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MEETING

STATE LANDS COMMISSION

STATE CAPITOL

ROOM 447

SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, MAY 27, 1982

10:30 A.M.

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

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COMMISSIONERS PRESENT

Kenneth Cory, Chairperson

Susanne Morgan, representing Mary Ann Graves
Director of Finance

David Ackerman, representing Mike Curb, Lieutenant Governor

STAFF PRESENT

Claire T. Dedrick, Executive Officer

James F. Trout, Assistant Executive Officer

Robert C. Nigh, Chief Counsel

Jane Smith, Secretary

ALSO PRESENT

Jan Stevens, Deputy Attorney General

Alan Hager, Deputy Attorney General

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P R O C E E D I N G S

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CHAIRPERSON CORY: We'll call the meeting to order.

Are there any corrections or additions to the Minutes?

COMMISSIONER MORGAN: No.

COMMISSIONER ACKERMAN: No.

CHAIRPERSON CORY: Without objection, be confirmed as presented.

First we have a report of the Executive Officer.

EXECUTIVE OFFICER DEDRICK: Yes, I have a short report today.

We've granted a Letter of Permission to Pacific Telephone in advance of a routine permit to enter submerged land in Walker Creek, Marin County, to relocate a telephone conduit 85 feet west of where it is.

Do you want any more detail on that?

CHAIRPERSON CORY: No, that's probably more than we needed.

EXECUTIVE OFFICER DEDRICK: I thought so.

More importantly, we've been looking, as you know, for quite a long time on engineering salaries. And Jim met with the Department of Personnel Administration staff people last week and presented our proposal for salary

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1 realignment for the classes.

2 This represents an increase of six hundred to
3 nine hundred for our engineering classes, equating then
4 with the level of the Department of Oil Properties in
5 Long Beach.

6 This level, if approved, would be a very vast
7 improvement in the morale situation of our people down there,
8 who are making 22 percent less than the people they are
9 overseeing at the Department of Oil Properties.

10 We've asked DPA to meet face-to-face with our
11 staff people and to allow them to express --

12 CHAIRPERSON CORY: We might lose the project at
13 that point.

14 EXECUTIVE OFFICER DEDRICK: What did you say?

15 CHAIRPERSON CORY: We might lose the project at
16 that point. Go ahead.

17 EXECUTIVE OFFICER DEDRICK: Should I quit talking?
18 (Laughter.)

19 EXECUTIVE OFFICER DEDRICK: Anyway, we're
20 supposed to hear back from them by the end of the week.

21 COMMISSIONER ACKERMAN: Is this before the
22 Personnel Board?

23 EXECUTIVE OFFICER DEDRICK: This is the Department
24 of Personnel Administration.

25 COMMISSIONER ACKERMAN: A new bureaucracy.

1 CHAIRPERSON CORY: Yes.

2 EXECUTIVE OFFICER DEDRICK: Yes.

3 We've got drilling activities picking up in the
4 Santa Barbara Channel. And Don Everitts is here. I'd like
5 him to tell you about -- if you'd like to hear about --
6 what's going on there. There's some interesting things.

7 And also, he has looked at the famous Arco tents,
8 which are under construction in Vallejo. We've got a couple
9 pictures. Would you be interested in that?

10 COMMISSIONER MORGAN: I want to see the pictures.

11 CHAIRPERSON CORY: You want to see the pictures.

12 COMMISSIONER MORGAN: Come on, Don, tell us what's
13 happening.

14 EXECUTIVE OFFICER DEDRICK: Tell them about it.

15 MR. EVERITTS: Well, there's two things that you
16 might be interested in.

17 There's a calendar item in today's calendar
18 requesting a continuation of our helicopter contract into
19 next year. It's something we need because of this picked-up
20 activity.

21 EXECUTIVE OFFICER DEDRICK: I think you ought to
22 explain what --

23 COMMISSIONER ACKERMAN: What are these?

24 CHAIRPERSON CORY: These are the things that are
25 going to catch the seeps at Coal Oil Point, right?

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1 MR. EVERITTS: Right. These tents are about 65
2 percent complete now. That picture there is a good looking
3 engineer I know.

