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MEETING

STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

THURSDAY, AUGUST 25, 1983
10:15 A.M.

ORIGINAL

Cathleen Sloum, C.S.R.
License No. 2822

PETERS SHORTHAND REPORTING CORPORATION

3435 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 972-8894

MEMBERS PRESENT

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John Jervis, Acting Chairperson, representing
Kenneth Cory, Controller

Nancy Ordway, representing Michael Franchetti, Director
of Finance

Leo T. McCarthy, Lieutenant Governor

Susan Wallace, representing Leo T. McCarthy, Lieutenant
Governor, nonvoting capacity

MEMBERS ABSENT

NONE

STAFF PRESENT

Claire Dedrick, Executive Officer

James Trout, Assistant Executive Officer

Robert Hight

W. M. Thompson

Al Willard

Lance Kiley

Jane Smith, Secretary

ALSO PRESENT

Jan Stevens, Deputy Attorney General

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P R O C E E D I N G S

--ooo--

ACTING CHAIRPERSON JERVIS: All right. We'll get started.

Governor McCarthy has been detained, but he will be here shortly. In his place is Susan Wallace.

We need to have an announcement read into the record by Bob Hight.

MR. HIGHT: Mr. Chairman, for the record, Susan Wallace will be sitting for the Lieutenant Governor in a nonvoting capacity.

ACTING CHAIRPERSON JERVIS: All right. Approval of the minutes of the meeting of August 12th. Here they are.

COMMISSIONER ORDWAY: I'll move approval.

EXECUTIVE OFFICER DEDRICK: You also need to confirm the minutes of July 21st, Mr. Chairman.

COMMISSIONER ORDWAY: I'll move the approval of both July 21st and August 12th.

ACTING CHAIRPERSON JERVIS: All right. So moved. The Consent Calendar, Item C1 through 15, Mr. Kiley has a change in C14.

MR. KILEY: Yes, Mr. Chairman. Just a minor change that's been agreed to by the applicant. The work to be performed by the Department of Public Works at each site

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1 will be substantially similar in nature. By issuing this
 2 permit, the need to process individual permits for each
 3 work site would be eliminated. That's just explanatory.
 4 The Department of Public Works will submit a complete
 5 description of each project site to the commission staff
 6 at least 30 days prior to initiation of the work.

7 The Coastal Commission has approved this particular
 8 emergency bank protection work. However, they will require
 9 further permitting for any future protection projects.

10 COMMISSIONER ORDWAY: Is this change agreeable
 11 to all parties?

12 MR. KILEY: It's agreeable. They've all agreed.

13 ACTING CHAIRPERSON JERVIS: Is a motion necessary?

14 COMMISSIONER ORDWAY: I will move the Consent
 15 Calendar, Item C1 through 15. I assume that there's no
 16 one that would like to speak on any items on the Consent
 17 Calendar.

18 ACTING CHAIRPERSON JERVIS: Any item, C1 through
 19 15, anyone care to be heard?

20 We have a motion and a second.

21 Without objection, Items 1 through 15 with the
 22 amendment to C14 are approved.

23 Item 16. Do we have people who are here to testify
 24 on 16, Chevron, U.S.A., approval of a waiver on an offshore
 25 boundary?

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1 MS. BIRTWISTLE: Yes, sir.

2 EXECUTIVE OFFICER DEDRICK: Chevron is present
3 if you feel you need testimony. I think they're here to
4 be informative and also to make sure they know what's going
5 on.

6 ACTING CHAIRPERSON JERVIS: Why don't you give
7 us an explanation, Miss Dedrick, of 16, Chevron, U.S.A.

8 EXECUTIVE OFFICER DEDRICK: Chevron is building
9 a groin out into the coastal waters at El Segundo. When
10 you do something like that, the boundary between the offshore
11 and the federal OCS gets moved out. As a matter of commity
12 and to reduce problems with the Federal Government, we are
13 recommending that this commission waive that necessity,
14 the extension of the boundary into the federal waters. This
15 will take legislation which is now moving through and appears
16 to be acceptable to everybody. But under that legislation,
17 you have that authority. Is that correct, Bob?

18 MR. HIGHT: That's correct.

19 MR. KILEY: That's correct. Your action will
20 be conditional on the passage of the legislation if you
21 approve the calendar item as it's written.

22 COMMISSIONER ORDWAY: What's the status of the
23 legislation?

24 MR. KILEY: I don't know exactly. Is Bill Morrison
25 here?

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EXECUTIVE OFFICER DEDRICK: Morrison is here.

