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TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
October 27, 1966

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MEETING OF
STATE LANDS COMMISSION

October 27, 1966
Los Angeles, California

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

Mr. N. Gregory Taylor, Deputy Attorney General

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>
4		<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1	Call to order			
2	PERMITS, EASEMENTS, RIGHTS- OF-WAY, NO FEE:			
7	(a) Lake County Bd. of Sup.	39	1	1
8	(b) Moss Landing Harbor Dist.	44	2	1
9	(c) Sacramento Municipal Utility District	33	3	1
10	(d) San Diego Unified Port Dist.	38	4	2
11	(e) County of Santa Clara	14	6	2
12	(f) County of Solano	27	8	2
13	3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:			
14				
15	(a) Holly Sugar Corp.	13	10	3
16	(b) John S. Smith, dba Tahoe Cedars Lodge	26	11	3
17	(c) George W. Ladd	1	12	3
18	(d) Oil Terminals Company	23	13	3
19	(e) Santa Catalina Isl. Co.	32	14	3
20	(f) Pacific Gas & Elec. Co.	2	21	4
21	(g) Pacific Gas & Elec. Co.	22	22	4
22	(h) Southern Calif. Gas Co. and Southern Counties Gas Co.	24	23	4
23				
24	(i) Southern Calif. Gas Co. and Southern Counties Gas Co.	25	27	4

continued

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE: (cont'd)			
(j) Southern Calif. Edison Co.			
(1)	15	29	5
(2)	16	31	5
(3)	17	33	5
(4)	18	35	5
(5)	19	37	5
(6)	20	39	5
(k) Standard Oil Co. of Calif., Newhall Land & Farming Co., Atlantic Oil Company	4	41	5
4 OIL & GAS AND MINERAL LEASES AND PERMITS:			
(a) Humble Oil & Refining Co.	40	42	5
(b) Humble Oil & Refining Co. Standard Oil Co. of Calif. & Sunray Oil Company	45	43	6
(c) Shell Oil Company	8	44	6
(d) Motlyn Oil Company	42	46	6
(e) Capitol Oil Corp. and Bruce D. Brooks	6	47	6
(f) Phillips Petroleum Co.	41	48	6
(g) Standard Oil Co. of Calif.	36	49	7
(h) Standard Oil Co. of Calif.	37	50	7
(i) Pittsburgh Plate Glass Co.	43	51	7
5 CITY OF LONG BEACH:			
(a) Subsidence costs for rais- ing W strip and Seaside Blvd. on Terminal Isl., etc	28	54	8

continued

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

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
5	CITY OF LONG BEACH cont'd		
6	(b) Cooperative agreement for water injection Long Beach Unit and Standard	31	56 8
8	(c) Interim price for tideland dry gas rec'd by Municipal Gas Dept, City Long Beach	10	58 8
10	(d) Bottom-hole location of Well J-115 Long Beach Unit	11	59 8
12	(e) 1967 Plan of Development & Operations and Budget, Long Beach Unit	3	60 8
13	6 LAND SALES		
14	(a) Frank V. Amaral, S. Bern. Co.	5	63 9
15	(b) County of Riverside	9	65 9
16	(c) P.C. Fredericksen, Lassen Co.	29	66 9
17	(d) Rejection Keith W. and Roger Alderman, Tuolumne Co.	30	68 9
18	7 PROPOSED ANNEXATION - City of Sand City, Monterey County		
19		35	70 10
20	8 APPROVAL OF MAPS & BOUNDARY AGREEMENTS		
21	(a) City of Oceanside	21	71 10
22	(b) Huntington Pacific Corp.	7	72 11
23	9 ADMINISTRATION - Maurice D. Schott & Helen E. Schott & Mr. & Mrs. H.F. Moore - Termination Lease PRC 2214.1 etc.		
24		34 and 12	80 11
25	10 INFORMATIVE - Litigation		
26		46	82 11
	11 NEXT MEETING		
			12

continued

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SUPPLEMENTAL CALENDAR:

ITEM ON PAGE OF PAGE OF
CALENDAR CALENDAR TRANSCRIPT

12.	Report on oil slick, Long Beach-Huntington Beach area	49	84	12
13	Proposal of City of Long Beach to expend tideland oil revenue for modification Navy Landing	47	86	21
14	Authorization to execute agreement with City Long Beach settling number of matters relating to Long Beach Tidelands Trust	48	88	22
15	Approval of November 1966 drilling schedule from Island A, Long Beach Unit	50	89	27

I N D E X

(In accordance with 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>
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4	1	12	3	43	51	7
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6	3	60	8	45	43	6
7	4	41	5	46	82	11
8	5	63	9			
9	6	47	6			
10	7	72	11	SUPPLEMENTAL CALENDAR:		
11	8	44	6	47	86	21
12	9	65	9	48	88	22
13	10	58	8	49	84	12
14	11	59	8	50	89	27
15	12	80	11			
16	13	10	3			
17	14	6	2			
18	15	29	5	NEXT MEETING		
19	16	31	5			12
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28	25	27	4			
29	26	11	3			
30	27	8	2			
31	28	54	8			
32	29	66	9			
33	30	68	9			
34	31	56	8			
35	32	14	3			
36	33	3	1			
37	34	80	11			
38	35	70	10			
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1 OCTOBER 27, 1966 - 10:08 A.M.

