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MEETING

STATE LANDS COMMISSION

CITY HALL
CITY COUNCIL CHAMBERS
915 I STREET
SACRAMENTO, CALIFORNIA

ORIGINAL

TUESDAY, FEBRUARY 9, 1982

10:00 A.M.

Eileen Jennings
C.S.R. License No. 5122

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APPEARANCES

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Commission Members:

Kenneth Cory, Chairperson

David Ackerman, representing Mike Curb,
Lieutenant Governor

Staff Present:

William Northrop, Executive Director

James F. Trout, Assistant Executive Director

Robert C. Hight, Chief Counsel

N. Gregory Taylor, Assistant Attorney General

Jane Smith

Also Present:

Robert L. Goodrich, Esq.
Representing: Desert Tortoise Preserve Committee

Thelen, Marrin, Johnson & Bridges
By: Fielding H. Lane, Esq.
Two Embarcadero Center
San Francisco, California

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CHAIRPERSON CORY: We'll call the meeting to order.
Are there any corrections or additions to the
minutes of the December 17th or 30th meeting?

COMMISSIONER ACKERMAN: None.

CHAIRPERSON CORY: Without objection, they will be
confirmed as presented.

We have a report of the Executive Officer.

EXECUTIVE OFFICER NORTHROP: Thank you very kindly.
Mr. Chairman, Mr. Ackerman, regarding state
indemnity selection.

In September 1981, staff provided Bureau of Land
Management with a list of lands desirable for acquisition to
settle the state's outstanding indemnity entitlement. The
entitlement is roughly estimated to be worth \$15 million.
BLM has responded that it will accept a selection of up to
30,000 acres in Mendocino County to satisfy the entitlement.

At a meeting on January 21, the State Lands
Commission and BLM staffs identified the major steps required
and worked out a schedule in order to complete the
transaction by September of '82. The most time-consuming
element will be the appraisal of the several hundred parcels
of land involved.

The lands to be acquired are commercial timberlands

1 in keeping with previous Commission direction. The time
 2 schedule calls for submitting the formal application to BLM
 3 by February 5, publishing of the proposed classification by
 4 April 15, completion of appraisals by July 15, completion of
 5 final publication by September 20, and delivery of title to
 6 the state by September 24.

7 This is the culmination of a -- how many years have
 8 we been on this -- 15-year project we're about to wrap up.
 9 And it is the first time that we've gotten any cooperation
 10 out of the state's BLM Office. And they are cooperating.

11 CHAIRPERSON CORY: You Reaganites are all alike.

12 EXECUTIVE OFFICER NORTHROP: The second item, Mr.
 13 Chairman, Mr. Ackerman, is the closure of the U.S. Coast
 14 Guard's Long Beach Office.

15 CHAIRPERSON CORY: Pardon me, back on the other one
 16 Formal application has been submitted to meet the
 17 February 5 date?

18 EXECUTIVE OFFICER NORTHROP: Yes, sir.

19 MR. GRIMES: Yes, sir, we delivered it subject to
 20 confirmation after the meeting today.

21 EXECUTIVE OFFICER NORTHROP: Yes, that's right.

22 The next item is the closure of the U.S. Coast
 23 Guard's Long Beach District Office.

24 Our marine expert, Admiral Higbee, who the
 25 Commission realizes is our volunteer expert in this area, has

1 advised us that the U.S. Coast Guard plans to close the Long
2 Beach District Office. That office covers the coast from the
3 Mexican Border to Point Conception.

4 Apparently, the proposal would merge the 11th
5 District, Long Beach/Los Angeles, into the 12th District in
6 San Francisco. This plan could have direct adverse impacts
7 on state lands and leases in Southern California.

8 A lack of an aggressive Coast Guard influence
9 exposes the valuable Southern California coastline to reduced
10 control of tank ship movements, increased danger of accident
11 with attendant ecological consequences, and possibly reduced
12 state revenues. Income from both extractive operations and
13 marine petroleum terminals depends, to some extent, on
14 reliable navigational services.

15 The Commission may want to consider expressing some
16 concern over this matter to the Federal Department of
17 Transportation. Options, such as making cuts in both the
18 San Francisco and Long Beach Districts, may be of lesser
19 adverse impact than the plan currently announced.

20 We will not have a full admiral-running program.
21 And if we have some severe problems, which for example,
22 emergency helicopters or other things are required, other
23 support is required, it will have to come from either San
24 Diego or San Francisco. And that time may be very important.

25 So, the staff would like to address this issue with

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1 the Commission's permission.

2 COMMISSIONER ACKERMAN: Is this just closing of an
3 administrative office, or closing of an entire facility?

4 EXECUTIVE OFFICER NORTHROP: No, this is closing
5 and moving of a -- apparently, when the flag rank is reduced
6 -- I'm sure the Chairman is very aware of this with his
7 naval background --

8 CHAIRPERSON CORY: I was in the Navy, not the
9 Coast Guard.

10 EXECUTIVE OFFICER NORTHROP: I think the same
11 thing applies. When you lose an admiral, that -- and we
12 would lose a lot of support.

13 CHAIRPERSON CORY: Bringing a helicopter forward
14 -- we never even had one.

15 EXECUTIVE OFFICER NORTHROP: It calls for a
16 considerable reduction in the services. Admiral Higbee had
17 wanted to be here today, but was unable to attend to make
18 the point. So, he's asked me to fill in in his stead and
19 at least request the Department of Transportation to consider
20 it.

21 Admiral Higbee pointed out to me that on the East
22 Coast in an area from Maine to New Jersey, there are
23 something like five districts. And the entire coast of
24 California gets one.

25 CHAIRPERSON CORY: The Coast Guard is the

1 Department of Transportation?

2 EXECUTIVE OFFICER NORTHROP: Yes.

3 CHAIRPERSON CORY: It used to be what --

4 Treasury?

5 EXECUTIVE OFFICER NORTHROP: It used to be

6 Treasury.

7 It is a matter of the West Coast certainly is n
8 getting a fair shake on the Coast Guard attention; while the
9 East Coast seems to be. And we feel that when we ask for
10 marine terminal regulations and other things, we were told by
11 the Coast Guard that they can handle it. And now we see that
12 they are not in a position to handle these sort of things.
13 And I think we must either take this on ourselves and ask for
14 more money from the state for us to do it, or encourage the
15 federal government to spend some of their funds to do it,
16 because someone has to do it.

17 CHAIRPERSON CORY: Okay. Would you express our
18 concern to the Secretary of Transportation.

19 EXECUTIVE OFFICER NORTHROP: Thank you very kindly.

20 COMMISSIONER ACKERMAN: It might be worthy maybe to
21 have a staff progress report on what's actually happening.
22 Because this seems to be apparent.

23 EXECUTIVE OFFICER NORTHROP: I think it would be
24 well at the next meeting or at the time we make that that
25 Admiral Higbee comes and gives us a run-down of what's

1 happening.

2 CHAIRPERSON CORY: See what you caused?

3 COMMISSIONER ACKERMAN: I look forward to that.

4 (Laughter.)

