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TRANSCRIPT OF  
MEETING  
OF

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA  
April 8, 1965

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PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Glenn M. Anderson, Lieutenant Governor, Chairman

Hon. Hale Champion, Director of Finance

(Hon. Alan Cranston, Controller, not present)

Mr. F. J. Hortig, Executive Officer

Mr. Alan Sieroty, Executive Secretary to  
Lieutenant Governor Anderson

APPEARANCES:

(In the order of their appearance)

Mr. Leonard W. Brock, Petroleum Properties  
Administrator, City of Long Beach

Mr. J. Barton Hutchins, representing  
Edwin Pauley and Associates

Mr. Harold A. Lingle, Chief Deputy City  
Attorney, City of Long Beach

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ITEM

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1 GOV. ANDERSON: The meeting of the Commission  
2 will come to order. The secretary will make note of those  
3 present. (Gov. Anderson and Mr. Champion present, Mr.  
4 Cranston absent).

5 The first item is: Proposed oil and gas lease,  
6 tide and submerged lands, Santa Barbara County - W.O. 5424  
7 (Parcel 24).

8 Mr. Hortig, do you want to comment on that item?

9 MR. HORTIG: Mr. Chairman, the recommendation for  
10 award of lease is based on receipt of a bid on March 4, 1965,  
11 which was actually also immediately after the closing date  
12 for the March agenda of the Lands Commission.

13 This item appears on this calendar today, inasmuch  
14 as there was a meeting of the Lands Commission, in order to  
15 shorten the standby time for the lessee and to eliminate the  
16 need to wait until the regular meeting on April 29th, since  
17 we could take advantage of the opportunity of having a meeting  
18 today -- which was set primarily and initially and exclusively  
19 for purposes of considering contract approvals at Long Beach.

20 This is the unique set of circumstances that brings  
21 this item before you today, but the bidder having complied  
22 with all the procedural requirements of law and the cash  
23 bonus payment offered by the bid of Richfield Oil Corporation  
24 and Socony Mobil Oil Company, Inc. of \$3,667,111 having been  
25 determined to have been adequate, the bid is complete as to  
26 technical sufficiency and economic factors, and the Office

1 of the Attorney General has reviewed the bid as to com-  
2 pliance with all legal requirements.

3 Therefore, it is recommended that the authorization  
4 be given for the award of the lease.

5 GOV. ANDERSON: Why was there only one bid?

6 MR. HORTIG: Yes, sir.

7 GOV. ANDERSON: Why?

8 MR. HORTIG: A combination of circumstances. This,  
9 of course, also followed very shortly on the heels of the  
10 bids that were submitted in connection with the Long Beach  
11 operation -- which involved tremendous amounts of capital  
12 from the many companies, most of the operating companies  
13 interested in operating in California.

14 Actually, Richfield is one of the minority con-  
15 tractors in that operation and Socony Mobil is one of the  
16 members of the THUMS group for the Long Beach operation.

17 Additionally, by the nature of their operations,  
18 their existing leases, and their exploration conducted on  
19 tide and submerged lands, they expressed their definite  
20 interest in this particular area by the size of the bid they  
21 offered.

22 GOV. ANDERSON: Had this not come to bid so soon,  
23 is there any chance we would have received more bids than  
24 so soon after Long Beach? In other words, if this had been  
25 put over to a later date, would there be any chance of  
26 receiving more?

1 MR. HORTIG: To the best of our information,  
 2 no. The evaluation of the economic considerations as to the  
 3 best appraisal at any time on the open market has been more  
 4 than met by the bid offered by Richfield and Socony Mobil.

5 GOV. ANDERSON: I see Richfield has the adjoining  
 6 properties on each side, which would make them want this  
 7 more than anyone else. I just don't like the idea of one  
 8 bid.

9 MR. HORTIG: By the same token, since they have the  
 10 adjoining properties on each side, this would be a discourag-  
 11 ing element to the operator of an intervening lease as against  
 12 two adjoining leases under one operator, so the condition  
 13 applied uniformly so long as these leases are held in these  
 14 ownerships. Under these circumstances, we cannot even sug-  
 15 gest that there would be any advantage in not awarding this  
 16 lease at this time.

17 MR. CHAMPION: I'll move approval.

18 GOV. ANDERSON: I'll second it; carried unani-  
 19 mously. I think from hindsight we might have realized that  
 20 coming so close on the other bidding, we would have been  
 21 wiser to have more time between. That was the original idea  
 22 when we spread these out in parcels -- to give the different  
 23 groups time to rally their money.