4 CHAIRPERSON CORY: Looks like he was working hard.
5 (Laughter.)

6 EXECUTIVE OFFICER DEDRICK: You know, this is
7 that -- they're going to drop it on that natural seep off
8 Santa Barbara as an air pollution trade-off for their
9 drilling activities. It's really a very --

10 COMMISSIONER MORGAN: It's huge.

11 CHAIRPERSON CORY: Yes, it's a huge seep.

12 EXECUTIVE OFFICER DEDRICK: Don, tell them how
13 big it is.

14 MR. EVERITTS: Well, basically there's 102 tents,
15 100 by 100. And it stands -- the apex of the cone is about
16 30 foot and then the trap on top is about 20-foot tall.

17 They're going to put that in about 200 foot of
18 water. And there's a lot of steel in it. There's 650 tons
19 of steel just in the frame itself. There's going to be
20 160 tons of concrete weights on it to help keep it down.
21 And that large gadget there standing by me is one of the
22 magnesium anodes. There's 20 tons of that, which is
23 installed on it for corrosion protection.

24 They're calculated for a 20-year life. The thing
25 will last for about 20 years.

1 EXECUTIVE OFFICER DEDRICK: When are they going
2 to install this thing, Don?

3 MR. EVERITTS: They're going to load it out of
4 Vallejo where it's being constructed in the middle of July.
5 And it should be in place and operating by August.

6 EXECUTIVE OFFICER DEDRICK: They've invited Don
7 to stand underneath it and make sure it comes down straight.

8 CHAIRPERSON CORY: And who gets to keep the oil?

9 MR. EVERITTS: They'll probably keep the oil.
10 They've got about six and a half million dollars in the
11 project. I don't think it will ever pay out. It's about
12 ten barrels a day maximum.

13 CHAIRPERSON CORY: And what royalty are we getting
14 on that?

15 EXECUTIVE OFFICER DEDRICK: That's a good question.
16 Do they have a lease?

17 CHAIRPERSON CORY: Okay, you were on helicopters
18 when we so rudely interrupted you.

19 MR. EVERITTS: One other thing that's of
20 interest, in 1975 one of the first actions of this Commission
21 was to allow -- or give permission to Atlantic Richfield
22 Company to resume drilling on PRC 308 and 309; or in that
23 general area. I shouldn't say '75, that's a mistake; but
24 quite a long time ago, a good number of years ago.

25 They've just now gotten all their final permits

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1 and they've moved in on location with the drilling vessel,
2 which is the first drilling done from anything except from
3 a fixed platform, existing facility, since the oil spill in
4 1968 or '69.

5 And the reason I was mentioning the helicopter
6 contract was just coincidentally today we're having an oil
7 spill drill on the ship in conjunction with the Coastal
8 Commission and the Coast Guard and the Department of Fish
9 and Game. And our helicopter is taking part in the
10 activity. We'll be doing air observations from it.

11 And I'm just -- that's a pitch when we get to the
12 helicopter contract.

13 EXECUTIVE OFFICER DEDRICK: Will you quit making
14 that pitch, Don.

15 CHAIRPERSON CORY: Questions from Commissioners.

16 COMMISSIONER MORGAN: He wants to buy his own
17 helicopter?

18 CHAIRPERSON CORY: Sure.

19 MR. TROUT: Next year.

20 CHAIRPERSON CORY: Then he can stand next to it
21 and have his picture taken.

22 (Laughter.)

23 EXECUTIVE OFFICER DEDRICK: That's all I have to
24 say.

25 CHAIRPERSON CORY: Okay.

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1 We have a report, Dwight, on coastal matters.

2 MR. SANDERS: Yes, Mr. Chairman, members.

3 On Wednesday, May 19th of this year, the Coastal
4 Commission had, as part of its meeting, a public hearing to
5 assist them in developing their comments -- or at least
6 their staff comments -- on the Program Environmental Impact
7 Report that covers the Commission's proposed lease from
8 Point Conception and Point Arguello.

9 The hearing lasted approximately an hour, in
10 which ten individuals testified on the document, eight of
11 which had testified at one or both of the two previous
12 hearings that the Commission staff had held in Santa Barbara.

13 The issues discussed ranged from oil spill
14 contingency planning to effects on sea otters and so forth,
15 the full range.

16 The Coastal Commission staff has developed comments
17 on the document. And those will be considered in conjunction
18 with transcripts from the public hearing at their meeting of
19 June 4th in San Francisco. We will be in attendance to
20 answer any questions or assist them in any manner.