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MR. CRANSTON: The meeting will please come to order. Lieutenant Governor Anderson has sent word he will be with us almost at once.

Item Classification 2 - Permits, easements, and rights-of-way to be granted to public and other agencies at no cost, pursuant to statutes.

Applicant (a) Lake County Board of Supervisors -- Permit to dredge approximately 1300 cubic yards of material from a portion of the bed of Clear Lake, Lake County, to provide an entrance channel for a proposed harbor; spoils to be deposited upon adjacent county park lands.

(b) Moss Landing Harbor District -- Permit to perform maintenance dredging by removing approximately 2,000 cubic yards of material from bed of Moss Landing Harbor in Monterey County. Material to be deposited on a low-lying area adjacent to Moro Cojo Slough in an effort to reclaim the area.

(c) Sacramento Municipal Utility District -- 49-year life-of-structure permit, 0.027 acres sovereign land in bed of the American River, Sacramento County, approximately seven miles easterly of City of Sacramento, to construct a 12-kv power line to service the Arcade Water District; underground line not feasible due to prevalence of washouts in the area in periods of heavy weather.

1 (d) San Diego Unified Port District -- Permit to
2 dredge approximately 640,000 cubic yards of material from
3 tide and submerged lands in bed of San Diego Bay, San Diego
4 County, to facilitate construction of needed marinas and
5 other small-boat anchorages; dredged material to be deposited
6 in two different areas under jurisdiction of the San Diego
7 Port District which are within an area granted to the City
8 of San Diego.

9 (e) County of Santa Clara -- 15-year lease, 0.109
10 acre ungranted sovereign lands in Steamboat Slough within the
11 City of Alviso, Santa Clara County (for use in connection
12 with the operation of a County-owned small-boat marina),
13 with the understanding that no fee or rental will be charged
14 while the land is used for public parking, but that if the
15 land is to be used for any other purpose or a fee is to be
16 charged, the County must obtain prior consent of the Commis-
17 sion and rental will be charged.

18 (f) County of Solano -- 49-year right-of-way ease-
19 ment, 1.35 acres tide and submerged lands in Cache Slough,
20 Solano County, for the construction and proper maintenance
21 of a bridge for public use.

22 MR. SHEEHAN: I'll so move.

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

25 Item Classification 3 -- Permits, easements, leases
26 and rights-of-way issued pursuant to statutes and established

1 rental policies of the Commission:

2 (a) Holly Sugar Corporation -- Seven minor-structure
3 permits, four to expire November 20, 1969, three to
4 expire December 31, 1966, in Cache, Lindsey, Haas, and Steam-
5 boat Sloughs, Solano County; in the Mokelumne River, San Joa-
6 quin County; and in the Sacramento River, Sacramento County,
7 for a fee of \$100 each (for the operation and proper mainten-
8 ance of beet-receiving stations.)

9 (b) John S. Smith, d.b.a. Tahoe Cedars Lodge --
10 Five-year commercial minor-structure permit, 0.021 acre sub-
11 merged land in Lake Tahoe, Placer County, for a fee of \$100
12 (for proper maintenance of an existing er).

13 (c) George W. Ladd -- One-year renewal of Lease
14 P.R.C. 400.1, 2.34 acres tide and submerged lands in old
15 channel of San Joaquin River, San Joaquin County, at total
16 rental of \$280.80 (for floating boat sheds and marine ways).
17 Area granted to City of Stockton in 1965, but grant will not
18 be effective until recordation of a survey, which will be com-
19 pleted in 1967.

20 (d) Oil Terminals Company -- Ten-year replacement
21 lease, 0.08 acre sovereign land in Alviso Slough, City of
22 Alviso, Santa Clara County, at annual rental of \$714 (for
23 continued operation of an existing petroleum receiving dock
24 in conjunction with a petroleum tank farm).

25 (e) Santa Catalina Island Company -- 15-year lease
26 of 29 non-contiguous parcels of tide and submerged lands at

1 Santa Catalina Island, Los Angeles County, at annual rental
2 of \$19,217.86, replacing Lease P.R.C. 185.1, covering 17
3 parcels at annual rental of \$1,643.40 which was issued to
4 cover installation of mooring buoys on various coves to pro-
5 vide anchorage for small craft.

6 (f) Pacific Gas and Electric Company -- 15-year
7 easement, 1.17 acre ungranted tide and submerged land in Mad
8 River Slough three miles west of Arcata, Humboldt County, at
9 annual rental of \$77.45, for overhead power transmission line
10 to supply electricity for two pulp mills, a plywood mill, a
11 coast guard station, and the towns of Manila and Samoa.
12 (Installation of line has been completed).

13 (g) Pacific Gas and Electric Company -- 15-year
14 lease, 0.115-acre strip of land 25 feet wide extending across
15 the Tuolumne River, Stanislaus County (to construct and main-
16 tain a buried 12" gas line across the Tuolumne River near
17 Modesto), at annual rental of \$30.45.

18 (h) Southern California Gas Company and Southern
19 Counties Gas Company -- Four gas-line right-of-way easements
20 over State-owned and accreted lands of the Colorado River,
21 Riverside County, totaling 8.537 acres, at total annual
22 rental of \$460.09. (No structures of any kind will be lo-
23 cated within the rights-of-way, with certain critical areas
24 to be fenced and marked).

