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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 6031
SACRAMENTO, CALIFORNIA

ORIGINAL

WEDNESDAY, JUNE 27, 1979

10:00 A.M.

PAUL D. RAMSHAW
C.S.R. License No. 3434

MEMBERS PRESENT

- 1
- 2 Mr. Kenneth Cory, State Controller, Chairperson
- 3 Mr. Sheldon H. Lytton, representing Mr. Mike Curb,
- 4 Lieutenant Governor
- 5 Mr. Roy M. Bell, representing Mr. Richard T. Silberman,
- 6 Director of Finance

MEMBERS ABSENT

7
8 None

STAFF PRESENT

- 9
- 10
- 11 Mr. William Northrop, Executive Officer
- 12 Mr. Robert C. Hight
- 13 Mr. James Trout
- 14 Mr. Donald J. Everitts
- 15 Mr. Jim De La Cruz
- 16 Mr. Dave Hadly
- 17 Ms. Diane Jones

ALSO PRESENT

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20 Mr. Jan Stevens, Assistant Attorney General

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I N D E X

	<u>Page</u>
1	
2	
3	1
4	1
5	1
6	1
7	
8	2
9	5
10	6
11	
12	6
13	
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17	8
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1	Agenda Item 24 - Maintenance dredging permit of less than 10,000 cubic yards on State-owned tide and submerged lands in Corte Madera Creek	10
2		
3	Agenda Item 25 - Authorization to file an amicus brief on behalf of the State of California in <u>Utah v. Andrus</u>	11
4		
5	Comments by Jan Stevens, Assistant Attorney General	11
6		
7	Agenda Item 26 - City and County of San Francisco; general permit -- public agency use; submerged land Pacific Ocean	12
8		
9	Mr. Alan Kenck	12
10	Mr. George Murphy	13
11	Mr. Wallace Wortman	13
12		
13	Agenda Item 27 - Approve proposed expenditures for subsidence maintenance and repairs and subsidence studies by the City of Long Beach for 1979-1980	13
14		
15	Agenda Item 28 - Review of the third quarter 1978-1979 Fiscal Year production and revenue, Parcel A, City of Long Beach, Wilmington Oil Field.	14
16		
17		
18	Agenda Item 29 - Monitoring of possible subsidence and seismic hazards, Long Beach Unit, Wilmington Oil Field	14
19		
20	Agenda Item 30 - Adoption of standard lease provisions, covenants and restrictions for marine petroleum transfer facilities	15
21		
22	Agenda Item 31 - Authorize acceptance as State sovereign lands of deed to undivided 0.646% interest in Brown's Island, Contra Costa County.	15
23		
24		
25		

		v
1	Agenda Item 32 - Approval of continuation of watershed and forest rehabilitation project during Fiscal Year 1979-1980.	17
2		
3	Agenda Item 33 - Authorize the implementation of a standard policy concerning charges to public agencies for permits and leases	18
4		
5	Agenda Item 34 - Silverking Oceanic Farms, Inc.; amendment of industrial lease PRC 5092.1.	20
6		
7	Agenda Item 35 - Authorize settlement on potential claim for levee damage adjacent to Bouldin Island	20
8		
9	Agenda Item 36 - Authorize staff to conduct two public hearings on the draft EIR for the proposed Wickland Oil Marine Terminal and development, Selby	20
10		
11	Agenda Item 37 - UCO Oil Company; amendment of industrial lease PRC 4769.1	21
12		
13	Agenda Item 38 - Authorize the executive officer to solicit and execute a consulting contract with the law firm of Lobel, Novins and Lamont to provide legal consulting services in Washington, D.C.	22
14		
15		
16	Agenda Item 39 - Approval of service agreement with City of Capitola for survey, map and description of trust grant to the County of Santa Cruz	23
17		
18		
19	Agenda Item 40 - Authorization for staff to proceed with appraisal and negotiations leading to the possible acquisition of surplus federal land near Camarillo and near Dixon	23
20		
21		
22	Agenda Item 41 - Mario J. Machi, assignee and Humboldt Bay Harbor Recreation and Conservation District, assignor; approval of assignment and amendment of permit PRC 1956.9	24
23		
24		
25	Mr. Trout	25

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1	Mr. Jeremiah Scott	27
2	Mr. Mario Machi	27
3	Mr. Anthony Machi	32
4	Mr. Carl Hammer	44
5	Mr. Zeke Grader	45
6	Mr. Jeremiah Scott	50
7	Mr. Mark Hoffert	51
8	Mr. Thomas Pratte	57
9	Mr. Douglas Galati	59
10	Mr. Alderson	71
11	Agenda Item 42 - Authorization to modify the land exchange with the National Park Service involving school lands within Joshua Tree National Monument	91
12		
13	Adjournment	92
14	Certificate of Reporter	93
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
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P R O C E E D I N G S

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CHAIRPERSON CORY: I called the meeting to order.
First we have the minutes.

COMMISSIONER BELL: I move it.

CHAIRPERSON CORY: Mr. Bell moves the confirmation
of the minutes of June 5th. Without objection, subject to
the order.

Mr. Northrop.

MR. NORTHROP: Mr. Chairman and members, the
Executive Officer's Report today is in fragments. I have
a part, and Don Everitts is going to give a part.

The State Department of Parks and Recreation
proposes to construct several recreational facilities along
the San Francisco Bay shoreline at the Candlestick Point State
Recreation Area. In response to a request for a permit
application, Director Cahill has pledged his department's
cooperation in applying for a permit, but requests during
the interim State Lands Commission permission to proceed
with pier repair work for the following reasons:

(1) The project is an "Immediate Public Use
Facility" and is scheduled for completion by August 1979.

(2) Delay in project completion could result
in the loss of available on-site community labor forces.

(3) The existing pier facility (outside State

1 Lands jurisdiction) requires immediate repair, but is part
2 of the overall development and construction plan.

3 Due to the urgency of the request, with your
4 consent, Mr. Chairman and members, I will advise Director
5 Cahill that he may proceed with the pier repair work. A
6 formal public agency permit covering the facilities will be
7 processed by staff as soon as possible.

8 COMMISSIONER BELL: Did we clear this with
9 BCDC at our last meeting for that one year?

10 MR. NORTHROP: I can't answer that, Mr. Bell.

11 COMMISSIONER BELL: I thought we did.

12 MR. NORTHROP: I had a memo from Mr. Cahill request-
13 ing this emergency movement, so I put it down at the time.
14 If you think we should clear it with BCDC, we will do that.

15 COMMISSIONER BELL: No, don't.

16 CHAIRPERSON CORY: Without objection, that is
17 approved. Proceed.

18 MR. NORTHROP: Mr. Chairman and Mr. Bell, we had
19 a unique opportunity to work with the Air Resources Board
20 and with some private entrepreneurs in the Santa Barbara
21 Channel on tar seep. Mr. Everitts would like to discuss
22 that program with you.

23 MR. EVERITTS: The Commission approved the forma-
24 tion of a study group about eight months ago. I have been
25 acting as chairperson of that group. Originally, it

1 consisted of representatives from Santa Barbara County,
2 industry, OPR, and myself. Since one of our problems
3 was funding, I've also added the USGS and the regional
4 coastal commission to the group to help us with some funding,
5 we hope, down the line.

6 We were directed by you to explore the possibility
7 of remedial action on any seeps and whether that would be
8 technically and economically feasible. We picked one large
9 seep that's about one mile east of Platform Holly, about
10 a mile off shore in 225 foot of water. It was first
11 documented by the Commission's inspectors in 1970, and has
12 been under constant surveillance since 1973, at which time
13 I personally inspected it and nearby abandoned core holes
14 in a two-man sub.

15 Using funds provided by Atlantic Richfield Company,
16 we determined that the seep is emitting 4.9 tons per day of
17 nonmethane hydrocarbons. Previous estimates have indicated
18 it is also producing somewhere between 40 and 80 barrels
19 per day of oil.

20 We attempted to use a tethered video scanner,
21 also funded by ARCO, to map the extent of the seep on the
22 ocean floor. It did not work properly, but we were able
23 to map it with a sonar ray which was part of the same system.
24 Future survey will have to be done with a manned submersible.

25 The group is now proposing to collect the oil and

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1 gas from this seep and produce it to shore. We determined
2 the seep occupies a maximum area on the ocean floor of
3 about 135 feet by 95 feet. We evaluated several proposals
4 and have determined that a tent similar to the one Union
5 is using at Platform A on their seep, and also used by ARCO
6 in the past, is the best approach. The tent would be
7 approximately 175 feet in diameter and would rise 25 feet
8 from the ocean floor.

9 The mixture of gas, oil, and seawater that we're
10 going to produce would go to an ocean-floor completed well
11 of Atlantic Richfield, and then from there through an
12 existing flow line, where it will be treated on shore.

13 The best estimate of the cost at this time is
14 about a million dollars. We've submitted a pre-application
15 to the Coastal Commission for money to survey the precise
16 extent of the thing and also to do some engineering design.
17 Since production will not be sufficient to pay out the
18 construction and operation of this system, other possibilities
19 are being examined. Atlantic Richfield has indicated some
20 interest in funding the program for purposes of emission
21 tradeoffs, and more recently Western LNG has indicated
22 considerable interest. Both companies now have all the data
23 necessary to review the proposal, and they are actively
24 looking at it.

25 Staff of both the local APCD and the Air Resources

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1 Board are aware of the program and have indicated that if the
2 seep were to be controlled, the 4.9 tons could be considered
3 for emission tradeoffs and perhaps even banked for future
4 needs. The banking concept is new, and the seep group
5 believes that the Air Resources Board should be encouraged
6 to continue to develop that particular plan.

7 MR. NORTHROP: Mr. Chairman, that completes my
8 report. However, staff would like to have a very brief
9 executive session on litigation at the end of the meeting
10 if it pleases the Commission.