21 The comments will then be addressed in the
22 Final Environmental Impact Report that will be prepared by
23 the Commission for your certification.

24 EXECUTIVE OFFICER DEDRICK: I should tell you --
25 report back to you on the two hearings which I conducted

1 directly on our EIR, both held in Santa Barbara.

2 To my great surprise, there was not a great deal
3 of testimony. There were 17 people at the first hearing,
4 which was held in an afternoon and an evening; and 19 at
5 the second hearing, which was held on a Saturday. These
6 preceded the Coastal Commission hearings that Dwight was
7 just talking about.

8 As you recall, I asked if you would extend the
9 commenting period and have two hearings, which you did.
10 That was extremely well received by the people there. There
11 were many comments from individuals in local government
12 thanking the Commission for extending the time and giving
13 people a chance to testify.

14 The close of everything is June 7th. And then
15 Dwight has to sit down and incorporate everybody's comments.
16 We have not yet received any official comments, of course,
17 from the state agencies.

18 CHAIRPERSON CORY: Questions from Commissioners?

19 COMMISSIONER ACKERMAN: No.

20 COMMISSIONER MORGAN: No.

21 CHAIRPERSON CORY: Okay, thank you.

22 The next item is the Consent Calendar. These are
23 the items with a prefix "C" in front of them, C1 through 23.

24 We should note that C16, Subitem F) has been
25 removed from the calendar. All the rest of them are going

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1 to be taken up in a single motion, unless somebody in the
2 audience has objection to the proposed staff disposition of
3 these items. If they have any objection, if they would
4 please say so now. If not, these items are going to be
5 taken up.

6 Without objection --

7 COMMISSIONER MORGAN: That's fine.

8 CHAIRPERSON CORY: -- Consent Calendar will be
9 approved as presented.

10 That takes us to Item 24, which is off calendar.

11 Item 25, approval and acceptance of conveyance of
12 a 60-acre parcel in satisfaction of an obligation under
13 Bear Island Environmental Study Agreement.

14 Is there anybody in the audience on this item?
15 Questions from Commissioners?

16 COMMISSIONER ACKERMAN: No.

17 CHAIRPERSON CORY: Without objection, Item 25
18 will be approved as presented.

19 Item 26, an exchange of land between Anza
20 Shareholders' Liquidating Trust and the State Lands
21 Commission.

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

24 COMMISSIONER MORGAN: No.

25 CHAIRPERSON CORY: Without objection, Item 26 is

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1 approved as presented.

2 Item 27, Placid Fuch --

3 MR. TROUT: Fuchslin.

4 CHAIRPERSON CORY: Fuchslin, okay; dba Lakeside
5 Marina. I can understand that.

6 (Laughter.)

7 CHAIRPERSON CORY: This is a three-year renewal
8 on a lease.

9 Is there anybody in the audience on this item?
10 Any questions from Commissioners?

11 Without objection, Item 27 is approved as
12 presented.

13 Item 28, John Stringer's application, dba Golden
14 Gate Island Resort for a 30-year commercial lease, Solano
15 County.

16 Anybody in the audience on this item? Questions
17 from Commissioners?

18 Without objection, Item 28 is approved as
19 presented.

20 Item 29, Pacific Offshore Pipeline, consent for
21 an encumbrance for the pipe itself and the leasehold interest
22 if the lender has to foreclose.

23 Any questions from Commissioners? Anybody in the
24 audience on this item?

25 Without objection, Item 29 is approved as presented.

1 Item 30. This is an application for the City of
2 Imperial Beach needs some more time, so we're denying
3 without prejudice, this application.

4 EXECUTIVE OFFICER DEDRICK: That's right.

5 COMMISSIONER MORGAN: Fine.

6 CHAIRPERSON CORY: Anybody in the audience on
7 this item?

8 Without objection, Item 30 is approved as presented.

9 Item 31, Crane Mills and Collins Pine Company are
10 the successful bidders on timber parcels in Plumas and
11 Tehama Counties.