24 The second calendar item is: Approval of plan of  
 25 development and operations, Long Beach Unit, Wilmington Oil  
 26 Field - L.B.W.O. 10,155, W.O. 5200.3.1.

1 Do you wish to explain that, Frank?

2 MR. HOYTIG: Yes, Mr. Chairman. In compliance  
3 with Chapter 138, Statutes of 1964, under which management  
4 control for future developments of tide and submerged lands  
5 in the Long Beach area was made the responsibility of the  
6 State Lands Commission, the statute provided for initial  
7 development and, indeed, for subsequent development that  
8 there must be submitted a plan of development on an annual  
9 basis, which would be recommended by the City Council and be  
10 approved by the State Lands Commission.

11 Pursuant to this requirement, such a plan was sub-  
12 mitted, adopted by the City Council on March 2, 1965 -- that  
13 is, the City Council of Long Beach. The plan is before you  
14 as an exhibit in the blue-covered folder you gentlemen have,  
15 and basically contemplates the initial approval for drilling  
16 of ten wells starting on July 11, 1965 -- excuse me, June 11,  
17 1965 -- which is the expiration of the one hundred-day statut-  
18 ory period also provided in the Act before an operation can  
19 be commenced.

20 The program also contains provisions for initial  
21 approval of the drilling of an additional thirty wells, with  
22 the specific location and precise details for those thirty  
23 wells to be the subject of further Commission approval before  
24 the additional operation is undertaken.

25 Additionally, in the next item to be considered by  
26 you gentlemen, is the budget to permit the field development

1 contractor to actually implement this development plan  
 2 which is here under consideration; and this budget contem-  
 3 plates, in addition to the program for the drilling of the  
 4 wells, the initial design and commencement of the placement  
 5 of two of the four offshore islands that are ultimately to  
 6 be placed for additional drillsites, over and above those on  
 7 Pier J, an existing pier in the Long Beach Harbor area, which  
 8 will be used for the initial ten wells as well as the thirty  
 9 wells already mentioned.

10 This plan has been the subject of complete discus-  
 11 sion and review with the representatives of the Field Oper-  
 12 ating Contractor, with the City of Long Beach, and in particu-  
 13 lar with the Department of Petroleum Properties. It has been  
 14 reviewed by the State Lands Division's technical staff and  
 15 by the Commission's current consultants, DeGolyer and  
 16 MacNaughton.

17 The Commission's consultants are of the opinion,  
 18 as are the staff, as is the Office of the Attorney General as  
 19 far as legal factors are concerned, that the plan, together  
 20 with conditions set forth in the City Manager's letter which  
 21 is attached as Exhibit B immediately following page 3 of the  
 22 agenda item before you -- wherein it is stated and agreed  
 23 that the Lands Commission retains the controls for final  
 24 approval with respect to the thirty additional wells, final  
 25 island location for the one island and design location for  
 26 the one island on which more data must be developed before

1 there can be an engineering consensus-- that subject to  
 2 the reservation of these rights and controls to the State  
 3 Lands Commission as expressed in the letter, the plan is  
 4 sufficient to give the State the effective economic control  
 5 over oil operations in the area for the remainder of the  
 6 calendar year.

7 Therefore, it is recommended that the Commission  
 8 approve the plan of development and operations, Long Beach  
 9 Unit, Wilmington Oil Field, as adopted by the Long Beach  
 10 Council March 2, 1965, under Resolution No. C-19276, subject  
 11 to the conditions detailed in the letter from the Long Beach  
 12 City Manager, dated April 5, 1965, and in light of said condi-  
 13 tions, agree that said plan may omit certain of the specifi-  
 14 cations set forth in Section 5(a) of Chapter 138, Statutes of  
 15 1964, First Extraordinary Session, and in paragraph 5 of  
 16 Exhibit C to the Unit Agreement, Long Beach Unit, Wilmington  
 17 Oil Field, California.

18 GOV. ANDERSON: Just to clarify my thinking, then,  
 19 we are not in any way giving any approval on the thirty wells,  
 20 the second group of thirty wells. This is something that  
 21 you will present to us at a later date; is that it?

22 MR. HORTIG: The specific location, and so forth,  
 23 for the wells.

24 GOV. ANDERSON: We are doing nothing to approve  
 25 the thirty wells.

26 MR. HORTIG: No, sir.



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GOV. ANDERSON: So today the approval is strictly for the first ten wells and two of the islands?

