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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
August 8, 1966

STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
August 8, 1966

PARTICIPANTS:

THE STATE LANDS COMMISSION:

- Hon. Alan Cranston, Controller, Chairman
- Hon. Glenn M. Anderson, Lieutenant Governor
- Hon. Hale Champion, Director of Finance, absent,
represented by:
Mr. John P. Sheehan, Chief Deputy
Director of Finance
- Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

- Mr. Jay L. Shavelson, Assistant Attorney General

APPEARANCES:

- (In the order of their appearance)
- Mr. Charles Baldwin, Joint Legislative
Committee on Tide and Submerged Lands
- Mr. Henry W. Wright, Manager, Land and Tax
Department, Western Oil and Gas Association

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I N D E X

(In accordance with Calendar Summary)

3	<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
3		<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
4	1 Call to order			
5	2 Confirmation of minutes of meeting May 26, 1966			1
6	3 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE:			
7	(a) General Tel.Co.of Calif.	6	1	1
9	(b) Santa Cruz County Dept. of Public Works	24	2	1
10	(c) County of Sacramento	8	4	2
11	(d) State Dept.Parks & Rec.	9	5	2
12	(e) State Dept. Public Works, Div. of Highways	18	6	2
14	4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:			
15	(a) William I. Moore	1	7	2
16	(b) William I. Moore	2	8	2
17	(c) Jess Doud	12	9	3
18	(d) Lindsey H. Spight, dba Diablo Communic. Center	3	10	3
19	(e) Glenn Shoemaker	5	11	3
20	(f) A. A. Mikalow	7	13	3
22	5 OIL & GAS AND MINERAL LEASES AND PERMITS:			
23	(a) Standard Oil Co.of Calif. Western Operations, Inc.	23	15	4
24	(b) Standard Oil Co.of Calif. Western Operations, Inc.	21	17	5
25	(c) Texaco Inc.	19	18	5

continued

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 TRANSCRIPT</u>
5	OIL & GAS AND MINERAL LEASES AND PERMITS cont'd					
(d)	Union Oil Company of California	10	19			5
(e)	Union Oil Co. of Calif.	20	20			5
(f)	Authorization to offer 320 acres in Owens Lake, Inyo County (applic. Morrison & Weatherly Chemical Products)	15	21			5
(g)	Issuance oil & gas lease Tidewater Oil Company W.O. 5090, Ventura County	11	22			6
(h)	Decker Island Unit No. 1	25	23			6
6	CITY OF LONG BEACH					
(a)	Expenditure \$85,000 for purchase Beach Lots 11 & 12, Block 49, Resub. Part of Alamitos Bay Townsite	14	30			7
(b)	Informative re dredging portion Alamitos Bay	4	31			7
7	LAND SALES					
(a)	Two parcels Riverside County to Mark Armistead, Inc.	13	32			7
8	BOUNDARY AGREEMENTS					
(Huntington Pacific Corporation)		17	34			8 (Deferred)
9	ADMINISTRATION & LITIGATION					
(a)	Agreement re 5.365 acres adjacent Bolsa Chica State Beach, Orange County - Dept. Parks & Recreation	22	42			8
(b)	Termination Lease PRC 3110.1 Suisun Pacific, Ltd.	16	43			9 (Deferred)

continued

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

ITEM CLASSIFICATION	ITEM ON CALENDAR	PAGE OF CALENDAR	PAGE OF TRANSCRIPT
10 CONFIRMATION TRANSACTIONS OF EXECUTIVE OFFICER:	27		10, 35
Atlantic Richfield Company		44	
Continental Oil Company		46	
Phillips Petroleum Company		47	
Signal Oil & Gas Company		45	
11 INFORMATIVE - Litigation	26	48	10
12 NEXT MEETING			16
<u>SUPPLEMENTAL ITEMS:</u>			
13 Dredging permit Sequoia Refining Corporation, San Pablo Bay, Contra Costa Cy.	28	50	11
14 PROPOSED OIL AND GAS LEASES:			
(1) Parcel 41, Santa Bar- bara County	30	52	20
(2) Parcel 45, Santa Barbara County	31	53	20
(3) Parcel 46, Santa Barbara County	32	55	20
15 Approval of documents sub- mitted City Long Beach by Pauley Pet. & Allied Chemical	34	56	12
16 Modification 1966 Plan of Development & Operation & Budget, Long Beach Unit	33	58	13
17 Modification Cooperative Agreement Ranger Zone, Parcel L and Long Beach Unit	35	59	14
<u>ADDITIONAL SUPPLEMENTAL ITEMS:</u>			
Assignment Min.Extrac.Lease PRC 1500.1 and modification of Permit PRC 3486.1, Marin County, Schultz Investment Company	36	-	14

continued

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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>

ADDITIONAL SUPPLEMENTAL ITEMS continued

Salary of Exec. Officer	29	-		15
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UNCALENDARED:

Statement by Charles Baldwin re dry gas pricing				17
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I N D E X
(In accordance w/Item numbers)

	<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	1	7	2	24	2	1
2	2	8	2	25	23	6
3	3	10	3	26	48	10
4	4	31	7	27	44	10, 35
5	5	11	3	<u>SUPPLEMENTAL</u>		
6	6	1	1	28	50	11
7	7	13	3	29	-	15
8	8	4	2	30	52	20
9	9	5	2	31	53	20
10	10	19	5	32	55	20
11	11	22	6	33	58	13
12	12	9	3	34	56	12
13	13	32	7	35	59	14
14	14	30	7	36	-	14
15	15	21	5			
16	16	43	9 (Def.)	NEXT MEETING:		16
17	17	34	8 (Def.)			
18	18	6	2	UNCALENDARED:		
19	19	18	5	Dry Gas Pricing		17
20	20	20	5			
21	21	17	5			
22	22	42	8			
23	23	15	4			

1 AUGUST 8, 1966 - 10:15 a.m.

2
3 MR. CRANSTON: The meeting will please come to
4 order. The first item is confirmation of minutes of May 26,
5 1966. Motion is in order to confirm.

6 MR. SHEEHAN: So move.

7 GOV. ANDERSON: Second.

8 MR. CRANSTON: Moved, seconded, so ordered.

9 Item 3 -- Permits, easements and rights-of-way to
10 be granted to public and other agencies at no fee, pursuant
11 to statute.