12 Do we have anybody in the audience on this item?
13 Questions from Commissioners?

14 COMMISSIONER ACKERMAN: Just one question on this
15 in our timber sales.

16 Claire, wasn't there the issue we got into where
17 we have one large parcel to where we had some cash problems
18 of timber companies putting up enough cash; because we
19 require cash --

20 EXECUTIVE OFFICER DEDRICK: Yes, that's right.
21 The state law requires cash, which we interpret as 30 days.
22 And that means that the guys who want to cut have to go out
23 and borrow money.

24 For that reason, we don't get bids that we would
25 like to get on the large parcels. And the three parcels

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1 went to bid. The two that are before you were bid above
2 the minimum the state required. The third received no bids
3 on it.

4 COMMISSIONER ACKERMAN: So, your interpretation
5 basically is because of the cash requirements?

6 EXECUTIVE OFFICER DEDRICK: That is what they tell
7 us. That's precisely what the bidders told us.

8 CHAIRPERSON CORY: We're in the process of trying
9 to figure out some accommodation for that. But that parcel
10 is not being awarded to anyone because of it.

11 EXECUTIVE OFFICER DEDRICK: That's correct.

12 COMMISSIONER ACKERMAN: I think it would be in the
13 intent of the Commission to see what we could do to
14 encourage a method by which we could solicit bids that do
15 not require cash.

16 EXECUTIVE OFFICER DEDRICK: Thank you, I really
17 appreciate your guidance on that. We will go ahead working
18 on that.

19 COMMISSIONER ACKERMAN: Okay.

20 CHAIRPERSON CORY: Perhaps you could get some of
21 the oil companies to bid seashells. That's another item.

22 COMMISSIONER MORGAN: What?

23 EXECUTIVE OFFICER DEDRICK: I missed that last
24 item.

25 CHAIRPERSON CORY: That's an inbred joke for

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1 people who read documents.

2 Okay, Item 31, authorization is granted as
3 requested.

4 Item 32. This is a request for resumption of
5 exploratory offshore drilling on PRC 2933.1, Santa Barbara
6 County.

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

9 COMMISSIONER ACKERMAN: This is gas, right?

10 EXECUTIVE OFFICER DEDRICK: Yes.

11 COMMISSIONER ACKERMAN: Okay.

12 EXECUTIVE OFFICER DEDRICK: It's oil also, Don?

13 CHAIRPERSON CORY: It's whatever they can find.

14 MR. EVERITTS: It's whatever they can find. It's
15 producing gas now.

16 COMMISSIONER ACKERMAN: It's exploratory now?

17 EXECUTIVE OFFICER DEDRICK: That's correct.

18 CHAIRPERSON CORY: Without objection, Item 32 is
19 approved as presented.

20 Item 33 is award of a Royalty Oil Sales Contract
21 on the Huntington Beach PRC 425 sell off to Champlin. And
22 this is how much per barrel?

23 EXECUTIVE OFFICER DEDRICK: Five cents over the
24 posted --

25 CHAIRPERSON CORY: Five cents.

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1 Anybody in the audience on this? Questions from
2 Commissioners?

3 COMMISSIONER ACKERMAN: It's five cents.

4 CHAIRPERSON CORY: Five cents a barrel above posted.

5 EXECUTIVE OFFICER DEDRICK: Commissioners, that
6 is an 18-month commitment at five cents. In my judgment,
7 it was a borderline case.

8 COMMISSIONER MORGAN: It's still bad.

9 EXECUTIVE OFFICER DEDRICK: Well, it gets worse
10 on the next two.

11 COMMISSIONER MORGAN: That's too bad. How many
12 bidders were there?

13 EXECUTIVE OFFICER DEDRICK: One.

14 It was an arbitrary cutoff. We accepted the
15 one that bid five cents and we turned down the ones that bid
16 2.4 and 1.1, all three with an 18-month commitment.

17 So, you can bet on the comment. I don't know what
18 to tell you about what's going to happen to oil prices over
19 the next six months. Needless to say, we are all praying
20 that they stabilize.

21 COMMISSIONER MORGAN: What was the last bid we had?

22 EXECUTIVE OFFICER DEDRICK: About the same.

23 COMMISSIONER MORGAN: About the same.

24 EXECUTIVE OFFICER DEDRICK: We haven't had a high
25 one in a long time.

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1 Don, what was the last bid we had?