MR. HORTIG: ~~MR. HORTIG:~~ Initial two islands, that is correct.

GOV. ANDERSON: Do we know where these ten wells are going to be, exactly? There is an exact understanding as far as you are concerned and Long Beach and the operator where the ten wells are located?

MR. HORTIG: The top and bottom location of all ten wells are specifically set forth.

GOV. ANDERSON: Is there an exact location and description of the two islands?

MR. HORTIG: There is an approximate description and location of the two islands. This is shown on the last map in the blue folder that you have before you, indicating the circles of 600-foot radius within which areas the two islands closest to shore will be located. These locations conform with the City ordinance, which requires the islands to be placed at least two thousand feet offshore, and even if the islands are located at the most shoreward limit of the circles shown as "1" and "2" on the map before you.

GOV. ANDERSON: I thought I heard you use the words "definite location" in your discussion; and we are apparently never going to have a definite description of the locale when we are asked to approve these things.

MR. HORTIG: Yes, s'r. For subsequent islands,

1 when we have more development data, the probabilities are  
2 that the plan will pinpoint the center and the major dimen-  
3 sions, and so forth, of the islands.

4 GOV. ANDERSON: In other words, in the next two  
5 islands we will have a more definite understanding where  
6 they are going to be than these at the present time?

7 MR. HORTIG: As it is now, it is reasonably defin-  
8 ite in that it is within six hundred feet of a spot on the  
9 face of the earth and no closer than two thousand feet off-  
10 shore. Change of this location within this six-hundred-foot  
11 radius circle patently would not change any of the visual  
12 impressions anyone would have from shore -- whether it is six  
13 hundred feet to one side or six hundred feet to the other --  
14 inasmuch as these islands will probably be of an average size  
15 of ten acres of surface area.

16 GOV. ANDERSON: What control, what consultation,  
17 what part do we have in the design of the island itself and  
18 what goes on in the later development -- what they wish to do  
19 with the islands in addition to putting the wells on there?  
20 I am thinking now of marinas; I am thinking of possible re-  
21 sorts, anything they put on them.

22 MR. HORTIG: Marinas, of course, would ultimately  
23 be factors that would only be feasible after the completion of  
24 the oil development and the exhaustion of the oil production,  
25 simply as a matter of safety. These islands are being con-  
26 structed in the first instance as necessary locations from

1 which to develop the Wilmington Oil Field, and these are  
2 oil production islands in the first instance. However, under  
3 the terms of the City ordinance, there are plans drafted by  
4 the Planning Commission of the City of Long Beach, on which  
5 the representatives of the City of Long Beach can help give  
6 you details, on this Long Beach operation.

7 GOV. ANDERSON: What part do we play if they wish  
8 to do anything at any time? Does it come before us, or do  
9 they have control?

10 MR. HORTIG: I would believe any use other than  
11 oil drilling would be an entirely new subject. There certainly  
12 must be some degree of control in the Lands Commission.

13 MR. CHAMPION: To the extent that they use funds  
14 whose use is governed by the statute we have, they must come  
15 before the Lands Commission.

16 MR. HORTIG: This is the best control.

17 MR. CHAMPION: And I would assume any development  
18 in those areas would involve funds under this specific law.

19 MR. HORTIG: That is right. We haven't evaluated  
20 this, Governor, for the reason there is no contemplation cur-  
21 rently for utilization of these islands other than for oil  
22 development, and this must be prosecuted as diligently and  
23 efficiently and economically as possible -- because, as the  
24 Commission's consultants have already reported to you, any  
25 unwarranted delay, any delay that could be avoided, would  
26 result in losses of as much as three million dollars a month

1 in delay in ultimate revenue recovery to the State. So  
2 this also initially would result in revenue loss, or could  
3 result in less revenues coming to the City of Long Beach.

4 Under the circumstances, the Field Operating Con-  
5 tractor, the State and the City have only one common goal at  
6 the present moment -- to get oil development going on these  
7 islands just as expeditiously and efficiently as possible.

8 GOV. ANDERSON: Do you have any questions?

9 MR. CHAMPION: No, I'll move approval of the  
10 recommendations of the staff.

11 GOV. ANDERSON: I'll second them. Any further  
12 comments? (No response) Carried unanimously.

13 MR. HORTIG: Page 4 of your agenda is next.

14 GOV. ANDERSON: Item 5 -- Investment and expense  
15 budget, Long Beach Unit, Wilmington Oil Field, Los Angeles  
16 County - L.B.W.O. 10,155, W.O. 5200.3.11.