5 EXECUTIVE OFFICER NORTHROP: Point Conception --
6 the Commission's program to lease state lands located between
7 Point Conception and Point Arguello, Santa Barbara County,
8 for potential oil and gas development, is presently in its
9 second fiscal year. Approximately 40,000 acres of state
10 tidelands and submerged lands would be included in the
11 potential state lease sale.

12 Since the beginning of this lease program in the
13 1980-81 fiscal year, the staff of the Commission will have
14 acquired and analyzed approximately 540 line miles of
15 technical data, which is being used by the staff to better
16 determine the resource potential and geohazards of the
17 proposed lease area.

18 Staff intends to contract for additional seismic
19 lines over identified potential resource structures in the
20 area before the end of this fiscal year.

21 Proceeding concurrently with these efforts is the
22 preparation of a program Environmental Impact Report, which
23 will discuss the lease sale and the impacts of potential oil
24 and gas activities which could occur.

25 Under the present schedule, the final Environmental

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1 Impact Report is scheduled to be before you at the May, 1982
2 meeting.

3 As far as the requirements of CEQA are concerned,
4 the Commission could decide to lease the area any time
5 subsequent to its certification of the final EIR.

6 Mr. Chairman, that completes my report.

7 CHAIRPERSON CORY: Okay.

8 Staff report on the Coastal Commission?

9 MR. GOLDEN: Mr. Chairman, members of the
10 Commission, this is actually a staff report on coastal
11 matters, since we are including San Francisco Bay
12 Conservation and Development Commission in that.

13 On January 21 of this year, BCDC gave its approval
14 by a twenty-one-to-nothing vote with one abstention to the
15 State Lands Master Plan for our parcels in the Anza Airport
16 Subdivision in the City of Burlingame, developed under
17 contract to us by Callander and Associates.

18 BCDC had placed a moratorium on any further
19 development in the area until either the Anza Liquidating
20 Trust or our staff came up with such a plan, which would
21 assure maximum public access opportunities in the whole
22 project.

23 The second item has to do with the Coastal
24 Commission.

25 CHAIRPERSON CORY: Who was the dissenting -- there

1 was one abstention?

2 MR. GOLDEN: There was one abstention. That was the
3 member from Cal-Trans, who felt that they were involved so
4 deeply in a possible offramp, that they didn't want to take a
5 stand.

6 CHAIRPERSON CORY: Why did you make the man from
7 Cal-Trans mad, Jim?

8 MR. GOLDEN: The California Coastal Commission
9 continues to struggle through three- and four-day sessions,
10 twice monthly, often meeting all day and well into the
11 evening.

12 A combination of the elimination of the regional
13 commissions, who handled the bulk of permit matters, and an
14 almost complete turnover in voting commissioners, has
15 contributed to the length of the meetings.

16 The workload has been reduced somewhat by the
17 Legislature's removal of housing matters from the
18 Commission's jurisdiction. Wetlands policies and
19 agricultural land policies are now consuming major amounts of
20 time in their deliberations.

21 That completes my report.

22 CHAIRPERSON CORY: We need to get people's names
23 as they first start to speak so the record is somewhat
24 coherent.

25 The next item before the Commission is the Consent

1 Calendar. They're the items on the front of the agenda with
2 the prefix "C" in front of the numbers C1 through 22. They
3 will be taken up in one motion unless there is objection by
4 anybody in the audience to the proposed staff recommendation
5 on those items.

6 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, would
7 you include Item 23, please?

8 CHAIRPERSON CORY: Twenty-three. There is a 23.
9 So, it will be Items 1 through 23.

10 Without objection, Consent Calendar will be
11 approved as presented.

12 COMMISSIONER ACKERMAN: No objection.

13 CHAIRPERSON CORY: Item 24. This is an agreement
14 for the all-time settlement of subsidence costs for all prior
15 subsidence; is that --

16 EXECUTIVE OFFICER NORTHROP: Yes, sir, that's
17 correct. In the harbor area, Mr. Chairman.

18 CHAIRPERSON CORY: This is in the harbor area.
19 And this will be the world's great settlement.

20 Is there anybody in the audience on this item? Any
21 questions from the Commissioners?

22 Without objection, Item 24 will be approved as
23 presented.

24 COMMISSIONER ACKERMAN: No objection.

25 CHAIRPERSON CORY: Item 25, approval of a

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1 feasibility test of a sand bypass system at Lake Tahoe for
2 the Ski Run Marina.

3 Is there anybody in the audience on this item? Any
4 questions from the Commissioners?

5 Without objection, Item 25 will be approved as
6 presented.

7 COMMISSIONER ACKERMAN: No problem.

8 CHAIRPERSON CORY: Item 26, approval of a 20-year
9 general lease, Snug Harbor Marina, Donald Decker in
10 Steamboat Slough.

11 Is there anybody in the audience on this item?
12 Questions from the Commissioners?

13 Without objection, it will be approved as presented
14 Item 27. This is a transfer of control and
15 possession between the Parks and Navy and the State Lands at
16 Silver Strand in San Diego County; is that correct?

17 MR. TROUT: That's correct, Mr. Chairman.

18 Mr. Grimes can probably explain it if you have any
19 questions, or you want any --

20 CHAIRPERSON CORY: This is the one we had some
21 potential litigation over? It was resolved then.

22 MR. TROUT: That's correct.

23 CHAIRPERSON CORY: Anybody in the audience on this
24 item?

25 Parks is apparently not totally happy, but

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1 acquiescent. Is that where we stand?

2 MR. TROUT: That's correct.

3 CHAIRPERSON CORY: It seems like there was an
4 agreement with the general framework when we met in Executive
5 Session when we thought we were going to be suing people over
6 it.

7 MR. TROUT: That's correct, Mr. Chairman.

8 COMMISSIONER ACKERMAN: No problem.

9 CHAIRPERSON CORY: Without objection, Item 27 will
10 be approved as presented.

11 Item 28. This is the City of Long Beach, approval
12 of a lease between Specialty Villages and the City of Long
13 Beach. And we have Mr. Phil Brubaker.

14 MR. BRUBAKER: The question is answered, Mr.
15 Chairman.

16 CHAIRPERSON CORY: Any questions from Commissioners?

17 COMMISSIONER ACKERMAN: None.

18 CHAIRPERSON CORY: Anybody else from the audience
19 on this item?

20 Without objection, approval will be granted as
21 requested.

22 Item 29. This is a request to go ahead with a
23 public hearing and a Draft EIR for oil and gas leases at
24 Point Conception.

25 Is there anybody in the audience on this item?

1 Questions from Commissioners?

2 COMMISSIONER ACKERMAN: Just one.

3 What's the general time frame that we're looking
4 at for leasing?

5 EXECUTIVE OFFICER NORTHROP: Mr. Ackerman, as I
6 mentioned this morning in the Executive Report, we could go
7 probably anytime after mid-year. But we're looking probably
8 at the latter part of this year.