2 MR. HIGHT: Last month I believe the Commission
3 approved one at five and a fraction tenths.

4 MR. EVERITTS: Eight cents, I guess.

5 EXECUTIVE OFFICER DEDRICK: The time before it
6 was eleven.

7 CHAIRPERSON CORY: Ready to go for a nickel?

8 COMMISSIONER ACKERMAN: Okay. It's only 18 months,
9 right?

10 CHAIRPERSON CORY: Okay, Item 33 is approved as
11 presented.

12 Item 34 is staff is proposing rejection of a bid
13 of two cents.

14 EXECUTIVE OFFICER DEDRICK: That was either 1.1
15 or 2.4.

16 MR. EVERITTS: One of them was 1.1 and the other
17 was 2.6.

18 CHAIRPERSON CORY: Which is --

19 EXECUTIVE OFFICER DEDRICK: This is the 1.1.

20 MR. EVERITTS: Item 34 is 1.1.

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

23 COMMISSIONER MORGAN: What do we do? Do we reject
24 the bid and sit on the oil?

25 CHAIRPERSON CORY: Well, no --

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1 EXECUTIVE OFFICER DEDRICK: If the price goes up --

2 CHAIRPERSON CORY: -- the oil will still be sold
3 at the posted price, but we have the option of going to bid.
4 And there's some indication at sometime toward the end of
5 the year, if we could go to bid December or January --

6 EXECUTIVE OFFICER DEDRICK: Maybe.

7 CHAIRPERSON CORY: -- we might have --

8 COMMISSIONER MORGAN: Three cents.

9 CHAIRPERSON CORY: -- a better market. It could
10 be worse than that. It will be a short run.

11 COMMISSIONER MORGAN: Okay.

12 *** CHAIRPERSON CORY: Glitch in the supply I would
13 think at that point.

14 Without objection, Item 34, we reject the bid.

15 Item 35, rejection of a 2.4-cent bid.

16 Anybody in the audience on this item? Questions
17 from Commissioners?

18 Without objection, Item 35, reject the bids.

19 Item 36 is a deferment of a drilling requirement.
20 This is the Seahawk, Casex Gas Lease in Sacramento County?
21 San Joaquin?

22 MR. EVERITTS: Solano County.

23 CHAIRPERSON CORY: Solano, okay.

24 Questions from the audience?

25 COMMISSIONER ACKERMAN: Is this one where we're

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1 looking into --

2 EXECUTIVE OFFICER DEDRICK: That's right.

3 COMMISSIONER ACKERMAN: -- where they've had a
4 six-month delay? And I asked to look at why we don't just
5 give them a six-month extension or a full-year extension.

6 CHAIRPERSON CORY: And this has been adjusted for
7 the six months?

8 COMMISSIONER ACKERMAN: Or a year.

9 MR. EVERITTS: We were asking for a 12-month
10 originally.

11 EXECUTIVE OFFICER DEDRICK: Yes, but, Don, we
12 directed you to go back and give them the amount of time
13 they've lost. You will do that.

14 MR. EVERITTS: The amount of time they've lost is
15 six months. And we discussed it with them. They pointed out
16 that they could be in the rainy season, which means they
17 couldn't do anything six months from now. But we told them
18 when that time came, we'd discuss it.

19 COMMISSIONER ACKERMAN: Then let's look at it then.

20 EXECUTIVE OFFICER DEDRICK: Yes.

21 COMMISSIONER MORGAN: So, you're moving a six-month
22 extension?

23 CHAIRPERSON CORY: So, a six-month extension is
24 granted on Item 36.

25 Without objection, such will be the order.

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1 Item 37. This is amendment of a Commission action
2 of December 17 to include -- okay, I'm lost.

3 EXECUTIVE OFFICER DEDRICK: It's a third quitclaim
4 parcel along the Santa Barbara coast into the EIR that you
5 have already approved.

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

8 Item 37 is approved as presented.

9 Item 38. This is an oil and gas lease under the
10 California Aqueduct, a negotiated --

11 EXECUTIVE OFFICER DEDRICK: Yes, the reason it's
12 a negotiated bid, Mr. Chairman, is because the parcels are
13 really irregular in shape and it's kind of a weird physical
14 situation.

15 CHAIRPERSON CORY: Anybody in the audience on this
16 item? Questions from Commissioners?

17 Without objection, Item 38 is approved as presented.

18 Item 39, Approval of proposal of Shell Oil Company
19 to assign its statewide production properties and leases to
20 a wholly owned subsidiary named Shell California Production,
21 Inc. And the holding company is guaranteeing with all of its
22 assets everything.

