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TRANSCRIPT OF  
MEETING  
of  
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA  
September 23, 1965

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PARTICIPANTS:

THE STATE LANDS COMMISSION:

- Hon. Glenn M. Anderson, Lieutenant Governor, Chairman
- Hon. Alan Cranston, Controller
- Hon. Hale Champion, Director of Finance
- Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

- Mr. Warren J. Abbott, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)

- Mr. L. A. Kimball, Assistant General Manager  
San Francisco Bay Area Rapid Transit District
- Mr. Wallace L. Kaapcke, General Counsel for  
San Francisco Bay Area Rapid Transit District
- Mr. Justin M. Jacobs, Jr. of McEnerney and Jacobs,  
representing Construction Aggregates, Inc.
- Mr. John E. Porter, District Manager  
Construction Aggregates Corporation
- Mr. Willis A. Evans, Fisheries Supervisor, Region III  
Department of Fish and Game
- Mr. Harold A. Lingle, Chief Deputy City Attorney  
City of Long Beach
- Mr. Joseph Terns, Kaiser Industries

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1 Call to order						
2 Confirmation of minutes of meetings May 27 and July 2/65						1
3 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE:						
(a) Contra Costa County Water District	5		1			1
(b) Humboldt Bay Municipal Water District	9		2			1
(c) San Francisco Bay Area Rapid Transit District	20		3			1
MOTION ON Item (c) only .....						13
(d) State Dept. of Public Wks. Div. of Bay Toll Crossings	19		5			14
(e) State Dept. of Public Works, Division of Highways	22		6			14
(f) State Dept. of Public Works Division of Highways	21		7			14
(g) U.S. Dept. of Interior, Bureau of Reclamation	7		8			14
4 PERMITS, EASEMENTS, LEASES, and RIGHTS-OF-WAY, FEE:						
(a) Crown Zellerbach Corp.	11		9			15
(b) Decon Corporation	10		10			15
(c) McKinney Shores Property Owners Association	4		11			15
(d) Harvey R. Willis	6		12			15
(e) Standard Oil Co. of Calif.	1		13			15

continued

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

ITEM CLASSIFICATION	ITEM ON CALENDAR	PAGE OF CALENDAR	PAGE OF TRANSCRIPT
4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE continued			
(f) Richfield Oil Corporation	3	15	16
(g) Mobil Oil	13	16	16
(h) Richfield Oil Corporation	18	17	16
(i) Texaco Inc.	17	18	17
(j) Standard Oil Co. of Calif. and Shell Oil Co.	15	19	17
(k) Union Oil Co. of Calif.	12	20	17
5 LAND SALES			
(a) William J. Swallow, Jr. 640 ac. San Bern. County	8	21	17
6 OIL AND GAS LEASES:			
(a) W.O. 5584, San Joaquin County	14	23	18
(b) Parcel 27 Ventura County	24	24	18
7 CONFIRMATION TRANSACTIONS OF EXECUTIVE OFFICER:	16		18
Humble Oil & Refining		25	
Pauley Petroleum		32	
Richfield Oil Corporation		26	
Phillips Petroleum		33	
Shell Oil Co.		30,31,32	
Standard Oil of Calif. West. Op.		28,29	
Texaco Inc.		27	
8 ELECTION OF CHAIRMAN	2	34	19
9 INFORMATIVE - Litigation	23	35	19
10 NEXT MEETING			20

continued

I N D E X

(In accordance with Calendar Summary)

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ITEM CLASSIFICATION

ITEM ON PAGE OF    PAGE OF  
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SUPPLEMENTAL CALENDAR:

11	CITY OF LONG BEACH AND THUMS PROPOSAL re oil-well tubular products	25	37	20
12	Agreement with Dept. of Interior superseding Operations Line Agreement of 1962	26	43	33

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I N D E X  
(In accordance with calendar item)

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<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1	13	15	21	7	14
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\*SUPPLEMENTAL CALENDAR

NEXT MEETING 20

1 SEPTEMBER 23, 1965 - 10:10 A.M.

2

3 GOVERNOR ANDERSON: The meeting of the State Lands  
4 Commission will come to order.

5 First item is the motion to confirm the minutes of  
6 meetings of May 27 and July 2nd.

7 MR. CRANSTON: So move.

8 MR. CHAMPION: Second.

9 GOV. ANDERSON: Carried unanimously.

10 Item 3 -- Permits, easements, and rights-of-way to  
11 be granted to public and other agencies at no fee, pursuant  
12 to statutes:

13 Applicant (a) is Contra Costa County Water District --  
14 49-year easement across 10-foot-wide strip of tide and sub-  
15 merged lands, Pacheco Creek, Contra Costa County (for opera-  
16 tion and maintenance of a water pipeline).

17 Applicant (b) is Humboldt Bay Municipal Water  
18 District -- 49-year easement, 0.38 acre tide and submerged  
19 lands of Mad River Slough, Humboldt County (for construction,  
20 operation, and maintenance of a water transmission pipe and  
21 pipeline bridge).

22 Applicant (c) is San Francisco Bay Area Rapid  
23 Transit District -- Permit to dredge one million cubic yards  
24 from the Presidio Shoal-Alcatraz Island area of P.R.C.s 709.1  
25 and 2036.1; two million cubic yards from the Angel Island  
26 area of P.R.C. 709.1; and one million cubic yards from the

1 Southampton Shoal area of P.R.C. 2498.1; and to dredge a  
2 four million cubic yard trench for portion of the Trans-Bay  
3 Tube lying within the City and County of San Francisco.

4 MR. HORTIG: Mr. Chairman, since the preparation of  
5 this agenda item for the Commission, a formal protest has  
6 been filed with the Commission to the item as here drafted  
7 by one of the Lands Commission's lessees for extraction of  
8 sand in San Francisco Bay, Construction Aggregates Company.

9 Suggestions for modification have been received by  
10 letter from the San Francisco Port Authority; and the Depart-  
11 ment of Fish and Game has reported a desire to comment on  
12 and request an opportunity to review this application.

13 The representatives of the San Francisco Bay Area  
14 Rapid Transit District, who have been in discussions as  
15 recently as yesterday both with the San Francisco Port Auth-  
16 ority and Construction Aggregates, Inc., are here. A repre-  
17 sentative of the Construction Aggregates Company is also  
18 here, as well as Mr. Willis A. Evans, Fisheries Management  
19 Supervisor, who wishes to comment on behalf of the Department  
20 of Fish and Game.