9 Mr. Thompson is handling that project. And in
10 discussion with him this morning, he thought we'd be ready
11 to go sometime in the latter part of this year.

12 CHAIRPERSON CORY: The EIR hearing, we're talking
13 about April?

14 MR. THOMPSON: Yes, that will be final
15 certification in the May meeting.

16 EXECUTIVE OFFICER NORTHROP: When we get that
17 certification done, the Commission has the option then of
18 going to the various lease proposals. And we're working on
19 those now.

20 CHAIRPERSON CORY: When you say the latter part
21 of the year, when do you anticipate?

22 MR. THOMPSON: Basically what we're coming back to
23 -- W.M. Thompson -- will be after we get the EIR straightened
24 out, then we'll come back and see what type of bid proposal
25 that you want to put out for the number of parcels. And just

1 basically what the attitude of the Commission is.

2 CHAIRPERSON CORY: Do you think it would be
3 possible to get that done by October, if we have a meeting in
4 late October?

5 MR. THOMPSON: There's a possibility. Again, it
6 would depend on how elaborate and what type of bidding the
7 Commission wanted to go out for.

8 CHAIRPERSON CORY: Procedurally, my recollection
9 is some eight years ago -- it left a poor taste in some
10 people's mouths about awarding of the bids by a lame duck
11 commission. And I think it would be better, if at all
12 possible, that this be done prior to the election. Just in
13 terms of, you know --

14 So, if the staff can keep that in mind, I think it
15 tends to keep the institution better protected from criticism.

16 MR. THOMPSON: I think Mr. Everitts and Mr. Willard
17 are nodding that it might be possible for a certain type of
18 bidding to go out that early.

19 CHAIRPERSON CORY: It's a question of, you know,
20 doing it by people who may possibly be leaving office. I
21 just think the institution is better served by doing it by
22 October or January, unless there's some critical reason. And
23 Dave tends to agree.

24 COMMISSIONER ACKERMAN: I agree too.

25 MR. EVERITTS: The procedures would allow us to

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1 make it by October.

2 CHAIRPERSON CORY: If that's not enough time, then
3 I would tend to agree that January might be a better time.

4 MR. THOMPSON: All right. We'll look at those two
5 time windows then.

6 COMMISSIONER ACKERMAN: Are the federal tracts
7 outside the three-mile limit all leased through that portion
8 right now?

9 MR. THOMPSON: There are a few --

10 EXECUTIVE OFFICER NORTHROP: The bulk of them are.
11 There are just one or two. And those have been on every
12 lease sale and taken off for geologic hazards or other
13 reasons. And 95 per cent or 90 per cent of the area --
14 wouldn't you say, Al Willard -- is already leased.

15 MR. THOMPSON: I think there's five drill ships
16 out there now.

17 MR. EVERITTS: Three.

18 MR. THOMPSON: Three.

19 EXECUTIVE OFFICER NORTHROP: Well, there's the
20 parcel just out of the parcel that we're talking about. The
21 area we're talking about is under a state lease and drilling
22 is proceeding there. And we will have the advantage of that
23 information for the Commission's own information prior to the
24 time of lease. So, we'll have some information to see where
25 things are.

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CHAIRPERSON CORY: Okay.

Without objection, public hearing request to go ahead is granted.

Item 30, This is an approval of an offshore natural oil and gas seep containment project and approval of Memorandum of Agreement at Coal Oil Point, Santa Barbara County.

EXECUTIVE OFFICER NORTHROP: Yes, sir, Mr. Chairman, this is the culmination of some work with two separate private entities and the state and the County of Santa Barbara, in an attempt to put together a Seep Containment Study or -- Seep Containment Project.

If it's successful, it may lead to other seep containment projects, and it may well have some of the major seeps in Santa Barbara under control using this pattern.

CHAIRPERSON CORY: Anybody in the audience on this item?

COMMISSIONER ACKERMAN: No problem.

CHAIRPERSON CORY: Without objection, Item 30 is approved as presented.

Item 31.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman --

MR. TAYLOR: On this item, there has been a request by the Desert Tortoise Preserve Committee to make a presentation to the Commission.

1 This item has been put on the calendar for
2 informative purposes only, and is not to, in any way, be
3 deemed to be a reconsideration or redetermination of the
4 matter.

5 This matter was heard on October 30, 1980. The
6 agreement was signed. One of the other parties to the
7 agreement, Great Western, has performed substantially, a
8 portion of the project, the net result of which will be to
9 permit people who bought lots in California City to be free
10 of surface entry problems so that they got what they thought
11 they were buying from California City at that time.

12 Therefore, it's the advice of counsel to the
13 Commission that the time has run for any reconsideration of
14 the matter. And the time has also run for any reconsideration
15 or litigation concerning the Environmental Impact Report.

16 Therefore, if the Commission chooses to hear
17 whatever comments the Desert Tortoise Preserve Committee
18 wishes to make today, they should be only for informational
19 purposes and not be deemed to be a reconsideration of any
20 matter acted upon by the Commission at its October 30, 1980
21 meeting.

22 CHAIRPERSON CORY: Why is it on the agenda? I
23 mean, from what --

24 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, we
25 received a request from the Desert Tortoise Preservation

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1 Committee to discuss the matter and for a reconsideration.

2 I am informed that staff explained to the Desert
3 Tortoise Preserve Committee that we had previously made our
4 action, and there was ample time at that time for them to
5 comment, in which I believe, they have.

6 CHAIRPERSON CORY: Mr. Hight, would you care to
7 comment on that?

8 MR. TAYLOR: If I may comment for just a minute, I
9 think that what the staff did -- and I don't know whether
10 there's any discussion on it -- is that they told the people
11 that there could not be any reconsideration, but it is an
12 informative item if the Commission wished to hear them make
13 any statement without any waiver of the fact that the manner
14 was final; that that opportunity would be made available to
15 them.

16 CHAIRPERSON CORY: Okay, but we're passed the time
17 we can do anything is what you're, in essence, informing us.

18 MR. TAYLOR: That is correct.

19 There is one other agreement coming up. There's
20 several sections of California City. And there is one area
21 which will be coming up for the Commission to consider in the
22 short future -- I think within the next year -- a similar
23 agreement, at which time these people could fully participate.

24 CHAIRPERSON CORY: Mr. Goodrich?

25 MR. GOODRICH: Yes, sir.

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1 EXECUTIVE OFFICER NORTHRUP: Before Mr. Goodrich
2 comes up, you have in front of you a letter that encompasses
3 some eight pages from Robert L. Goodrich, Attorney for the
4 Desert Tortoise Committee. For the record, I'd like it known
5 that you have it and you've looked at that.

6 CHAIRPERSON CORY: Mr. Goodrich, from what our
7 lawyers have told us, we don't have a whole lot that we can
8 do. And I think you should be aware of that. And if you've
9 got something you can inform us of, that we'd be glad to
10 listen. But I'm not sure that we may not be wasting your
11 time here.