Bill, would you come up.

MR. MORRISON: Mr. Chairman and members, Bill Morrison.

The amendment is in a bill carried by Senator Beverly, Senate Bill 216. I believe that that bill is on the floor of the Senate for concurrence of Assembly amendments. To my knowledge there's no opposition to the amendment. Sean McCarthy with the California Land Title Association did call me yesterday to find out more specifics. There was already or there is currently a code statute that does a similar thing for Ventura County. The amendment would just expand that to Los Angeles County.

EXECUTIVE OFFICER DEDRICK: And the legislation gives the commission authority to make that kind of a waiver; is that correct?

MR. MORRISON: Yes, it does.

ACTING CHAIRPERSON JERVIS: Any further questions? Do I hear a motion?

COMMISSIONER ORDWAY: Move the item.

ACTING CHAIRPERSON JERVIS: Without objection, Item 16 is approved.

Item 17, Wilfred West.

MR. TROUT: Item 17, 18 and 19 are virtually identical in action, Mr. Chairman. They involve the denial

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1 without prejudice of applications received by the commission
2 for leasing of some of the property. The exact reasons
3 are different, but unless there's someone here to object
4 to them, we just recommend that you approve those. It's
5 without prejudice and when we can work out the difficulties,
6 these may be back before you.

7 ACTING CHAIRPERSON JERVIS: Let's take all three
8 of these together. Is there anyone in the audience on
9 Item 17, Wilfred West; Item 18, Frank Marcks and Raford
10 Jones; Item 19, Neill Smith, anybody here on those items?

11 Any questions?

12 COMMISSIONER ORDWAY: I'll move the three items.

13 ACTING CHAIRPERSON JERVIS: I'll second.

14 Without objection, Items 17, 18 and 19 are approved.
15 Item 20, City of Long Beach.

16 EXECUTIVE OFFICER DEDRICK: This is a capital
17 improvement project. It's an expenditure of their tidelands
18 oil revenue. By approving this item you're approving or
19 saying that this is a proper expenditure of tideland oil
20 revenues. It's for improvement of the Apian Way Bridge,
21 187,400. It is an appropriate use of tidelands revenue.

22 ACTING CHAIRPERSON JERVIS: I'll move. Any
23 questions?

24 COMMISSIONER ORDWAY: I would just ask if there's
25 anybody in the audience that wishes to speak to the issue?

1 ACTING CHAIRPERSON JERVIS: Without objection,
2 Item 20 is approved.

3 Item 21, also City of Long Beach.

4 EXECUTIVE OFFICER DEDRICK: It's essentially
5 the same thing. In this case, a rock embankment in Marine
6 Stadium, 173,000.

7 ACTING CHAIRPERSON JERVIS: Any questions?

8 COMMISSIONER ORDWAY: I'll move the item.

9 ACTING CHAIRPERSON JERVIS: Without objection,
10 Item 21 is approved.

11 Item 22, also the City of Long Beach.

12 EXECUTIVE OFFICER DEDRICK: This is approval
13 of the Third Modification of the '83-'84 budget. Moose
14 Thompson is here if you have any questions about it. Would
15 you like to have him come and describe this whole thing
16 to you?

17 ACTING CHAIRPERSON JERVIS: Why not. Moose,
18 welcome to Sacramento.

19 MR. THOMPSON: Well, I would have to come up
20 and apologize for some omissions that we made when this
21 was first presented to you in April. This is merely trying
22 to clean up some things. We forgot to include redrills
23 in our six-month approvals and since those come up
24 periodically, we need that language in there. Also, we
25 would like to have delegation to get approval to do this

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1 by the Executive Office or Chief of Extractive Development.
2 There's technical corrections in the procedures.

3 ACTING CHAIRPERSON JERVIS: I'll move. Without
4 objection, Item 22 is approved.

5 The City of Long Beach information on monitoring
6 of subsidence, seismic hazards.

7 EXECUTIVE OFFICER DEDRICK: Again, Moose may
8 as well sit here for these.

9 MR. THOMPSON: Every six months we run a grid
10 of ground elevations throughout the whole Long Beach area
11 and the results of this are in effect that since 1965 there
12 has been no subsidence of any benchmarks that could be
13 affected by production in the Long Beach Unit. This ties
14 into any potential claims for the subsidence of any
15 contingency monies that are impounded and set up. That's
16 a \$40 million fund for any claims against us. This is
17 just an annual, semiannual monitoring.