21 Therefore, action on the staff recommendation at  
22 the present moment should be withheld until a determination  
23 is made by the Commission that in view of the presentations  
24 either the matter should be taken under advisement or that  
25 the form of permit to be granted should be modified.

26 GOV. ANDERSON: Do you wish this to be withdrawn



1 and referred to staff?

2 MR. HORTIG: This depends entirely on the presenta-  
3 tions that will be made by the Bay Area Rapid Transit District  
4 on how close they are to a solution for a basis on which the  
5 Lands Commission could, without further study at this time,  
6 grant a permit.

7 GOV. ANDERSON: Do you recommend hearing from them  
8 at this time?

9 MR. HORTIG: Yes, sir; briefly.

10 GOV. ANDERSON: Will you gentlemen step forward and  
11 identify yourselves for the record?

12 MR. KIMBALL: Mr. Chairman, I am L. A. Kimball,  
13 Assistant General Manager of the District, and this is Mr.  
14 Wallace Kaapcke, our general counsel. If it please the Com-  
15 mission, Mr. Kaapcke will outline what steps we have taken.

16 MR. KAAPCKE: I am sure in just a moment or two I  
17 can put this in a position where there will be no substantial  
18 conflict here that need concern you. First, I will speak of  
19 discussions we had yesterday with Construction Aggregates  
20 representatives.

21 Let me say to the Commission that the legislation  
22 which provides for the construction of the tube provides that  
23 it is to be and it is being financed by the State, and basi-  
24 cally provides that the tube is to be constructed by the  
25 Department of Public Works.

26 MR. CHAMPION: Excuse me. I understand you to say

1 this is to be financed by the State. The State has many  
2 mansions and separate funds.

3 MR. KAAPCKE: As to the financing, it is the Cali-  
4 fornia Toll Bridge Authority who is to do that and the  
5 Department of Public Works is to construct the tube. Another  
6 part of the legislation provides that the authorities may  
7 arrange for responsibility for construction and under that  
8 arrangement, it has been arranged that the District takes  
9 care of the construction of the tube against that contract.

10 Our discussions with the Construction Aggregates  
11 representatives yesterday afternoon disclosed that under  
12 their leases they do not consider that the grant to us would  
13 impinge upon their rights. I remind you their lease is ex-  
14 pressed to be "non-exclusive" and in view of the public  
15 character and the particular framework under which we are  
16 proceeding, I understand the term "non-exclusive" allows this  
17 grant to us without conflict to them.

18 I understand it is their further purpose to sug-  
19 gest that the Commission clarify and eliminate that term  
20 "non-exclusive" in its application to certain other possible  
21 applicants, and as to that I can say that we don't find our  
22 interests conflict in any way with that request.

23 I believe that I have fairly stated the accord we  
24 have reached with them yesterday. In respect to the San  
25 Francisco Port Authority's representation, I think Mr.  
26 Kimball can comment on that.

1 MR. KIMBALL: Mr. Chairman, members of the Commis-  
2 sion, the area delineated -- or areas delineated -- in the  
3 request for the permit are four in nature. Two of the areas  
4 referred to in the correspondence you have received from the  
5 San Francisco Port Authority's chief engineer are areas  
6 which we are told by our engineers the District could forego.

7 Therefore, if it were the Commission's desire to  
8 restrict us to the area on Southampton Shoals and Angel  
9 Island and Port Knox, this would be in accordance with our  
10 needs, and is satisfactory.

11 Perhaps to further clarify as regards the Fish and  
12 Game Commission, I have a copy of correspondence from Mr.  
13 H. M. Fisher of the Resources Agency to the District Engineer  
14 of the Corps of Engineers, on the similar application made --  
15 which you may understand would be required to be made to the  
16 Corps of Engineers for this activity -- and covering many  
17 other areas including the Department of Fish and Game, in  
18 which the comment is: "Having received no other adverse  
19 comments from the above agency, the State of California  
20 interposes no objection."

21 The comment is to the effect that the Water Pollu-  
22 tion Board advises that due to possible adverse effects on  
23 fishery resources, the quality of material, the time involved,  
24 the Board will have a continued interest - - and we will  
25 indicate to them our willingness to advise them at all times  
26 of our schedule, so they will be fully informed; but they

1 interpose no objection to the granting of the permit, per se,  
2 so I think this should be in your records.

3 One last thing -- the problem I am going to mention  
4 is ours rather than yours -- our time table is quite urgent  
5 because our present expectation is to advertise for bids a  
6 week from today and with bid opening on the 2nd of December.  
7 We would be very appreciative if the things we have just  
8 said could induce you gentlemen to act upon our request this  
9 morning.

10 MR. CHAMPION: How critical is the bidding schedule  
11 to this determination?

12 MR. KIMBALL: I think it is a critical one, Mr.  
13 Champion, having in mind that before we can call for bids on  
14 a concrete job, a specific and well-defined job, and before  
15 the contractor is in a position to assess the amount of  
16 their bids, they have got to know the availability of these  
17 resources and that kind of thing. It could have a very im-  
18 portant effect because if this sand is not available to us  
19 and if this sand had to be hauled from remote areas, the  
20 effect on the tube job, I think, would be astronomical.

21 MR. CHAMPION: I understand that. I assume the  
22 problem is not whether you are going to get this, but under  
23 what circumstances.

24 MR. KIMBALL: Yes. As far as it would appear to  
25 me, there is no indication that there would be any limitation  
26 that would have any bearing. Some others may have something

1 to say that may be different; but so far we have no conflict.  
2 We can accommodate the Port Authority; and in respect to the  
3 Resources Agency, Hugo Fisher's organization, we are deter-  
4 mined to keep them fully advised and give them an opportunity  
5 to participate in the development of the work as it goes  
6 along.

7 GOV. ANDERSON: Mr. Hortig, what comment do you  
8 have on this?

9 MR. HORTIG: Under the circumstances, it would ap-  
10 pear that it would be well for the Commission to hear from  
11 the representative of Construction Aggregates and the Depart-  
12 ment of Fish and Game; and if there is a consensus, then  
13 there is a basis for issuing a modified permit here today.

14 MR. CHAMPION: Before you do that, I am a little  
15 curious about the fund situation here. I am not raising an  
16 objection now, but I want to be clear as to the basis of  
17 this decision. We are making no charge at all for this?

18 MR. HORTIG: This is correct -- because the net  
19 result is that sand is not being removed from San Francisco  
20 Bay; it is being re-arranged and remaining in the Bay.