25 (i) Southern California Gas Company and Southern
26 Counties Gas Company -- 15-year lease, 12.19 acres State

1 school lands, Riverside County, subject to five access ease-
2 ments for road purposes, at annual rental of \$161.53 (pipe-
3 line easement).

4 (j) Southern California Edison Company -- Six 15-
5 year easements, State school land, San Bernardino County, for
6 overhead wire crossings (for which underground systems are
7 not technically feasible at present), as follows: (1) 41.67
8 acres, total rental \$1,303.80; (2) 20.5 acres, total rental
9 \$732.90; (3) 41.1 acres, total rental \$1,285.95; (4) 47.1
10 acres, total rental \$1,473.60; (5) 26.6 acres, total rental
11 \$832.20; (6) 30.87 acres, total rental \$964.20.

12 (k) Standard Oil Company of California, The Newhall
13 Land and Farming Company, and Atlantic Oil Company -- Accept-
14 ance of quitclaim, effective 7/18/66, of leasehold interest
15 in State Lease P.R.C. 3361.1, covering 13.77 acres of sover-
16 eign land in Whiskey Slough, San Joaquin County.

17 MR. SHEEHAN: I will move the approval.

18 MR. CRANSTON: Approval moved and seconded; and if
19 there is no discussion, it is so ordered.

20 Item Classification 4 -- Oil-and-gas and mineral
21 leases and permits issued pursuant to statutes and estab-
22 lished policies of the Commission:

23 (a) Humble Oil & Refining Company -- Authorization
24 for Executive Officer to approve Dry Gas Sales Agreement
25 dated Dec. 27, 1965, between applicant and Pacific Lighting
26 Service and Supply Company, as basis for sale and delivery of

1 Humble's share of dry gas marketed from State Oil & Gas
2 Leases P.R.C.s 91.1, 186.1, 919.1, 920.1, 1824.1, 2207.1,
3 and E. 400.1 and E. 401.1, Santa Barbara County.

4 (b) Humble Oil & Refining Company, Standard Oil Com-
5 pany of California, and Sunray DX Oil Company -- Acceptance
6 of quitclaim and termination of Compensatory Royalty Agree-
7 ment P.R.C. 1559.1, covering State lands in the bed of the
8 Sacramento River in the Llano Seco area, Glenn and Butte
9 counties.

10 (c) Shell Oil Company -- Execution of Compensatory
11 Royalty Agreement covering lands in the Gill Ranch Gas Field,
12 to protect the State's interest in portions of the bed of the
13 San Joaquin River and associated water courses, Madera and
14 Fresno counties.

15 (d) Morlyn Oil Company -- Approval of assignment of
16 production payment in State Oil and Gas Lease P.R.C. 429.1,
17 Ventura County, to Cambrian Oil Co. and Tina Minerals Corp.

18 (e) Capitol Oil Corporation and Bruce D. Brooks --
19 Deferment of drilling requirements, State Oil & Gas Lease
20 P.R.C. 3501.1, Grey Lodge Waterfowl Management Area, Butte
21 County, through June 14, 1967. (Fish & Game Commission has
22 indicated no drilling operations can be conducted until late
23 May 1967 due to flooding and incoming waterfowl flights.)

24 (f) Phillips Petroleum Company -- Deferment of
25 drilling requirements, State Oil & Gas Lease P.R.C. 2207.1,
26 Santa Barbara County, through June 21, 1967. (Regional

1 geophysical data from area adjoining the lease recently ob-
2 tained and is currently being studied in conjunction with the
3 latest geological information from within the lease area and
4 the adjoining areas.)

5 (g) Standard Oil Company of California -- Deferment
6 of drilling requirements, State Oil & Gas Lease, P.R.C.
7 1824.1, Santa Barbara County, through June 9, 1967 (to allow
8 sufficient time to obtain suitable drilling equipment).

9 (h) Standard Oil Company of California -- Deferment
10 of drilling requirements, State Oil & Gas Lease P.R.C.2894.1,
11 Santa Barbara County, through June 27, 1967 (to continue com-
12 bined geological and engineering study of the field that may
13 lead to additional drilling of exploratory wells to other
14 prospective zones on the lease).

15 (i) Authorization for Executive Officer to issue a
16 mineral extraction lease to the Pittsburgh Plate Glass Com-
17 pany on 3,531.20 acres sovereign lands in Owens Lake, Inyo
18 County, at annual rental of \$2.50 per acre and minimum royal-
19 ty rate of 50¢ per ton or 2% of the average bulk value re-
20 ceived f.o.b. the plant at Owens Lake, whichever is greater.

21 (Lieutenant Governor Anderson came into
22 meeting at this point.)

23 MR. SHEEHAN: I'll move approval.

24 MR. CRANSTON: Approval is moved, seconded; without
25 discussion, so ordered.

26 Item Classification 5 -- City of Long Beach (Pursu-
ant to Chapter 29/56, 1st. E.S., and Chapter 138/64, 1st E.S.):

1 (a) Approval of estimated subproject expenditures
2 from 10/27/66 to termination of \$45,000, with \$38,700 (86%)
3 estimated as subsidence costs, for raising of "W" Strip and
4 Seaside Boulevard on Terminal Island; and raising and relo-
5 cating water facilities (2nd phase).

6 (b) Approve "Cooperative Agreement for Water-
7 Injection Operations Long Beach Unit and Standard," between
8 the City of Long Beach acting both in its capacity as unit
9 operator of the Long Beach Unit and in its municipal capacity,
10 and the Standard Oil Company of California.