18 EXECUTIVE OFFICER DEDRICK: This is an informational
19 item and no action is required.

20 ACTING CHAIRPERSON JERVIS: All right. Item
21 24.

22 EXECUTIVE OFFICER DEDRICK: Item 24 is a report
23 covering the actual revenues for '82-'83 and revenue estimates
24 for '83-'84, '84-'85, and '85-'86. Moose has got some
25 good news since this revenue estimate was put together

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1 and, Moose, would you run through the thing and update
2 it for the commission?

3 MR. THOMPSON: Okay. There's been every
4 indication that crude oil posting prices should have moved
5 upward. We're getting over two dollars for our bonus sell-
6 off bids. Posting for North Slope crude have gone up.
7 But there's been no posting change. The first posting
8 change came out yesterday. Chevron increased their posting
9 by a dollar. So these estimates, if the other posters
10 in California come along, this will increase these revenue
11 protections with a revised one in a month or so. Right
12 now, since the last projection for '83-'84 was in May,
13 this is a \$20 million increase over that estimate. For
14 '84-'85, the last estimate was made in February. This
15 now is a \$75 million increase over that. Primarily the
16 biggest changes there are because of crude oil pricing.
17 At that particular time when we made the one in February
18 we were still anticipating the possibility of further slide
19 in crude oil prices and since that didn't happen, in fact,
20 is now strengthening, that's the reason for the additional
21 revenue.

22 ACTING CHAIRPERSON JERVIS: Are you thinking
23 in terms that the posting increase of a dollar is going
24 to increase even further?

25 MR. THOMPSON: If all companies post this particular

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1 thing for '83-'84, we should have a further increase in
2 the magnitude of 15 to 20 million dollars more.

3 EXECUTIVE OFFICER DEDRICK: The price we receive
4 is the average of the posted price of four companies:
5 Chevron, ARCO, Mobil and Union. They don't walk in lock
6 step, but normally if one goes up, that means everybody's
7 heading up. They may not all go up at the same time.

8 MR. THOMPSON: That's why we will try and get
9 the revised as soon as we see the pattern of the rest of
10 the companies.

11 EXECUTIVE OFFICER DEDRICK: We do need approval
12 of this report which we submit to the legislature.

13 MR. THOMPSON: Yes.

14 COMMISSIONER ORDWAY: I'll move to approve the
15 report.

16 ACTING CHAIRPERSON JERVIS: Miss Ordway moves,
17 Miss Wallace seconds [sic]. Without objection, the report
18 is approved.

19 Item 25, State Lands Commission on the Los Angeles
20 County Assessment Appeal.

21 EXECUTIVE OFFICER DEDRICK: The Assessor's Office
22 each year determines the fair market values of the Wilmington
23 field for purposes of possessory tax, ad valorem tax. I'm
24 sorry. We invariably feel that their estimate is too high.
25 So we invariably appeal this and usually we get something

1 out of that. This is a request for your approval or this
2 is asking for you to authorize the Executive Office and
3 the Office of the Attorney General to pursue such an appeal
4 on this year's assessment.

5 ACTING CHAIRPERSON JERVIS: Any questions?

6 COMMISSIONER ORDWAY: I'll move.

7 ACTING CHAIRPERSON JERVIS: It's been moved,
8 seconded. Without objection, Item 25 is approved.

9 Item 26, American Bridge.

10 EXECUTIVE OFFICER DEDRICK: It's an application
11 to dredge 90,000 cubic yards of material from the Hunter's
12 Point Fabrication Yard in Hunter's Point. It has all the
13 usual requirements of our regulations. A royalty of 15
14 cents a yard is to be charged for the spoils placed at
15 the Corps of Engineers' approved dump and a, I mean, a
16 disposal site -- they don't call them dumps -- and a royalty
17 of 25 cents if the spoils are placed on private property
18 or sold.

19 COMMISSIONER ORDWAY: I'll move the application.

20 ACTING CHAIRPERSON JERVIS: Without objection,
21 Item 26 is approved.

22 Item 27, Harding Lawson Associates.

23 EXECUTIVE OFFICER DEDRICK: This is a request
24 for approval of a geophysical survey permit by Harding
25 Lawson Associates in Regions I, II, III, and IV. The regions,

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1 this is the seismic exploration of what we laughingly call
2 the boom-boom boats. The regions are the four northern
3 regions of the state. I can't remember whether there are
4 five or six regions. Region I would be the far north coast
5 and it moves on south.