21 MR. CHAMPION: So there is no change in that  
22 resource and no special benefit involved, and this would be  
23 our normal practice. The only reason I am raising this --  
24 You say the State is building it and the State isn't; so you  
25 would have the General Fund involved on one side and the  
26 Toll Bridge funds on the other. I wanted to make sure we

1 weren't making a gift from one to the other.

2 GOV. ANDERSON: Is there a spokesman here for  
3 Construction Aggregates?

4 MR. JACOBS: My name is Justin Jacobs. I am with  
5 the firm of McEnerney and Jacobs in San Francisco. This is  
6 Mr. Porter, with Construction Aggregates.

7 I think we have two purposes to be here: One is  
8 for me briefly, if I may, to outline the position of Con-  
9 struction Aggregates under its present lease with the State;  
10 and then for Mr. Porter to outline to you Construction  
11 Aggregates' position with respect to the application for  
12 specific dredging permits. I'll do this very briefly, if I  
13 may.

14 There is a present lease dated 1951, on the first  
15 page of which it refers to a "non-exclusive lease" of certain  
16 shoal property in San Francisco Bay to Construction Aggregates.  
17 Now, the lease is a State form and it was, in effect, modi-  
18 fied by interlineations to become a profit lease; so there  
19 are ambiguities in this document.

20 The document states that there will be a "non-  
21 exclusive" lease. We interpret this as being non-exclusive  
22 in right of possession to the area -- that there are, of  
23 course, reserved commerce rights, navigation rights, and  
24 fishery rights; and this is consistent with the rights which  
25 the State has reserved to itself by legislation. And, of  
26 course, a profit normally involves the non-exclusive right

1 to enter and possess, but as to the profit position -- the  
2 taking of sand from the area -- we interpret the lease, the  
3 document, as meaning this is an exclusive right with Construc-  
4 tion Aggregates for these reasons:

5         The lease, in paragraph 12, states that the State  
6 reserves all natural resources "except the minerals enumerated  
7 hereinbefore for extraction" -- which is sand; and the lease  
8 goes on in paragraph 6 to state, in effect, that the State  
9 must not grant rights to others which are inconsistent or in-  
10 compatible with Construction Aggregates' rights.

11         Now, there is an attachment to our memorandum on  
12 file which refers to previous minutes of this Commission.  
13 It is Appendix F, which refers to minutes of this Commission  
14 of July 25, 1963, wherein the State Lands Commission granted  
15 permission to the Port Authority to dredge this area, subject  
16 to acquiring a mutual agreement between State Lands Commis-  
17 sion, the Construction Aggregates people, and the Port  
18 Authority.

19         Now, we look upon this as a recognition by the  
20 State Lands Commission of Construction Aggregates' exclusive  
21 profit rights to the sand in this area.

22         Secondly, even assuming for the purpose of argument  
23 that this document was interpreted as a non-exclusive profit,  
24 we feel that any granting of dredging rights or leasehold  
25 rights to this sand by the Commission would be inconsistent  
26 and incompatible with Construction Aggregates' rights,

1 exclusive rights, under paragraph 12 of the document. I am  
2 informed that there is a potential economic exhaustion of  
3 these sands and that dredging without compensation to Con-  
4 struction Aggregates would possibly render the lease and  
5 deposits worthless, even though under the terms of the docu-  
6 ment Construction Aggregates must pay a minimum annual  
7 amount. We look upon this minimum annual amount as implying  
8 that the document must not be rendered worthless and, of  
9 course, this is a contract; and we would interpret it as a  
10 breach by the State -- who is one party, the lessor, to this  
11 contract -- if by this action it made it impossible for  
12 Construction Aggregates to enjoy the benefits of the lease  
13 or document.

14 MR. HORTIG: Mr. Chairman, if I might interrupt,  
15 at least at this moment it would appear to the staff that we  
16 do not have a clear-cut consensus; that extensive analysis  
17 of these presentations being made on behalf of Construction  
18 Aggregates certainly should be made by the technical and  
19 legal staff before this matter is considered for action by  
20 the Commission.

21 In view of the extreme time problem, which has  
22 already been reported by the Bay Area Rapid Transit District  
23 I would suggest that the Commission consider taking this  
24 matter under advisement; that the staff and all the other  
25 participants work diligently toward a clear-cut consensus  
26 solution that can be recommended to the Lands Commission --



1 possibly for consideration even at a special meeting, which  
2 would be feasible during the time that the special legisla-  
3 tive session is on, and which could be at an earlier date  
4 than the next regular meeting of the Lands Commission, if  
5 such a resolution of the problem can be achieved.

6 MR. PORTER: John E. Porter, District Manager,  
7 Construction Aggregates Corporation.

8 For no other purpose than we have to cross that  
9 bridge after five o'clock, we will not object to this.  
10 Let's not dirty the water by any future negotiations. In  
11 this particular instance, Construction Aggregates will waive  
12 any interest or any sand necessary for the tube, but we would,  
13 at the leisure of the staff, like to sit down and clarify  
14 just exactly what goes on in the interpretation of the lease.

15 MR. CHAMPION: What you are saying, really -- you  
16 think in this case, if you wanted to, you could potentially  
17 have a claim here, but you are willing to waive that right  
18 to a claim?

19 MR. PORTER: Yes, whatever right we have in this  
20 particular instance -- because we are fully aware of the  
21 necessity of this tube.

22 MR. JACOBS: Just so that it does not prejudice  
23 any further interpretation of the document.

24 MR. CHAMPION: Does that change your view?

25 MR. HORTIG: Yes, with that interpretation and  
26 the recognition that the Bay Area Rapid Transit District

1 will be restricted to shoal areas as indicated satisfactory  
2 by the San Francisco Port Authority -- with that, the staff  
3 recommendation that the permit be issued is acceptable at  
4 this time.

5 MR. CRANSTON: Is that acceptable?

6 MESSRS. JACOBS, PORTER, KIMBALL and KAAPCKE: Yes.

7 MR. JACOBS: May we ask that you go ahead and do  
8 your legal analysis, so we have some form of definition from  
9 the Commission's legal staff as to what you feel the inter-  
10 pretation of this document is?

11 MR. HORTIG: Yes, as it applies to future applica-  
12 tions and future authorizations that may be granted for  
13 operations, we will.

14 We haven't heard from Fish and Game, Mr. Evans.

15 MR. EVANS: Mr. Chairman and members of the Commis-  
16 sion, my name is Willis Evans. I am a Fisheries Supervisor  
17 for Region III in San Francisco, with the Department of Fish  
18 and Game.