11 CHAIRPERSON CORY: How about the Coastal
12 Commission?

13 MR. NORTHROP: No Coastal Commission report today,
14 sir.

15 CHAIRPERSON CORY: Okay, the consent calendar.
16 For the people in the audience, these are the items that
17 have the prefix "C" in front of the agenda item numbers.
18 They are C1 through C17. The agenda item indicates what
19 the staff recommends that we do with them. The staff is
20 of the opinion that these are noncontroversial items. If
21 there is anybody that has any objection to any of these
22 items as to the staff's recommendation for how we should
23 dispose of them, if they would please speak up, we would
24 delete those items from the consent calendar. If not, these
25 will all be approved in one motion. That is items C1 through

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1 C17.

2 Okay. Without objection, the consent calendar
3 will be approved as presented. That's C1 through C17.

4 Item 18.

5 MR. NORTHROP: Mr. Chairman, this is a non-exclusive
6 geological exploration permit for temperature gradient holes
7 to be drilled in Lake County by Union Oil Company.

8 CHAIRPERSON CORY: Anybody in the audience on
9 Item 18? Questions from the Commissioners?

10 COMMISSIONER BELL: None.

11 COMMISSIONER LYTTON: None.

12 CHAIRPERSON CORY: Without objection, authorization
13 as the staff suggests.

14 Item 19, a prospecting permit to Vinnell
15 Mining and Minerals 90 miles east of Barstow in San Bernardino
16 County.

17 MR. NORTHROP: They're looking for fluorspar,
18 Mr. Chairman.

19 CHAIRPERSON CORY: Are you going to tell us what
20 fluorspar is?

21 MR. NORTHROP: I was afraid you'd ask that,
22 Mr. Chairman.

23 MR. TROUT: Mr. Everitts said it was calcium
24 fluoride.

25 CHAIRPERSON CORY: Calcium fluoride. What are they

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1 going to do with calcium fluoride if they find it?

2 MR. EVERITTS: They use it in metallurgical
3 processes.

4 CHAIRPERSON CORY: Wonderful. We learn something
5 every day.

6 (Laughter.)

7 CHAIRPERSON CORY: Is there anybody who wants to
8 save the calcium fluoride salamander?

9 Without objection, then, the prospecting permit
10 will be authorized.

11 Item 20, rescission of geothermal prospecting permit
12 to Management Engineering, Inc., and issuance of a prospecting
13 permit to Getty Oil. Anybody in the audience on Item 20?

14 This is the item on which we heard an appeal from
15 the man at the last meeting. We said that if he completed
16 the items forthwith -- we gave him a time period, and he
17 did not complete.

18 MR. NORTHROP: That's correct, Mr. Chairman.

19 MR. HIGHT: Correct, Mr. Chairman.

20 CHAIRPERSON CORY: I don't know what else to do.
21 We tried for him.

22 COMMISSIONER BELL: I'd say there's no alternative.

23 COMMISSIONER LYTTON: As long as he had ample
24 notice and ample time:

25 CHAIRPERSON CORY: He had ample time between last

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1 meeting and this meeting, too.

2 COMMISSIONER LYTTON: There's no one appealing
3 on this? He received the notice of this hearing?

4 CHAIRPERSON CORY: He was here personally. The
5 staff wanted to do it last month, and I said, "No. If he's
6 here and willing to go, sign now and finish up and go on
7 your way." He assured us he was going to sign.

8 MR. NORTHROP: We have received a signature page
9 only, Mr. Chairman, from the contract. As of this morning
10 we have not received the necessary bond, and we did not
11 receive the balance of the contract. All we got was the
12 final signature page, which he had signed and submitted.

13 COMMISSIONER LYTTON: He has been served notice
14 of this meeting?

15 MR. NORTHROP: Yes.

16 CHAIRPERSON CORY: Without objection the
17 rescission and new issuance are approved as presented.

18 Item 21, adopt Article 4.1 of the Commission's
19 regulations on geothermal exploration and development.

20 Anybody in the audience on Item 21? Anything the staff
21 wants to tell us before we act? Are there any questions
22 from Commissioners?

23 COMMISSIONER BELL: This conforms to our latest
24 laws?

25 MR. NORTHROP: Yes.

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1 CHAIRPERSON CORY: Without objection, then, the
2 regulation will be adopted as presented.

3 Item 22, a request for proposals on an EIR in
4 the California City area. Is there anybody in the audience
5 on this? Any questions from Commissioners?

6 COMMISSIONER LYTTON: No questions.

7 CHAIRPERSON CORY: (Addressing Commissioner Bell):
8 If I am reading your question correctly, we need to ascertain
9 whether or not our action, which relates to mineral leases,
10 gives rise to further actions which could affect the
11 environment.

12 MR. HIGHT: Correct, Mr. Chairman.

13 COMMISSIONER BELL: Which is why the EIR.

14 CHAIRPERSON CORY: Right. We're not doing anything,
15 and by not doing anything we might have done something. Is
16 that what you're telling us?

17 MR. HIGHT: That's close.

18 COMMISSIONER BELL: It's going to affect the surface
19 rights, and what they do with the surface rights will affect
20 the EIR because they might build on it.

21 CHAIRPERSON CORY: It would seem to me that it
22 should be the problem of the guy who wants to build to do the
23 EIR rather than us.

24 Without objection, then, permission is granted
25 to circulate the request for proposals for the EIR as

1 described in Item 22.

2 Item 23, extension of Royalty Oil sales contract
3 for a period of six months.

4 MR. NORTHROP: This is Basin Petroleum on the
5 selloff at Huntington Beach, Mr. Chairman. We originally
6 set the contract -- we set the contract for two years, but
7 because at the time we did not know what DOE was going to do
8 on crude oil pricing and what would happen, we allowed each
9 party to skate in six months.

10 CHAIRPERSON CORY: It's still our best deal?

11 MR. NORTHROP: It's still the best deal we can get.

12 CHAIRPERSON CORY: And they're happy with it?

13 MR. NORTHROP: They apparently are, because they
14 want to extend.

15 COMMISSIONER BELL: And the future extensions
16 are also for six months?

17 MR. NORTHROP: Yes. We will be back every six
18 months on this contract. We left a very short use, because
19 we didn't know what was going to happen.

20 CHAIRPERSON CORY: Without objection, the extension
21 requested in Item 23 is granted.

22 Item 24 is a maintenance dredging permit for
23 10,000 cubic yards on State-owned tidelands in Corte Madera
24 Creek, Marin County, for Donald H. Gabrielsen. Anybody in
25 the audience on this item? Any questions from Commissioners?

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1 COMMISSIONER LYTTON: No questions.

2 CHAIRPERSON CORY: Without objection, the dredging
3 permit will be granted as presented.

4 Item 25, authorization to file an amicus brief
5 on behalf of the State in Utah v. Andrus. This relates to
6 access over adjacent federal property, which was denied in
7 the Utah case by the feds, and we want to get in and argue that
8 we need access so we can get to our lands.

9 COMMISSIONER BELL: Mr. Chairman, as I understand
10 it, the suit at the -- what was it? The circuit court or --
11 anyway, the Tenth District only covered Utah and does not
12 cover California. So if it goes to the Supreme Court, if
13 the Supreme Court finds in Utah's favor it will in effect
14 become the law of the land and will also cover us. So we
15 don't have to take any actions through a different circuit
16 court. Is that why we want an amicus curiae in this case?

17 MR. STEVENS: Actually, there were two issues
18 presented in the Utah litigation with respect to the
19 Department of the Interior, the one being the lieu lands
20 problem, in which California, like many other Western states,
21 asserts the right to select lieu lands for school land
22 parcels regardless of their value. That is the issue that
23 is presently before the U.S. Supreme Court.

24 The second issue, the trailing issue, is this
25 one of access, which we expect to be up there eventually

1 as well. That's why we're asking permission to represent
2 California in this litigation, so that both these issues
3 can be resolved on a national basis. We think this could
4 be an appropriate vehicle for the access problem.

5 COMMISSIONER BELL: Okay.

6 COMMISSIONER LYTON: The amicus brief you file
7 will address both issues, or simply the issue of access?

8 MR. STEVENS: Simply the issue of access in this
9 case. We intend to address the issue of lieu lands and
10 equal value in the case which the U.S. Supreme Court has
11 already taken and granted cert.

12 CHAIRPERSON CORY: Without objection, then, the
13 authorization requested in 25 is granted.

14 Item 26, City and County of San Francisco, 60-year
15 general permit for a sewer outfall.

16 MR. NORTHROP: Yes, Mr. Chairman.

17 CHAIRPERSON CORY: And the no-rent thing.

18 We have Alan Kenck.

19 MR. KENCK: Yes, sir.

20 CHAIRPERSON CORY: Do you wish to speak on this,
21 or are you happy with the staff's proposed disposal of this
22 item?

23 MR. KENCK: Yes, sir. I am happy with the staff's
24 proposal.

25 CHAIRPERSON CORY: Mr. George Murphy.

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1 MR. MURPHY: Yes, sir.

2 CHAIRPERSON CORY: Do you have any --

3 MR. MURPHY: I have none.

4 CHAIRPERSON CORY: Is there anybody in the
5 audience on Item 26?

6 MR. WORTMAN: Mr. Wallace Wortman, Director of
7 Property for the City and County of San Francisco, just
8 to stand by if you have any questions, and Dr. Louise
9 Stoll of the city and county waste water program also.

10 CHAIRPERSON CORY: Is there anybody in the audience
11 who has any problem with this proposed lease? Any questions
12 from the Commissioners?