12 MR. GOODRICH: Well, thank you for the opportunity
13 to address you. I'll keep it rather brief.

14 My name is Bob Goodrich. I'm the attorney for the
15 Desert Preserve Committee.

16 We think there are several problems with the
17 original decision. And we don't think -- first of all, at
18 this point, we're simply asking the Commission to reconsider.
19 We're not stating that we have the specific right of demand
20 at this time. But the Committee just feels that there's
21 certain matters involving a violation of public trust,
22 problems with notice which would trigger due process and
23 Government Code statutory provisions for notice, which do not
24 preclude us from seeking any redress in the courts or from
25 this Commission.

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1 And I would simply ask the Commission to reconsider
2 its decision.

3 CHAIRPERSON CORY: But as I understand it from our
4 lawyers, their position is that we are not in a position to
5 reconsider, because we have made a decision; time has run,
6 and people -- third parties have relied upon our previous
7 action.

8 MR. GOODRICH: Well, my answer to that is that the
9 public trust is something which can never be given away by
10 any state agency --

11 CHAIRPERSON CORY: I agree with that.

12 MR. GOODRICH: -- or any legislative action. And
13 we think that this is that type of matter, and we're not
14 precluded from going to the courts or going elsewhere trying
15 to get redress for what we think is a wrong.

16 Also, we also think that there are --

17 CHAIRPERSON CORY: What was the inadequacy? You
18 made reference to the notice?

19 MR. GOODRICH: There are problems with the decision
20 of the Commission regarding the Environmental Impact Report
21 and so on was notified. They did give notice to the
22 resources agency, pursuant to certain provisions in CEQA.

23 But, the Desert Tortoise Preserve Committee itself
24 was not notified of exactly what was going to be on the agenda
25 at the time the Commission made its decision. They were not

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1 notified of the Commission's decision. They learned of the
2 Commission's decision several months later through a third
3 party; at which time, they immediately sought to find an
4 attorney. They did so rather quickly. And that attorney,
5 Joy Lane in Bakersfield, immediately began correspondence
6 with the Commission.

7 The only delays were due to the fact that the
8 Tortoise Preserve Committee was never notified of the
9 decision.

10 CHAIRPERSON CORY: Have there been any requests
11 for --

12 MR. TAYLOR: I think for the record it should be
13 stated that notice for the meeting was given and this
14 association was aware that there would be something on the
15 Commission Calendar regarding this matter. They did comment.
16 They did not appear, although I believe they sent some
17 communication to the Commission at the time the matter was
18 acted on at that time.

19 In any event, we reviewed the notice provisions.
20 And it's our opinion that the notice provisions were
21 satisfactory.

22 MR. GOODRICH: Well then at this point, I'd say
23 there's a factual disagreement between the parties here.

24 CHAIRPERSON CORY: Are Joy Lane and Francine Lane
25 the same person?

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1 MR. GOODRICH: Right, correct. She goes by Joy.
2 Her real name is Francine.

3 I would like to point out, as this individual has
4 pointed out, there is a matter of a third community of
5 California City which will be coming up sometime.

6 It's our understanding Great Western Savings, who's
7 the beneficiary of the Commission's boon here, will be
8 applying either for the subsurface mineral rights, or else
9 patents to mine minerals.

10 And it's possible if the Committee would be
11 agreeable to some sort of an arrangement being worked out
12 regarding any action the Commission would take on that
13 regard -- we would like to avoid a lawsuit, as just about
14 anybody would. But if that's our only recourse, then that's
15 our only recourse.

16 CHAIRPERSON CORY: You've been in touch with
17 Great Western?

18 MR. GOODRICH: I have sent them a copy of the letter
19 I sent you.

20 MR. PISTONE: Excuse me, Mr. Chairman. My name is
21 Tom Pistone. I and Dave Lloyd are here from Great Western
22 Savings in case there's any question or any information
23 that's required.

24 CHAIRPERSON CORY: I would just like to comment
25 that there is someone from Great Western here. It would seem

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1 to me that -- I don't see any -- the questions, the notice,
2 the factual situation, as our staff understands it and my
3 recollection of this, because I remember vaguely that coming
4 up and the thing was discussed, and I don't know of anybody
5 that was really speaking against it when we were here.

6 MR. GOODRICH: At the time, I believe the Air
7 Force was the only party that was here.

8 MR. TAYLOR: That avoidance -- that question of
9 opportunity was given and they failed to appear.

10 CHAIRPERSON CORY: And so, I feel, you know,
11 comfortable with my decision, given the facts I had before
12 me at the time. And I've read this. I appreciate your
13 concern.

14 I would like, on the other side of the thing to
15 Great Western, suggest that it might be in their self-
16 interests to contact you if you have a portfolio to represent,
17 in terms of the future as opposed to dealing with the past.
18 And there may be some way the two of you could come to some
19 accommodation.

20 MR. GOODRICH: Right.

21 CHAIRPERSON CORY: It would be beneficial.

22 So, I would sort of urge, if you can at some point
23 at your own time and convenience, see if there is some way
24 you can work out the problem. Because I would guess -- my
25 viewpoint has been -- if both sides are reasonable, it

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1 usually is cheaper for everybody, including the taxpayers,
2 in terms of being involved in lawsuits.

3 So, I just commend that general premise to the
4 people from Great Western and to you as well.

5 Do you have anything?

6 COMMISSIONER ACKERMAN: If I recall as well, didn't
7 we have a question, Greg, with the Air Force as to whether
8 the Commission was the proper body to even consider their
9 requests? Weren't they concerned about fly-over space? If
10 whether or not the Commission was the proper body, or whether
11 the local planning agencies were more appropriately the
12 proper ones to address?

13 MR. TAYLOR: I don't recall everything that was
14 before the Commission at that time. But the staff is
15 indicating your recollection is correct.

16 COMMISSIONER ACKERMAN: Because it was a question
17 whether it was really the role of the Commission to get down
18 into detail of actual fences or permits and things like that.

19 And I think even in your letter you mentioned that.
20 Mr. Northrop is quoted as mentioning that the air culture and
21 biological license would be addressed as the potential
22 development is planned, which would lead me to, at least,
23 indicate that the local planning bodies and permits that are
24 required locally will address those concerns. And those
25 were not in the purview of the Commission, at least at the

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1 time to rule on.

2 MR. GOODRICH: Well, any --

3 COMMISSIONER ACKERMAN: Again, I'm going back on my
4 own recollection of some months ago.

5 MR. GOODRICH: Well, I would disagree that any
6 action by the Commission, which in itself could lead to
7 environmental harm, is something the Commission needs to
8 consider. If actions by local agencies also may harm, they
9 also should consider the effects of the potential harm.

10 But the mere fact that local agencies are also
11 considering this, I don't think would obviate the
12 requirement for the Commission to consider the environmental
13 harm itself.

14 MR. TAYLOR: I think that the problems that were
15 before --

16 CHAIRPERSON CORY: I don't think they're really
17 anything before the Commission. If somebody wishes to move
18 reconsideration -- but I think, given what the lawyers have
19 said, I think we've got some problems defining the lawsuit
20 to even entertain such a motion. And I'm not prepared to
21 vote for it. Given that case, it wouldn't do Dave any good
22 to move it, since we're lacking another Commissioner at this
23 point.