11 (c) Approve an interim price of \$0.2750 per mcf to
12 be paid the State for tideland dry gas received by the Muni-
13 cipal Gas Department of the City of Long Beach during the
14 period August 1965 through December 1966, pending final price
15 determination and settlement.

16 (d) Approve the action by the Executive Officer con-
17 senting to a modification of the 1966 Plan of Development and
18 Operations, Long Beach Unit, changing the bottom-hole loca-
19 tion of Well J-115 to the revised coordinates set forth in
20 the Long Beach City Manager's letter dated September 22, 1966.

21 (e) Agree with the City to waive for the present
22 time the specification of (a) the surface and bottom loca-
23 tions of the wells to be drilled during 1967; (b) the drill-
24 ing schedule of the wells to be drilled during 1967; (c) the
25 range of rates of production for the production of wells to
26 be drilled during 1967; and (d) the range of rates and

1 pressures of injection for the injection wells to be drilled
2 during 1967; and approve the 1967 Plan of Development and
3 Operations and Budget, Long Beach Unit, adopted by the City
4 Council of the City of Long Beach on September 20, 1966.

5 MR. SHEEHAN: I will so move.

6 GOV. ANDERSON: Second.

7 MR. CRANSTON: Approval is moved, seconded; without
8 discussion, so ordered.

9 Item Classification 6 -- Land Sales (Cleared with
10 all State agencies having a land acquisition program.):

11 (a) Authorize the sale to Frank V. Amaral of 40
12 acres State school land in San Bernardino County at \$10,640
13 (appraised value \$10,000).

14 (b) Authorize the sale to the County of Riverside,
15 without advertising, of 640 acres State school land in River-
16 side County at \$19,200, the appraised price.

17 (c) (1) Find that Lots 3 and 4 of Section 31, T.
18 36 N., R. 16 E., M.D.M., containing 78.64 acres in Lassen
19 County, are or have been occupied by P. C. Fredericksen or
20 his predecessors since prior to 1927, thereby bringing the
21 sale of the lands within the provisions of Section 2303(d)
22 of Title 2, Division 3, of the California Administrative Code;
23 and (2) approve the sale of said land to P. C. Fredericksen
24 at \$3,774.72, the appraised price.

25 (d) (1) Reject application of Keith W. and Roge L.
26 Alderman to select vacant Federal land in Tuolumne County,

1 and direct return of the deposits currently held under the
2 application except for applicable filing fees; and (2) direct
3 withdrawal of Lots 10, 11, 20 and 22 of Section 6, T. 1 N.,
4 R. 14 E., and Lots 21 and 25 of Section 31, T. 2 N., R. 14 E.,
5 M.D.M. from State Exchange Application No. 68 currently pend-
6 ing with the U. S. Bureau of Land Management.

7 GOV. ANDERSON: I will move it.

8 MR. SHEEHAN: Second.

9 MR. CRANSTON: Approval is moved, seconded; without
10 discussion, so ordered.

11 Item Classification 7 -- Proposed Annexation:

12 Authorize the Executive Officer to notify the City Council of
13 the City of Sand City, Monterey County, that the Commission
14 has determined the present value of State-owned tide and sub-
15 merged lands to be annexed under the proposed annexation,
16 designated as "Annex of Tide and Submerged Lands to Sand City,"
17 to be \$2,401,000.

18 GOV. ANDERSON: So move.

19 MR. SHEEHAN: Second.

20 MR. CRANSTON: Approval is moved, seconded; there
21 being no discussion, it is so ordered.

22 Item Classification 8 -- Approval of Maps and Boun-

23 dary Agreements: (a) Authorize Executive Officer to approve
24 and have recorded Sheets 1 through 6 of 6 of maps entitled
25 "Grant to the City of Oceanside, Vicinity of Oceanside, San
26 Diego County" dated June 1966.

1 (b) Approve boundary agreement with Huntington
2 Pacific Corporation, establishing the Ordinary High Water
3 Mark at Huntington Beach, and authorize the Executive Officer
4 to execute said agreement on behalf of the State.

5 GOV. ANDERSON: So move.

6 MR. SHEEHAN: Second.

7 MR. CRANSTON: Approval is moved, seconded; without
8 discussion, it is so ordered.

9 Item Classification 9 -- Administration: (a)
10 Authorize Executive Officer to terminate Lease P.R.C. 2214.1,
11 covering submerged lands in the Sacramento River, Colusa
12 County, for nonpayment of rent, and authorize the Attorney
13 General to take such legal action against Maurice D. Schott
14 and Helen E. Schott, and Mr. and Mrs. H. F. Moore, and any
15 other parties in interest, as is appropriate to secure pay-
16 ment of the balance due to the State and to remove all parties
17 from the State-owned lands.

18 GOV. ANDERSON: So move.

19 MR. SHEEHAN: Second.

20 MR. CRANSTON: Approval is moved, seconded, and so
21 ordered.

22 Item Classification 10 -- Informative only, no
23 Commission action required: (a) Report on status of major
24 litigation.

25 Anything to report?

26 MR. HORTIG: Nothing in addition to the record data

1 that is submitted in the agenda item. This is to keep a
2 current inventory in the hands of the Commission as to the
3 status of litigation.