12 (a) General Telephone Company of California --
13 Executive by Executive Officer of agreement covering location
14 of submerged communications cables across ungranted sovereign
15 lands, in (1) Sacramento River, approximately 1,335 feet
16 northeast of Walnut Grove Bridge, Walnut Grove, Sacramento
17 County; (2) Snodgrass Slough, parallel to the north edge of
18 the Twin Cities Road Bridge, Sacramento County; and (3) Steam-
19 boat Slough, between Grand and Ryer Islands, Sacramento and
20 Solano counties.

21 (b) Santa Cruz County Department of Public Works --
22 Issuance of permit to dredge approximately 20,000 cubic yards
23 of material, at royalty of five cents a cubic yard for all
24 material to be placed upon private property, from a 16.622-
25 acre area near the mouth of the Pajaro River, Santa Cruz
26 County.

1 (c) County of Sacramento -- Amendment of Lease P.R.C.
 2 3405.9 (bridge easement) to provide for its issuance to the
 3 counties of Sacramento and Yolo jointly and for deleting
 4 present legal description and substituting a corrected legal
 5 description covering 3.979 acres tide and submerged lands of
 6 the Sacramento River, Sacramento and Yolo counties.

7 (d) State Department of Parks and Recreation --
 8 Issuance of 15-year permit for the placement of regulatory
 9 marker buoys around perimeters of three parcels of land in
 10 Clear Lake, Lake County, containing total of 0.079 acre..

11 (e) State Department of Public Works, Division of
 12 Highways -- Amendment of right-of-way agreement P.R.C.3446.9,
 13 for the reservation of an additional 0.886-acre parcel of
 14 sovereign land in the Klamath River, Del Norte County (for
 15 the protection of a State highway).

16 Motion is in order.

17 MR. SHEEHAN: So move.

18 GOV. ANDERSON: Second.

19 MR. CRANSTON: Moved, seconded, so ordered.

20 Item 4 -- Permits, easements, leases, and rights-of-
 21 way issued pursuant to statutes and established rental poli-
 22 cies of the Commission:

23 (a) William I. Moore -- Assignment of Grazing Lease
 24 P.R.C. 3065.2, San Bernardino County, to T. C. Ellsworth.

25 (b) William I. Moore -- Assignment of Grazing Lease
 26 P.R.C. 3232.2, San Bernardino County, to T. C. Ellsworth.

1 (c) Jess Doud -- (1) Amendment of Lease P.R.C.
2 542.1 by deleting present legal description and substituting
3 correct legal description covering 0.19 acre tide and sub-
4 merged land in Napa River, Napa County; and (2) issuance of
5 a ten-year renewal thereof at annual rental of \$150 (for
6 maintenance of pier and float).

7 (d) Lindsey H. Spight, d.b.a. Diablo Communications
8 Center -- Approval of sublease to Spear Enterprises, Inc.,
9 d.b.a. United Truck Line (for maintenance and operation of a
10 mobile repeater).

11 (e) Glenn Shoemaker -- Issuance of two five-year
12 recreational minor-structure permits, 0.098 acre tide and
13 submerged land in Piper Slough, Contra Costa County, for fee
14 of \$25 for each site (for construction of floating boat sheds
15 with walkways).

16 (f) A. A. Mikalow -- Issuance of three-year permit
17 to perform salvage operations on abandoned State-owned wrecks
18 in San Francisco Bay southwesterly of Angel Island, San Fran-
19 cisco County, at fee of \$25 as consideration for issuance of
20 permit and for first \$500 received from salvage operations;
21 thereafter, permittee to pay State 25% of gross receipts from
22 all sales of material salvaged.

23 Motion is in order.

24 GOV. ANDERSON: On this item (f), Frank, is this
25 the normal arrangement that has been made on this type of
26 salvaging?

1 MR. HORTIG: Yes, sir. This is in accordance with
2 established policies, rules and regulations of the State Lands
3 Commission for salvage of treasure trove and other materials
4 from State-owned tide and submerged lands.

5 GOV. ANDERSON: Have we had considerable number of
6 these?

7 MR. HORTIG: No, sir. They are infrequent, sporadic.
8 We have others for archaeological exploration.

9 GOV. ANDERSON: This is the first one I remember.
10 Have there been others?

11 MR. HORTIG: Yes, there have been, previously. We
12 will give you a report on the total number during the time
13 you have been with the Commission.

14 MR. CRANSTON: Motion is in order.

15 MR. SHEEHAN: I move it..

16 GOV. ANDERSON: Second.

17 MR. CRANSTON: Moved, seconded, so ordered.

18 Item 5 -- Oil and gas, and mineral leases and per-
19 mits issued pursuant to statutes and established policies of
20 the Commission:

21 (a) Standard Oil Company of California, Western
22 Operations, Inc. -- Approval of Dry Gas Sales Agreement dated
23 July 1, 1959, as modified by letter dated Nov. 23, 1964, be-
24 tween applicant and Pacific Lighting Gas Supply Company, as
25 basis for sale of all dry gas marketed from State Oil & Gas
26 Leases P.R.C.s 735.1, 1343.1, 1824.1, 2199.1, 2894.1, 3095.1
and 3150.1.

1 (b) Standard Oil Company of California, Western
 2 Operations, Inc. -- Deferment of drilling requirements, Oil &
 3 Gas Lease P.R.C. 2199.1, Santa Barbara County, through April 4,
 4 1967. (Applicant feels that with more time for study of all
 5 data, further development of the structure may be attempted.)

6 (c) Texaco, Inc. -- Deferment of drilling require-
 7 ments, Oil & Gas Lease P.R.C. 2725.1, Santa Barbara County,
 8 through April 11, 1967. (Results of a three-day seismic sur-
 9 vey in January 1966 were unsatisfactory; applicant planning
 10 another seismic survey as soon as equipment is available).

11 (d) Union Oil Company of California -- Deferment of
 12 drilling requirements, Oil & Gas Lease P.R.C. 2991.1, Santa
 13 Barbara County, through March 13, 1967. (Next well to be
 14 drilled will require a floating drilling vessel capable of
 15 deep tests; none available at present.)

16 (e) Union Oil Company of California -- Deferment of
 17 drilling requirements, Oil & Gas Lease P.R.C. 2879.1, Santa
 18 Barbara County, through April 11, 1967 (to allow necessary
 19 time to acquire onshore properties and to prepare properly
 20 for development of the lease.)