13 COMMISSIONER BELL: No.

14 COMMISSIONER LYTON: No.

15 CHAIRPERSON CORY: Okay. Without objection, the
16 permit is approved as presented by the staff.

17 Item 27, expenditures for subsidence maintenance
18 and repairs, the City of Long Beach.

19 MR. NORTHROP: Mr. Chairman, in the past we have
20 brought to the Commission after the fact figures in the
21 subsidence and discussed it at that time. We are now using
22 a different format. In this format we see the subsidence
23 maintenance, being approved, is for \$10,000, and the
24 subsidence study is for \$360,000.

25 CHAIRPERSON CORY: Anybody in the audience on this

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1 item? Questions from Commissioners?

2 COMMISSIONER BELL: No. It seems practical.

3 CHAIRPERSON CORY: Without objection, the approval
4 is granted.

5 Item 28, review of the third quarter production
6 and revenue, Parcel A, City of Long Beach, Wilmington Field.

7 MR. NORTHROP: Mr. Chairman, our estimate will be
8 approximately \$310,000 less, due to one redrill that we're
9 working on and did not project into this quarter, but we
10 think it's prudent to do it now.

11 CHAIRPERSON CORY: You're doing the redrill, and
12 it's the added cost of the redrill --

13 MR. NORTHROP: -- that's reducing the revenue that
14 we projected.

15 CHAIRPERSON CORY: Is it the loss of production
16 from the closed well?

17 MR. NORTHROP: No, the cost of the redrill itself.

18 CHAIRPERSON CORY: Anybody in the audience on
19 that item?

20 All right. We have taken notice of your review.

21 Item 29, monitoring of possible subsidence and
22 seismic hazards.

23 MR. NORTHROP: Mr. Chairman, I am informed by
24 staff that any subsidence is within the normal range. There
25 is nothing outstanding to report to the Commission at this

1 time.

2 CHAIRPERSON CORY: And in the normal range,
3 Long Beach will disappear by when?

4 MR. NORTHROP: No. Long Beach is going to be
5 there. It's going to bound back up and do well.

6 Mr. Chairman, we should have the record show
7 that the city attorney heard that so they will not come
8 later and say they are sinking into the sea and want a
9 whole lot of money.

10 (Laughter.)

11 CHAIRPERSON CORY: For the record, that was a
12 facetious comment.

13 Item 30, adoption of standard lease provisions,
14 covenants, and restrictions. These are the --

15 MR. NORTHROP: The tanker terminal regulations
16 are now incorporated into leases.

17 CHAIRPERSON CORY: And the lessees have agreed?

18 MR. NORTHROP: The lessees have agreed in a meeting
19 as of Thursday. The lessees and/or associations representing
20 the lessees have agreed to it.

21 CHAIRPERSON CORY: Any question from anybody in
22 the audience? Questions by Commissioners?

23 Without objection, Item 30 is approved as presented.

24 Item 31, boundary settlement, Brown's Island.

25 This is an undivided interest to another small portion of

1 Brown's Island, which is our land bank.

2 MR. NORTHROP: Yes, for the East Bay Regional
3 Park District.

4 CHAIRPERSON CORY: The staff informed me that we
5 are getting fairly close to exhausting --

6 MR. NORTHROP: Mr. Trout said that we have something
7 under two percent left in that undivided interest, so we've
8 got to go find another piece of property and start working
9 on it.

10 CHAIRPERSON CORY: That ought to have a fairly
11 high priority, because that enables us to expedite --

12 MR. NORTHROP: That's the problem, Mr. Chairman.
13 This is one of the problems we're having.

14 CHAIRPERSON CORY: We want solutions, Mr. Executive
15 Officer, not problems. We understand your problems. Just
16 bring us the solutions.

17 MR. NORTHROP: The problem is this: If SB664
18 goes through, we may be limited from doing these things.
19 I think it's very important to note for the record that our
20 ability to make these kinds of exchanges and free up tide-
21 lands and allow people to develop areas that are developable,
22 and by the same token allow us to get lands that are in
23 marshy condition and suitable for restoration may well be
24 jeopardized by that bill.

25 CHAIRPERSON CORY: That's your problem. It's in

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1 the record. We expect a solution next week.

2 MR. NORTHROP: The staff appreciates the support
3 of the Commission in opposition to that bill.

4 CHAIRPERSON CORY: Anybody in the audience on
5 Item 31? Questions from Commissioners?

6 Without objection, then, we will authorize
7 acceptance of that additional portion.

8 Item 32. You want us to approve the continuation
9 of the forest rehab program.

10 MR. NORTHROP: Yes, sir.

11 CHAIRPERSON CORY: What have we done so far?

12 MR. NORTHROP: We have planted, in the last year,
13 over 118,000 trees on about nine sites. We are in the process
14 now, if you approve of this, of selecting some other sites
15 and going area by area.

16 CHAIRPERSON CORY: Is this an appropriate time to
17 ask if the trees that we've planted are living?

18 MR. NORTHROP: Our chief forester isn't here today,
19 but the fellow he used to work for is.

20 MR. TROUT: At the suggestion of the Department
21 of Forestry, most of the plantings were done under one of
22 two bases: One a completely cleared area, and another
23 in area left with brush. We've had moderate success in the
24 brushy areas and good success in the cleared areas, and we
25 will continue with cleared lands only.

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1 COMMISSIONER LYTTON: What is "moderate success"?

2 MR. TROUT: Something between 25 and 50 percent.

3 That's as good as the industry does other than tree farms.

4 COMMISSIONER LYTTON: Between 25 and 50 percent
5 survive?

6 MR. TROUT: Survive. In the other areas up to
7 75-80 percent have survived.

8 CHAIRPERSON CORY: It's the competition for water?

9 MR. TROUT: That seems to be the major thing.
10 There was some argument that the brush would protect the
11 small trees and keep the cows from stepping on them and dirt
12 bikers from rolling over them. But the competition for
13 moisture in most of these areas where we have remaining
14 land seems to be the controlling factor.

15 CHAIRPERSON CORY: And we are putting priority
16 on the open land?

17 MR. TROUT: Yes. We were able to clear a number
18 of sites during this fiscal year that would be planted
19 under this program for the next fiscal year. Around 400 acres.

20 CHAIRPERSON CORY: Anybody in the audience on this
21 item? Any questions from Commissioners?

22 Okay. You have the approval.

23 Item 33, authorize the implementation of a
24 standard policy concerning charges to public agencies for
25 permits and leases.

1 MR. NORTHROP: Mr. Trout will address that subject.

2 MR. TROUT: This is just related to a number of
3 public agencies that have requested waiver of the normal
4 processing fees. Staff feels that, in effect, the
5 Commission's budget is subsidizing these agencies, and this
6 standard policy would require all public agencies to pay
7 the filing fees and the processing costs except in the
8 condition where the Commission itself sought out someone
9 to manage land for it, as we do on occasion with Fish and
10 Game. Otherwise, we would expect all agencies to pay their
11 costs.

12 CHAIRPERSON CORY: Anybody in the audience on this
13 item? Everybody is happy with this?

14 MR. TROUT: I'm not sure we can arrive at that
15 conclusion.

16 COMMISSIONER LYTTON: Nobody wants to object to
17 paying their fair share.

18 COMMISSIONER BELL: The question is: Will they
19 pay?

20 This does not require legislation?

21 MR. TROUT: No. There is already legislation
22 that authorizes the assessment of these fees.

23 COMMISSIONER BELL: Thank you.

24 CHAIRPERSON CORY: Without objection, then, Item 33
25 is approved as presented.

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1 Item 34, Silverking Oceanic Farms, Inc.,
2 amendment of a ten-year industrial lease for an exposed
3 fishway as opposed to the covered tunnel that's already
4 there. It seems the fish prefer the scenic route rather
5 than the tunnel.

6 MR. NORTHROP: Yes. They just will not go into
7 a dark tunnel.

8 CHAIRPERSON CORY: It shows good sense on their
9 part.

10 (Laughter.)

11 CHAIRPERSON CORY: Is there anybody in the audience
12 on Item 34? Any questions from Commissioners?

13 COMMISSIONER BELL: No.

14 CHAIRPERSON CORY: Without objection, it is
15 approved.

16 Item 35, authorized settlement for some over-
17 exuberance on the part of our cleaning project. Is there
18 anybody in the audience on this item? Any questions from
19 Commissioners?

20 COMMISSIONER BELL: No. I think it's a fair
21 settlement.

22 CHAIRPERSON CORY: Without objection, that
23 authorization is granted.

24 Item 36, authorizing the staff to conduct two
25 public hearings on the draft EIR for the Wickland Oil Marine

1 Terminal in Selby, Contra Costa County. Any question from
2 Commissioners?

3 Without objection, authorization is granted as
4 requested in Item 36.

5 Item 37, UCO Oil Company wants a small amendment
6 to their existing lease.

7 MR. NORTHROP: Mr. Chairman, there is some language
8 change Mr. Trout would like to give you now on that.

9 MR. TROUT: Mr. Chairman, in the resolution on
10 page 159, item 5(C) (2), a phrase was left out. Between the
11 phrase about 3 mils per barrel and the phrase about 9 mils
12 per barrel, we should insert the phrase:

13 "and thereafter \$0.006 (6 mils)
14 per barrel for the next 20,000,000
15 barrels;"

16 That's the intent, and that would make it consistent with
17 the discussion in the calendar item on page 156, where it
18 is subsection (d).

19 COMMISSIONER BELL: Where is the insert? The
20 sentence reads that "the rental shall be \$0.001 (1 mil)
21 per barrel"

22 MR. TROUT: Then 3 mils per barrel, then there
23 should be a 6-mil-per-barrel 20,000,000 barrel increment,
24 and then the 9 mils per barrel.

25 CHAIRPERSON CORY: They just left out a step.

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1 COMMISSIONER BELL: So it's 1 mil, 3 mils, 6 mils,
2 and 9 mils, and the 6 mils was left out.

3 CHAIRPERSON CORY: If you didn't add that in, it
4 would increase the rate because you'd go to the 9-mil rate
5 quicker.