6 COMMISSIONER ORDWAY: How far down does Region
7 IV extend?

8 EXECUTIVE OFFICER DEDRICK: I'm not certain.

9 MR. THOMPSON: Boundary of Mendocino and Sonoma
10 County.

11 EXECUTIVE OFFICER DEDRICK: Oh.

12 MR. THOMPSON: There's a map attached.

13 EXECUTIVE OFFICER DEDRICK: The map's in here.
14 I'm sorry. I numbered it wrong. It's numbered from the
15 bottom up, not the top down. That is all four regions of
16 the state. So it would cover the entire coast. It's on
17 page 109.

18 MR. THOMPSON: 109. Region IV is the top one
19 there.

20 ACTING CHAIRPERSON JERVIS: Is there anyone in
21 the audience who desires to be heard on this application?

22 Please come forward.

23 DR. CORWIN: I'm Dr. Ruthann Corwin of the Oceanic
24 Society.

25 I just want to know whether or not the individuals

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1 who are involved and concerned in the seismic testing issue
2 and its impacts on the marine environment have been notified
3 of this issue on the calendar today?

4 EXECUTIVE OFFICER DEDRICK: Faber.

5 MR. HIGHT: This item, Mr. Chairman, received
6 our normal distribution list and Mr. Willard will amplify
7 on that.

8 MR. WILLARD: I'm Al Willard, an engineer from
9 the Long Beach Office.

10 As Bob has indicated, the normal mailing list
11 of the calendar to those that have requested to be on that
12 list which this item was presented. We had no indication
13 that there was any adverse comments on this. As the
14 commission knows, we've approved these geophysical survey
15 permits in the past. We approved them for a period of
16 18 months some time ago. This one, as you'll note here,
17 is just for a period of six months which will expire at
18 the time all of the geophysical permits that are currently
19 in effect will expire and any extension of these permits
20 would then be all heard in one group and which at that
21 time I'm sure there would be many comments brought forward.

22 EXECUTIVE OFFICER DEDRICK: The commission last
23 August, about a year ago, approved the permitting plan
24 the way we do these survey permits. The use of these
25 permits or the imposition of these permits is an advantage

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1 to the state. A problem arose in the coastal waters as
 2 well as in federal waters between fishermen and the
 3 geoseismic vessels because the geoseismic vessels drag
 4 about a two-mile line of hydrophones behind them and,
 5 therefore, they take a big turning radius. In the absence
 6 of some organized interchange of information, frequently
 7 damaged fishing equipment. In January, a year ago, the
 8 commission staff began a series of public hearings which
 9 were held in every fishing port in California or virtually
 10 every fishing port including little ones for a round-table
 11 sort of hearing to try to develop a process between the
 12 geophysical operators and the fishermen that would resolve
 13 this problem.

14 That process has proved quite successful. It
 15 was the result of that process of discussion and interchange
 16 of ideas and so forth that the survey permit plan was
 17 presented to the commission in August and was accepted
 18 by the commission last August.

19 I think there were 35 or 40 permits granted at
 20 that time. This is someone who just wasn't working in
 21 California at the time and now has a job out here and wants
 22 the permit for the six-month period. We limit it to the
 23 six-month period as Willard has told you so that they'll
 24 all come due on the same day and can all be handled
 25 simultaneously in a more organized way and that will be.

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1 in about January or February.

2 ACTING CHAIRPERSON JERVIS: So the 18-month period
3 expires in January or February of 1984?
4

5 EXECUTIVE OFFICER DEDRICK: Approximately. Let's
6 see.

7 MR. WILLARD: I think it's February.

8 EXECUTIVE OFFICER DEDRICK: It will be February.

9 ACTING CHAIRPERSON JERVIS: Now, about the mailing
10 of notice, there was, of course, mailing of notice at the
11 outset of the 18-month period?

12 EXECUTIVE OFFICER DEDRICK: That is correct.
13 MR. HIGHT: Correct.

14 EXECUTIVE OFFICER DEDRICK: There have been other
15 geological, geophysical survey permits that have come in
16 since the initial meeting and we have received protests
17 on none.