17 Do you wish to explain that?

18 MR. HORTIG: The second phase of the problem is  
19 that an approved program in the implementation patently re-  
20 quires the expenditure of money, which is under budgetary  
21 control and approval by the City of Long Beach and the State  
22 Lands Commission's review and approval, again as provided by  
23 Chapter 138 of the Statutes of 1964.

24 For the development plan which you gentlemen have  
25 just approved, a proposed budget has been submitted totaling  
26 \$13,785,000, which is broken into two periods -- April 1 to

1 June 11, and June 12 to December 31. The necessity for  
2 breaking the approval for expenditures into these periods  
3 results from the fact that it is not felt that funds could  
4 be legally expended for actual operations prior to the ex-  
5 piration of the hundred-day statutory period specified in  
6 Chapter 138, which will expire on June 11th; but that funds  
7 which are necessary for preparation, organization, pre-  
8 planning and doing those things that would be done in any event,  
9 irrespective of the actual operating decisions made after  
10 June 12th, may be properly expended at this time.

11 Patently, the Field Operating Contractor is in-  
12 tensely interested and does want to proceed with acquisition  
13 of staff, establishment of their headquarters for operation,  
14 and of committing for purchases particularly of steel equip-  
15 ment which is going to be used under any operating program.

16 For these features, it has been determined that a  
17 budget of \$1,572,028 for the period April 1 to June 11 is  
18 reasonable and should be approved, with the balance of the  
19 funding in the amount of \$12,212,972 to be authorized for  
20 expenditure after June 12 and prior to December 31, to com-  
21 plete the calendar year 1965 phase of these operations.

22 This is not to indicate that this will be the only  
23 plan or only budget that will be before the Commission this  
24 year, but these are the features and the operations of the  
25 program on which there is a consensus, which are definitely  
26 necessary in order to initiate the development of the

1 operation under the Field Operating Contract which was  
2 let by the City of Long Beach and approved by the Lands  
3 Commission.

4 Therefore, it is recommended that the Commission,  
5 pursuant to Section 9.5 of the Unit Operating Agreement,  
6 Long Beach Unit, Wilmington Oil Field, approve the "1965  
7 Investment and Expense Budget for the Long Beach Unit," dated  
8 April 1, 1965, as prepared by the Field Contractor and sub-  
9 mitted by the City as Unit Operator, said budget to be sub-  
10 ject to adjustment, in accordance with said Section 9.5, to  
11 conform in all respects with the initial plan of development  
12 and operation as ultimately adopted, and to be adjusted also  
13 to cover any expenditures prior to the adoption of said plan  
14 for any items or categories not now included in said budget.

15 Mr. Chairman, in view of the fact that there seems  
16 to be a discussion of a problem between counsel - - -  
17 Apparently it has been resolved. I will stand on the recom-  
18 mendation I just read.

19 MR. CHAMPION: I'll move approval of the recommen-  
20 dations.

21 GOV. ANDERSON: How much did our staff work with  
22 them on the preparation of this budget? Is this something  
23 Long Beach and the operator worked out, and you looked over  
24 rather lightly, or \*\*\*\*

25 MR. HORTIG: It has been looked over rather heavily,  
26 it has been dissected, and alternatives have been considered

1 by our staff and your consultants.

2 GOV. ANDERSON: Mr. Sieroty.

3 MR. SIEROTY: Just to clarify a couple things in  
4 here - - I am referring to the blue book here - - let me  
5 ask about the item of "Pre-Unit Printing" which is under  
6 "Operation and Maintenance" -- a \$75,000 item for pre-Unit  
7 printing. Does that have to do with the Unit Agreements and  
8 the work that was done over the past two or three years?

9 MR. HORTIG: Yes, Mr. Sieroty. The Unit Agreement  
10 itself provided that as a Unit expense, as and when the Unit  
11 Agreement became effective -- which it did on April 1, 1965 --  
12 the preparation costs for the documentation that had been  
13 necessary for the accomplishment of the Unit Agreement and  
14 the additional volumes necessary thereto, specifically the  
15 Unit Operating Agreement and Exhibits to the Unit Operating  
16 Agreement, would be allocated as a Unit operating expense  
17 and would be paid for by all participants in the Unit in the  
18 proportions that the Unit participants share ultimately in  
19 the revenues from the Unit.

20 This includes both payments for material which has  
21 been prepared by and for the City of Long Beach and also  
22 prepared by the State of California, which resulted in the  
23 last printing of the Unit documents which the State Lands  
24 Commission authorized.