19 I like the comment of the gentleman from Construc-  
20 tion Aggregates, when he says "Let's not dirty the water" --  
21 even though he was using it in a different form of termin-  
22 ology.

23 Very briefly, our problem seems to be one primarily  
24 of lack of information. In looking at your item 3(c), all  
25 of our communications to date relative to your proposal have  
26 been on the matter of the four million cubic yards of material

1 for the Trans-Bay Tube; and these other items which you have  
2 on the agenda -- our primary interest and concern is merely  
3 to find more information to not so much where these materials  
4 are going to be removed from, but where they are going to  
5 be deposited. That happens to be our major concern.

6           There are two factors with which we are primarily  
7 concerned: One is the matter of the depositing of spoil  
8 materials in the Bay in those shoal areas affected by the  
9 tidal prism. This has some very direct effects on our fish  
10 and wildlife resources and we, therefore, want to view very  
11 carefully disposal in those areas.

12           The second factor that has been alluded to already  
13 is this matter of possible turbidity of the water during the  
14 operations. Relative to this last factor, I agree with the  
15 gentleman who spoke previously. We feel this matter of  
16 turbidity can be worked on in an amiable manner, as they  
17 proceed with their schedule, by merely examining their opera-  
18 tion and disposal areas periodically.

19           However, on this matter of disposal of four million  
20 cubic yards, as indicated in the agenda item, we would appre-  
21 ciate some information as to where those materials are going  
22 to be deposited. We have no data to date on that.

23           MR. KIMBALL: Mr. Chairman, perhaps I can help.  
24 The disposal area is the area of the trench of the tube.  
25 The material is to be used for back fill over the tube after  
26 it is in place; and I believe the gentleman does have a

1 description of the tube. So it is simply to be used as a  
2 backfill , to fill the area in essentially the way it was  
3 before. That's the only area.

4 MR. EVANS: Thank you. We have commented on the  
5 previous deposition of the four million cubic yards, so if  
6 it is in the same area, we would have no objection to the  
7 second four million yards; and rest with the major comment by  
8 Mr. Fisher that we will want to examine the operational  
9 schedules and work closely with you during the project  
10 period.

11 MR. CRANSTON: Subject to that, I move approval,  
12 subject also to the understandings that were reached in our  
13 earlier discussion.

14 MR. ABBOTT: Mr. Chairman, may I suggest approval  
15 also be subject to a written waiver from Construction  
16 Aggregates?

17 MR. CRANSTON: The motion is amended to that  
18 effect.

19 MR. CHAMPION: I'll second in accordance with that.

20 GOV. ANDERSON: Is any modification necessary?

21 MR. HORTIG: It will be modified in accordance  
22 with the motions and opinions expressed in the reporter's  
23 transcript.

24 GOV. ANDERSON: You feel you have everything  
25 sufficient, without rewriting it?

26 MR. HORTIG: Yes, sir.

1           GOV. ANDERSON: No further discussion, carried  
2 unanimously.

3           Applicant (d) State Department of Public Works,  
4 Division of Bay Toll Crossings -- Permit to anchor drill  
5 barges as necessary to perform soil test borings, 3,673  
6 acres tide and submerged lands, San Francisco Bay, San Mateo  
7 County (preliminary to bridge construction).

8           Applicant (e) State Department of Public Works,  
9 Division of Highways -- Temporary right-of-way permit (for  
10 highway construction purposes), 0.17 acre submerged land in  
11 Stanislaus River, Stanislaus and San Joaquin counties (to  
12 terminate on date notice of completion is filed on Bridge  
13 10-Stan, SJ-99-24.5).

14           Applicant (f) State Department of Public Works,  
15 Division of Highways -- Authorize Executive Officer to  
16 execute agreement for reservation for a two-span bridge  
17 right-of-way over 0.9-acre parcel of sovereign lands of the  
18 Stanislaus River, Stanislaus and San Joaquin counties.

19           Applicant (g) U. S. Department of the Interior,  
20 Bureau of Reclamation -- Amend legal description of Lease  
21 P.R.C. 3335.9, abandoned bed of Colorado River, San  
22 Bernardino County, to reflect a realignment of the proposed  
23 channel.

24           GOV. ANDERSON: A motion will be in order to take  
25 care of all those items, except item (c).

26           MR. CRANSTON: So move.

1 MR. CHAMPION: Second.

2 GOV. ANDERSON: Carried unanimously.

3 Item 4 is permits, easements, leases and rights-of-  
4 way issued pursuant to statutes and established rental  
5 policies of the Commission:

6 Applicant (a) Crown Zellerbach Corporation --  
7 Approve termination of Mineral Extraction Lease P.R.C.  
8 3211.1, Humboldt Bay, Humboldt County, and authorize accept-  
9 ance of quitclaim effective August 16, 1965.

10 Applicant (b) is Decon Corporation -- 15-year lease,  
11 0.610 acre tide and submerged lands in Sunset Bay, Orange  
12 County (for construction and maintenance of eleven small-  
13 boat slips for use of condominium owners). Annual rental,  
14 \$2,197.84.

15 Applicant (c) McKinney Shores Property Owners  
16 Association -- Approve assignment from McKinney Shores to  
17 McKinney Shores Property Owners Association, and to McKinney  
18 Shores Water Service as its interest may appear in Parcel 1  
19 of Lease P.R.C. 2816.1, covering two parcels of sovereign  
20 land in Lake Tahoe, Placer County.

21 Applicant (d) Harvey B. Willis -- Five-year recre-  
22 ational minor-structure permit, 0.041 acre tide and submerged  
23 land in Piper Slough, Contra Costa County (for erection and  
24 maintenance of a floating boathouse and walkway). Total  
25 fee, \$25.

26 Applicant (e) Standard Oil Company of California --

1 15-year extension of Lease P.R.C. 2785.1, tide and submerged  
2 lands in Santa Monica Bay, Los Angeles County, with descrip-  
3 tion of leased area to be amended to cover 81.454 acres in-  
4 stead of 81.16 acres. Annual rental to continue at unad-  
5 justed rate of \$8,680.29 until a firm rental is established  
6 by mutual agreement, at which time retroactive adjustment is  
7 to be made to September 14, 1961.

8 Applicant (f) Richfield Oil Corporation -- Defer-  
9 ment of drilling requirements under Oil & Gas Lease P.R.C.  
10 2793.1, Santa Barbara County, through April 26, 1966.

11 (Production operating problems encountered have made it im-  
12 possible to secure a production history to date which would  
13 give an evaluation of the economics of drilling additional  
14 wells.)