6 COMMISSIONER BELL: Or they might be discouraged
7 from going quite that fast.

8 CHAIRPERSON CORY: Is there anybody in the audience
9 on this item? Any questions from Commissioners?

10 Without objection, then, the UCO amendment is
11 approved as amended to reflect the 6-mils increment.

12 Item 38, authorize the executive officer to
13 solicit and execute a continuation of the Lobel-Novins
14 contract. Is there anybody in the audience on this item?
15 Questions from Commissioners?

16 COMMISSIONER LYTTON: This is strictly to handle
17 our work in relation to energy matters and the DOE pricing
18 matters?

19 MR. NORTHROP: Right.

20 COMMISSIONER BELL: Is this similar to the amount
21 for the current year?

22 MR. NORTHROP: We had this contract for the current
23 year, but then because we were really doing a lot of work
24 we raised it \$10,000. So compared to the current-year
25 expenditure, this is \$10,000 less than we have at the present

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1 time. But it's the same contract that we approved last
2 year in amount.

3 COMMISSIONER BELL: When we started it was \$50,000,
4 and this year again it's \$50,000?

5 MR. NORTHROP: That's right.

6 COMMISSIONER BELL: Okay.

7 CHAIRPERSON CORY: We've in essence said we want
8 to go back to our basic floor.

9 MR. NORTHROP: Hopefully, we can stay there. If
10 not, we'll have to come back.

11 CHAIRPERSON CORY: Soon there won't be a DOE, right?

12 Without objection, then, authorization is granted
13 as requested in Item 38.

14 Item 39 is approval of service agreement with
15 the City of Capitola for a survey of a trust grant to
16 Santa Cruz County. Anybody in the audience on Item 39?

17 COMMISSIONER BELL: They pay us for doing this,
18 don't they?

19 MR. TROUT: That's correct, Mr. Bell.

20 CHAIRPERSON CORY: Without objection, approval
21 is granted as requested in Item 39,

22 Item 40, land exchange. Can you tell us about this?

23 MR. NORTHROP: Mr. Chairman, Mr. Trout has been
24 working on this land exchange to try to get us some decent
25 property and get us out of some bad areas.

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1 MR. TROUT: We have 40,000 to 50,000 acres of
2 school land within military reservations. The Department of
3 the Army through the Department of General Services
4 Administration has offered an exchange of holdings at
5 Fort Irwin for property at Camarillo, which was formerly
6 a portion of the Camarillo state hospital site, which was
7 sold to the United States and has now been excess to their
8 needs.

9 Also, there is a small piece of surplus property
10 at Dixon, which we may need to balance the dollar value.
11 So we ask authority to work on both of these.

12 CHAIRPERSON CORY: Okay. Any questions?

13 COMMISSIONER BELL: Does this come back for final
14 settlement?

15 MR. TROUT: Yes, it would.

16 CHAIRPERSON CORY: Without objection --

17 COMMISSIONER LYTTON: No objection.

18 CHAIRPERSON CORY: -- authorization is granted.

19 Item 41.

20 MR. NORTHROP: Mr. Chairman, this was on the
21 calendar last month, and it was put over, as you recall.

22 CHAIRPERSON CORY: The Corps of Engineers was
23 having a hearing?

24 MR. NORTHROP: That's right.

25 CHAIRPERSON CORY: Can somebody on the staff tell

1 us what happened at that hearing?

2 MR. TROTT: Mr. De La Cruz, our land agent,
3 and Dave Hadly, one of the staff counsel, attended
4 the meeting. If there are particular questions, they
5 are here to answer them.

6 There were about 200 people attending the hearing.
7 Approximately 15 people were supportive of the surfers and
8 asked for additional studies to be made before the rocks
9 were taken as proposed. The balance of the people, we
10 understand, wanted to move ahead with the project, which
11 was of particular benefit to the people in the community
12 in launching their boats.

13 The site was studied by Dr. Richard Seymour, who
14 is a consultant to the California Boating and Waterways
15 Department, who felt that a portion of the rocks could be
16 removed. Subsequently, Dr. James Kimo Walker from Hawaii,
17 apparently a nationally known surfing expert, has looked
18 at the site and does not necessarily agree with Dr. Seymour.
19 The Corps of Engineers is going to take about 45 days --
20 probably about 30 days now -- to review it and make their
21 decision.

22 The opinion of staff is that it would be very
23 difficult -- if the State Lands Commission lease were to
24 be modified, it would require the staff to basically go out
25 and police the district's contractor to make sure that rocks

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1 of one kind or another, either as proposed by the surfers or
2 as modified by the Corps permit, were actually taken. The pro-
3 posed permits to the district would require them to comply
4 with all other permits issued, so they would be limited to
5 the most restrictive permit they obtain.

6 They have a Coastal Commission permit. If they
7 obtain the State Lands Commission permit, they would then
8 have the Corps permit to get. If the Corps study should
9 determine that rocks should come from some other location,
10 that would be the most limiting factor, and the district
11 would have to comply.

12 Therefore, from the standpoint of the staff, we
13 recommend approval of the item as submitted, which would be
14 the assignment of a current lease from Mario Machi to the
15 district, and then an amendment of the permit to allow the
16 district to take rocks and add to the breakwater that's up
17 there.

18 CHAIRPERSON CORY: Subject to approval to the
19 Corps?

20 MR. TROUT: The lease document does in its terms
21 require that they comply with the terms of the Corps of
22 Engineers permit.

23 CHAIRPERSON CORY: Okay. We have a lot of people
24 who'd like to talk to us on this subject. Jack Alderson
25 is the executive officer for the district.

1 MR. SCOTT: Mr. Chairman, my name is Jeremiah
2 Scott, and I am counsel for the district. We have several
3 residents and citizens of the Garberville/Shelter Cove
4 area here. Not all of them desire to speak, but we would
5 request your pleasure in listening to three of them, and
6 perhaps a fourth.

7 CHAIRPERSON CORY: Okay.

8 MR. SCOTT: I'd like to call on Mr. Mario Machi.

9 MR. M. MACHI: Mr. Chairman and members of the
10 Commission, I am the property owner in Shelter Cove who
11 is involved in this issue. I've owned the property for
12 32 years. During that time, I have been trying to improve
13 conditions in Shelter Cove. I worked with the Harbor
14 Commission, with the supervisors of Humboldt County.

15 May I pass this out? Have you seen this? This
16 is 1959, the first attempt at trying to get a breakwater
17 in Shelter Cove. That's a newspaper clipping that we had.

18 (Thereupon copies of the clipping were
19 distributed to the Commissioners and
20 staff.)

21 MR. M. MACHI: As I stated before, we have tried
22 several times to work with the county, because we never
23 did have the funds to do the job. In fact, Shelter Cove,
24 as you know, is part of the "Lost Coast". Being part of the
25 "Lost Coast", when we first got there, there was nobody there,

1 no one at all, an abandoned place, a little dirt road coming
2 into the place.

3 Since that time, by word of mouth, little by little
4 we have increased the people using the cove. I built this
5 little breakwater that's there now. I made many efforts
6 with the county to have the county help us, which never
7 did succeed. Something always happened. Money wasn't
8 available or something.

9 I feel a great responsibility in the development
10 of Shelter Cove. It's not a monetary responsibility, because
11 I've been there for 32 years, and for the first 20 years
12 I couldn't make a living at Shelter Cove. But I loved the
13 place, and I'm sure that it will develop and people will
14 develop.

15 Since that 32 years that I have been there, I
16 think this is a first step to making this place available
17 to the public, is public access to the beach. I am willing
18 to give this public access to the beach providing that other
19 improvements are made that will benefit the public, like
20 this breakwater, for instance, as one item, because of the
21 danger involved and the safety things that are involved
22 in this breakwater.

23 Let me put in order what I think after 32 years
24 of watching what goes on in Shelter Cove, what I think are
25 the important things in Shelter Cove.

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1 The first one at the present time is commercial
2 fishing. The next thing is recreational fishing. (This
3 is according to use.) The next one is abalone fishing. The
4 next is beachcombing. The next is swimming and playing on
5 the beach for children. We have the finest beach in the
6 whole northern part of California. It is the only beach
7 that is safe for little children to play. No undertow at
8 all. It's absolutely flat.

9 And the last thing I have on the list is surfing --
10 according to use.

11 Let me say something about the future of surfing.
12 Rather, let's start with today. Today you see one day two
13 people surfing, maybe three. One day you might see five.
14 There will be three or four days a week where nobody shows
15 up, and then there's two people, and then there's three.
16 This is the way surfing goes in Shelter Cove.

17 As far as the future is concerned for surfing, there
18 is no future. Forty years from now it's going to be the
19 same as it is today for the simple reason that there is only
20 a small area that the surfers can surf, very small. In fact,
21 one member of the surfing group stated that one man at a
22 time can ride towards the beach because of the danger of
23 the rocks and because of the way the waves come in. There's
24 just a little, small place that is not very important.

25 So surfing in my list comes last as far as

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1 recreational activities in Shelter Cove and commercial
2 activities. It comes last.

3 Now let's see what else I can tell you.

4 When we're going to take the rocks out, and a lot
5 of the rocks are involved in Dead Man's Gulch. I think the
6 permit says 25 percent. Now the surfers surf on the south
7 side of the jetty -- of the rocks, excuse me, the south side
8 of the rocks. We would like to take the 25 percent of the
9 north side of the rocks. I'm sure we could do this without
10 affecting the surfing at all.

11 I think that's about all I can cover. If there
12 are any questions that anyone would like to ask me, I'd
13 be very happy to answer.

14 COMMISSIONER BELL: Mr. Machi, under Governor
15 Pat Brown the State became interested in this because of the
16 entire north coast this was the only opportunity that
17 boaters had for a harbor of refuge under adverse conditions.