25 MR. SIEROTY: All right. I'd like to ask another  
26 question here as to the "Administrative Allowance." Now was

1 that determined? Was that provided for by statute?

2 MR. HORTIG: No; this is provided for in the  
3 Unit Agreement.

4 MR. SIROTY: How is that allocated? It's a  
5 \$480,000 tax...?

6 MR. HORTIG: This is correct.

7 MR. SIROTY: ... Administrative allowance.

8 MR. HORTIG: There is a specific provision, if Mr.  
9 Pfeil can find it in the Unit Agreement there.

10 MR. SIROTY: As I recall, there was a one percent  
11 and a three percent figure.

12 MR. HORTIG: Section 5.15 of the Unit Operating  
13 Agreement provided as follows, and I quote:

14 "Administrative Overhead: In lieu of any  
15 charges for any part of the salaries and wages paid managing  
16 officers and other employees not otherwise chargeable under  
17 the provisions of Article 5 hereof, and any part of the ex-  
18 penses of Unit Operator's and Field Contractor's offices  
19 other than the offices provided in other named sections  
20 hereof, the Unit Operator shall on behalf of itself charge  
21 an amount equal to one percent and on behalf of the Field  
22 Contractor shall charge an amount equal to three percent of  
23 the net amounts chargeable to Unit expenses, excluding any  
24 other stated costs which are incurred" and which are  
25 detailed also in this section.

26 In other words, the Unit Operator, who in this



1 instance will be the City of Long Beach and is the City of  
2 Long Beach since the effective date of this operation - -  
3 there will be an administrative overhead charge made from  
4 the Unit to the City of one percent and to the Field Contractor  
5 of three percent of the amounts chargeable to Unit expenses,  
6 which are detailed specifically in the Unit Agreement as to  
7 what amounts are chargeable and for what factors and for  
8 what services.

9 MR. SIEROTY: All right. There is an item of  
10 \$69,000 for "City of Long Beach Production and Business  
11 License Fees." I wonder if we could have some explanation of  
12 that. What is a production fee? I assume the business  
13 license fee is for somebody doing business, but how is it  
14 calculated?

15 MR. HORTIG: It is calculated as far as the well  
16 permit fees, which is also an allocation there, the next  
17 thousand dollars, on a well basis; and the production tax is  
18 a tax which is levied by the City of Long Beach at three  
19 cents a barrel on every barrel of oil that is produced within  
20 the City limits of Long Beach.

21 MR. SIEROTY: Is this \$69,000 a calculation at  
22 three cents a barrel?

23 MR. HORTIG: That is correct. As to the additional  
24 element of "Business License Fees," if I might ask either Mr.  
25 Lingle or Mr. Brock to comment on the factors which are in-  
26 cluded under that heading - -

1 MR. BROCK: What is that, Frank -- a thousand  
2 dollars?

3 MR. HORTIG: No. The statement is "City of Long  
4 Beach Production and Business License Fees." Now, over and  
5 above the three-cents-per-barrel production tax, what are  
6 the other business license fees which were included in the  
7 estimate to bring the total to \$69,000 for the budget?

8 MR. BROCK: That's all. There are drilling permits.

9 MR. HORTIG: That's the well permit fees, which  
10 are set out separately.

11 GOV. ANDERSON: Then the words "Business License  
12 Fees" should have been removed from that, and the \$69,000  
13 is all the three cents per barrel?

14 MR. BROCK: The three cents per barrel is a  
15 production license fee.

16 MR. CHAMPION: In other words, "production" and  
17 "business" modify license.

18 GOV. ANDERSON: I see. It is one fee.

19 MR. SIEROZY: Do you expect from your calculations  
20 over two million barrels of oil produced this year? Is  
21 that correct?

22 MR. BROCK: The last estimate was it would be up  
23 to about eighteen thousand barrels a day at the end of the  
24 year, so I would assume two million barrels would be  
25 reasonable.

26 MR. SIEROZY: I haven't calculated it here. I

1 assume what you are saying is the \$69,000 is based upon  
2 the three cents a barrel. Of course, if you don't produce  
3 that many, it's not that big a tax.

4 MR. HORTIG: That is correct and, therefore, it  
5 would not be an expenditure under the budget. It can't be  
6 expended for anything else.

7 GOV. ANDERSON: Any further questions or comments?  
8 (No response) It has been moved and seconded the budget  
9 items be approved, carried unanimously.