21 Motion is in order.

22 GOV. ANDERSON: So move.

23 MR. SHEEHAN: Second.

24 MR. CRANSTON: Approval is moved, seconded, and so
 25 ordered unanimously.

26 Item (f) Authorization for Executive Officer to

1 offer 320 acres State land in Owens Lake, Inyo County, for
2 mineral extraction lease, at standard royalty rates. (Pursu-
3 ant to application received from Morrison and Weatherly Chemi-
4 cal Products, who propose to scrape a thin crust of sodium
5 sesquicarbonate, commonly called trona, from the dry lake sur-
6 face, to be transported off and sold commercially.)

7 (g) Issuance of oil and gas lease to Tidewater Oil
8 Company for approximately 124.23 acres of reserved mineral
9 interests designated as W.O. 5990, Ventura County, in consider-
10 ation of cash bonus payment of \$249,698.57.

11 (h) (1) Determination that formation of Decker
12 Island Unit No. 1 by Communitization Agreement dated March
13 15, 1966, and that the entering into and performance of the
14 Operating Agreement dated March 15, 1966 (covering a portion
15 of lands included within gas lease issued in exchange for Gas
16 Lease Easement No. 415.1, Sacramento and Yolo counties), are
17 in the public interest for the purpose of promoting conserva-
18 tion and preventing unreasonable waste; (2) approval of afore-
19 said Communitization Agreement and aforesaid Operating Agree-
20 ment; (3) authorization for Executive Officer to execute the
21 Joinder Agreement.

22 Motion is in order.

23 GOV. ANDERSON: So move.

24 MR. SHEEHAN: Second.

25 MR. CRANSTON: Approval moved, seconded, so
26 ordered.

1 Item 6: City of Long Beach (Pursuant to Chapter
2 29/56, 1st E.S., and Chapter 138/64, 1st E.S.)

3 (a) Determination that expenditure of approximately
4 \$85,000 by the City of Long Beach from its share of tideland
5 oil revenues for the purchase of Beach Lots 11 and 12, Block
6 49, Resubdivision of Part of Alamitos Bay Townsite, is in con-
7 formance with the provisions of Chapter 138/64, 1st E.S.

8 (b) Informative only: City of Long Beach has met
9 conditions placed by Commission upon approval of total trust
10 expenditures of \$150,000 for dredging of a portion of Alamitos
11 Bay; staff audit indicates total actual trust expenditure was
12 \$129,739.55, of which \$127,739.55 was expended from tideland
13 oil revenues and \$2,000 from non-oil revenues.

14 Motion is in order on (a) of Item 6.

15 GOV. ANDERSON: So move.

16 MR. SHEEHAN: Second.

17 MR. CRANSTON: Approval is moved, seconded, so
18 ordered.

19 Item 7 -- Land Sales (Cleared with all State agen-
20 cies having a land acquisition program.) (a) Authorization
21 for sale of two parcels of State school lands in Riverside
22 County to Mark Armistead, Inc. at \$9,377.10 for Parcel 1 con-
23 taining 625.14 acres (appraised value, \$9,377.10), and at
24 \$19,401 for Parcel 2 containing 640 acres (appraised value,
25 \$19,200.)

26 Motion is in order.

1 MR. SHEEHAN: So move.

2 GOV. ANDERSON: Second.

3 MR. CRANSTON: Approval is moved, seconded, so
4 ordered unanimously.

5 Item 8 -- Boundary Agreements: (a) (1) Approval of
6 boundary agreement with Huntington Pacific Corporation, estab-
7 lishing the ordinary high water mark at Huntington Beach,
8 Orange County; and (2) authorization for Executive Officer to
9 execute said agreement.

10 MR. HORTIG: Mr. Chairman, the staff jus this morn-
11 ing, immediately preceding this meeting, received material
12 questioning the staff recommendation with respect to the pro-
13 posed approval before the Commission on this item (1) boundary
14 agreement. Therefore, it is recommended that action on this
15 item be deferred until the material received can be evaluated
16 and a further report made to the State Lands Commission.

17 GOV. ANDERSON: I move it be deferred.

18 MR. SHEEHAN: I'll second.

19 MR. CRANSTON: Deferment is moved, seconded, so
20 ordered.

21 Item 9 -- Administration and Litigation: (a) Authori-
22 zation for Executive Officer to execute an agreement transfer-
23 ing control and possession for park purposes, but reserving
24 mineral rights, from the State Lands Commission to the Depart-
25 ment of Parks and Recreation, Division of Beaches and Parks,
26 of 5.365 acres tide and submerged lands of the Pacific Ocean

1 adjacent to Bolsa Chica State Beach in Orange County.

2 Motion is in order on that item.

3 MR. SHEEHAN: So move.

4 GOV. ANDERSON: Second.

5 MR. CRANSTON: Approval of that item is moved,
6 seconded, so ordered.

7 (b) (1) Termination of Lease P.R.C. 3110.1, Suisun
8 Pacific, Ltd., Suisun Slough near Suisun City, Solano County;
9 and (2) authorization for Attorney General to take such legal
10 action as is appropriate to secure payment of balance due the
11 State under said lease.

12 MR. HORTIG: Again, Mr. Chairman, the staff received
13 (airmail, special delivery) this morning a letter from the
14 legal representatives for the parties concerned, with respect
15 to the lease here proposed for cancellation -- making firm
16 statements and urging that the Lands Division postpone action
17 for a period of sixty days in the light of the fact that there
18 is now pending a sale of the entire project, which would re-
19 sult in a continuation of the project and a payment to the
20 State of back rentals, without the necessity of entering into
21 litigation.

22 While this has been the procedure for over a year,
23 and it is because of the fact that nothing has been accom-
24 plished in the year heretofore, the staff recommended this
25 termination -- in view of this latest representation it is
26 recommended that the Commission defer action on the

1 cancellation for a period of sixty days; but with the firm
2 announcement that there will be no further deferment granted.
3 If the project is made whole and the delinquent rentals are
4 paid to the State and the problem is resolved, then --
5 excellent; otherwise, sixty days hence the action being recom-
6 mended today would again be recommended.

7 GOV. ANDERSON: I move a sixty-day deferment under
8 that stipulation.

9 MR. SHEEHAN: I'll second it.

10 MR. CRANSTON: Deferment is moved, seconded, and
11 so ordered.

12 We approved item (a). We now move on to 10:
13 Confirmation of transactions consummated by the Executive
14 Officer pursuant to authority confirmed by the Commission at
15 its meeting on October 5, 1959.

16 Is there anything to report, Frank?

17 MR. HORTIG: I am sorry - -

18 MR. CRANSTON: Under Item 10, anything to report?

19 MR. HORTIG: No, sir. These are again the routine
20 renewals of geological and geophysical exploration permits,
21 and other authorizations previously approved by the Lands
22 Commission pursuant to rules and regulations and administra-
23 tive policy.