18 MR. M. MACHI: That's correct.

19 COMMISSIONER BELL: Your classification, which
20 included about six items -- would the harbor-of-refuge
21 principle fall under the recreational classification you had?

22 MR. M. MACHI: It would fall under both commercial
23 and recreational.

24 COMMISSIONER LYTTON: I'm just curious about a
25 couple of facts. How many launches are we talking about at

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1 present?

2 MR. M. MACHI: We had last year, the year before,
3 a hundred commercial dories, fishing boats, in Shelter Cove
4 permanent. As far as I can come, we've got close to
5 18,000 launchings and 18,000 landings, which makes 36,000
6 times that people come in behind this breakwater, because
7 the landing and the launching are two different operations,
8 and you've got to consider them separately. You can't just
9 take 18,000 launchings. It's 18,000 launchings and 18,000
10 landings.

11 COMMISSIONER LYTTON: And how many will be involved
12 if the breakwater is improved?

13 MR. M. MACHI: There will be many more coming if
14 we have safety. A breakwater is a great safety factor. You
15 see, the way the breakwater is constructed now at high tide
16 the water goes over the top of the breakwater and comes
17 in with a side wash, and when a boat is trying to reach
18 the beach it's pretty dangerous. He gets knocked over.
19 We have not lost any lives there in Shelter Cove, but the
20 only reason is there's always someone there on the beach
21 that runs out and picks them up so they don't get hurt. But
22 otherwise, if there was no one on the beach, we'd have some
23 serious problems there.

24 COMMISSIONER LYTTON: Is the addition of the
25 additional boat capacity going to affect the ability to use

1 the beach or to swim?

2 MR. M. MACHI: No. We are a little different
3 than most places. Most places they're launching one boat
4 at a time like on a launching ramp. In Shelter Cove, that
5 area behind the breakwater, you can launch 15 boats at one
6 time. Fifteen boats will go out and land at one time.
7 There's plenty of room behind that jetty to do that.

8 COMMISSIONER LYTTON: And adding the additional
9 boats won't impact on the people who are using the beach
10 for other purposes like swimming and --

11 MR. M. MACHI: No, actually not. The jetty we
12 have there now is about 300 feet out to one point and 250 feet
13 long, and in fact it enhances the swimming, because we have
14 had some sand fill in there, which we expected, about three
15 feet of sand, and it's hard-packed sand that you can drive
16 on and launch from, very fine sand. Many children swim on --
17 it has caused the sand to fill in on down the beach a little
18 ways, and it has made a beautiful swimming beach for children
19 to play in.

20 COMMISSIONER LYTTON: I have no other questions
21 of this witness.

22 CHAIRPERSON CORY: Thank you very much.

23 MR. A. MACHI: My name is Tony Machi. I am also
24 a 32-year resident of Shelter Cove.

25 In the past few weeks I have written letters to the

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1 Corps of Engineers, a couple of letters to the Eureka daily
2 newspaper, a letter to the editor, just coming up with every
3 argument in favor of the project that I could think of.
4 What I would like to do at this time is a condensation as
5 much as I can. It would take me a few minutes, if permis-
6 sible, to come out with every important point that I could
7 possibly think of. Would that be agreeable with you?

8 CHAIRPERSON CORY: Sure.

9 MR. A. MACHI: All right. Some of this will be
10 a little bit repetitious, but I will go through it fast.

11 We have four major problems. When we have low and
12 medium tides, we have a beautiful beach. There's lots of
13 room. Like my brother said, many cars can launch and
14 maneuver on the beach. No problem.

15 But as the high tide approaches a five-foot level
16 or higher, then there is absolutely no beach there. No
17 vehicles can get on that beach, which really creates problems.
18 If this happens in the middle of the day -- and in the
19 summertime it happens very frequently.

20 So what you're faced with if you go fishing is
21 you have to decide whether you're going to come in to the
22 beach two hours before the high tide or two hours after.
23 Well, as a result, many boats have to come in at one time,
24 and this is what creates the problem. There is severe
25 congestion. Everybody is in a frenzy to try to get their

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1 boats off the beach safely.

2 The other one, in conjunction with this, is that
3 we have a one-lane unpaved road. When we have congestion
4 on the beach, we have the same congestion on the road,
5 because everybody's trying to get up and down this road
6 with their boats and to pick up their boats.

7 We get at least one light rain in the summertime.
8 Being that the road is unpaved, it gets so slick that the
9 only vehicles that can use it are four-wheel drive, so
10 that causes tremendous problems.

11 CHAIRPERSON CORY: Pardon me if I interrupt you.
12 We are looking at a picture here. The road you're talking
13 about is the road from the top of the bluff down to the
14 beach?

15 MR. A. MACHI: Right.

16 Now another big problem is the vehicles being
17 stuck in sand and saltwater. This happens all the time.
18 What's bad there -- and a lot of people probably don't even
19 realize it -- is that they suffer tremendous damage to their
20 vehicles, because the sand and saltwater get in their brakes.
21 Just as an example, a neighbor of mine got stuck just one
22 time. A few days later he had problems with his brakes.
23 It cost him \$160 to repair the damage due to the sand and
24 saltwater. We don't know how many cars and trucks are
25 involved in that same situation.

1 As my brother mentioned, one of our biggest
2 problems is boats being swamped and overturned. Again, we've
3 had no drownings, luckily for that. He already mentioned
4 that. But these boats today, even small boats, 14-footers,
5 are equipped with CB radios, depth finders. It's amazing
6 the equipment they have.

7 If you get a boat swamped, nine times out of ten
8 you're going to lose your commercial gear because once it
9 goes under water in saltwater, it's most likely finished.
10 The commercials -- we have had this happen. A man goes out
11 there and fishes all day long, long hours, and comes to the
12 beach with his catch in a small boat from his big boat.
13 It gets swamped in the surf. We have had men lose their
14 entire catch, a lot of salmon.

15 Twenty years ago, as my brother mentioned, we
16 decided to build this jetty to alleviate this swamping
17 problem. We did this with the full approval and all permits
18 necessary from the Small Craft Harbor Commission, the
19 U.S. Army Corps of Engineers. We took rocks from the two
20 nearby reefs, and a few from the Dead Man's Reef. This
21 cost us a little bit of money, several thousand dollars.

22 I'd like to mention that the jetty is there today
23 for you to see and see how it operates. This was put together
24 by one D.C. tractor loader and one Army dumptruck. Two men
25 were able to do that complete job -- not complete, but as far

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1 as we could get with it.

2 The jetty has worked -- and it is working --
3 perfectly on medium and low tides only. But high tides,
4 again, for the reason I stated -- no beach, completely
5 useless. Plus the fact the water comes over the top of
6 it and creates an additional hazard.

7 Again, this is what our project is all about.
8 We have to raise the height of this jetty, complete the
9 length of it, to make it effective at the high tides.

10 Now this will be effective providing the rest of
11 the project goes through, goes ahead, and that is a turn-
12 around area at the base of the road that will eliminate
13 the hazard at the high tide, and we could use an extra-wide
14 boat ramp so more than one or two boats can launch and
15 receive the boats at the same time.

16 Again, to cure the boat problem, to pave and widen
17 the road to two lanes. This has already been agreed upon.

18 Now the congestion we're talking about is not due
19 to overuse or crowding, but from a lack of the proper
20 facilities. My brother stated that we can accommodate many
21 more boats. If you have a smooth operation, there will
22 be no problem. We have been there 32 years. We started
23 from scratch. I think we can speak with authority. We've
24 been there. We've done it.

25 This project -- no need to say it -- is so very

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1 badly needed. It's a golden opportunity for us, and it will
2 benefit literally thousands of people, because they come from
3 all over the state. Actually, we have records to prove it
4 from people who camp there, from people who launch boats,
5 from rental boats.

6 In the beginning when we approached the Humboldt
7 Harbor Recreation Commission, they wanted to know what the
8 public input was, how much interest. We got together a
9 petition with over 5,000 signatures, which was quite a
10 surprise to them, and this, I have to state firmly, was not
11 blind support. This comes from people that we know, actual
12 users of the cove.

13 As you know, it has already been approved by the
14 Harbor Commission. It has been funded and surveyed. It's
15 approved by both the Regional and the State Coastal
16 Commission. If it were not for the surfers, we just know
17 that there'd be no problem in getting a permit from the
18 U.S. Army Corps of Engineers.

19 This entire project hinges on the rocks at
20 Dead Man's Reef because of their proximity to the site and
21 the ease of transportation, which we have proven can be done.
22 This also makes the project feasible costwise.

23 The surfers want to haul rocks from somewhere
24 else. This would be great if we could find somebody to pay
25 for it. We also have another problem. The state has stated

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1 definitely that they don't know whether they will allow
2 heavy loads of rocks to go over our secondary roads. This
3 was stated by a supervisor. So that's what makes rocks
4 from other areas absolutely prohibitive, and it would also
5 kill this project if we are forced to do that.

6 We have had very qualified men from Humboldt State
7 University oceanography department and from the Scripps
8 Institute of Oceanography and others who have examined the
9 site personally, and all state that rock removal will not
10 adversely affect the surfing. In fact, it might very well
11 improve it.

12 The surfers -- I have to state that we are not
13 against surfing. We like to see them surf. That's great.
14 That's fine. They're having their fun. But because of what
15 they're doing, we have to kind of speak against them a little
16 bit.

17 Surfers will absolutely not listen to anyone. No
18 matter what the qualifications of these people, it means no-
19 thing to them. We wonder what qualifications they have other
20 than just being surfers. If surfing were to be destroyed
21 by a large breakwater, we could understand their apprehension
22 and objections. But we are positive this will not happen.
23 I will give you just the proof of this.

24 Surfing, for one thing, knows no season. It
25 doesn't depend on any tides or time of day or anything.

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1 Whenever the surf is right, they surf. It makes no difference.