4 MR. CRANSTON: The next item is the date, time and
5 place of the next Commission meeting, but that is not the
6 final item. We have supplemental items. However, the next
7 meeting is scheduled for Thursday, November 17, 1966 at ten
8 a.m. in Sacramento. If there is no objection that will stand.

9 What have you done about the December date, Frank?

10 MR. HORTIG: We are still working on it.

11 MR. CRANSTON: Number 12 -- Report on oil slick
12 occurrences, Long Beach-Huntington Beach area.

13 Frank, would you report on that?

14 MR. HORTIG: Yes, Mr. Chairman. I believe the most
15 effective and expeditious method of reporting on this matter
16 would be if I were to read the covering agenda item for the
17 benefit of the people in attendance.

18 Historically, the largest oil slick observed off
19 the southern California coast was first reported to the U. S.
20 Coast Guard at 7:15 a.m. on August 6, 1966, by a pleasure
21 craft that radioed its position as eight miles from the east
22 end of the Long Beach breakwater. At 3:35 p.m. a Coast Guard
23 40-foot and helicopter were dispatched to investigate. The
24 slick at that time was reported to be one-half mile wide at
25 a position one and one-half miles east of Alamitos Bay en-
26 trance and one mile offshore, extending to one and one-quarter

1 miles wide off the Long Beach breakwater entrance.

2 The slick had reached Humble's and Standard's off-
3 shore drilling islands (Monterey and Esther) by 6:30 p.m.,
4 and at that time, due apparently to shifting winds and break-
5 ing effects of the islands and breakwater, proceeded to spread
6 throughout a large area. It reached its greatest extent on
7 August 8, when it extended from Pier "J" in Long Beach to just
8 north of Huntington Beach at Bolsa Chica Beach. At that time
9 it lay both inside and outside of the breakwater, and was
10 estimated to cover approximately 20 square miles. The slick
11 was not continuous, however, and was broken by spaces of
12 clear water. By August 10, the slick had essentially dissi-
13 pated itself on the beaches, and on August 16 a canvass by
14 State Lands Division of all beach cities indicated that the
15 beaches were clean, although some residual color bleeding
16 from the breakwaters was expected to continue for some period.

17 It has not been possible to make an accurate quan-
18 titative estimate of the oil in the slick. In the subject
19 instance, quantities have been variously estimated as being
20 from a few barrels to as much as 750,000 gallons. The Depart-
21 ment of Fish and Game has estimated "thousands of barrels,"
22 citing experience gained from observing an average of 20 har-
23 bor spills per month.

24 Various origins of the material were suggested in
25 the early stages of the investigation. These included tanker
26 bilges, breaks in pipelines servicing offshore platforms,

1 casing failures on offshore wells, operator failure on off-
2 shore platforms, submarine seeps, and so forth. Preliminary
3 conflicting laboratory analyses by various organizations
4 served only to confuse the issue.

5 The companies with tideland oil production from the
6 area reported that an inspection of their lines indicated no
7 breaks. An inspection of shipping-pressure charts and pro-
8 duction reports by State Lands personnel has indicated no
9 sudden pressure losses or production losses, as would occur if
10 a line ruptured. Furthermore, if tideland production had
11 been the source of the slick, the slick should have been
12 first noted shoreward of the development islands and plat-
13 forms, instead of seaward as was the case.

14 A review of major waste-water outfalls was made in
15 conjunction with the State Regional Water Quality Control
16 Boards. Although surveillance of these outfalls is only on
17 a periodic basis, their nature and location is such that they
18 could not be considered sources of the slick material.

19 A Navy oiler, recently arrived from New Orleans,
20 had been sighted in the vicinity at the time of the original
21 oil slick sighting. Subsequent discussions with the Captain
22 of the vessel and other crew officers indicated that they had
23 been in the area, had been transferring fuel from their cargo
24 tanks to their fuel tanks, had spilled no oil, and had seen
25 no oil on the water. The vessel rebunkered after arriving
26 at Terminal Island, making it impossible to obtain a sample

1 of the fuel from the ship which had been loaded at New
2 Orleans. Through the efforts of the Western Oil and Gas
3 Association, a sample of the fuel was obtained from the
4 original vendor in Louisiana.

5 Because of the conflicting analyses from various
6 sources, the Division concluded that it was imperative to
7 have independent analytical determinations. A survey of
8 laboratories in California led to the conclusion that the
9 only laboratories equipped to perform the complete analytical
10 work were the research subsidiaries of the various producing
11 oil companies. Therefore, three coded unidentified samples
12 were delivered to a local independent commercial laboratory
13 for preliminary analyses, and to an out-of-state laboratory
14 for more detailed procedures. Those samples were:

- 15 1. A sample of the fuel oil delivered to the Navy
16 oiler at Algiers, Louisiana, on June 16, 1966;
- 17 2. A sample of the oil slick occurring on August 6,
18 1966, which had been obtained by the Coast Guard
19 and delivered to State Lands on August 23, 1966
20 by the Department of Fish and Game;
- 21 3. Crude oil produced from a platform operated by
22 one of the State's offshore lessees that had
23 been listed as a possible source of the oil
24 slick.