24 MR. CRANSTON: Item 11 -- Informative only. No
25 Commission action required. (a) Report on status of major
26 litigation. Anything to report on major litigation?

1 MR. HORTIG: The Office of the Attorney General,
2 our legal counsel, has a supplemental report.

3 MR. SHAVELSON: We received a letter from Mr.
4 Marshall, the Solicitor General, concerning Federal claims to
5 one-mile belts around Anacapa and Santa Barbara islands, based
6 on the establishment of national monuments there.

7 We are making an investigation of their claim and
8 consulting with representatives of other concerned State
9 agencies such as the Fish and Game Commission and the Resources
10 Agency and General Services, to see what action should be
11 taken. There is a possibility of supplemental proceedings in
12 the Supreme Court to test this question.

13 MR. CRANSTON: We now go to supplemental items.

14 Supplemental Item Number 13: Authorization for issu-
15 ance of dredging permit to Sequoia Refining Corporation to
16 dredge approximately 225,000 cubic yards of material, without
17 payment of royalty, from 68.046 acres tide and submerged lands
18 underlying Carquinez Straits, San Pablo Bay, Contra Costa
19 County. Dredged material to be deposited on State lands in
20 Carquinez Straits.

21 Motion is in order.

22 MR. HORTIG: If I might add, Mr. Chairman -- this
23 project has also been authorized by the San Francisco Bay
24 Conservation and Development Commission.

25 MR. SHEEHAN: I'll move it.

26 GOV. ANDERSON: Second it.

1 MR. CRANSTON: Approval is moved, seconded, and so
2 ordered unanimously.

3 Item 14 -- Proposed Oil and Gas Leases. At the sug-
4 gestion of staff, we will pass over item (1), which may con-
5 sume more time than the other items. We will take that up at
6 the end of today's session.

7 MR. HORTIG: Mr. Chairman, excuse me. Actually,
8 items (1), (2) and (3) are all involved because they are all
9 around San Miguel Island.

10 MR. CRANSTON: Item 15: Approval of documents for
11 conveyance of production payments submitted to City of Long
12 Beach by Pauley Petroleum Inc. and Allied Chemical Corpora-
13 tion, non-operating contractors of an undivided 10% share of
14 the Long Beach Unit, Wilmington Oil Field, as follows:

15 (1) Conveyance of production payment to Quadrangle
16 Foundation, Inc.; (2) Security agreement, mortgage, deed of
17 trust, and assignment of production payment by Quadrangle
18 Foundation, Inc. to Alvin C. Johnson, Trustee for the First
19 National Bank of Chicago; (3) Conveyance of production payment
20 by Allied Chemical Corporation to Red Hill Oil Company; (4)
21 Mortgage, deed of trust, and assignment of production payment
22 by Red Hill Oil Company to George O. Podd, Jr., Trustee for
23 the Continental Illinois National Bank.

24 Motion is in order.

25 MR. HORTIG: Mr. Chairman, the Office of the Attor-
26 ney General has also advised that the Commission may properly

1 approve the documents as submitted; and the recommendation as
2 it appears on page 57 of your agenda, the last paragraph, was
3 written on the premise and conditionally dependent upon sub-
4 mission of additional requisite documentation -- which was
5 received, in fact, on Friday.

6 Therefore, the last paragraph should read:

7 "The approval of the documents shall be subject to
8 their approval by the City Manager of the City of Long Beach."

9 MR. CRANSTON: Motion is in order on the recommenda-
10 tion as revised by Frank Hortig.

11 MR. SHEEHAN: I'll so move.

12 GOV. ANDERSON: Second.

13 MR. CRANSTON: Approval is moved, seconded, and so
14 ordered.

15 Item 16 -- Approval of Modification of the 1966
16 Plan of Development and Operation and Budget, Long Beach Unit,
17 to change surface location of a proposed well.

18 Frank, what is that?

19 MR. HORTIG: As the Commission knows, from having
20 full economic control under the budget with respect to opera-
21 tions and conduct of development of the Long Beach Unit, in
22 connection with the approval of the original budget for 1966
23 wells to be drilled (the locations thereof) were all approved;
24 and it is now found to be desirable from physical, geologic
25 and geographic considerations to change the surface location
26 of a proposed well. In order to accomplish this authorization

1 or modification, approval by the Commission is necessary.

2 GOV. ANDERSON: I'll so move.

3 MR. SHEEHAN: Second.

4 MR. CRANSTON: Approval made, seconded, so ordered.

5 Item 17 -- Approval of Modification of Cooperative
6 Agreement Ranger Zone, Parcel "L" and Long Beach Unit, to
7 change location of a proposed injection well.

8 The same?

9 MR. HORTIG: Same requirement.

10 MR. CRANSTON: Motion is in order.

11 MR. SHEEHAN: I'll move.

12 GOV. ANDERSON: Second.

13 MR. CRANSTON: Approval moved, seconded, so ordered.

14 Now, we have Supplemental Calendar Item 36 --
15 Application for assignment, mineral extraction lease P.R.C.
16 1500.1, and modification of Permit P.R.C. 3486.1, Marin County;
17 Schultz Investment Company - W.O. 6235.

18 MR. HORTIG: If I may summarize, Mr. Chairman, the
19 Commission will recall that at the meeting of July 12, 1966,
20 there was discussion with the County of Marin with respect to
21 authorization to dredge materials from State-owned lands and
22 compensation to be paid to the State by the County of Marin.

23 The County of Marin has investigated and today
24 brought in a letter-agreement by an existent State lessee,
25 Schultz Investment Company, agreeable to assigning operating
26 authorization to the County of Marin to operate under the

1 existing State Lands Commission lease.

2 In order to expedite the project for the County of
3 Marin, it is, therefore, recommended that the Commission
4 authorize the Executive Officer to approve the assignment of
5 that portion of the area of the existing lease which is in-
6 cluded in the Corte Madera Flood Control Dredging Permit
7 P.R.C. 3486.1, previously authorized by the Lands Commission
8 for the Marin County Flood Control and Conservation District,
9 subject to the receipt of form of assignment that has been
10 executed by Schultz Investment Company, the assignee in this
11 case, the County of Marin, to be bound by the terms of the
12 lease to the same extent as the original lessee and shall
13 fulfill the bond requirements; to modify dredging permit
14 P.R.C. 3486.1 to exclude the area assigned from P.R.C.1500.1
15 and to include the same terms and conditions as are set forth
16 in Mineral Extraction Lease P.R.C. 1500.1 in the County's
17 dredging permit.