2 At low tide the rocks that we are talking about,
3 every single rock that we are able to take and will only
4 take -- because the piece of equipment will not operate in
5 deep water; it will only operate in a couple of feet of
6 water at the most; they're not about to go into deep water
7 with it. So every rock we are speaking of is high and dry.
8 Yet -- and believe me, I've been there -- these surfers are
9 able to enjoy long rides right to the beach completely away
10 from these rocks as if they did not even exist.

11 Now at high tides it has been mentioned that the
12 surfing will be enhanced by removing some of these rocks.
13 The reason for that is that at high tide these rocks are
14 just under the surface, not very far. If you surf right
15 over these rocks, with the spills that these boys have to
16 take, it could be very dangerous. What I like about the
17 surfing, what I get a thrill out of, is watching the spills
18 that they take. They go over frontwards, backwards, upside
19 down, and they take some spectacular spills. Some of them
20 have gotten hurt. They come in with broken noses and black
21 eyes and so forth. So that's something to consider.

22 We think their fears are completely unfounded.
23 We think they're just so stubborn they won't listen to anybody.

24 The surfers have gotten great support. That is
25 proved by the letters. We're outnumbered by letters and cards

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1 -- I don't know, one hundred to one, two hundred to one.
2 However, this support comes mainly from Southern California
3 and as far away as the Hawaiian Islands. Now most of this
4 is blind support.

5 I will give you a little example here. If they're
6 are any surfers here, I wish they'd listen closely. I
7 already read this at another meeting, but I wish they'd
8 pay attention. Now this letter is from Mr. Steve Pezman,
9 he's a publisher and editor of Surfer magazine. This is
10 written to Dr. John Ball. Dr. John Ball -- he's retired now
11 -- is a very expert surfer. He has lived at Garberville
12 for over 18 years. He is the first surfer at the cove. He
13 is responsible for the promotion of surfing in the north
14 coast. He wrote a letter to this Mr. Pezman, letting him
15 know exactly what's going on there, what the issues are, and this
16 is the return he got. It's dated April 23rd.

17 "I think what's happened here is
18 that some Northern California surfers
19 who didn't agree that the removal of
20 rock at Shelter Cove wouldn't harm the
21 surf turned for help to the surfers
22 of the south" (referring to the Western
23 Surfing Association; and I'd like to
24 stress this:) "who don't have sufficient
25 local knowledge to do anything but blindly

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1 support the northern surfers."
2 Now when you consider the source, the editor of one of their
3 own surfing magazines, I think should really tell all of
4 us something, especially the surfers. So they don't neces-
5 sarily have the backing of every surfer. It's blind support.

6 The support that we have is not blind. We've been
7 talking about people who have been there.

8 In fact, I just want to make the quote that
9 Dr. Ball said. He was at the Coastal Commission hearing
10 in Eureka. He said:

11 "In a sense I am being a traitor to my
12 own kind, but in all honesty I think
13 the surfers are absolutely wrong and
14 that removal of the rocks will, if
15 anything, improve their ride."

16 Now this is pretty tough for him to do as a surfer. He knows
17 some of these boys personally. He's talked to them, tried
18 to get them to back down. No way. They will just not listen
19 to anybody.

20 You speak about the economics involved here. When
21 we talk about fishing, you're talking boats, motors,
22 electronic gear, fishing gear, licenses, daily operating
23 costs, and so forth. There's thousands of dollars invested,
24 without exaggeration. We have inboard-outboard boats. Quite
25 a few of them come in. Now when it comes to surfing, if you

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1 have a board and a wet suit, and some of the brave ones
2 don't even have a wet suit, that's all that is involved.
3 It's an individual, strictly an individual thrill-seeking
4 pursuit. That's what I call it. That's all it is. I
5 admire them. I'd like to have them have some fun. But not
6 when they try to stop a program that we want to get going.

7 The surfers, they exaggerate. They make it sound
8 like our place is some of the best surfing on the north coast.
9 But as my brother emphasized, it's a small area that
10 Mr. Galati, who represents the surfers, he himself said
11 publicly at a coastal advisory committee meeting -- we asked
12 him, "How many surfers can ride a wave at one time there at
13 the cove?" He said, "One." Now that's a big deal. One surfer
14 at a time.

15 Why? Because it's so small. These boys don't just
16 get on a surfboard and ride straight to the beach. They've
17 got to show, you know, their ability. They zig-zag all over
18 the place and so forth, so it would be dangerous to have
19 too many surfers in there at one time. This will never
20 change, because that reef will never change.

21 Someone mentioned at that meeting that they had
22 two competitions there with 150 people. They made it sound
23 like a big deal. But he didn't mention what both of them
24 were complete fizzes because that surf there is not as
25 consistent as they try to say it is, because you can't rely

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1 on it. They don't tell you how many times they come, and
2 all you have to do is look over the bank, see the condition
3 of the water, and they take off. They go home, because
4 there's no way you can surf. That's what happened on two
5 competitions. You just can't rely on the surf that we
6 have there.

7 Surfers are a very small group. Not one of them
8 lives at the cove. Not one of them owns property there
9 or has any commitments whatsoever.

10 I think we should get our priorities straight.
11 We've got something here that involves a lot of people, a
12 lot of people. Why should a handful of kids, you might say,
13 who -- I'm going to say this -- are playing in the water
14 (that's what it amounts to: they're playing in the water)
15 -- why should they be permitted or given this kind of power
16 where they can throw a monkey wrench and stop a project like
17 this? I can't see it. I think there's something wrong,
18 something wrong.

19 So we hope we get the necessary permits from both
20 the U.S. Army Corps of Engineers and from this Commission
21 so that we can get going.

22 One last thought here: This battle, you might call
23 it, is not between surfers and individuals. It's not between
24 surfers and property owners. It is between surfers and
25 state agencies: the Coastal Commission, the harbor

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1 commission. It's already passed and approved. Please bear
2 that in mind.

3 Thank you very much.

4 CHAIRPERSON CORY: Thank you. Is there anyone
5 else who wishes to speak in favor?

6 MR. HAMMER: Mr. Chairman, I am Carl Hammer. I have
7 a residence at Shelter Cove. I am a senior citizen, a retired
8 naval officer. I am speaking as an individual, but I believe
9 I represent the thinking of many of our senior citizens.

10 Shelter Cove is a developing community. There are
11 approximately 50 residents there at the present time. We
12 estimate that over three-fourths of the residents in
13 Shelter Cove are senior citizens. One reason so many senior
14 citizens decide to live at Shelter Cove is the availability
15 of the abundant good fishing off the cove itself.

16 Not only do we have many senior citizens who are
17 residents at Shelter Cove, but in looking over the hundreds
18 of fishermen who come there for sport fishing, we believe
19 that as many as 20 or 30 percent of this group are senior
20 citizens. In addition to that, we know that of the commercial
21 fishermen that Mr. Machi mentioned, at least 20 to 30 percent
22 of that group now are in the senior citizen age.

23 One of the greatest fears of a senior citizen is
24 that of accident. Mr. Machi has mentioned that over the
25 many years many accidents have occurred on the beach in

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1 launching and in retrieving boats. Many of our senior
2 citizens are experienced boatmen, and many of them are not.
3 In over 25 years of fishing at Shelter Cove, I have personal-
4 ly seen many boats capsize in the surf and have helped a
5 number of times in dragging people and their equipment out
6 of the surf. The beach can be gentle or it can be
7 treacherous. The launching or landing conditions, as
8 Mr. Machi mentioned, can change very rapidly. With the
9 increase in use through the harbor district acquisition, this
10 increases the need for a better-protected beach.

11 A breakwater at Shelter Cove has been under active
12 study and consideration for over two decades. Governor
13 Edmund Brown in 1959 signed a \$460,000 bill for the
14 construction of a breakwater at Shelter Cove. It never
15 happened. We seniors hope that a process of delay will not
16 make us wait for another 20 years. Most of us will not be
17 around by then.

18 Thank you for listening. Are there any questions?

19 CHAIRPERSON CORY: No. Thank you.

20 Is there anybody else who wishes to speak in favor
21 of this project?

22 MR. GRADER: Yes. Mr. Chairman and members of
23 the Commission, my name is Zeke Grader, and I am the general
24 manager for the Pacific Coast Federation of Fishermen's
25 Associations. We represent 15 California commercial

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1 fishermen's organizations from Crescent City in the North to
2 San Diego in the South. We represent all the organized
3 commercial salmon fishermen in the State of California, as
4 well as all the organized commercial Dungeness crab fishermen.

5 Both of these types of fishermen use Shelter Cove,
6 and they have for a period of years. Salmon fishermen have
7 probably used Shelter Cove as an anchorage and as excellent
8 adjacent fishing grounds to that area for approximately
9 50 years or more.

10 We have had a number of concerns with what's been
11 happening in Shelter Cove for the last few years. One of
12 our biggest concerns has been the destruction, we feel, of
13 that anchorage by the placing of engine blocks for moorings
14 for small boats there. What's happened is these engine
15 blocks have been placed down as anchors for moorings. In
16 the winter storms they wash away. The engine blocks, however,
17 are left on the bottom. They've had a tendency to foul the
18 anchor gear of most of our vessels, vessels coming out of
19 Fort Bragg or Eureka, transient vessels going up and down
20 the coast.

21 What it's done is it's forced these larger boats
22 further and further out in the anchorage into some very
23 dangerous conditions now. We do think that the creation
24 here of an enlarged breakwater will help the situation here.
25 However, we don't think that's the only thing that's

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1 necessary. We do believe there's going to have to be some
2 action to stop the dumping of these engine blocks for moorings
3 there. Certainly the improved conditions for the launching
4 of small boats will make it unnecessary to have moorings
5 for these vessels, since they can be removed from the water
6 each day.