25 Through mass spectrometer, gas chromatography, and
26 spectrographic analyses, these independent laboratories have
concluded that the oil slick that occurred on August 6, 1966
was:

First -- not a crude oil;

1 Second -- not similar to the Navy special fuel
2 oil used to fuel the Navy oiler that
3 had been under suspicion;

4 Third -- not from the State lessee from whose
5 platform the crude oil sample was taken;

6 Fourth - -probably a blend of highly aromatic
7 and/or thermally cracked bunker fuel
8 with two different cut-back stocks;

9 which resulted in the final conclusion that this refined
10 product was very unlikely to have been refined from a Cali-
11 fornia crude oil. In other words, the source material was
12 from outside the State of California.

13 Inasmuch as the slick material was not similar to
14 the fuel oil delivered to the Navy oiler at Algiers, Louisi-
15 ana, the source most obviously must have been from another
16 and as yet identified vessel; which, incidentally, does not
17 close the case completely in that the Coast Guard and the
18 Pollution Patrol of the State Department of Fish and Game
19 would still like to identify that as yet unidentified
20 substance.

21 GOV. ANDERSON: Frank, we have done quite an in-
22 vestigative job on this. Were the investigations conducted
23 by our Lands Division? Is this a normal procedure to go into
24 it this extensively?

25 MR. HORTIG: Well, Governor, it is a normal proce-
26 dure to go into it; but the investigations in connection with
 this slick occurrence -- which, as was stated, was the larg-
 est one that had occurred on the California coast -- have been

1 far more intense and of greater depth than were conducted
2 previously; and this followed expressions by you, as a mem-
3 ber of the Lands Commission, on August 8th and following the
4 field reconnaissance of the problem which you conducted on
5 August 9th.

6 GOV. ANDERSON: During the time I was down there
7 we received some - - I don't want to use the word "criticism,"
8 but that's what it was, because we were at that time depend-
9 ing to a great extent on the laboratories of the oil companies.
10 I think you have in this report that you went outside, to
11 outside laboratories; and there seemed to be some criticism
12 that we should have our own facilities. I think you might
13 comment on that, the cost problem if we were to have our own
14 laboratory set-up.

15 MR. HORTIG: Actually, Governor, in conformance with
16 the discussions which resulted from the press conference which
17 you had held at Long Beach, which I recall was about August
18 23rd, at which time it was decided the State Lands Division
19 would study procedures, methods of solution and identifica-
20 tion, to expedite identification particularly in the future
21 if an accidental oil spill from an offshore operation would
22 occur (which was not the case here) -- because of that dis-
23 cussion and that commentary after a press conference, the
24 follow-up in the State Lands Division has resulted in programs
25 being under way and studies being conducted that will assure
26 in the future minimization of possibility of offshore oil

1 contamination and certainly limit the degree of any even
2 accidental pollution if there should be an accidental break.

3 Specifically, to cover this, there are under con-
4 sideration right now and orders are being written for certain
5 supplemental equipment for the Division's laboratories at
6 Huntington Beach, which will permit a rapid gross analysis
7 and determination of whether we are dealing with a crude oil,
8 refined oil or bunker oil in the future; and additional peri-
9 pheral equipment will be added to the gas chromatograph which
10 was already on order by the State Lands Division -- which
11 will permit more detailed analysis in the future by Division
12 personnel. It will give us answers in terms of days, where
13 this last major situation, utilizing the facilities of in-
14 dependent facilities, took us weeks to get the answers.

15 Already, and as a result of this more intense in-
16 vestigation in greater depth, as I stated, than had ever been
17 applied before -- and which was logical since this was also
18 the largest oil spill with which we had ever had to deal --
19 improved liaison and more rapid communication channels have
20 already been established with the Pollution Patrol of the
21 California Department of Fish and Game and the United States
22 Coast Guard.

23 GOV. ANDERSON: In other words, as a result of this --
24 even though the report says that it is very unlikely to have
25 been an oil refined from California crude and it is obvious
26 from this report it is not identified with any of our lessees

1 or anything connected with the State -- even though that has
2 been determined, the side effect is that we have made some
3 progress to minimize any possibility of pollution from our
4 lessees in the future. Is that what you are, in a sense,
5 telling us?

6 MR. HORTIG: This is correct, Governor. If I
7 might amplify one more point: In conjunction with the engi-
8 neers of our lessees we will also be reviewing the current
9 state of the art as far as technological developments are
10 concerned, to be certain that on State offshore operations
11 the most utilization is being made of leak detection and
12 safety shutdown instrumentation; so that everything that is
13 in being in terms of instrumentation or equipment that could
14 assist in assuring the maximum safety of operations will actu-
15 ally be in use, and not merely on the drawing board.

16 GOV. ANDERSON: Now, apparently, then, this would
17 conclude our connection with this particular spill. It now
18 goes to the Coast Guard or the Navy, who will follow up on
19 this and try to establish who the culprit is.

20 MR. HORTIG: The U. S. Coast Guard and the Pollu-
21 tion Patrol of the Department of Fish and Game.

22 GOV. ANDERSON: I see here the Department of Fish
23 and Game estimates an average of twenty harbor spills per
24 month. Is there anything being done to cut that down, to
25 eliminate that?-- because this is a source of problem for
26 quite a while, not to the extent of that last one, of course.

1 Is there anything that can be done to police this particular
2 problem better?

3 MR. HORTIG: This, of course, is a very serious
4 problem with the Coast Guard and Pollution Control.

5 If the Chair would call and ask if there is either
6 a Coast Guard representative or a representative of Fish and
7 Game here, they are of course directly related with and
8 battling with this problem on a daily basis. I think it would
9 be helpful to the Commission if they could comment on that
10 and answer the question.