24 It would seem to me that the best solution -- and
25 I don't want to give anybody at Great Western a false sense

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1 of security by our action here, and I think it behooves all
2 sides to sit down and talk. And I would hope if the staff
3 could be helpful in getting those people together, they
4 should accommodate that.

5 Dave, if you've got some comments, go ahead. But I
6 don't want to belabor something we can't deal with.

7 COMMISSIONER ACKERMAN: Are there other factors
8 involved in the California City development that have to come
9 before this Commission?

10 MR. TAYLOR: Yes, there's one coming within the
11 next year. And that will also involve an Environmental
12 Impact Report.

13 And, of course, anyone having an interest in that
14 proceeding -- as they were in the previous one -- are welcome
15 to come and present their views to the Commission and to
16 provide the comments during the staff period.

17 CHAIRPERSON CORY: And hopefully, if they get
18 together before that, they can maybe find some way to
19 accommodate the concerns of the Tortoise Committee and the
20 needs of the developer and avoid spending more of the
21 taxpayers' money and even more of Greg's time.

22 COMMISSIONER ACKERMAN: The facts that we don't
23 have the technical problems, this may serve as Mr. Goodrich's
24 official request to be given written notice of that meeting.

25 MR. TAYLOR: He'll be advised, I'm sure, at all

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1 stages.

2 CHAIRPERSON CORY: Mr. Goodrich, thank you for
3 bringing it to our attention. And I hope that people from
4 Great Western and staff will figure out a way to get you in
5 a room together to see if you can't resolve this thing.

6 MR. GOODRICH: Thank you for the opportunity.

7 CHAIRPERSON CORY: Thank you.

8 Okay, the next item is Item 32, approval of
9 assignment of a 40-acre reserve mineral interest in the
10 Geysers in Sonoma County to Aminoil from Geothermal Power
11 Corp.

12 Is there anybody in the audience on this item?
13 Any questions from Commissioners?

14 Without objection, Item 32 is approved as presented.
15 Item 33, Squaw Creek Investment Company assigning
16 200 acres to Aminoil, Geysers, Sonoma County.

17 Anybody in the audience on this item? Any
18 questions from Commissioners?

19 Without objection, Item 33 is approved.

20 Item 34. This is a pooling declaration by Aminoil,
21 covering two separate leases that we have.

22 Is there anybody in the audience on this item? Any
23 questions from Commissioners?

24 COMMISSIONER ACKERMAN: No.

25 CHAIRPERSON CORY: Without objection, Item 34 is

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1 approved as presented.

2 Item 35, Squaw Creek Investment Company assigning
3 200 acres to Aminoil.

4 Anybody in the audience on this item? Any
5 questions from Commissioners?

6 Without objection, Item 35 is approved.

7 Item 36, Herman and Ruby Glebe, approval of
8 assignment of 800 acres.

9 Anybody in the audience on this item? Any
10 questions from Commissioners?

11 Without objection, Item 36 is approved as
12 presented.

13 Item 37, approval of assignment of lease of 599.18
14 acres with mineral interests in the Geysers to Aminoil from
15 Prati, Sink, Flood, and Wall.

16 Anybody in the audience on this item?

17 Without objection, Item 37 is approved as
18 presented.

19 Item 38. This is Kaiser Steel is requesting
20 permission to encumber a lease to a third party as a security
21 interest.

22 Yes, sir.

23 MR. LANE: I would like to be heard on that item.

24 CHAIRPERSON CORY: Would you identify yourself for
25 the record.

1 MR. LANE: Yes, sir, my name is Fielding Lane. I'm
2 a lawyer from San Francisco, representing the Kaiser Steel
3 Corporation.

4 CHAIRPERSON CORY: Uh-huh. And could you tell us
5 why you think we should approve it. The staff has some
6 reservations about approving the encumbrance.

7 MR. LANE: Yes, sir.

8 The situation, Mr. Chairman, is this: Kaiser Steel
9 Corporation has outstanding a number of bonds which have been
10 issued over the years. And the bonds are secured by a bond
11 indenture, which is like a deed of trust.

12 And the company is required by the terms of this
13 indenture, as additional interest in real property are
14 obtained, to undertake procedures to subject those interests
15 to the lien of the bond indenture.

16 CHAIRPERSON CORY: When did you acquire the lease?

17 MR. LANE: The lease was -- it was executed, I
18 believe, sometime in the latter part of 1980. And it became
19 effective January 1, 1981. And is in effect now.

20 It's a 20-year lease. And this leasehold interest
21 is one of a type of interest in real property which, under
22 the terms of the bond indenture, we are required to seek
23 procedures to subject the interest to the lien of the
24 indenture. And so, a request to that effect was made. And
25 we had worked out with the staff the technical wording of an

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1 agreement that would be necessary for that purpose.

2 However, the staff feels that since the borrowed
3 funds were not going to be used specifically to improve the
4 property under lease, that consent should not be granted.

5 Kaiser Steel's position simply is the bonds have
6 been outstanding for a long time. And borrowed funds have
7 been used for various purposes from time to time. And so,
8 we would not be in a position to represent to the Commission
9 that any of these borrowed funds are going to be used
10 specifically for the leased property. And all Kaiser really
11 is doing is making an effort to comply with the terms of its
12 bond indenture.

13 CHAIRPERSON CORY: What happens to your bonds if
14 you try and we refuse?

15 MR. LANE: Well, if we make a good-faith effort to
16 try and consent is denied, it's our opinion that that's all
17 the obligation we have. But we do have to make a good-faith
18 effort.

19 And I would not want --

20 CHAIRPERSON CORY: Okay.

21 MR. LANE: -- anyone to conclude that we are not,
22 or that we are trying to suggest that we really don't wish
23 this consent. That's basically the issue.

24 CHAIRPERSON CORY: Do you know why it wasn't
25 requested at the time the lease was negotiated? Just

oversight?

2 MR. LANE: Well, I was not involved in the
3 negotiation of the lease. But I -- so, I can't say. But I
4 would expect that that's a reasonable assumption.

5 Normally, many times when these leases are
6 negotiated, at the time the lease is made, a clause is
7 requested permitting assignment for purposes of security only.

8 This lease has no such clause. And as I say, I
9 wasn't involved in the negotiation. I can't really say. But
10 it is entirely possible that was simply overlooked at the
11 time.

12 I can't, of course, say what the state might have
13 said at that time if such a clause had been requested.

14 COMMISSIONER ACKERMAN: Is there any precedent for
15 the Commission allowing an encumbrance like this in a lease
16 situation for mineral extraction? Have we ever done it
17 before?

18 MR. TROUT: Mr. Ackerman, I can't answer on
19 minerals. We have done it before on surface leases.

20 And our concern, of course, with Kaiser here is
21 that the media has been quite filled with indications that
22 Kaiser was going out of the ore-extraction business, and that
23 this area is not going to be used in the immediate future.
24 And this encumbrance would certainly handcuff the Commission's
25 ability to deal with that -- those minerals at a subsequent

1 time. And that's largely behind the staff's recommendation.