15 Applicant (g) Richfield Oil Corporation, et al --  
16 Deferment of drilling requirements under Oil & Gas Lease  
17 P.R.C. 2726.1, Santa Barbara County, through May 3, 1966.  
18 (Additional time needed to study latest subsurface data).

19 MR. HORTIG: Mr. Chairman, on item (g), it should  
20 read Mobil Oil Company rather than Richfield Oil Corporation.  
21 Richfield is one of the joint lessees, but Mobil Oil is the  
22 current operator on the lease.

23 GOV. ANDERSON: Applicant (g) is corrected to  
24 Mobil Oil Company.

25 Applicant (h) Richfield Oil Corporation -- Defer-  
26 ment of drilling requirements under Oil & Gas Leases P.R.C.s

1 308.1 and 309.1, Santa Barbara County, through May 17, 1966.  
2 (Remedial work being conducted and additional geological  
3 information being correlated and studied).

4 Applicant (i) Texaco Inc. -- Deferment of drilling  
5 requirements under Oil & Gas Lease P.R.C. 2725.1, Santa  
6 Barbara County, through April 11, 1966 (in order to conduct  
7 a high resolution seismic survey prior to additional explora-  
8 tory drilling.)

9 Applicant (j) Standard Oil Company of California  
10 and Shell Oil Company -- Deferment of drilling requirements  
11 under Oil & Gas Lease P.R.C. 2198.1, Santa Barbara County,  
12 through April 13, 1966 (to review, analyze, and correlate  
13 well, geological, and geophysical data).

14 Applicant (k) Union Oil Company of California --  
15 Deferment of drilling requirements under Oil & Gas Lease  
16 P.R.C. 2879.1, Santa Barbara County, through April 11, 1966  
17 (to allow time to negotiate for additional upland drillsites  
18 and to make "feasibility studies" of most economical means  
19 of transporting oil and gas to market).

20 MR. CRANSTON: Move approval.

21 MR. CHAMPION: Second.

22 GOV. ANDERSON: Moved and seconded, carried  
23 unanimously.

24 Item 5 -- Land Sales. Cleared with all State  
25 agencies having a land-acquisition program.

26 (a) Authorize sale to William J. Swallow, Jr., the



1 highest qualified bidder, of 640 acres vacant State School  
2 Land, San Bernardino County, at \$31,600. (Appraised value,  
3 \$30,320).

4 MR. CHAMPION: Move approval.

5 MR. CRANSTON: Second.

6 GOV. ANDERSON: Moved and seconded, carried  
7 unanimately.

8 Item 6 -- Oil and Gas Leases:

9 (a) is to authorize Executive Officer to offer for  
10 oil and gas lease 970 acres tide and submerged lands and  
11 132.71 acres of lands in which minerals have been reserved  
12 to the State, and 75.71 acres of land in which the State owns  
13 both the surface and mineral rights, all in San Joaquin  
14 County, designated as W.O. 5584.

15 (b) is to authorize Executive Officer to offer  
16 for oil and gas lease approximately 5,362 acres of tide and  
17 submerged lands in Ventura County, lying south of the Rincon  
18 Oil Field and west of Pitas Point, designated as W.O. 5858  
19 (Parcel 27).

20 MR. CHAMPION: Move approval.

21 MR. CRANSTON: Second.

22 GOV. ANDERSON: Carried unanimately.

23 Item 7 is confirmation of transactions consummated  
24 by the Executive Officer pursuant to authority confirmed by  
25 the Commission at its meeting on October 5, 1959.

26 MR. CHAMPION: Move approval.

1 MR. CRANSTON: Second.

2 GOV. ANDERSON: Carried unanimously.

3 Item 8 is election of Chairman, State Lands  
4 Commission.

5 MR. CHAMPION: I offer a nomination of Controller  
6 Cranston.

7 GOV. ANDERSON: I'll second the motion.

8 MR. CHAMPION: And I would move, because of some  
9 special circumstances, that upon election he immediately  
10 assume the Chair.

11 GOV. ANDERSON: Immediately following the meeting?

12 MR. CHAMPION: Yes, immediately following the meet-  
13 ing -- the circumstances being that he will serve on the Bay  
14 Area Commission in the next day or two.

15 MR. HORTIG: Two o'clock this afternoon.

16 GOV. ANDERSON: All in favor signify by saying  
17 "Aye."

18 GOV. ANDERSON and MR. CHAMPION: Aye.

19 MR. CRANSTON: I accept, provided you release me in  
20 time to get to San Francisco. Thank you very much.

21 Item 9 -- Informative only: (a) Report on status of  
22 major litigation. Anything, Frank?

23 MR. HORTIG: For the record, no major developments  
24 in the litigation being processed and handled and followed by  
25 the Office of the Attorney General on behalf of the State  
26 Lands Commission. There have been no substantial changes

1 since the last report of the Commission.

2 Item 10 -- Reconfirmation of date, time and place  
3 of next Commission meeting -- Thursday, October 21, 1965, at  
4 10:00 a.m. in Los Angeles.

5 MR. CRANSTON: So move.

6 MR. CHAMPION: Since there is some likelihood that  
7 the special session still will be going on, why shouldn't we  
8 change that to Sacramento?

9 MR. CRANSTON: I am agreeable.

10 GOV. ANDERSON: It has been changed, then, to  
11 Sacramento -- next meeting on October 21, 1965 at ten o'clock  
12 in Sacramento. No objections, so ordered.

13 Supplemental calendar items:

14 Item 11 -- City of Long Beach and THUMS Long Beach  
15 Company proposal for restrictive purchases of oil-well  
16 tubular products.

17 Mr. Hortig, do you wish to take over here?

18 MR. HORTIG: Yes, Mr. Chairman. The item before  
19 the Commission for consideration, of course, is pursuant to  
20 the request of the City of Long Beach and the THUMS Long  
21 Beach Company for consideration of approval of a restricted  
22 bidding procedure to effect purchases of oil country tubular  
23 products to be used in the development of the Long Beach Unit  
24 of the Wilmington Oil Field.

25 In view of numerous requests for opportunity to  
26 present data with respect to this question, the Lands

1 Commission held a public hearing on this matter on August 26,  
2 1965 in Los Angeles. The propositions by both the proponents  
3 and opponents are summarized on pages 37 and 38 of your agenda.