23 EXECUTIVE OFFICER DEDRICK: That is correct. Item
24 44 will be the Long Beach portion of the same agreement.

25 CHAIRPERSON CORY: Anybody in the audience on this

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1 item?

2 Without objection, Item 39 is approved as
3 presented.

4 Item 41, approval of a two-year Geothermal
5 Prospecting Permit for 2,280 acres in Latour State Forest,
6 Shasta County.

7 Anybody in the audience on this item? Questions
8 from Commissioners?

9 COMMISSIONER MORGAN: That's fine.

10 CHAIRPERSON CORY: Without objection, Item 41 is
11 approved as presented.

12 Item 42, application for a Geothermal Exploratory
13 Permit to build three temperature grading holes to a depth of
14 2,000 feet in The Geysers, Lake and Mendocino Counties;
15 request from GRI Operator Corporation.

16 Anybody in the audience on this item? Questions
17 from Commissioners?

18 Without objection, Item 42 is approved as presented.

19 Item 43. We have a Seventh Modification of
20 Moose's budget. He needs some more money in some of the
21 drilling accounts to make sure we keep the oil flowing --

22 EXECUTIVE OFFICER DEDRICK: Correct.

23 CHAIRPERSON CORY: -- so we hit the high market
24 that's coming this fall.

25 EXECUTIVE OFFICER DEDRICK: Yes, sir.

1 CHAIRPERSON CORY: Anybody in the audience on this
2 item? Questions from Commissioners?

3 COMMISSIONER MORGAN: Putting money on that?

4 CHAIRPERSON CORY: I think we are if we approve
5 this.

6 (Laughter.)

7 COMMISSIONER MORGAN: Fine.

8 CHAIRPERSON CORY: Without objection, Item 43 is
9 approved as presented.

10 Item 44 is the Eighth Modification. And this is
11 just the economic projections.

12 EXECUTIVE OFFICER DEDRICK: That's correct. It's
13 a report in response to the reporting requirement.

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

16 Without objection, Item 44 will be approved as
17 presented.

18 Item 45, Long Beach wants to spend 1,75,000 in
19 tidelands revenues for capital improvements on Bluff Park
20 slope protection.

21 Anybody in the audience on this one? Questions
22 from Commissioners?

23 COMMISSIONER MORGAN: I have a question.

24 At the last meeting I raised a question, which I
25 think the staff is responding to, but I haven't discussed it

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1 with them yet.

2 EXECUTIVE OFFICER DEDRICK: That's right. We have
3 a report which will be available to you today which you can
4 look at at your leisure.

5 COMMISSIONER MORGAN: My question was whether we
6 had any perspective on what the city plans to do in the
7 next year or so.

8 EXECUTIVE OFFICER DEDRICK: The answer is that
9 they have a five-year plan. And we've got all the stuff put
10 together.

11 CHAIRPERSON CORY: You can rest assured that their
12 plan is to take it downtown. And what the battle will be is
13 how we can catch how they're doing it.

14 EXECUTIVE OFFICER DEDRICK: You may have a very
15 good point.

16 COMMISSIONER MORGAN: Okay.

17 CHAIRPERSON CORY: We do have a report coming.

18 COMMISSIONER MORGAN: I'll look for the report.

19 EXECUTIVE OFFICER DEDRICK: It's available. We
20 just didn't bring it in formally.

21 COMMISSIONER MORGAN: It came faster than I thought
22 too.

23 EXECUTIVE OFFICER DEDRICK: It came faster than
24 I thought.

25 COMMISSIONER MORGAN: Thanks.

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1 CHAIRPERSON CORY: Item 45 is approved.

2 Item 46. This is the assignment similar to the
3 other one, but assignment of the Long Beach interest in the
4 THUMS Agreement to Shell California Production, Inc.; same
5 guarantees from the holding company.

6 Questions from Commissioners? Anybody in the
7 audience?

8 Without objection, Item 46 --

9 Bob, you've looked at this. So, it's a full
10 and complete assignment?

11 MR. TROUT: Alan Hager --

12 MR. HIGHT: It's a complete assignment with Shell
13 remaining. I know what your problem is and it's not a
14 problem.

15 CHAIRPERSON CORY: Okay, fine.

16 COMMISSIONER MORGAN: Is that English?

17 CHAIRPERSON CORY: No, it's just in terms of any
18 pending litigation, that Shell holding company is on the
19 hook for whatever.

