Thank you very much.

20 MR. CHAMPION: I might add if you owned that oil
21 derrick, you might feel differently.

22 MR. SIMON: I do own a considerable amount of
23 property -- over twelve lots ***

24 MR. CHAMPION: I guess that concludes the discussion.
25 The motion was before us -- Oh, one more.

26 MR. GOODEN: I am Willis G. Gooden. I am president

1 of the Harbor Residents Property Owners Association. We get
2 our name because we are around the Marina del Rey. We get
3 every property owner from Lincoln Boulevard to the ocean.

4 I want to cite a few things I think you should take
5 into consideration and this should be of grave importance to
6 the City. The County owns the harbor and any ways of discour-
7 aging people from coming to the harbor is of grave importance.
8 Let me cite, for example, the danger of the Marina del Rey
9 harbor, for the thousands of boats that go in and out of that
10 bay. There will be as many as six thousand boats going in and
11 out of there as it is fully developed. They cruise up and
12 down the shoreline. They go all the way out to the three-mile
13 limit and beyond that.

14 Now, any residue or leakage or brine that might go
15 out into the ocean -- these boats have to travel through it.
16 You hope to get a nice big lungful of fresh air and what do
17 you get -- a nice big lungful of oil fumes. And may I say
18 that we who live on or near the ocean -- and I have lived
19 there thirty-five years in the oil fields; my experience with
20 them started when my parents came there -- certainly know
21 about oil fields.

22 We experience nice breezes. We get a lot of fresh
23 air, and we experience a lot of things with oil wells, especially
24 after they are developed. We wouldn't want, instead of a
25 fresh breeze from the ocean, to have a multiple of odors com-
26 ing from the oil wells -- instead of getting fresh air, getting

1 oil fumes. We at least get a little fresh air now, but we
2 won't stand a chance when these are out in the ocean.

3 You are talking about law to protect us, and I
4 will include even the SL zoning law, to give us all the pro-
5 tection in the event oil well drilling is done offshore; but
6 I have been fighting the oil wells for ten years. I am fight-
7 ing them this minute to get them to abate nuisances and in the
8 last six weeks they have had four violations. These people
9 will do nothing, and even if they are told, they are in violation
10 of the law, they won't do it.

11 MR. CHAMPION: I think, sir, we are getting a little
12 far afield.

13 MR. GOODEN: Let me make it short this way. I just
14 want to read this notice: "You are hereby notified to dis-
15 continue such premature discharge. You must discontinue
16 any further discharge into the ditch." This letter was sent
17 on August 12th. This is September 24th. He has not discon-
18 tinued it in compliance with the law. This is just an example.
19 If anybody thinks we are going to get any protection for those
20 offshore wells, it will be the same problem as far as I am
21 concerned.

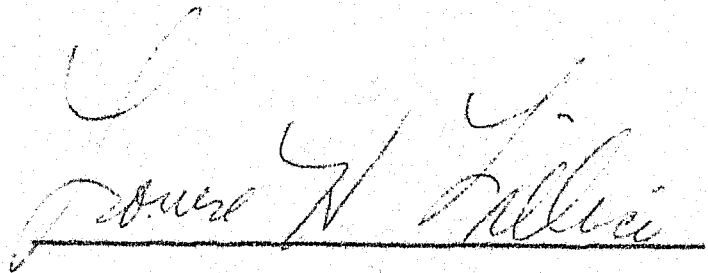
22 MR. CHAMPION: It has been moved and seconded. I
23 think everyone understands the motion. If there is no further
24 testimony, it will stand unanimously approved.

25 (Balance of meeting, concerning Long Beach
26 East Wilmington Field, has been reproduced on stencils)

CERTIFICATE OF REPORTER

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3 I, LOUISE H. LILLICO, reporter for the Office of
4 Administrative Procedure, hereby certify that the foregoing
5 pages one through forty-nine, together with pages one through
6 fifty -one reproduced on stencils (of that portion of
7 meeting re Long Beach Unit East Wilmington Field) are a
8 full, true and correct transcript of the shorthand notes
9 taken by me in the meeting of the STATE LANDS COMMISSION
10 held in Los Angeles, California on September 24, 1964.

11 Dated: Los Angeles, California, October 3, 1964.

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