18 This procedure is acceptable to and will permit the
19 County to proceed forthwith with the conduct of the operations
20 they are anxious to undertake.

21 MR. SHEEHAN: I'll so move.

22 GOV. ANDERSON: Second.

23 MR. CRANSTON: Approval moved, seconded, so ordered.

24 One more supplemental item, Number 29 -- Salary of
25 Executive Officer - Personnel.

26 Jack, do you want to bring up that matter?

1 MR. SHEEHAN: The Department of Finance Exempt Pay
2 Section, through its Exempt Pay Memo No. 10-9, has revised the
3 salary range for the position of Executive Officer, State
4 Lands Commission, from \$1642-1901 to \$1709-1979, effective
5 July 1, 1966.

6 It is recommended that the Commission approve the
7 new pay range established by the Department of Finance for
8 the position of Executive Officer, State Lands Commission, as
9 of July 1, 1966, and the assignment of the Executive Officer,
10 State Lands Commission, to the maximum salary range step
11 effective July 1, 1966.

12 I'll so move.

13 MR. CRANSTON: Approval is moved; seconded?

14 GOV. ANDERSON: Does Frank have any objection?

15 MR. HORTIG: No, sir.

16 GOV. ANDERSON: I'll second it.

17 MR. CRANSTON: Approval is moved, seconded, and so
18 ordered unanimously.

19 We have one other matter we might cover before we
20 go back to Item 14, and that is the time and place of the
21 next meeting of the Lands Commission and I believe we had a
22 tentative date agreed on for the 25th of August, here in Los
23 Angeles. Motion is in order to fix that as the next date.

24 MR. SHEEHAN: In Los Angeles?

25 GOV. ANDERSON: Whatever was agreed upon. I don't
26 carry it around with me, but I know it was cleared with the

1 office and we are building on whatever you recommended.

2 MR. CRANSTON: My calendar shows it is Los Angeles.
3 If it is Sacramento, it will have to be Sacramento. Let's
4 clear it.

5 MR. HORTIG: We will verify that.

6 MR. CRANSTON: The principal matter is in Southern
7 California, so it would seem to be appropriate that it be in
8 Los Angeles.

9 MR. HORTIG: We received a communication from Mr.
10 Charles Baldwin of the Joint Legislative Committee on Tide
11 and Submerged Lands, who would like to make a general state-
12 ment regarding dry gas pricing policy, pursuant to a study
13 he is conducting. He would appreciate inclusion of this at
14 any point in the meeting. Mr. Baldwin is here.

15 MR. CRANSTON: Mr. Baldwin.

16 MR. BALDWIN: Members of the Commission, the Joint
17 Legislative Committee on Tidelands has been studying dry gas
18 lease matters in the City of Long Beach pursuant to its man-
19 date from the Legislature this year, and we have been nego-
20 tiating with the Commission staff and with the people in Long
21 Beach over a dispute in pricing at Long Beach. This dispute
22 has been one of long standing, specifically since 1962.

23 I believe that the City and the State have come to
24 substantial agreement on how to price the gas during the
25 period which is under study. As an outcome of those meetings,
26 it was agreed to by the staff and by the City to consider a

1 long-term policy of pricing gas on a less complicated method.
2 Heretofore, the gas has been priced on a cubic foot basis and
3 both the Commission staff and the City's staff have agreed
4 that they would look into the possibility of pricing it on a
5 BTU basis in the future.

6 The reason this issue came up is because Pacific
7 Lighting, it is assumed, is going to switch over and price
8 their gas on a BTU basis some time later this year. We don't
9 know for certain that they are going to do this, but the staff
10 of the Commission is certainly aware that they are considering
11 this; and there is no problem, really, with pricing dry gas
12 when the BTU is above the gas coming in from the border.
13 However, when it falls below the rating of the gas coming
14 from the border, then it becomes an issue.

15 I just wanted to make this general statement and
16 bring it to your attention because I notice today the Commis-
17 sion has considered and, I believe, approved a dry gas sales
18 contract between two lessees on State lands and there was no
19 mention made of the consideration of the Commission staff of
20 the long-term policy of pricing on a BTU basis.

21 I thought the Commission would like to be appraised
22 of the position of the Committee and the staff at Long Beach
23 on this issue.

24 MR. CRANSTON: Frank?

25 MR. HORTIG: The situation, as Mr. Baldwin has said,
26 is an extremely complex one. Additionally, probably the crux

1 of the matter is that the contract under which discussions
2 have been held with the City of Long Beach -- being a net
3 profits contract and one in which the State is in a position
4 to negotiate and is authorized by statute to see that the gas
5 is priced in accordance with criteria established by the Legis-
6 lature -- is an entirely different thing than consideration
7 of approval of an independent contract made at arms length,
8 negotiated with a third party, in which the State is not a
9 party.

10 These are the terms and conditions and requirements
11 for State oil and gas leases, as distinguished from a net
12 profits contract. Naturally, if as and when conclusions are
13 reached and a rational basis is established in connection with
14 the Long Beach net profits contract in connection with pric-
15 ing gas, the staff is going to give definite consideration to
16 recommendation to the Commission for adoption of the same
17 rational basis insofar as it may be applicable to future oil
18 and gas leases issued by the Commission.

19 GOV. ANDERSON: There was no change insofar as it
20 affects the State -- this was a transfer by one lessee to
21 another concern?

22 MR. HORTIG: Yes.

23 GOV. ANDERSON: Are you recommending when we do
24 this we step in to renegotiate the original contract?

25 MR. BALDWIN: No. I just wish to call to your
26 attention that Pacific Lighting seems to be developing the

1 policy where they will pay for the gas on a BTU basis. These
2 lessees may in the future desire to renegotiate their contract
3 and the Commission may be in a position to either approve or
4 disapprove the contract, plus they are dealing directly with
5 the City of Long Beach; and because of the complexity of pric-
6 ing dry gas in Long Beach, the staff has indicated they have
7 been willing to give consideration to a long-range policy
8 particularly in the new development on the new basis --
9 particularly in view of Pacific Lighting's switch, if they
10 make it in the future.

11 MR. CRANSTON: No formal action is required?

12 MR. HORTIG: No.

13 MR. CRANSTON: Thank you very much.

14 We return now to the final item before us, Item
15 14, (1): Consider acceptance of bid made by Standard Oil Com-
16 pany of California, Humble Oil & Refining Company, and
17 Atlantic Richfield Company for Parcel 41, tide and submerged
18 lands, Santa Barbara County, in consideration of cash bonus
19 payment of \$101,214.