11 GOV. ANDERSON: When I am confronted with this,
12 the same as the other public officials, when we say it is not
13 our responsibility any more but it is the responsibility of
14 the Coast Guard and Fish and Game, the average person does
15 not really distinguish between us. They want to know what
16 we are doing about it. I want to know what to tell them
17 about policing these harbor spills.

18 Is there someone here?

19 (No response from audience)

20 MR. CRANSTON: Why don't we ask for a report?

21 GOV. ANDERSON: I'd like to get something more
22 done in this particular field, even though it is not our
23 individual or Commission responsibility, because I am con-
24 fident we are going to get blamed or at least identified with
25 every spill that occurs.

26 MR. HORTIG: We are, of course, guilty by associa-
tion with the oil.

1 MR. CRANSTON: Frank, will you ask them to report
2 back to us in writing?

3 MR. HORTIG: I certainly will, Mr. Chairman.

4 MR. CRANSTON: That concludes this item, so we
5 move on to Item 13 -- Proposal of the City of Long Beach to
6 expend tideland oil revenues for the modification of the
7 Navy Landing (preliminary estimate, \$850,000).

8 Frank, do you have any comment on that item?

9 GOV. ANDERSON: I'd like to have him comment a
10 little bit on each of the supplemental items.

11 MR. HORTIG: The Commission, with its familiarity
12 with operations at Long Beach, will recall the construction
13 of a very fine facility entitled the Navy landing, at a time
14 when it was anticipated that the Navy would continue to use
15 these facilities as provided by the City of Long Beach, which
16 were built out of the City's share of tideland oil revenues.

17 Modification of operational procedures by the Navy
18 has resulted in a disuse of the Navy landing facility and,
19 therefore, the commercial establishments which were to oper-
20 ate in conjunction with the fleet landings have been unable
21 to continue operation in the building.

22 (Mr. Sheehan left meeting at this point)

23 MR. HORTIG: (continuing) The City of Long Beach
24 now has what appears to the staff an excellent opportunity
25 to secure a tenant for the building after expending addi-
26 tional tideland oil revenues (but only the City's share of

1 the tideland revenues) to make these modifications in what
2 they propose to lease to North American Aviation to establish
3 a center oceanological research and development within the
4 facilities -- which is, of course, a tremendous improvement
5 from the practically vacant condition in which the building
6 is today.

7 Therefore, the staff emphatically recommends ap-
8 proval of this proposal by the City of Long Beach.

9 GOV. ANDERSON: I think this is a fine thing, but
10 does this use completely comply with the trust?

11 MR. HORTIG: Yes, it does. It is within the trust
12 provisions and has so been identified and approved by the
13 Office of the Attorney General.

14 MR. SHAVELSON: I believe it is our opinion it does
15 come within the provisions of Section 6(c) of Chapter 138,
16 which does permit the erection of facilities on or adjacent
17 to the Long Beach tidelands which are for the benefit and use
18 of the tidelands; and, factually, from the reports that we
19 received from the State Lands Division and the City of Long
20 Beach, it does come within that provision.

21 GOV. ANDERSON: So move.

22 MR. CRANSTON: Second, in the same fashion. Any
23 discussion? (No response) So ordered.

24 Item 14 -- Authorization for Executive Officer to
25 execute agreement with the City of Long Beach settling a num-
26 ber of matters relating to the Long Beach Tidelands Trust;

1 i.e., expenditures for tideland beach operation and mainten-
2 ance; interest received from tideland oil revenue; Marine
3 Stadium, Municipal Auditorium and Auditorium parking lot;
4 tideland recreational programs; Los Angeles County financial
5 assistance to City of Long Beach for maintenance of recrea-
6 tional facilities; fire and police protection of tideland
7 trust facilities; administrative overhead charge of the City
8 as Unit Operator; Harbor Revenue Fund cash receipts; salt
9 water sales; roller coaster; Magnolia and Pine Street parking
10 lots; revenue from Belmont Pier concessions; Annual Report,
11 Department of Oil Properties; and City legal expenses.

12 Frank, do you want to comment on this?

13 MR. HORTIG: The Commission will recall, on my re-
14 freshing their memories, that the staff reported at the May
15 meeting an unresolved problem as to the justification or va-
16 lidity of transfer and utilization of approximately \$1,300,000
17 of funds by the City of Long Beach in connection with trust
18 operations. At the time the staff recommendation was that,
19 inasmuch as the statute of limitations was running, the
20 Attorney General be authorized to bring an action in order
21 to stop the statute of limitations from running while the
22 problem was negotiated and settled. Particularly at the sug-
23 gestion of Governor Anderson, the Commission directed that we
24 search for more peaceable and non-litigatory means of accom-
25 plishing a resolution of the problem and this was predicated
26 on the City of Long Beach agreeing to waive the statute of

1 limitations, which they did do, and which agreement the Com-
2 mission approved at the next meeting.

3 Since that time we have, therefore, been in nego-
4 tiations with the City, considering the problems -- and con-
5 sidering not only the initial problem which was raised be-
6 fore the Commission at the May meeting, but all of the prob-
7 lems of the interpretation of the bookkeeping with respect to
8 tideland trust operations generally, other than the oil and
9 gas operations on which the Commission already has very
10 effective controls.