2 COMMISSIONER ACKERMAN: Is there any extraction of
3 minerals currently going on at this site now?

4 MR. LANE: I don't know the answer to that. I
5 would suspect not, but I can't say.

6 CHAIRPERSON CORY: I would be sort of inclined to
7 go along with the staff and deny it at this point. And if
8 there is some undue hardship to Kaiser, I hold no animosity.
9 And it's something that if the circumstances change, the
10 application could be renewed, and I'd be willing to consider
11 it without having any prejudice because I voted to deny it at
12 this point; depending, you know, on what the future brings.

13 MR. LANE: Well, I think the Commission is, no
14 doubt, aware, there's been a lot of newspaper publicity in
15 the past week about the future of Kaiser Steel. But I'm not
16 in a position to comment on that. And many of these things
17 are projections and contingent. So, I can't really say what
18 the future is going to bring.

19 CHAIRPERSON CORY: I would not want to tie my
20 statement for a number of boards and commissions I've been on
21 -- one of them, pollution control and elsewhere. We've
22 looked at Kaiser Steel in the long run. And I think Kaiser
23 Steel is a viable operation, and I still continue to think
24 that. I still would prefer to deny this without prejudice
25 at this point.

1 And if you're willing to go along, Dave, I would
2 not want the implication that I am in any way questioning the
3 ability of Kaiser to continue in business if they so desire
4 to do so, because I think they will have the capacity to do
5 so no matter who owns them. They've got some competent
6 management over there. And I think in the long run, they can
7 come around. I don't want any implication that I'm casting
8 any aspersions on Kaiser in any way. I just think we might
9 be better off at this point in time not to take action and
10 deny your request at this point.

11 And if you've got a real problem, come back and
12 we'll try to work something out.

13 COMMISSIONER ACKERMAN: My concerns don't even
14 address Kaiser specifically as an entity, but more just the
15 fact that an encumbrance is being asked for the year -- year
16 and a half -- two years, I guess, after the original lease
17 was originally entered into. And we didn't consider it at
18 that time, and I just don't feel it's proper to consider it
19 now. Unless there's some overriding compelling reason to do
20 so.

21 CHAIRPERSON CORY: That's sort of where I come
22 from.

23 COMMISSIONER ACKERMAN: I don't see that before us
24 right now.

25 CHAIRPERSON CORY: We will deny this without

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1 further evidence. If you've got a problem with your client,
2 let us know, and we're willing to talk. Okay?

3 MR. LANE: Thank you.

4 CHAIRPERSON CORY: The request is denied, the
5 request on Item 38.

6 Item 39, Long Beach operations. We have some sell-
7 off, awards in Parcel (A).

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, there
9 were four parcels that sold -- that the sell-off of
10 approximately 400 to 500 barrels in each parcel, and the
11 first one was 37 cents over posted; 27.6 cents over posted --

12 CHAIRPERSON CORY: How much?

13 EXECUTIVE OFFICER NORTHROP: Pardon me?

14 CHAIRPERSON CORY: What's the second amount?

15 EXECUTIVE OFFICER NORTHROP: Twenty-seven point
16 six cents.

17 CHAIRPERSON CORY: Okay.

18 EXECUTIVE OFFICER NORTHROP: And the third one was
19 36.5 cents. And the fourth one was 31.5 cents.

20 CHAIRPERSON CORY: And if successful, who are
21 the --

22 EXECUTIVE OFFICER NORTHROP: Three of those were
23 Powerine and one of those was Marlex.

24 CHAIRPERSON CORY: Anybody in the audience on this
25 item? Questions from Commissioners?

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1 COMMISSIONER ACKERMAN: How does this compare with
2 the last sell-off?

3 EXECUTIVE OFFICER NORTHROP: You may recall, the
4 last sell-off was a wipeout. They got a penny. And we
5 cancelled. We refused it. Now, we're taking steps to crank
6 that back up again, because there is an indication that staff
7 was holding its breath on this to make sure they made the
8 right choice.

9 COMMISSIONER ACKERMAN: In other words, the
10 outlook for heavy crude is looking better.

11 (Laughter.)

12 EXECUTIVE OFFICER NORTHROP: No, what happened is
13 the price of heavy crude has dropped. And apparently, the
14 drop didn't reflect its true value. And so, there's some
15 play left in the drop. Really, I think that's what
16 happened.

17 COMMISSIONER ACKERMAN: I'm glad our Executive
18 Officer is knowledgeable about heavy crude.

19 EXECUTIVE OFFICER NORTHROP: Talk to me next week.

20 (Laughter.)

21 CHAIRPERSON CORY: Is there anybody in the
22 audience on that?

23 Without objection, we will approve the award to
24 the high bidders. I presume those are the high bids you
25 raised.

1 EXECUTIVE OFFICER NORTHROP: Those are the high
2 bids, yes, sir.

3 CHAIRPERSON CORY: I want to make sure there's no
4 conflict of interest.

5 EXECUTIVE OFFICER NORTHROP: None of those are
6 prospective clients.

7 CHAIRPERSON CORY: Your future, you're still
8 interested in the high oil prices.

9 EXECUTIVE OFFICER NORTHROP: That's right, the
10 highest price on heavy crude. It's hard to get out of the
11 ground, you know.

12 (Laughter.)

13 CHAIRPERSON CORY: Okay.

14 Item 40 is the approval of modification of the
15 Long Beach budget. We need some money to pay the taxes; is
16 that correct?

17 MR. THOMPSON: Yes. When we approved the budget --
18 we presented the budget to you last April -- we warned you of
19 the fact our taxes might be off if the county assessor
20 increased our tax assessment by \$317 million. So, we need to
21 get the money.

22 CHAIRPERSON CORY: That's a hell of a way for a
23 guy to run for Controller.

24 (Laughter.)

25 COMMISSIONER ACKERMAN: Is this amount being paid

1 under protest?

2 MR. THOMPSON: Yes. And you gave us approval to
3 file a protest.

4 CHAIRPERSON CORY: Okay, without objection, the
5 modification is granted.

6 Item 41, City of Long Beach has given notice of
7 intent to spend \$59,600 of its share of the capital
8 improvement project to construct a masonry wall in Belmont
9 Shores.

10 EXECUTIVE OFFICER NORTHROP: That's right, Mr.
11 Chairman. Mr. Brubaker has just got himself a new trowel
12 and he wants to see if it works.