20 MR. HIGHT: Yes.

21 CHAIRPERSON CORY: I just wanted to make sure of
22 that.

23 COMMISSIONER ACKERMAN: Okay.

24 COMMISSIONER MORGAN: All their liabilities are
25 assigned also?

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1 CHAIRPERSON CORY: Uh-huh.

2 COMMISSIONER MORGAN: Okay.

3 CHAIRPERSON CORY: The existing Shell Oil Company
4 is on the hook for all of the liabilities.

5 COMMISSIONER ACKERMAN: Is still liable.

6 MR. HIGHT: Yes.

7 CHAIRPERSON CORY: Without objection, Item 46 is
8 approved as presented.

9 Item 47 is a request for authorization for staff
10 to conduct a public hearing concerning the needs of the
11 public trust at the Albany Mud Flats in the City of Albany,
12 County of Alameda. This is something which the local city
13 council has passed a resolution requesting of us.

14 Is there anybody in the audience on this item?
15 Questions from Commissioners?

16 Without objection, Item 47 authorization is
17 granted.

18 Item 48, request for authority to enter into
19 litigation at Three Arch Bay Beach; 1000 Steps in the City
20 of South Laguna.

21 Is there anybody in the audience on this item?
22 Questions from Commissioners?

23 Without objection, request is granted.

24 Item 49. This is a request to approve and
25 authorize execution of a BLA, No. 211 between State Lands

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1 and Tenneco Realty Development in Kern County along the
2 Kern River.

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

5 Without objection, we will approve and authorize
6 the agreement as presented. Such will be the order.

7 Item 50. This is an execution of an Exchange
8 Agreement between State Lands and the Colorado River
9 Sportsman's League; Arciero --

10 EXECUTIVE OFFICER DEDRICK: Arciero.

11 CHAIRPERSON CORY: Arciero, okay -- and Sons,
12 Incorporated, and the City of Needles, settling a title
13 dispute in the City of Needles, San Bernardino County.

14 Is there anybody in the audience on this item?
15 Questions from Commissioners?

16 Without objection, Item 50 is approved as
17 presented.

18 Item 51, a three-month extension request for the
19 deadline of the Morro Bay Litigation.

20 Anybody in the audience on this item? Questions
21 from Commissioners?

22 COMMISSIONER MORGAN: No.

23 CHAIRPERSON CORY: Without objection, Item 51 is
24 approved as presented.

25 Item 52 is off calendar. We get one playmate in

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1 here -- oh, well.

2 Item 53 is off calendar.

3 Item 54, approval of an interagency agreement to
4 provide legal services required in connection with the
5 Commission's responsibilities for Long Beach Operations for
6 \$250,000.

7 EXECUTIVE OFFICER DEDRICK: Well, it's Alan Hager.

8 CHAIRPERSON CORY: Where's the Grand Kahuna?

9 *** Where's Taylor? He doesn't show up for the bread?

10 MR. THOMPSON: He's out spending it.

11 CHAIRPERSON CORY: I'd like to put some control
12 language in here that none of the money can go to Greg Taylor.
13 If he's not willing to show up and fight for his contract.
14 I mean, is there some explanation of why --

15 COMMISSIONER ACKERMAN: The Chairman might want
16 to reduce it by what Greg's worth.

17 (Laughter.)

18 CHAIRPERSON CORY: It will be approved for
19 \$299,999.99.

20 (Laughter.)

21 CHAIRPERSON CORY: Is there some explanation where
22 Mr. Taylor is? The quarter of a million isn't worth it to
23 him anymore? Is he out on a campaign?

24 MR. HAGER: I don't understand his absence. He
25 was here yesterday and then went home.

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1 MR. STEVENS: Important Commission business called
2 him to Los Angeles.

3 CHAIRPERSON CORY: Important Commission business.
4 Do you have her name?

5 (Laughter.)

6 CHAIRPERSON CORY: Okay, anybody in the audience
7 about this outrageous ripoff by the Attorney General?

8 COMMISSIONER ACKERMAN: No comment.

9 COMMISSIONER MORGAN: What's their billing rate
10 these days?

11 MR. STEVENS: It's a bargain.

12 (Laughter.)