20 Frank, do you have anything to discuss on this?

21 MR. HORTIG: Yes, Mr. Chairman. As the Commission
22 will recall -- and the following comments are equally appli-
23 cable to subdivisions (1), (2) and (3) of Item 14 -- at the
24 last meeting of the Commission where these lease offers were
25 considered, the Commission directed the staff to proceed with
26 further evaluation and determination of the full position of

1 the interested agencies -- particularly California State
2 Department of Fish and Game, the National Park Service, the
3 U. S. Department of the Interior, and to determine the status
4 of potential legislation which would tend to lead to the
5 establishment of a national park in the Santa Barbara island
6 chain, which national park concept might also include a buf-
7 fer zone of the surrounding tide and submerged lands.

8 The evaluation led to -- and I will only read a
9 summary of the important statements -- a letter from Stanley
10 A. Cain, Assistant Secretary for Fish and Wildlife and Parks,
11 addressed to you, Mr. Cranston, as Chairman. Mr. Cain states:

12 "I am not writing you in my official capacity
13 but as an apologist. I believe what I am
14 encouraging you to do will not seriously
interfere with the extraction of oil. Just
keep the drilling away from the shore a mile,
if possible."

15 Similarly, Mr. Thomas C. Poulter, Senior Scientific
16 Adviser and Director of the Biological Sona Laboratory of
17 Stanford Institute:

18 "Since I feel so strongly that operations
19 under consideration less than one mile from
20 the elephant seal rookery in San Miguel Island
21 would constitute a serious hazard to our ele-
phant seal population, I cannot urge too
strongly that no oil operation be permitted
closer than one mile offshore."

22 Professor Carl L. Hubbs, Professor of Biology,
23 Emeritus, Research Biologist, Scripps Institute of Oceano-
24 graphy, suggests:

25 "Certainly any commercial activities ashore or
26 immediately adjacent thereto would be dele-
terious to a very significant element in the

1 "wildlife resources of the State."

2 The State Department of Fish and Game reports with
3 respect, particularly, as to whether there might be any ad-
4 verse effect on the sea mammal rookeries, which was not a
5 subject covered in the last report from the Department of
6 Fish and Game, it having referred exclusively to fish. I
7 quote:

8 "This Department would not oppose offshore
9 facilities at least one thousand yards from
10 the rookeries, but would not agree to shore
11 installations until satisfied they were
12 located and operated in such a manner that
13 the sea mammal population would not be harmed."

14 Finally, a letter from R. B. Moore, Acting Regional
15 Director of the National Park Service of the Department of
16 the Interior:

17 "In addition to re-emphasizing the statements that
18 have been previously submitted by Director Hummel
19 to the Commission by letter at the last meeting,
20 it is pointed out that five bills to establish
21 the Channel Islands National Park in the State
22 of California and for other purposes are now
23 pending before Congress.

24 "These are HR 16190, Burton, introduced July
25 13, 1966; HR 16191, Dyal, introduced July 13,
26 1966; HR 16342, Holifield, July 13, 1966;
HR 16416, Dingell, introduced July 21, 1966;
HR 16425, Moss, introduced July 21, 1966."

27 Parenthetically, we understand as of this morning there are
28 two more, so that the count is now seven.

29 Continuing with Mr. Moore's letter:

30 "All of these bills would include in the pro-
31 posed national park the islands of Anacapa,
32 Santa Barbara, San Miguel, Santa Cruz, and
33 Santa Rosa....

1 and I quote specifically:

2 "... together with submerged lands and waters
3 within one nautical mile from the shore line
4 of such islands."

5 In view of the condition of the record, therefore,
6 Mr. Chairman, it is the recommendation of the staff that the
7 Commission consider rejection of the bid offers received for
8 Parcels 41, 45 and 46 adjoining San Miguel Island; and authori-
9 zation to staff to proceed with a re-offering of all of the
10 parcels outside the danger zone of San Miguel Island with a
11 restriction that no surface operations would be conducted
12 within any proximity closer than one mile of the shore of
13 San Miguel Island.

14 This recommendation -- and if there were develop-
15 ments under these circumstances -- would meet completely the
16 criteria which have been advocated by everyone who has ap-
17 peared before the Commission in objection to the existent
18 lease offers.

19 GOV. ANDERSON: I'll so move. I would like to
20 inquire about the rigidity of the one-mile figure. I notice
21 one there said one thousand yards. Is there a variance in
22 the application of the one mile? Now, I can see one mile
23 off of the shore, the Continental Shelf going out more
24 gradually; where as you go out to the islands I can see it
25 dropping sharply. Maybe I am wrong, but are we limited to
26 the one mile? I don't want to see any harm to the wild life
and, at the same time, I am sure we all want to get oil out

1 of there. How rigid are we on the one mile? How rigid is
2 that as far as the park program is concerned? I know you men-
3 tioned one mile several times.

4 MR. HORTIG: The crux and the principal support and
5 suggestion for the need for the one-mile buffer zone is that
6 this one-mile buffer zone is included in the legislation which
7 is pending before Congress -- that the one-mile zone be in-
8 cluded as part of the national park. Therefore, patently it
9 would not be desirable, from the viewpoint of the sponsors of
10 the legislation or any of the organizations that are support-
11 ing it, to have any operations for oil and gas development be-
12 ing conducted from the surface within one mile.

13 GOV. ANDERSON: Where do they get the one-mile
14 figure? Most national parks are not in the ocean -- they are
15 on land.

16 MR. HORTIG: There is a precedent, as Mr. Shavelson
17 pointed out, in connection with the letter from the United
18 States Attorney as to the matter of administration of the
19 one-mile protective zone heretofore established, or at least
20 directed, by the Secretary of the Interior around Anacapa and
21 Santa Barbara Island.

22 GOV. ANDERSON: Are those the only precedents in
23 the country where they have used the one mile? Is there any
24 other place where they have taken the one-mile figure, where
25 there is also oil development?

26 MR. SHAVELSON: Governor, to my knowledge, no.

1 This action was taken in 1949 after the Supreme Court had
2 established that the United States had paramount rights in
3 the area below low tide and before 1953, when the Submerged
4 Lands Act conferred title in the State. I wouldn't say
5 categorically "no," but I am almost positive.