13 CHAIRPERSON CORY: Anybody in the audience on this
14 item?

15 And you still want the streetlight out.

16 EXECUTIVE OFFICER NORTHROP: Yes. Take the
17 streetlight. I'm too old for it.

18 CHAIRPERSON CORY: Without objection, the -- we
19 have to do an action on this or just accept the notice?

20 MR. THOMPSON: We have to make that finding.

21 EXECUTIVE OFFICER NORTHROP: We make the finding
22 that it's a trust project.

23 CHAIRPERSON CORY: It is a trust project?

24 EXECUTIVE OFFICER NORTHROP: Yes.

25 CHAIRPERSON CORY: Conference, navigation, and

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1 fisheries on --

2 EXECUTIVE OFFICER NORTHROP: It's on the tidelands.

3 CHAIRPERSON CORY: Okay.

4 EXECUTIVE OFFICER NORTHROP: It's not exactly a
5 Grand Prix, you know.

6 CHAIRPERSON CORY: The request is approved as
7 requested on Item 41.

8 Item 42. Hight, do you want to tell us what the
9 Metropolitan Water District and the United States of America
10 and why we need to involve ourselves in this fiasco?

11 MR. HIGHT: Yes, Mr. Chairman.

12 This is authorization to intervene in a lawsuit
13 that Metropolitan Water has against the Indians. And it has
14 the potential of effecting the property rights. So, I think
15 the Commission needs to be in the lawsuit to protect any
16 interests the Commission may have.

17 MR. TAYLOR: The Metropolitan Water District would
18 welcome the participation of the state in this action and
19 have drafted their complaint in such a manner as to compel
20 our joinder.

21 CHAIRPERSON CORY: If that's what they want,
22 maybe I'm against it.

23 (Laughter.)

24 CHAIRPERSON CORY: But I'll go along with the
25 staff temporarily.

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1 COMMISSIONER ACKERMAN: That means it's going to
2 cost us something.

3 CHAIRPERSON CORY: Yeah, if Metropolitan Water
4 District wants something, cover your wallet.

5 Anything else -- well, never mind.

6 Anybody in the audience on this item?

7 MR. HIGHT: The staff understands your concern and
8 will take that into consideration, Mr. Chairman.

9 MR. TAYLOR: This is a part of the Arizona versus
10 California controversy, where they're trying to determine the
11 present protected rights of the Indians. And a special
12 master ruled that litigation regarding the boundaries of the
13 reservation was not before the court in the U.S. Supreme
14 Court, which was pending.

15 So, that left MWD with no choice but to go into
16 Federal District Court and to try to get the title question
17 resolved.

18 If it's resolved in their favor and if it's shown
19 that any of these reservations or any portions of these
20 reservations did not touch on the Colorado River, it would
21 affect the right -- it would affect the prior right that the
22 Indians had to take water.

23 CHAIRPERSON CORY: So, we're stealing water from
24 the Indians is what you're telling me.

25 MR. TAYLOR: The position of the Metropolitan Water

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1 District is it is trying to correct two erroneous opinions
2 of the Department of Interior.

3 CHAIRPERSON CORY: I'm reminded of that story of
4 "Go light; go bare." If you stretch out who's involved in
5 this lawsuit -- it's fine, but keep us posted as to what --

6 COMMISSIONER ACKERMAN: You say really we have no
7 choice but to -- you say, we're going to be joining the --

8 MR. TAYLOR: The problem with the lawsuit is that
9 they are trying title to the boundaries to the reservation,
10 which are, in part, determined by the location of the river
11 at a historic time. Even though -- if we were not a party
12 and there was a thorough litigation of the parties, if we
13 were to go into court in a subsequent action to disagree with
14 that, it would be very hard to overcome the prior
15 determination.

16 And therefore, it seems advisable to get in and to
17 try to have whatever input there is -- whatever we can
18 contribute to that to make sure that the boundaries come out
19 consistent with the staff's opinion as to where the last
20 natural location of the river is.

21 And these four locations -- they're the four Indian
22 tribes along the Colorado River from the top of Arizona down
23 to Yuma.

24 CHAIRPERSON CORY: Okay.

25 COMMISSIONER ACKERMAN: Okay.

1 CHAIRPERSON CORY: Without objection,
2 authorization is granted with the understanding you'll keep
3 us posted of collective outrages of all sides of that
4 litigation.

5 Okay, Item 43. This is an amendment --

6 MR. HIGHT: This is an amendment to the existing
7 Commission authorization on the Santa Monica litigation,
8 Mr. Chairman.

9 CHAIRPERSON CORY: Is there anybody in the
10 audience on this item? Questions from Commissioners?

11 COMMISSIONER ACKERMAN: Only one, just to make sure
12 that the settlement proposed here is extended to the other
13 property owners along the beach as well. Our intent was to
14 be consistent.

15 CHAIRPERSON CORY: If I understand -- I raised a
16 similar question. And the reason for this change was to
17 conform what we're doing with homeowners to what we have
18 proposed to the clubs.

19 MS. WYLIE: Susanne Wylie.

20 Mr. Chairman, Mr. Ackerman, the item here amended
21 it to make it available to all parties, all homeowners in
22 the litigation. We are adding a homeowner who was omitted
23 from the previous minute item. But the item here extends to
24 all homeowners in the litigation.

25 CHAIRPERSON CORY: And it conforms, in substance,

1 to the non-homeowners, the other --

2 MS. WYLIE: The other negotiations, which are
3 ongoing

4 COMMISSIONER ACKERMAN: That's good.

5 MR. TAYLOR: Essentially, we have an agreement with
6 all of the Upland private-property owners now, with the
7 exception of one private owner and two beach clubs. And
8 progress is proceeding with the beach clubs, and we expect
9 the other private owner to join; so that we have more than
10 26 boundary agreements along the waterfront in Santa Monica,
11 which should put us a long ways toward concluding that
12 matter in a fashion which is satisfactory to all sides.

13 CHAIRPERSON CORY: Without objection --

14 COMMISSIONER ACKERMAN: Without objection.

15 CHAIRPERSON CORY: -- Item 43 Amendment is
16 approved as presented.

17 Item 44, approval of and authorization to sign a
18 settlement of disputed lands between Delores Callison and the
19 City of Eureka.

20 Is there anybody in the audience on this item? Any
21 questions from Commissioners?

22 COMMISSIONER ACKERMAN: None.

23 CHAIRPERSON CORY: Without objection, Item 44 is
24 approved as presented.

25 Item 45, approval of and authorization to execute

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1 a settlement of disputed sovereign lands in Eureka with HLRC
2 Investment Group and the City of Eureka.

3 Anybody in the audience on this item? Questions
4 from Commissioners?

5 COMMISSIONER ACKERMAN: NO.

6 CHAIRPERSON CORY: Without objection, Item 45 is
7 approved as presented.

8 Item 46 is approval of Boundary Line and Exchange
9 Agreement in Fields Landing, Humboldt County; R. Robert
10 Halversen and the Humboldt Bay Harbor Recreation and
11 Conservation District.

12 Anybody in the audience on this item? Questions?

13 COMMISSIONER ACKERMAN: No.

14 CHAIRPERSON CORY: Without objection, Item 46 is
15 approved as presented.

16 Item 47, approval of a settlement agreement with
17 Usonia, Inc. in Novato. That's \$220,000 for the purchase of
18 another parcel of property.