11 This has resulted in an agreement which your staff
12 feels is equitable, which the City of Long Beach agrees to,
13 and to which there is no objection from the legal basis by
14 the Office of the Attorney General -- which would resolve all
15 these problems for past periods and would give us a format
16 and common understanding as to how the accounting will be
17 conducted for the future.

18 Additionally, this proposed agreement was reviewed
19 with a representative of the Auditor General's Office, with
20 the result, I am happy to report, that we have a letter from
21 the Chairman of the Joint Legislative Audit Committee,
22 Assemblyman Vincent Thomas, reading as follows:

23 "I understand the State Lands Commission will
24 take action at its October 27th meeting to
25 approve the agreement prepared by the Attorney
26 General's Office for the settlement of several
disputed items between the State and the City
of Long Beach.

1 "We have reviewed the agreement and find it to
2 be a reasonable method of settlement of these
3 long-disputed items, many of which have been
4 discussed in our audit reports.

5 (These, parenthetically, are the audit reports of the Auditor
6 General; the same items that appear in the State Lands Divi-
7 sion reports.)

8 "Execution of the agreement will clear the way
9 for improved accounting of trust income, ex-
10 penses and assets in the future.

11 "Therefore, on behalf of the Joint Legislative
12 Audit Committee and the Office of the Auditor
13 General, I can assure you that we have no
14 objection to the proposed agreement or its
15 ratification by the State Lands Commission
16 and the City of Long Beach.

17 Sincerely,

18 (Signed) Vincent Thomas "

19 GOV. ANDERSON: I want to ask the Attorney General's
20 Office a question. I have to admit that I have not read your
21 thirty-six page report on this and it states there is no le-
22 gal objection, and so on. I read a couple paragraphs, but
23 I'd like to have you say it quickly and publicly for the
24 record. I am in favor of this, but I want to be sure this
25 has the backing of your office.

26 MR. SHAVELSON: I'll make a very brief statement.
A great deal of work went into this matter, both by the
State Lands Division staff and with the legal advice of the
Attorney General's Office. That work was performed by Deputy
Attorney General Greg Taylor, who is at the table with me and
who can deal more specifically with the question.

1 It is our opinion that the many accounting problems
2 that arose as a result of examining the audit reports of both
3 the Auditor General and the State Lands Division could have
4 resulted in a long and difficult litigation with the City,
5 with a final result that would not have differed materially
6 from the results of this agreement.

7 We believe that the agreement is legally proper and
8 we believe the consequences of litigation, other than the
9 direct results, would have been adverse as far as our over-
10 all close and, I think, amicable relationship with the oil
11 field in Long Beach.

12 This is Deputy Attorney General Taylor, if you have
13 any additional questions.

14 MR. TAYLOR: I don't have anything further to add
15 except it was in the Commission's power, both by the decree
16 in People vs. City of Long Beach and according to the provi-
17 sions of Chapter 29 that there be a general supervisory ad-
18 ministration or check by the State Lands Division.

19 Also, our office will sign the agreement, which is
20 allowed by provisions of the decree in People vs. City of
21 Long Beach, and it will be signed by the Harbor Department
22 and the Council of the City of Long Beach; and it will be
23 signed by the Governor. So it will be a binding agreement.

24 As Mr. Shavelson has pointed out, it does settle a
25 good many problems that would have been extremely difficult.
26 I don't think it would be to the public interest to drag this

1 thing through the courts.

2 It provides for the expansion of the auditorium
3 and the increased use of tideland areas for the benefit of
4 the people of the State of California, and at the same time
5 settles many of the bookkeeping problems in the audit of the
6 State and the Auditor General.

7 GOV. ANDERSON: So move.

8 MR. CRANSTON: Second. If there is no discussion,
9 so ordered.

10 Finally, Item 15: Approval of Drilling Schedule
11 for wells to be drilled in November 1966 from Island "A",
12 1966 Plan of Development and Operations and Budget, Long
13 Beach Unit, Wilmington Oil Field.

14 Frank, any comment?

15 MR. HORTIG: Mr. Chairman, in what has become a
16 standard operating procedure in order that the operator may
17 plan and know what he is faced with, I have been approving
18 (after engineering and technical review) early in the preced-
19 ing month a drilling schedule, so that the operator can then
20 be ready to proceed.

21 Since the normal approval by the Lands Commission
22 comes so late in the month, there would not be sufficient
23 planning time between Commission approval and the beginning
24 of the next month, ordinarily. Therefore, this approval
25 which I have undertaken on behalf of the Commission requires
26 ratification under the terms of the statute and our agreement

1 with the City of Long Beach.

2 GOV. ANDERSON: So move.

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

5 If there is nothing further to come before us,
6 we stand adjourned until the meeting on November 17th in
7 Sacramento.

8 ADJOURNED 10:54 A.M.

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CERTIFICATE OF REPORTER

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2
3 I, LOUISE H. LILLICO, reporter for the Office of
4 Administrative Procedure, hereby certify that the foregoing
5 twenty-eight pages contain a full, true and accurate tran-
6 script of the shorthand notes taken by me in the meeting of
7 THE STATE LANDS COMMISSION held at Los Angeles, California,
8 on October 27, 1966.

9 Dated: Los Angeles, California, November 7, 1966.

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11 Louise H. Lillico
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