18 ACTING CHAIRPERSON JERVIS: And what about the
19 mailing for this one?

20 MR. HIGHT: We have received no protest on this
21 mailing either.

22 ACTING CHAIRPERSON JERVIS: When was this mailing
23 done?

24 MR. HIGHT: It would have been statutorily ten
25 days prior, at a minimum, ten days prior to this meeting.

MR. WILLARD: One thing that might be of interest

1 is that under our permit procedure we have a notification
2 process prior to any operations under the permit. That
3 is, five days before any operations are conducted, the
4 operator is obligated to post notices in the local fishing
5 establishments, at the docks, the field docks, and those
6 areas that the concerned people, that is, the fishermen,
7 would be put on notice that such an operation was going
8 to be conducted. At that time, if that fishermen or anyone
9 has a concern or there's going to be a conflict with the
10 proposed operation, he would contact the operator initially
11 and try and resolve that. If that fails, he then comes
12 to the State Lands Commission or to the staff for resolution
13 of that conflict.

14 DR. CORWIN: May I just ask how many miles might
15 be affected during the period before the six months, before
16 the period of the permit is up?

17 EXECUTIVE OFFICER DEDRICK: Miles of what?

18 DR. CORWIN: Miles of survey line that are involved,
19 how many miles of ocean floor will be covered?

20 EXECUTIVE OFFICER DEDRICK: This is a surface
21 operation. I couldn't give you that estimate. It would
22 be enormous, I expect.

23 MR. WILLARD: This is a general permit that allows
24 him to conduct these operations in the area. If he elects
25 at a later date to propose a specific survey at which time

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1 he would then know how many line miles he's going to run,
2 that's when the notices would be posted and everyone would
3 become aware of where he's actually operating. He may
4 not have a specific operation in mind right at this time.
5 He's just obtaining a general permit.

6 DR. CORWIN: I understand.

7 EXECUTIVE OFFICER DEDRICK: So that he could
8 take it.--

9 MR. WILLARD: Yes.

10 DR. CORWIN: Is this review at the end, when
11 the six-month period ends there's going to be review of
12 all the information respecting the damages that are caused
13 by these operations to the fisheries and a review of the
14 whole permit process or the whole permit structure and
15 the way it's done?

16 EXECUTIVE OFFICER DEDRICK: Is there a need for
17 another CEQA?

18 Identify yourself.

19 MR. FABER: I'm Robert Faber, staff counsel for
20 the State Lands Commission.

21 When the permits are reviewed again in February --
22 the reason that the permits were issued for 18 months in
23 the first place is because it was an introduction of a
24 new program and for the period of the 18 months we're
25 evaluating what the impacts are, the provisions that are

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1 in the permitting process. What we're intending to do
2 is come to the commission in February with a review of
3 how the procedure's been working, with any changes that
4 seem to be needed and made to the permits, and we're going
5 to be working and have been working in the last 12 months
6 and will be working during the next six months with a number
7 of the affected groups to get their comments.

8 DR. CORWIN: I'd just like to request of the
9 commission that due to the fact that this is being reviewed
10 and to the fishermen's grave concerns over the potential
11 damage to juvenile species and the fact that a general
12 permit doesn't look at the specific circumstances and
13 situations, whether you have a larval spawning or you have
14 a particular critical period and the organism might be
15 affected, that this permit be denied until after the end
16 of that six-month review and it be taken up at that time
17 when you have the results of this knowledge and this
18 information.

19 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, I would
20 like to point out that there is absolutely no scientific
21 evidence to support Dr. Corwin's concerns. None.

22 ACTING CHAIRPERSON JERVIS: Well, if it's not
23 true that once these notices are posted by this Harding
24 Lawson Associates, there's still a point in there where
25 a concerned fisherman can still come to the Lands Commission

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1 before this geophysical work would begin? Is that not true?

2 MR. HIGHT: Correct, Mr. Chairman.

3 DR. CORWIN: I'm simply talking about the total
4 effect of having an unknown amount of this operation going
5 on during certain seasons and certain locations and there
6 is scientific evidence that pressure, high pressure zones
7 which are caused by these can damage and rupture larval
8 organisms, planktonic organism and so forth. It depends
9 upon the closeness they are and how many there are in the
10 area and where the high pressure zone is occurring.

11 EXECUTIVE OFFICER DEDRICK: Last fall a series
12 of accusations were made by people concerned about whales
13 and people concerned about, commercial fishermen located
14 in the Fort Bragg area. The people who were concerned
15 about whales contended that the seismic activity interrupted
16 the whale migration. The fishermen contended that the
17 seismic vessels disrupted their fishing. They shook up
18 the fish so they moved out of their schools so they didn't
19 have as good results.