7 One other concern here is that whatever type of
8 development does go on -- and this is a big concern of our
9 fishermen -- is that no one individual have a monopoly at
10 Shelter Cove for any of the activities going on there. I
11 think this is a big concern of our people. I think that
12 and the engine blocks are two immediate concerns, but we
13 do support the creation of an improved breakwater. I do
14 not wish to get into the issues surrounding surfing or
15 what kind of development takes place on shore. I don't
16 think those things concern our people.

17 Thank you.

18 COMMISSIONER LYTTON: I'm not sure I understand
19 your concern about the engine blocks. Is that something
20 you're asking the Lands Commission to address?

21 MR. GRADER: Yes, I would. We addressed a letter
22 some time ago to the Humboldt Harbor District, the Corps
23 of Engineers, and the State Lands Commission about this
24 problem, wanting to know who is responsible for placing
25 these engine blocks on the bottom. It's been going on for

1 the last few years now. As I say, it's destroying this
2 anchorage. We got no reply whatsoever. As I say, a letter
3 was addressed to the State Lands Commission approximately
4 three or four months ago or more.

5 COMMISSIONER LYTTON: May I ask counsel if that's
6 an item that is appropriately within our purview?

7 MR. TROUT: Mr. Lytton and Mr. Chairman, if I may,
8 the harbor district had asked for a considerably larger
9 area in their initial request to the Commission. Staff's
10 concern at that time was that the harbor district did not
11 know exactly how they wanted to use the area.

12 By agreement with the harbor district we reduced
13 the initial phase of this project down to what's before you
14 today, which is the breakwater, the boat-launching ramp,
15 and the removal of the rocks. The district would submit to
16 the Corps of Engineers and to the Commission within a year
17 a mooring plan for a larger area in Shelter Cove. That
18 mooring plan will solve the commercial fishermen's problem,
19 and it will solve a long-standing problem of concern to
20 the Corps of Engineers, and I think it will make the area
21 more useable as a harbor of refuge which is a very
22 important aspect.

23 So it is a part of what the district intends to do.
24 However, it is not directly a matter of this calendar item.

25 COMMISSIONER LYTTON: Similarly, I don't understand

1 CHAIRPERSON CORY: The staff proposal is trans-
2 ferring it to Getty. Getty wants it? Is that correct?

3 MR. EVERITTS: Yes. Essentially what we are
4 saying is that the Commission authorized a prospecting
5 permit in April of last year to Management Engineering.
6 Copies of the permit were sent to Management Engineering
7 on the 30th of March. Or the Commission authorized it in
8 March and copies of the permit were sent in April. We
9 did not hear until September of last year.

10 We wrote them again and told them that we wanted
11 the thing signed or we were going to do something. Go
12 back to the Commission.

13 Now, we believe that they have had over a year
14 now. We don't have any problem if they want a permit and
15 if they want to operate on it.

16 EXECUTIVE OFFICER NORTHROP: I think it is fair
17 to point out -- and I am sure that you recall -- the policy
18 of the Commission and the staff has been to promote geothermal.
19 What we have attempted to do in this calendar item is to
20 bring particularly that area of Imperial Valley into a --

21 MR. RODDA: Just to correct the record, it's
22 Cuttyback Lake. And as the surface owners of the property,
23 we do not object. That's why we arranged for the Getty
24 Oil Company. We do object having somebody who is in a
25 position of authority telling us what is going to happen

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1 where to our particular properties.

2 We are not surfers, although as you know, I live
3 in Newport Beach. But still, in this particular instance,
4 we are concerned as surface owners.

5 CHAIRPERSON CORY: Why didn't you sign the lease
6 and send it in?

7 MR. RODDA: Because we had struck a bargain
8 with the Getty Oil people which allowed us to work with
9 them as a joint venture type of arrangement. We did
10 everything. We got the EIR. We did all of the things
11 necessary for our permit. They were to carry on from there
12 which would allow us, as the permittee, to control what
13 happens to our property. We are very happy to work with
14 Getty Oil Company under that basis. All we are asking
15 for is give us a few days to get our bond.

16 CHAIRPERSON CORY: I'm trying to be nice about
17 this, but I want to ask you a very tough question. We
18 approved something. We sent you a lease. You didn't
19 sign it. You didn't return it. And when we wrote you
20 another letter a month ago asking you to get with it, you
21 didn't respond.

22 MR. RODDA: We talked with Mr. Priddy.

23 EXECUTIVE OFFICER NORTHROP: Mr. Priddy had a
24 heart attack about a week and a half or two weeks ago. I
25 haven't had a chance to talk with him.

1 CHAIRPERSON CORY: Your problems with Getty
2 really don't relate to us.

3 MR. RODDA: I understand that. So what I am
4 asking is not that you try to resolve our problems with
5 Getty. We are not in an effort to try to resolve. We
6 have tried to resolve that with new personnel who had
7 only meager knowledge of the commitments that were made
8 and upon which we relied. Our only interest is in getting
9 some time.

10 Now, when we talked with Mr. Prithee, he did not
11 tell us that we had or would have a condition in which we
12 received a letter on May 31st and an action which is
13 decidedly adverse to us which forfeits all of our
14 environmental impact moneys, all of our deposits and
15 everything else, and would be taken five days hence.

16 CHAIRPERSON CORY: Have you signed the --

17 MR. RODDA: We have. And all that is remaining
18 is the obtaining of the bond which is an essential
19 condition precedent to the submitting of the permit.

20 CHAIRPERSON CORY: Do you have a copy of the
21 signed lease?

22 MR. RODDA: I don't have a copy of anything here.

23 CHAIRPERSON CORY: Are you authorized where you
24 can sign it today?

25 MR. RODDA: Yes. I'm authorized to sign, and I

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1 have with Jay and Renfroe applied for the permit.

2 CHAIRPERSON CORY: If they have gone this far,
3 if the guy is willing to go ahead -- if he is willing to
4 sign today and have the bond within, what, 15 days?

5 MR. RODDA: However many days it takes to issue
6 it. We will have it by your next meeting.

7 CHAIRPERSON CORY: I'm willing to -- can we
8 approve this thing subject to it being signed by the
9 representative today and the bond being here within so
10 many days? Give like 25 days. If Jay and Renfroe can't
11 do that, you ought to get a new broker.

12 MR. BELL: And on the 27th, we will rescind the
13 action if it isn't.

14 CHAIRPERSON CORY: If it's not in on a given time,
15 then -- can we do that?

16 MR. HIGHT: Let me read a section of the Public
17 Resources Code. I think the answer is yes, you can.

18 "Whenever a lease is delivered to an applicant
19 by the Commission, the lessee shall, within 30 days
20 thereafter, execute and return the lease to the
21 Commission."

22 There is probably, I think, an automatic termin-
23 ation of the lease for failure to comply with the terms.
24 The Commission, however, can waive that. The Commission
25 I think is on very fine legal grounds to terminate that.

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1 CHAIRPERSON CORY: I would think -- the man is
2 here. If you are willing to sign it and we aren't
3 fiddling around with him getting loose on us. If you want
4 it, okay. Sign the thing today before you leave town
5 and within three weeks get the bond here. And if the
6 bond isn't here, the thing is terminated automatically
7 for failure of the bond to be here.

8 Is that without objection?

9 MR. RODDA: I'll sign it right now.

10 CHAIRPERSON CORY: I don't think we have a copy
11 of it here. You will have to stop by the office right
12 after the meeting. We don't have a copy of it here.

13 MR. RODDA: Would you submit that it be delivered?
14 My problem is that I have a 4:00 o'clock plane.

15 CHAIRPERSON CORY: We will be out of here rather
16 quickly.

17 MR. RODDA: All right, sir.

18 CHAIRPERSON CORY: And if not, someone from the
19 staff can go with you and get that done.

20 MR. RODDA: Thank you.

21 CHAIRPERSON CORY: The next item is Item 38.

22 EXECUTIVE OFFICER NORTHROP: This is an EIR
23 for offshore drilling, I believe, by Arco.

24 CHAIRPERSON CORY: That's request for proposals.
25 Without objection.

1 Anybody in the audience?

2 That's the order.

3 Item 39 - Proposed royalty sales, State Oil,
4 Huntington Beach.

5 MR. BELL: This is the second time around?

6 CHAIRPERSON CORY: This is where Union Oil is
7 matching --

8 MR. BELL: This is Union, yeah. 91 percent.

9 EXECUTIVE OFFICER NORTHROP: Yes.

10 CHAIRPERSON CORY: Anybody in the audience on
11 this item?

12 Without objection, the proposed sale be approved
13 on the matching basis.

14 Item 40, ratification of amendments to City of
15 Redondo Beach for American Pacific International assignment
16 to Petro-Lewis.

17 MR. TROUT: Mr. Chairman, the Commission is being
18 asked to make a determination of conditions that existed
19 in 1970 and 1972, and in fact the Commission at that time,
20 knowing the facts available to it at that time, would have
21 consented to a negotiated lease and an amendment to a
22 lease to expand an area without competitive bidding under
23 the various determinations that are possible. And that is
24 that the configuration was such that no one else could
25 handle the operation and that it was subject to drainage.

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1 The engineers on our staff have determined from
2 the facts available that that is the case.

3 CHAIRPERSON CORY: What do the lawyers on our
4 staff have to say about this bizarre thing that they are
5 asking us to do?

6 What year was this that this happened?

7 MR. BELL: 1970 and '72.

8 MR. TROUT: Yes. That's correct.

9 CHAIRPERSON CORY: I would have done it in '70,
10 but not in '72.

11 (Laughter.)

12 CHAIRPERSON CORY: No, legally, what in the hell
13 are we doing?

14 MR. TROUT: I might point out that the reason
15 this situation came up -- while the attorneys are getting
16 their heads together --

17 CHAIRPERSON CORY: We don't have that much time.
18 Go ahead.

19 (Laughter.)