6 GOV. ANDERSON: Then they just picked it out. They
7 could have taken six thousand feet or one thousand?

8 MR. SHAVELSON: It is our understanding that they
9 used this figure around Anacapa and Santa Barbara to include
10 certain islets in the vicinity, such as Gull Island; and in
11 order to include them, they decided they might as well in-
12 clude the intervening waters as well. The first recommenda-
13 tion was to reserve a belt, for example a mile; and then it
14 became that by Presidential proclamation.

15 GOV. ANDERSON: Doesn't the land drop much faster
16 around the island than it does off our shores?

17 MR. HORTIG: In general, yes sir; but there are
18 still exceptions. There are some areas where the coast of
19 the mainland drops off precipitously.

20 GOV. ANDERSON: In those waters where we are
21 developing oil?

22 MR. HORTIG: Yes. As a matter of fact, that is why
23 in some instances we have had to have ocean floor completions
24 because the water is too deep for platforms.

25 MR. CRANSTON: If we take this action, it would not
26 preclude underwater drilling?

26
1 MR. HORTIG: We would propose that it would include
2 underwater drilling if mechanically feasible.

3 MR. CRANSTON: I presume there are others who wish
4 to be heard before we act. Is there anyone here who wishes
5 to testify?

6 MR. WRIGHT: Yes. Mr. Chairman, Governor Anderson,
7 Mr. Sheehan, my name is Henry Wright with the Western Oil and
8 Gas Association.

9 You are well aware of the issues here before us to-
10 day. Before you take some action I would like you to con-
11 sider several points, which the industry would like you to
12 weigh before you make a final judgment.

13 We have heard the impressive list of communications
14 you have here. However, Friday afternoon our representative
15 met with George Hartzog, Director, National Park Service, and
16 Max Edwards, Legislative Counsel to Secretary Udall. At that
17 time we were informed officially that the Department of the
18 Interior has no position with respect to the Channel Islands,
19 particularly San Miguel, in regard to harmful or completely-
20 free-from-harm effects of oil and gas operations closer than
21 a mile.

22 To the contrary, we have the statement of the Cali-
23 fornia Department of Fish and Game which says that whereas the
24 sea mammal rookery's needs should be studied, there is no
25 harmful effect to the marine habitat.

26 The industry is concerned. As you know, the cards
are on the table. A great deal of money has been spent in

1 evaluating the project. The secret information, the bid, has
2 been laid out before the public. Now we have the possibility
3 of rejection and I wonder if you can consider how much inter-
4 est this land or any land around the islands is going to have
5 now for the bidding groups.

6 Also, this one mile interests me. There is nothing
7 in the correspondence, nothing we can find from Washington,
8 that indicates there is a specific reason why this would be
9 harmful. Our operations would be conducted on the surface.
10 We don't like to have this restriction imposed at this time.
11 Until such time that there is an oil field there, we don't
12 have to worry about physical structures. That's a long way
13 down the road.

14 The basic issue is: Whose advice do you follow --
15 the Department of Fish and Game, Director Shannon's, or the
16 Federal authorities'.

17 Leadership in the National Park Service indicates
18 that the Redwood National Park has much higher priority. The
19 bills that have been introduced here will certainly die this
20 year. Inevitably they will be re-introduced. This national
21 park seems to be a political nut.

22 In a letter from Charles Teague, Congressman from
23 the 13th District, he states:

24 "Several members of Congress from areas well
25 outside the ones affected have introduced bills
26 to take over the Channel Islands -- at Federal
expense, of course -- and create a national
park. I shall continue to maintain an open

1 "mind on this proposal.

2 "Of course, it has again been chosen as an
3 issue in the upcoming campaign. I will discuss
4 the subject again in the weeks and months to
5 come. In the meantime, and subject to being
6 convinced that I am wrong, I suggest that the
7 average person would prefer that his share of
8 his tax payments to Uncle Sam for recreational
9 purposes be devoted to bigger and better national
10 parks, forests and beaches that can be reached
11 by motor vehicle, foot, or horseback. Very few
12 of our taxpayers can afford the airplanes or
13 rather substantial boats (a put-put won't do)
14 or yachts which are required to get over the
15 often treacherous waters between the mainland
16 and the Channel Islands.

17 "There are other problems, such as lack of
18 fresh water supply on the islands, the cost of
19 adequate breakwaters, et cetera, which must be
20 resolved before this should qualify as a desir-
21 able and practical proposition."

22 We would like to go into the area -- that is, the
23 bidding groups would -- and explore for oil. If there is oil,
24 the State is protected by a substantial royalty provision.
25 If you turn these leases down, you are turning your back on
26 \$390,000. I don't think the fiscal condition of the State of
California can afford that.

Beyond that, the Federal Government has indicated
they will conduct exploration next year. I am sure they won't
be as considerate of you as you are of them. At that time it
is quite possible that any future leasing of California land,
if this type of practice continues, would be considerably
less than it is today.

Beyond this, and our study is certainly not as
acute as that of the great names read off in the correspondence

1 read by Mr. Hortic, we find that the sea lions off San Miguel
2 the sea elephants, do three things: They bask in the sun,
3 eat the fish, and they make love. There is one thing the oil
4 industry is in favor of and that is love, and we have no
5 interest in preventing the sea elephants from making love.

6 It is very interesting that the Federal Government
7 looks at the sea lions very differently than California.
8 Under certain conditions a sea lion may be killed here in
9 California if he interferes with a commercial catch. There is
10 a very interesting case right now before the courts, wherein
11 a fisherman was arrested right over the line for shooting a
12 sea lion. The State of California is putting up a defense
13 for the fisherman.

14 I would suggest there is much to be done in the way
15 of study. The California State Department of Fish and Game
16 are certainly no dummies. Mr. Shannon would certainly not
17 put his name to any statement he did not believe. The
18 Department would like to investigate this and certainly the
19 oil industry would like to look into it, too.

20 We don't intend to disturb that rookery. On the
21 other hand, that national park seems to be a long way down
22 the road. On Padre Island we not only have operations on-
23 shore, but adjacent to it; and everybody uses Padre Island
24 and is very happy. Such will not be the case on barren
25 San Miguel.

26 All I can say -- Certainly, you have a very

1 difficult decision in balancing the interests. I realize
2 the conservation people have their pleas; we have ours.
3 But a valid lease offer has been made before you. I don't
4 believe the question of the one-mile setback has been suffi-
5 ciently documented to require you to turn down these leases
6 on that basis.