19 Is there anybody in the audience on this item?

20 Without objection, Item 47 is approved as
21 presented.

22 Item 48, approval of a Compromise Title Settlement
23 Agreement between State Lands and Manuel Vela in Union City,
24 Alameda County.

25 Anybody in the audience on this item?

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1 Without objection, Item 48 is approved as presented.

2 Item 49 is off calendar.

3 Item 50, approval of propriety of proposed
4 boundaries. This is approval of the legal description of
5 boundaries; is that correct?

6 MR. HIGHT: Correct, Mr. Chairman.

7 CHAIRPERSON CORY: In the City of Hayward.

8 Is there anybody in the audience on this item?
9 Questions from Commissioners?

10 COMMISSIONER ACKERMAN: No.

11 CHAIRPERSON CORY: Without objection, Item 50 is
12 approved as presented.

13 Item 51 is off calendar.

14 Item 52, authorize the staff to prepare a joint
15 set of regulations with DOG on offshore oil and gas
16 activities.

17 Is there anybody in the audience on this item?
18 Questions from Commissioners?

19 COMMISSIONER ACKERMAN: No.

20 CHAIRPERSON CORY: Without objection, Item 52 is
21 approved as presented.

22 Item 53. This is the Anza Project, which Cal-Trans
23 is involved. And Mr. Trout, tell us about it.

24 MR. TROUT: This is a request to augment to a
25 slight degree our contract with Callander and Associates to

1 complete work now that the Master Plan for the state frontage
2 at Burlingame has been approved by BCDC, as Mr. Golden said
3 earlier.

4 This will allow the process of a plan through the
5 City of Burlingame and either the assignment of the present
6 leasehold to a developer of the entire area of eight acres --
7 eight-and-a-half acres -- or the Commission going out for
8 proposals and seeking a developer. If the latter is the case,
9 we will be back to the Commission for approval to do that.

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

12 COMMISSIONER ACKERMAN: Our intent is really to go
13 with a single project out there, isn't it, rather than
14 dividing it up?

15 MR. TROUT. Yes. There will be on the February
16 25th agenda an option in an exchange agreement to allow the
17 state to consolidate into a single ownership -- currently
18 three separate leases and an unowned piece in exchange for
19 another piece. And then we would put in, in accordance with
20 BCDC Plan, put the whole thing for a single developer.

21 COMMISSIONER ACKERMAN: That will be after the
22 February meeting?

23 MR. TROUT: The option exchange agreement would be
24 at the February 25th meeting.

25 COMMISSIONER ACKERMAN: Okay.

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1 CHAIRPERSON CORY: Without objection, Item 53 is
2 approved as presented.

3 Item 54, resolution of the Department of Energy
4 audit City of Long Beach. This is a proposal to close off
5 some NOPB's.

6 EXECUTIVE OFFICER NORTHROP: Notice of probable
7 violation of property definition, Mr. Chairman.

8 We have met, as you know, you have met personally
9 yourself in Washington on several occasions with DOE in
10 attempting to resolve this. And so, it's been a matter of
11 some years that we've finally worked this out. And largely
12 through your help, the help of the City Attorney of Long
13 Beach, Bob Parkin, and staff, we have come to a meeting of
14 the minds with the Department of Energy.

15 CHAIRPERSON CORY: How small those minds are.
16 Ours included in this project, I'm afraid.

17 COMMISSIONER ACKERMAN: Does this mean we get more
18 or we get less?

19 CHAIRPERSON CORY: Basically, they don't take any
20 money, and we agree to spend the money we've already got how
21 we were going to spend it anyway. That's the no-no. We're
22 going to buy another rig so we can produce more oil.

23 EXECUTIVE OFFICER NORTHROP: Produce some in-field
24 drilling.

25 CHAIRPERSON CORY: That was jest when I said we

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1 were going to do it anyway. We actually couldn't have
2 afforded to do this if they had taken five million away from
3 us.

4 EXECUTIVE OFFICER NORTHROP: The original request
5 was in excess of \$120 million. That was the original NOPB
6 number was something like that. So, we've now gotten it
7 down to -- I did something bad, too.

8 (Laughter.)

9 CHAIRPERSON CORY: Okay, without objection,
10 Continental Emsco gets to sell us another piece of hardware.

11 MR. TAYLOR: Are we going to have another grand
12 opening?

13 CHAIRPERSON CORY: You know, we get to have
14 another grand opening. We have, I guess, some litigation
15 problems.

16 We have one other thing that we need to discuss
17 here. The reason I went ahead with the agenda was I didn't
18 want any rampant emotionalism to disrupt the work of the
19 State Lands Commission.

20 We have been blessed over the last years with an
21 Executive Officer, who repeatedly thanks us very kindly. And
22 he has decided he wants to go make money rather than do
23 public work and receive psyche income.

24 And so, in acknowledgment of our Executive
25 Officer's leaving, we have a resolution. And it says:

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1 (Thereupon the Resolution, that
2 was presented to Executive Officer
3 Northrop, was read.)

4 CHAIRPERSON CORY: And we have this for you,
5 Mr. Northrop. And I would like to -- remember your place.

6 (Laughter.)

7 EXECUTIVE OFFICER NORTHROP: May I say that I
8 looked at the Commission for some time before I came and the
9 Commission suffered from benign neglect. And I'm thankful
10 the Commissioners since I've been here have taken an active
11 interest. And it's reflected in the staff's work. And we
12 appreciate it.

13 Thank you very kindly.

14 CHAIRPERSON CORY: I'd like to make one further
15 statement about Bill.

16 I used to be a scorekeeper on a softball team many
17 years ago when I was quite young. And Bill worked for my
18 father then and was -- like he was an Executive Officer. And
19 he was a mediocre first baseman.

20 But I've had the opportunity to work with Bill in
21 the legislative side and here. And I think that Bill has
22 improved state government, both in the legislative side and
23 in the Executive Branch, by a strong commitment to public
24 service. And I hope he tries to remember some of things as
25 he goes to work for those money-grubbing oil people in the

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1 public sector where his heart has always been.

2 (Laughter.)

3 CHAIRPERSON CORY: So, thank you very much, Bill,
4 and we'll miss you.

5 EXECUTIVE OFFICER NORTHROP: Thank you.

6 CHAIRPERSON CORY: You're really going to leave
7 the eagle there?

8 EXECUTIVE OFFICER NORTHROP: You've got to have the
9 big one, because I don't have any place to put it and I
10 promised it was going to be on display in the Capitol.

11 CHAIRPERSON CORY: We have some executive items?

12 MR. TAYLOR: Yes, we do.

13 CHAIRPERSON CORY: We will stand adjourned and go
14 into Executive Session.

15 (Thereupon the meeting before the
16 State Lands Commission adjourned
17 at eleven o'clock a.m.)

18 ---oOo---

CERTIFICATE OF SHORTHAND REPORTER

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I, EILEEN JENNINGS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing meeting before the State Lands Commission was reported in shorthand by me, Eileen Jennings, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of March, 1982.

Eileen Jennings

EILEEN JENNINGS
Certified Shorthand Reporter
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