10 Any further items, Mr. Hortig?

11 MR. HORTIG: No, Mr. Chairman. Thank you.

12 GOV. ANDERSON: Any further comments from the  
13 audience? If not, the meeting is adjourned.

14 MR. HUTCHINS: Mr. Chairman ....

15 GOV. ANDERSON: Mr. Hutchins. We will re-open  
16 the meeting for a moment.

17 MR. HUTCHINS: If you are through, I'll defer and  
18 write you a letter.

19 GOV. ANDERSON: I'd just as soon have you say it  
20 now.

21 MR. HUTCHINS: My name is Hutchins. I am asso-  
22 ciated with Ed Pauley and Associates. I just think the  
23 record ought to show, Mr. Chairman, and we would like it to  
24 show that in the future when there is any discussion that  
25 comes up with the operating companies and the non-operating  
26 companies, we are of the opinion that outside of the THUMB

1 group consisting of the operators themselves, we would  
2 like to be included in any discussions with the non-operators.  
3 I know there won't be anything when things are nice and  
4 hunky-dory, but we would know in that event there won't be  
5 any case of forcing anything down anybody's throat.

6 GOV. ANDERSON: Mr. Hortig, would you like to com-  
7 ment on that, or the City of Long Beach?

8 MR. HORTIG: I would like to comment and possibly  
9 I think the City of Long Beach would like to comment on it  
10 also; and possibly our legal counsel here today, Deputy  
11 Attorney General Warren Abbott.

12 The contemplation under the award of the contracts  
13 was very clearly that the operating control, the development  
14 of the entire Unit area, would be the responsibility of the  
15 Field Operating Contractor, the successful bidder for the  
16 eighty percent portion of the field, as directed by the City  
17 of Long Beach, as approved and authorized by the State Lands  
18 Commission; and that non-operating contractors, by the very  
19 choice of the words for non-operating contractors, were not  
20 included in any operating committee or executive board or to  
21 be included in any of the discussions with respect to how the  
22 field operations were to be conducted, in fact, because the  
23 non-operating contractors by the nature of their very con-  
24 tract have no voice, no vote, and therefore their participa-  
25 tion in any discussions for the field development, it would  
26 appear on the general on-going basis, could serve no effective

1 purpose.

2 MR. CHAMPION: Frank, before we go on and try to  
3 cover the whole waterfront here -v- Mr. Hutchins, just  
4 exactly what kind of conversations are you concerned the  
5 other interest holders might be involved in?

6 MR. HUTCHINS: Mr. Chairman, I'd like to answer  
7 Mr. Champion's question: Just from the point Mr. Kortig is  
8 talking to itself, we appreciate just what he said. We know  
9 what the contract says. What I mean is if any of the other  
10 non-operators are included that we would like to be, also,

11 MR. CHAMPION: Equal treatment among non-operators?

12 MR. HUTCHINS: That's right. We would have the  
13 desire to have this one big ball of wax. I know that is the  
14 intent now, but thirty-five years is a long way from now.  
15 For the first meeting on this purpose, I'd like this on the  
16 record.

17 MR. LINGLE: I think it appropriate that the City  
18 comment. This is the first time we knew that anybody had a  
19 complaint. We asked the Field Contractor, as the Field Con-  
20 tractor was going to have to advance the money, and we had  
21 discussions with the Field Contractor and with your consult-  
22 ants, but not with any non-operating contractors.

23 I think in future we will. We were breaking our  
24 backs trying to get this thing out and if they feel slighted  
25 in any way, the oversight would make money for them and money  
26 for you. I want to assure you we didn't talk to anybody and

1 believe in equal treatment of all.

2 MR. HUTCHINS: Mr. Chairman and members of the  
3 Commission, we have no complaint at the present time, but  
4 we would like to be sure there is no basis for complaint in  
5 the future. I know Long Beach has every intention of doing  
6 just what Mr. Lingle said. I just wanted to put it on the  
7 record at the first meeting you had for this purpose, so we  
8 will be able at all times to do the same thing for the same  
9 reason that the City and the staff of your Commission are  
10 looking forward.

11 GOV. ANDERSON: Thank you. No further comments,  
12 the meeting is adjourned.

13 ADJOURNED 11 A.M.

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CERTIFICATE OF REPORTER

I, **LOUISE H. LILLICO**, reporter for the Office of Administrative Procedure, hereby certify that the foregoing twenty pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the **STATE LANDS COMMISSION** held in Sacramento, California, on April 8, 1965.

Dated: April 9, 1965.

/s/ Louise H. Lillico