20 MR. TROUT: The City entered into a contract for
21 the sale of oil. They have a legislative grant, including
22 the mineral rights. In 1959, after the contract was
23 entered into by the City, the Legislature amended the
24 Public Resources Code to require contracts for production
25 of oil from granted tide and submerged lands to be approved

1 by the Lands Commission. The question was whether that
2 provision of the Code applied to contracts entered into
3 before its enactment.

4 In 1962, the City amended its contract and asked
5 whether the State Lands Commission should approve it or not.
6 It was uncertain at that time, but the Commission approved
7 it with the understanding that there was no agreement that
8 the City was required to seek Commission approval on this
9 particular contract.

10 The contractor, the successor in interest to
11 the original contractor, is in financial difficulty.
12 Creditors are on the verge of foreclosing on the corporation
13 and are withholding only with the possibility that the
14 lease can be assigned from API, the present contractor,
15 to Petro-Lewis. Petro-Lewis, for safety of its subscribers
16 and its interests, has asked that the Commission make the
17 finding that if the amendments of '70 and '72 had been
18 submitted to the Commission, it would have approved them.
19 That's the setting.

20 CHAIRPERSON CORY: Was '70 and '72 amendments
21 or increases in size?

22 MR. TROUT: The 1970 amendment was -- first, it
23 was sold from Signal reserved to API. Then it was amended
24 to cover site restoration, to permit some other operations.

25 Then in 1972, I believe the area was expanded to

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1 include an additional 320 acres. It is basically the
2 1972 expansion that is the more critical of the two
3 issues.

4 CHAIRPERSON CORY: That is the one that seems to
5 me that clearly requires Commission approval. You have
6 got a lease that covers a finite area, and you are in
7 essence issuing a new permit or a new lease and calling it
8 an amendment to circumvent the law. And that is where I
9 get hung up in the concept of saying, yeah, we are going
10 to approve this retroactively. It seems to me it gives
11 encouragement to others --

12 MR. TROUT: My understanding of the Code section
13 is that leases can also be issued without competitive bid
14 if one of two circumstances exist. There is only one
15 operator that could --

16 CHAIRPERSON CORY: That's true, but that should
17 have come before this Commission.

18 MR. TROUT: That's a legal question.

19 CHAIRPERSON CORY: I've got no problems with
20 taking care of '70, but I do have trouble with '72. I
21 think it encourages people to go ahead and try games like
22 this, and when they get in trouble they come back and say,
23 "Well, what are you going to do? We are in a jam."

24 MR. BELL: Come bail us out.

25 CHAIRPERSON CORY: That's my hesitancy.

1 MR. BELL: What's the other choice?

2 CHAIRPERSON CORY: It's not our problem. As
3 soon as we vote yes on it, then it starts becoming our
4 problem. We have to bless the baby. I don't know.

5 MR. STEVENS: Mr. Chairman, I think Mr. Williams
6 may have some comments on it. I think you have
7 characterized it accurately. The City should have come
8 to the Commission. I think the Commission has the power
9 to weigh or ratify these actions that were taken based on
10 the staff recommendations and the facts before it, but
11 the Commission would have a choice there and I think Mr.
12 Williams identified the problem.

13 CHAIRPERSON CORY: Mr. Williams, would you
14 identify yourself for the record.

15 MR. WILLIAMS: Kenneth Williams. I'm a lawyer.
16 I've been working on this particular transaction for
17 Petro-Lewis just for the purpose of straightening out some
18 title problems and providing the title opinions relating
19 to the --

20 CHAIRPERSON CORY: Wait a minute. Why is that
21 name so familiar to me?

22 MR. WILLIAMS: City of Long Beach Deputy City
23 Attorney for about 14 years.

24 CHAIRPERSON CORY: Any relation to a Judge in
25 Orange County?

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1 MR. WILLIAMS: No, I used to get his post cards
2 because he used to be in the L.A. City Attorney's Office,
3 too, as I once was.

4 CHAIRPERSON CORY: Go ahead.

5 MR. WILLIAMS: Really, having looked through the
6 files in the City, independently, to find out what went
7 on here, and having had our people review API's corporate
8 files, I don't think you are facing a situation where there
9 was any intent to deceive. I think you are facing a
10 situation in which the law was unclear. Application for
11 a Lands Commission approval had been made for the City
12 for the prior amendment in '67 and substantial question
13 was raised at that time as to whether under that contract
14 such approvals were required. That question was never
15 resolved. The files I have seen indicate that in '72,
16 when the strip alongside this tideland parcel was being
17 organized for town lot drilling, the company went to the
18 City and said, "Look. You are going to wind up with this
19 particular parcel being bracketed by the north tideland
20 parcel on one side and the new town lot drilling on the
21 other. There will be drainage. What about it?" And the
22 oil company at that time relied upon the advice of the
23 City as to what procedures were required. The matter was
24 approved by ordinance. The circumstances have been known
25 for seven years to one and all that we have got about 18

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1 wells that were drilled in that area in '72 and '73. There
2 has obviously been no attempt to conceal. There may have
3 been a lack of understanding, as there still perhaps is,
4 as to whether these particular Public Resources Code
5 sections apply or not.

6 But our situation is this. Petro Lewis has
7 come along in very good faith fashion to purchase the
8 interest. And I don't think any oil company would purchase
9 the interest with this question unresolved since the
10 Public Resources Code sections say the lease is void
11 unless you follow the procedures. Nobody wants to buy
12 a void lease. Nobody wants to buy a lease where there is
13 an argument as to whether it might be void or not.

14 And that is what has brought the subject up.
15 One amendment has been in effect for nine years and the
16 other seven years with no challenge. But we have to face it
17 or we have no transaction. It is going to place the City
18 of Redondo Beach and others in a bad situation because you
19 have an imminent bankruptcy that will hold up the flow of
20 funds to Redondo Beach that are required to service their
21 bonds and so forth.

22 So I regret to have brought this problem before
23 you. It is a peculiar setting, but in our review, it seems
24 apparent to us - and we just asked the staff. We gave
25 the staff all of the well data and everything and said,

1 "If this had been brought before the Commission in '72
2 and '70, would it have been approved according to the terms
3 of the Public Resources Code"? And apparently it would
4 have been.

5 CHAIRPERSON CORY: In terms of our future dealings
6 with Long Beach and other trustees, if we approve this,
7 are you as staff going to be able to hold the line when
8 they don't tell us about one and come back in after the
9 fact when they are in a jam and say, "You have got to
10 approve it." We tend to be pretty hard nosed on Long
11 Beach.

12 EXECUTIVE OFFICER NORTHROP: Our experience with
13 Long Beach is they usually do as you suggested. They do
14 it and then they tell us about it or read it in the news-
15 paper.

16 MR. WILLIAMS: This particular statute doesn't
17 apply to Long Beach, by the way.

18 CHAIRPERSON CORY: I'm talking about the bilateral
19 symmetry of decisions.

20 MR. WILLIAMS: I think actually you have the
21 advantage of this. You establish a precedent that would
22 show one and all the reason why these matters should be
23 brought before the Commission, because if they aren't,
24 it really causes trouble down the street.

25 CHAIRPERSON CORY: I would not want to be forced

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1 to approve anything to do with Her Majesty, the Queen.

2 (Laughter.)

3 MR. WILLIAMS: Fortunately, that is on the
4 other side of the Palos Verdes Peninsula.

5 CHAIRPERSON CORY: Based upon the precedent I
6 set here -- that is what is going through my mind.

7 MR. WILLIAMS: I don't know how to help the
8 problem any more than this.

9 CHAIRPERSON CORY: I guess it is a political
10 thing we have to deal with.

11 MR. HIGHT: Mr. Chairman, this statute only applies
12 to a limited number of grantees and it doesn't apply to
13 the ones that do the majority of the oil production.

14 CHAIRPERSON CORY: With only minor objection, we
15 will approve the item as presented.

16 MR. WILLIAMS: Thank you.

17 MR. BELL: Without precedent.

18 CHAIRPERSON CORY: Item 41 - Orange County
19 Harbors, Beaches and Parks District. Jim Trout, are you
20 going to wind this up so we can can you? Go ahead.

21 MR. TROUT: I don't know that I have anything
22 to say.

23 (Laughter.)

24 CHAIRPERSON CORY: This is the project you started
25 to work on when you came to work here.

1 MR. TROUT: This is going to wrap up a long-
2 standing settlement that's been between the State and
3 Huntington Harbor. There was to have been a third phase
4 of a boundary settlement in exchange however, after a
5 period of time, Huntington Harbor finally has got the
6 title and said, "We will just give you the land. We get
7 to keep what we have. You get two and a quarter acres."

8 CHAIRPERSON CORY: Anybody in the audience on
9 this item?

10 Without objection, the item will be approved
11 as presented with the amendment that we no longer need
12 Mr. Trout.

13 (Laughter.)

14 CHAIRPERSON CORY: As presented, without amendment,
15 it is approved.

16 Item 42, National Helicopter Service is the
17 only bidder that we have?

18 MR. NORTHROP: We had eight requests for the bid,
19 Mr. Chairman. This is the only response we had.

20 MR. BELL: \$5,000 maximum, and we normally do
21 not spend that much.

22 EXECUTIVE OFFICER NORTHROP: I don't think in
23 the four years. Maybe once. We usually turn back about
24 half of that.

25 CHAIRPERSON CORY: Anybody in the audience on

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this item?

Without objection, the item will be approved
as presented.

Any further items?

We stand adjourned.

(Whereupon the State Lands Commission Meeting
was adjourned at 2:35 p.m.)

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CERTIFICATE OF SHORTHAND REPORTER


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I, DELORES I. DALTON, a Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, DELORES I. DALTON, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of June, 1979.



DELORES I. DALTON
SHORTHAND REPORTER