13 MR. STEVENS: \$46 an hour.

14 CHAIRPERSON CORY: \$46 an hour cash money.

15 EXECUTIVE OFFICER LEDRICK: Gee, that's cheaper
16 than General Services.

17 COMMISSIONER MORGAN: It must be. Everything is.

18 CHAIRPERSON CORY: Okay, without objection we'll
19 approve the interagency agreement.

20 Item 55 is approval of a contract for legal
21 consulting services for a Washington law firm.

22 I would like to point out to those of you who
23 don't know it, we may have an amendment to this contract
24 reducing the fees. John Lamont is ill, has suffered a heart
25 attack. And if he gets the minutes of this meeting thinking

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1 we're going to reduce the size of this contract because he's
2 not able to work, he'll have another one.

3 But John is apparently doing much better and is
4 out of intensive care, for those of you who know the old
5 curmudgeon.

6 And I don't know what the appropriate response
7 would be, whether we should try to pass a resolution. I
8 don't know if we could get enough votes to wish him well on
9 his recovery. But people should be aware of that.

10 Are there any serious questions about the Lamont
11 contract?

12 COMMISSIONER ACKERMAN: I think we should wish him
13 well.

14 COMMISSIONER MORGAN: I do too.

15 CHAIRPERSON CORY: Okay, let the record show that's
16 a two to one vote. And we won't say --

17 (Laughter.)

18 COMMISSIONER MORGAN: Did you run for Finance?

19 CHAIRPERSON CORY: Close.

20 We will approve in the single motion the contract
21 and the well wishes to Mr. Lamont, if the staff could
22 prepare that. There was some heated discussion.

23 EXECUTIVE OFFICER DEDRICK: You want the record
24 to show that the contract was approved 3 and 0 and the well
25 wishes is 2 and 1, right?

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1 CHAIRPERSON CORY: Yes.

2 Item 56, successful bidder. This is authority
3 to execute --

4 EXECUTIVE OFFICER DEDRICK: Don's helicopter.

5 CHAIRPERSON CORY: -- Don's helicopter.

6 What kind of helicopter do you want?

7 MR. EVERITTS: A big one.

8 CHAIRPERSON CORY: I can understand that.

9 EXECUTIVE OFFICER DEDRICK: It's a great helicopter
10 with a plastic floor straight down. I took a five-hour ride in it
11 the other day and got a fast education on all the oil
12 operations in Santa Barbara and Huntington Beach. If you
13 ever really want to really find out what that is like out
14 there and get the whole picture clear in your head, they
15 fly about once a month. And we could put somebody aboard.
16 You don't have to go the whole day, I'm just a demon for this
17 kind of thing. You can go for a few hours. If you're
18 available, you can go out at Santa Barbara. It's really an
19 education.

20 CHAIRPERSON CORY: Anybody in the audience on this
21 item?

22 Without objection, Item 56 is approved as
23 presented.

24 Item 57 is approval -- who's the successful bidder
25 on that one?

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1 MR. TROUT: Atlas Blueprint, \$32,000.

2 CHAIRPERSON CORY: Anybody -- questions?

3 Without objection, Item 57 is approved as
4 presented.

5 Do we have any other items to come before us?

6 Mr. Hager, do we have another item we should
7 announce here or not? Long Beach?

8 MR. HIGHT: Yes, Mr. Chairman, I think that the
9 record should state that we met in Executive Session. And
10 a decision was made by the Commission to institute litigation
11 against the City of Long Beach regarding natural gas pricing.

12 CHAIRPERSON CORY: Is there anybody in the audience
13 who wishes to comment?

14 Without objection, we will so acknowledge that
15 we have ordered the \$46-an-hour warriors into battle. Don't
16 spend it all in one place.

17 Any other items?

18 We stand adjourned.

19 (Thereupon the meeting before the State
20 Lands Commission was adjourned at 11:03 a.m.)

21 ---oOo---

CERTIFICATE OF SHORTHAND REPORTER

---o0o---

I, EILEEN JENNINGS, 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, 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 meeting, nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of June, 1982.

Eileen Jennings
EILEEN JENNINGS
Certified Shorthand Reporter
CSR No. 5122

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