4 Following this public hearing, written representations  
5 bearing on the proposal to restrict bidding were presented  
6 by a number of organizations, which are again reported on  
7 pages 38, 39, and 40 of your agenda -- so that the conclu-  
8 sions and recommendations of the staff being presented here  
9 today are based on the total testimony presented at the pub-  
10 lic hearing and on all information subsequently submitted or  
11 developed, as has already been outlined.

12 The conclusions and recommendations provide - - I  
13 will read them rapidly:

14 (1) The development of the Long Beach tidelands is,  
15 in essence, a commercial enterprise in which the State of  
16 California has a predominant, although not exclusive, econ-  
17 omic interest rather than a strictly governmental activity  
18 which would dictate compliance with the California Buy  
19 American Act.

20 (2) In this instance, there is general agreement  
21 among both the proponents and opponents of the THUMS pro-  
22 posal that there could be a direct saving to the State of  
23 California of between six and ten million dollars if bidding  
24 is open and competitive.

25 (3) Although much has been made of the adverse effect  
26 that a decision to insist upon open bidding would have upon

1 the nation's economy, particularly with respect to its bal-  
2 ance of payments, the facts submitted do not and did not  
3 support this argument. The Honorable John T. Connor, Secre-  
4 tary of Commerce, stated in a telegram submitted in evidence  
5 to the Commission that "We have excluded this (curtailment  
6 of imports) as a technique to improve our balance of payments  
7 since it would be inconsistent with our policies for the ex-  
8 pansion and liberalization of world trade. I cannot comment  
9 on the specific cases mentioned in your letter of August 19  
10 but we expect choices between domestic and foreign goods to  
11 be based solely on commercial considerations."

12           Additionally, a letter from the Acting Assistant  
13 Secretary of Commerce for Economic Affairs addressed to the  
14 Commission confirms this attitude on the part of the Depart-  
15 ment of Commerce.

16           It is recognized as a result of staff discussions  
17 with the Department of Commerce that this is the staff opin-  
18 ion of one agency of the federal government and might not  
19 reflect other federal policy considerations. However, public  
20 knowledge of the proposed purchase and the lack of any other  
21 communication from the federal government on the matter would  
22 cause the staff to concur with the Department of Commerce  
23 that this is primarily a California concern.

24           MR. CHAMPION: There was one other communication  
25 to the Governor from the Under Secretary of State, I think  
26 Mr. Mann, which in substance says the same -- which I think

1 should be part of the record.

2 MR. HORTIG: We will add that to the record upon a  
3 receipt of a copy, Mr. Champion.

4 (4) Both the federal government and the State of  
5 California have, in recent years, engaged in aggressive  
6 promotional efforts to increase world trade. During 1963  
7 goods valued at \$450 million dollars were shipped to Japan  
8 through the California custom districts; and principal  
9 products of at least partial California origin included  
10 cotton, \$70.5 million; meat and animal products, \$42 million;  
11 iron ore and concentrate and iron and steel scrap, \$50.1  
12 million; petroleum products, \$42 million; and other agri-  
13 cultural products, \$35.6 million.

14 Imports from Japan through the California customs  
15 districts alone in 1963 totaled \$463 million. Total U. S.  
16 exports to Japan in 1964 amounted to \$1,893,704,630, while  
17 imports from Japan totaled \$1,763,415,674, thus the over-all  
18 balance of trade with Japan is favorable to the United States.  
19 This data was obtained by the staff from the World Trade  
20 Center Authority.

21 It is apparent, therefore, that foreign trade, and  
22 particularly trade with Japan, is of mutual benefit and that  
23 it results in the creation of jobs, income, and other revenues.  
24 An unfavorable attitude toward such trade by an agency of the  
25 State Government of California might well have harmful and  
26 lasting effects on many sectors of the California and

1 national economies dependent upon the inter-action of trade  
2 with other nations.

3 (5) If, at any future time, the Commission is in-  
4 formed by responsible officials of the federal government  
5 that the requirement for open, competitive bidding is ad-  
6 versely affecting the nation's economy, the Commission would  
7 be free to review its findings and revise its procedures,  
8 of course.

9 (6) Mr. Sheehan, representing the United Steel-  
10 workers of America, made the point that failure to place the  
11 order for oil well casing with domestic producers would re-  
12 sult in a loss of 1,600,000 man hours of employment by those  
13 engaged directly in steel production. This statement, ana-  
14 lyzed in view of the six-year interval estimated to be the  
15 period of major development in the field, shows that it would  
16 mean employment for only 135 steelworkers during this period.  
17 For this reason, this was not considered to be a major argu-  
18 ment and hence was not included among the listing of the  
19 arguments of the proponents which you have before you.

20 (7) Testimony presented at the hearing indicated  
21 that open bidding has been the practice by THUMS in the pur-  
22 chase of line pipe and welded conductor casing, both of  
23 which are manufactured by California firms, and that Japanese  
24 firms have in fact obtained orders; whereas THUMS now proposes  
25 to limit bidding on the seamless steel tubing, which is not  
26 produced in the state, to preclude bidding by foreign firms.

1 This is an apparent inconsistency which, in the opinion of  
2 the staff, tends to invalidate many other arguments put forth  
3 by the proponents of the limited bidding procedure.

4 (8) The Staff is informed that there are in the  
5 world only fourteen major producers of the type of oil well  
6 tubular goods under consideration. Seven of these concerns  
7 are located in the United States; two are in Japan, and the  
8 remainder are in the countries of Western Europe. All of  
9 these firms manufacture according to specifications estab-  
10 lished by the American Petroleum Institute and are authorized  
11 to use the official monogram of the Institute. For this rea-  
12 son, there seems to be no reason at this time to question the  
13 quality of tubular goods produced by any of these manufac-  
14 turers.

15 (9) A procedure for bidding on an increment or  
16 increments of requirements for a total of not more than those  
17 required for the anticipated annual development program ap-  
18 pears to be most practical for all concerned for the follow-  
19 ing reasons: (a) Contracts for casing and tubing would tie in  
20 with the budgeting for field development and therefore would  
21 permit orders to be placed on the basis of realistic predic-  
22 tions; (b) In the event that technological advancements result  
23 in improvements in the quality of the tubular goods required,  
24 there would be no long-term commitment to purchase pipe of a  
25 particular, and possibly inferior, specification; (c) Any  
26 long-term contract would necessarily have to contain



1 escalation provisions which could not be predicted with  
2 precision.

3           Therefore, it is recommended that oil well casing,  
4 tubing, and line pipe requirements for the Long Beach Unit  
5 Development Program be purchased under a procedure specifying:  
6           A. Open competitive bid by all suppliers.  
7           B. Award of bid to lowest responsible bidder.  
8           C. Bids to be received on an increment or increments  
9 of requirements for a total of not more than those required  
10 for the anticipated annual development program.