7 If you do not turn them down, I assure you we will
8 be happy to work with Fish and Game and Wild Life. The
9 national park is still far down the road and we hope by then
10 there are commercial deposits of oil found around the Channel
11 Islands. But we can't continue in this method, exposing
12 these competitive bids like this and then have them thrown
13 back in the oil companies' faces without having some reper-
14 cussion.

15 Thank you.

16 GOV. ANDERSON: Mr. Wright, I am aware of our
17 problem. I don't like what we are doing, either. I think
18 this should have been worked out months ago by staff and
19 these things brought out in the bidding arrangement; but
20 after it came before us, almost by accident we asked some
21 questions and this thing developed this way. We then asked
22 whether this could be worked out so the rookeries and the
23 other wild life out there, whatever there is out there,
24 could be protected. At that time the industry said it didn't
25 want to be bound by any compromise after they had bid.

26 MR. WRIGHT: That still stands.

1 GOV. ANDERSON: Now you say you are willing to do
2 something to protect them. I don't see anything we can do
3 now except reject it and turn it back to staff and try to
4 work out some arrangement so we know the rookeries and the
5 wild life are protected, and we are still able to get the
6 oil out.

7 I am aware of the problem -- the fact we offered
8 something and you made an honest bid. Now we say we don't
9 want to accept it, but it is because something has come up
10 that we were not aware of when the offering was made.

11 I sure don't want to jeopardize you people in your
12 drilling or exploration, but I sure don't want to jeopardize
13 the wild life or these sea lions, whatever their practices
14 are. I do think we have a real responsibility to protect
15 some things that are peculiar to California, those that are
16 unique and you don't find in other states; and I think we
17 have the responsibility to the wild life conservationists,
18 as we have to you.

19 I see no alternative but to pass this motion and
20 pass it back to staff, and have them come in with something.
21 I don't know whether one mile is the right figure, but we
22 have to work out something.

23 MR. WRIGHT: I am glad you recognize the principle
24 and I appreciate you are not enjoying what you are about to
25 do. I can't speak for this bidding group as to what their
26 reaction would be if these parcels were re-offered. Actually,

1 the rookery, per se, is on Parcel 46 -- not 41 and 45. On
2 46, unfortunately the rookery is onshore.

3 MR. CRANSTON: May I comment on this situation?

4 I fully agree with you that it would be totally im-
5 proper for the Lands Commission to seek to change the speci-
6 fications in any way after a bid had been offered and the
7 bids had been received.

8 The earlier action that we took was simply to ask
9 you to see if it would be possible for you to agree in any
10 way to handle the development in a way that would not inter-
11 fere with the islands and their possible inclusion in a park
12 or otherwise; but we did not wish to exert any pressure on
13 you. I do not think we did, and we certainly cannot ever set
14 a precedent for changing specifications.

15 On the other hand, I think we always have the oppor-
16 tunity to consider if we wish to accept bids. The bids are
17 not particularly of a large size. The situation would be
18 quite different if the bids were greater than the relatively
19 low bids we received. We don't know what is there.

20 I regret deeply that we were not fully informed at
21 the time we offered these bids of this aspect of the situa-
22 tion; and for that I think a number of people are responsible.
23 The conservationists' group did not bring this to our atten-
24 tion until a late date and the staff did not bring to us the
25 interest of the conservationists, and I blame myself as
26 Chairman for not being aware of this.

1 I think if we do reject it now, I think we should
2 give consideration to the timing. Possibly we should wait
3 until the Federal leases are offered.

4 I would reserve judgment at this moment on the one-
5 mile limit -- whether it should be one mile or something else.

6 I fully agree with you the bills in Congress do not
7 mean much. I do not think they will be acted on in this
8 session. Ultimately they will come up again, primarily because
9 in the United States we have this tremendous need for space.
10 Perhaps we need some vanishing ruggedness where people can
11 get away if they choose to get away.

12 We know the population growth is fantastic; that the
13 pressure is tremendous to preserve some part of the landscape
14 in its original form. I think one thing that escaped our
15 attention in the beginning was the rather unique position of
16 this island, the history that is supposed to be on that
17 island, the bald eagle. There are all sorts of issues that
18 did not come before us.

19 I deeply regret that this problem has developed and
20 I myself, as well as the staff, favor this recommendation.

21 MR. WRIGHT: Of course, there is one alternative.
22 I don't think the representatives here can make decisions off
23 the top of their heads, but eventually they are going to sit
24 down with the staff. Whether that will be considered, I don't
25 know.

26 MR. CRANSTON: Consider what?

1 MR. WRIGHT: Sitting down and working this out at
2 this time.

3 MR. CRANSTON: I gather from comments you made and
4 others have made, that as to that procedure it is more abhor-
5 rent to the industry that we change the specifications than
6 if we reject the bids outright.

7 MR. WRIGHT: It is.

8 MR. CRANSTON: So I would be a little hesitant to
9 enter into that procedure unless there is very strong evi-
10 dence presented from the industry that we were not setting a
11 precedent in a dangerous way. The actual fact is if we don't
12 change the specifications, the bids are going to be what you
13 think they should be and that is not going to be basically
14 changed if we act in a rational manner.

15 MR. WRIGHT: Anything but a rational manner will
16 have to result in a discount of the bids. On the other hand,
17 I do thank you for your time.

18 MR. CRANSTON: I want to say on that point I think
19 we have all been impressed with the way you have presented
20 this case and we appreciate your understanding of the diffi-
21 culties we have in this matter.

22 Is there anyone else who wishes to be heard?

23 (No response)

24 There was a motion that was not seconded so far.

25 GOV. ANDERSON: I move it.

26 MR. SHEEHAN: I will reluctantly second it.

1 MR. CRANSTON: The motion to reject the bids has
2 been moved and seconded. Is there any further discussion?
3 If not, I join in voting for the motion and the action is
4 unanimous.

5 I think that completes the agenda for today.

6 MR. HORTIG: Mr. Chairman, the secretary has brought
7 to my attention that while there was a question on Calendar
8 Summary Item 10, confirmation of transactions consummated by
9 the Executive Officer, there was no motion for confirmation.

10 GOV. ANDERSON: I'll move it.

11 MR. SHEEHAN: Second.

12 MR. CRANSTON: I join the motion and praise the
13 secretary for her alertness.

14
15 ADJOURNED 11:15 A.M.

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CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, hereby certify that the foregoing thirty-five pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Los Angeles, California, on August 8, 1966.

Dated: Los Angeles, California, August 11, 1966.

Louise H Lillico

Reporter, Office of Administrative Procedure