11           MR. CHAMPION: Mr. Chairman, while I subscribe to  
12 most of the staff report, it seems to me that, looking at the  
13 immediate situation, we should proceed with this first budget.  
14 I think there are about fifty wells involved, something of  
15 this kind.

16           On the basis of the staff recommendation, the  
17 language here that concerns me is: It says "It is recommended  
18 that oil well casing, tubing, and line pipe requirements for  
19 the Long Beach Unit Development Program be purchased under a  
20 procedure specifying open competitive bidding and the awarding  
21 of bid." It may be, for delivery reasons or other reasons  
22 within the economic policy of California -- of jobs or devel-  
23 opments in industry or other reasons -- that we may not wish  
24 to have this to be a permanent policy. I would rather see us  
25 proceed with the recommendation of the staff on this matter  
26 at this time with this first increment, but that we leave the

1 policy of the Commission open as to what further direction  
2 we may wish to give them at a further time, rather than  
3 establish a firm policy for the whole six-year period.

4 I see no advantage to us in having that kind of a  
5 fixed policy. For one thing, I think it may discourage the  
6 most advantageous bidding; and we may learn several things in  
7 the bidding on the first increment about what the actual dif-  
8 ferential is as compared to the differential we now antici-  
9 pate. I simply think that the policies are fine for that  
10 first increment, but should not be interpreted to go to  
11 further purchases.

12 GOV. ANDERSON: I agree. You are talking about  
13 item (b)? You are talking about annual bidding. I think  
14 instead of saying "annual bidding" it should be done for a  
15 limited time or limited amount.

16 MR. HORTIG: I am sorry, Mr. Chairman. The recom-  
17 mendation is actually for bidding on an increment or incre-  
18 ments of requirements totaling not more than the annual  
19 anticipated development.

20 MR. CHAMPION: My complaint was directed toward (b),  
21 which would seem to set a permanent policy of "open competi-  
22 tive bid by all suppliers."

23 MR. HORTIG: This is not evident from the recommen-  
24 dation, Mr. Chairman, however a reference back to item (5)  
25 states clearly that under circumstances that would justify  
26 it, the Commission on information would be free to review its

1 findings and, as I already reported, revise its procedures  
2 and program. It was not intended that this be permanent and  
3 the Commission is certainly not foreclosed from amendment at  
4 any future meeting.

5 MR. CHAMPION: I specifically would like to have the  
6 question raised again, so there isn't any misunderstanding by  
7 THUMS or by the Long Beach people that the decision being  
8 made is for this increment only; and we would like to have  
9 the question raised for review after we have had the experi-  
10 ence in that first increment.

11 MR. HORTIG: I concur fully. This is only the first  
12 step and there is no precedent being set by what we do in  
13 this first period.

14 MR. CRANSTON: I'd like to ask this: Is the number  
15 of wells involved in this first increment approximately fifty?

16 MR. HORTIG: Now under study would be a total of  
17 ninety-two.

18 MR. ABBOTT: Plus forty the first year.

19 MR. HORTIG: Those are already provided for.

20 MR. LINGLE: One hundred nineteen next year. Forty  
21 are already drilled.

22 MR. CHAMPION: Forty of the one hundred nineteen?

23 MR. LINGLE: Forty for the balance of this year;  
24 one hundred nineteen next year.

25 MR. CHAMPION: For the next budget year?

26 MR. LINGLE: Right.

1 MR. CRANSTON: What would be included in what we  
2 are doing now?

3 MR. HORTIG: This has not been determined. We  
4 would have to evaluate with the City of Long Beach and the  
5 THUMS group what size increment would insure the greatest  
6 flexibility and still would not result in an increased price  
7 because of lower unit or volume delivery.

8 MR. CRANSTON: In what range would this be?

9 MR. HORTIG: An increment of possibly forty of the  
10 one hundred nineteen would be in the first increment.

11 MR. CRANSTON: You are taking into account the  
12 matter of it being large enough so there would not be an in-  
13 crease in the price?

14 MR. HORTIG: This is one of the essential elements  
15 to go into the evaluation.

16 MR. CHAMPION: And the staff will attempt to work  
17 out what the first increment would be?

18 MR. HORTIG: This is correct, and report back to  
19 the Commission.

20 MR. CRANSTON: With those understandings I move  
21 the staff recommendation be approved.

22 MR. CHAMPION: I second your motion including the  
23 correction I have made.

24 GOV. ANDERSON: Is there anything here about leav-  
25 ing it solely to the staff about the forty wells or one  
26 nineteen? My information was that it would be not to exceed

1 fifty and this would be a large enough number to do the  
2 purchasing on an economic basis, and we would still have an  
3 idea of what the bidding might be. I would kind of hate to  
4 see it to up to one hundred nineteen. I'd rather see it  
5 limited to fifty.

6 MR. HORTIG: On the basis of evaluation of what  
7 that number should be, we will report this back to the Com-  
8 mission. We would certainly report any reasons for a need,  
9 or apparent need, to go to the one hundred nineteen wells  
10 before this action was taken.

11 MR. CHAMPION: I think with that understanding  
12 this is all right.

13 GOV. ANDERSON: I'd also like to have a little  
14 understanding of this item 7 of your report, where you are  
15 commenting upon the inconsistency. I understand most of the  
16 people's positions that were there trying to sell domestically-  
17 made or foreign-made; but I am a little confused on why THUMS  
18 recommended to us their procedure and then, according to  
19 your report, purchased tubing that is manufactured in Cali-  
20 fornia, which is really domestic, from a Japanese concern;  
21 and then I just read in the papers given to me they are also  
22 awarding another one to a German steel manufacturer.

23 I was just wondering why they would have the policy  
24 of purchasing their steel, some of which or most of which is  
25 made in California, from foreign companies and then recommend  
26 we not do this here. I never have understood this.

1 MR. HORTIG: Frankly, the staff didn't either except  
2 as a custom which has grown generally, it has been the major-  
3 ity practice -- although this again has exceptions -- of  
4 companies to purchase the heavier steel items, particularly  
5 the oil well casing and tubing which are the larger dollar  
6 volume, and larger steel volume products in the country where  
7 the operation is being conducted if this type of pipe is be-  
8 ing manufactured in this particular country.

9 GOV. ANDERSON: How would this apply to the tubing  
10 you refer to, where the contract went to the Japanese firm;  
11 and the one I am referring to, where it went to a German firm?

12 MR. HORTIG: It was line pipe and conductor casing,  
13 which is not a large volume item.

14 GOV. ANDERSON: But is made here?

15 MR. HORTIG: They are made here.

16 GOV. ANDERSON: Completely contrary to the policy  
17 you say they normally follow.

18 MR. HORTIG: No; the majority policy I said was  
19 with respect to the oil well casing and tubing, which goes  
20 down into the ground to produce the oil, but different from  
21 the line pipe and conductor casing; but even there, while  
22 this is the majority practice, there have been purchases of  
23 these by the major companies in the United States from  
24 foreign sources.

25 GOV. ANDERSON: This article I have was on sheet  
26 steel and this is the one on German steel purchased by the

1 THUMS Company.

2 MR. HORTIG: Patently, the commercial considerations  
3 and the inter-company relationships make this determination  
4 in what they see to be their best economic advantage.

5 MR. CHAMPION: Was all of this line pipe done on  
6 open competitive bidding, or were some of these purchases made  
7 on a negotiation basis?

8 MR. LINGLE: Everything has been. The only thing  
9 we ever suggested was on the tubular goods.

10 MR. CHAMPION: Everything has been strictly on  
11 a competitive basis?

12 MR. LINGLE: Except on tubular.

13 GOV. ANDERSON: Why did you recommend this?

14 MR. LINGLE: We followed what these five big com-  
15 panies said -- that all this tubular pipe, which is so critical  
16 to them, their company bought it domestic.

17 GOV. ANDERSON: In addition to the line pipe, isn't  
18 sheet made here?

19 MR. TERNS: This is a specialized steel not made in  
20 California. It is not manufactured in California.

21 GOV. ANDERSON: I thought these things ought to be  
22 brought out, because I think we have been asked to do one  
23 thing and they have done another.

24 Any further discussion?

25 MR. CRANSTON: I am very glad the question was  
26 brought up. I have one question. What portion, Frank, are we

1 talking about in this first increment? How many wells are  
2 there where this will be in issue?

3 MR. HORTIG: Well, from here on out the remainder  
4 of the eleven hundred to fifteen hundred total wells that may  
5 ultimately be drilled.

6 MR. CRANSTON: Eleven to fifteen total, so we are  
7 doing somewhere around ten percent at this time?

8 MR. HORTIG: Right.

9 MR. CRANSTON: At most.

10 MR. HORTIG: At this time.

11 GOV. ANDERSON: I'd rather see it a smaller amount.  
12 Any further discussion? (No response) If not, all in favor  
13 of the staff recommendation signify by saying "Aye."

14 Carried unanimously.

15 Item 12 -- Authorize Executive Officer to enter  
16 into agreement with the Department of the Interior supersed-  
17 ing the Operations Line Agreement of 1962, providing for the  
18 conduct of geophysical exploration and geological survey  
19 operations on the Outer Continental Shelf.

20 MR. HORTIG: Mr. Chairman, you and the Commission-  
21 ers will recall that there has been an agreement which was  
22 in effect during the time that the title to the submerged  
23 lands more than three miles offshore of southern California  
24 and more than three miles away from the off-lying islands was  
25 in dispute. Under this agreement with the Department of the  
26 Interior, geophysical and geological explorations were



1 carried on under effectively a joint permit issued by the  
2 State of California and the U. S. Department of the Interior.

3 In view of the Supreme Court opinion of May 17,  
4 1965, that the majority of this disputed area is outer con-  
5 tinental shelf under the jurisdiction of the United States of  
6 America, it has been recommended by the U. S. Attorney General  
7 and the California Attorney General that there be a modifica-  
8 tion to this operating agreement and to remove the requirement  
9 that there be necessarily a California permit on those lands  
10 which are clearly under the jurisdiction of the United States,  
11 and to substitute an agreement which is in the form attached  
12 on pages 44 and 45 of your agenda, to be substituted for the  
13 1962 agreement, under which -- upon acceptance by the Depart-  
14 ment of the Interior and approval of the U. S. Department of  
15 Justice -- operations in the former disputed area will be  
16 conducted only under U. S. permit and no operations will be  
17 conducted initially for exploration in those two segments  
18 that are still under dispute and are the subject of a peti-  
19 tion for rehearing by California, specifically San Pedro and  
20 Santa Monica Bays.

21 It is the recommendation of the Attorney General's  
22 Office that, as a matter of cooperation with the United States,  
23 this agreement be approved to supersede the former agreement  
24 which was approved by the Lands Commission with the Department  
25 of Interior for exploration operations offshore California.

26 MR. CHAMPION: Now, is there any relationship

1 involved here with our petition for rehearing?

2 MR. HORTIG: No. The areas that are the subject for  
3 rehearing are excluded under the provisions of the proposed  
4 agreement and are subject to further negotiation if it should  
5 be felt by the United States that it would be desirable to  
6 conduct exploration operations in those areas prior to final  
7 determination by the Court.

8 GOV. ANDERSON: Do we have a copy of that agreement?

9 MR. HORTIG: Yes, sir -- the new one.

10 GOV. ANDERSON: The one you are proposing to enter?

11 MR. HORTIG: Pages 44 and 45, Exhibit A -- this is  
12 the one that is being proposed.

13 GOV. ANDERSON: And what does that do as far as  
14 authorizing - - I am thinking about the area off Santa Monica.  
15 I want to know what possible change we will have on that.

16 MR. HORTIG: It makes no change in Santa Monica Bay  
17 at the present time claimed by the State of California.

18 GOV. ANDERSON: I am talking about three miles out.

19 MR. HORTIG: Three miles out from headland to head-  
20 land, from Pt. Vicente to Point Dumé.

21 GOV. ANDERSON: In other words, the agreement you  
22 are entering into excludes Santa Monica Bay?

23 MR. HORTIG: This is correct. It also excludes San  
24 Pedro.

25 MR. CHAMPION: Move approval.

26 MR. CRANSTON: Second.

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GOV. ANDERSON: Moved and seconded, carried  
unanimously.

Anything further to come before the meeting? (No  
response).

We are adjourned.

ADJOURNED 11:10 a.m.

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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 thirtyseven pages contain a full, true and accurate transcript  
6 of the shorthand notes taken by me in the meeting of the  
7 STATE LANDS COMMISSION of the STATE OF CALIFORNIA held in  
8 Sacramento, California, on September 23, 1965.

9  
10 Dated: Los Angeles, California, October 14, 1965.

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13 Louise H. Lillico  
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