20 Because they at that time also, the accusation
21 was made that a vessel was using explosives which is
22 illegal and that a vessel was operating without a permit
23 in the area which is also illegal, I closed the upper
24 region number IV to activity while we investigated that.
25 We put together a team of the four representative, the

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1 four responsible agencies : / State Lands, Fish and Game
2 for the state side, the Mineral Management Service who
3 is responsible for the offshore OCS oil and the National
4 Marine Fishery Service of the United States Fish and
5 Wildlife Service which has total federal authority for
6 the Gray Whale. It's the only agency in the country that
7 has the authority. Nobody else has that authority. That
8 team investigated all of the charges in addition to which
9 they did an extensive literature search. The results of
10 that -- this business went on for approximately two months.
11 Is that correct?

12 The results of those investigations indicated
13 that there is no evidence that there is any damage to the
14 Gray Whale. There is no evidence that the kind of seismic
15 exploration that is now being done, the sonic instead of
16 using dynamite, is damaging at all to the fishery. We
17 did a complete literature search. The Congressional Research
18 Service did a literature search and the results were
19 completely negative. Currently there is an ongoing study
20 funded by the Mineral Management Service on the effects
21 of noise from petroleum exploration and development
22 operations on the migration of the Gray Whale being conducted
23 at Yankee Point in Monterey County. So far the results
24 of that study have indicated no problem.

25 The study that Dr. Corwin is referring to is

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1 a laboratory study on the effects of high pressure on larval
2 or single cell, small cell, small animals, primarily in
3 the larval state. It is certainly true that high pressure
4 will break cytoplasmic membrane. There is, however, no
5 evidence to indicate that the activities of the geophysical
6 operators in the ocean would disrupt cells.

7 Now, one of the reasons for that is that though
8 the air leaves the cylinders which are called airguns in
9 the cylinder is at a very high pressure, the highest pressure
10 in the water is significantly lower than that and is ten
11 feet below the airgun. Clearly it is dissipated very rapidly
12 I can see no reason to believe on the basis of laboratory
13 evidence that we have in vitro, in life, the same effect
14 you have concentrated in a test tube. Certainly that would
15 be an interesting area of academic study. But based on
16 existing scientific information, there is no validity to
17 the charge.

18 DR. CORWIN: How close into shore will these
19 boats be allowed to come?

20 EXECUTIVE OFFICER DEDRICK: The boats by their
21 nature can't get very close to shore. They're dragging
22 a two-mile-long cable. You can't turn around very close
23 to shore. I would not like to say myself, but Al can tell
24 us what the closest in they can get is.

25 MR. WILLARD: I would say no more than within

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1 a half a mile.

2 EXECUTIVE OFFICER DEDRICK: Usually they don't
3 go in within a mile.

4 MR. WILLARD: They're usually outside the mile,
5 but they probably could get in in the turning operation.

6 EXECUTIVE OFFICER DEDRICK: In the turn.

7 MR. WILLARD: They would not be operating.

8 DR. CORWIN: They could be moving along shore
9 very closely without turning.

10 EXECUTIVE OFFICER DEDRICK: If they have a two-
11 mile line behind them, they're making a turn, they're not
12 going to start shooting till that two-mile line is --

13 DR. CORWIN: I understand. But if they're making
14 a very long, straight run, they can come fairly close into
15 shore.

16 MR. WILLARD: Well, one thing. They wouldn't
17 get in the kelp area at all because they do not want to
18 get tangled up in the kelp.

19 DR. CORWIN: I understand. But the potential,
20 I mean, the life that's out in the ocean doesn't stop dead
21 at the edge of the kelp bed. I won't get into any further
22 argument and debate over this. There's certainly a lot
23 of disagreement over what the effects can be and there
24 are studies going on. There is going to be a review of
25 this permit at the end of the six months and this is a

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1 general permit for a fairly large area with an extensive
 2 number of miles that will be permitted under it. I would
 3 think that the commission would want to look at all of
 4 this evidence at the end of their period when they have
 5 all these permits up and examine that situation at that
 6 time.

7 MR. HIGHT: Mr. Chairman, one other item for
 8 the record that has just come to my attention that this
 9 calendar item had wider distribution than normal because
 10 of the Point Conception item being on the list and we have
 11 a much broader environmental mailing list then and we still
 12 have received no comments.

13 COMMISSIONER ORDWAY: I'll move the item, but
 14 I would like to have this calendared at the February-March
 15 meeting at the end when the permits have expired and we
 16 can take a look at how --

17 EXECUTIVE OFFICER DEDRICK: As Mr. Faber told
 18 you, Commissioners, we intend to bring in the full range
 19 of information in February.

20 COMMISSIONER ORDWAY: Fine. Let's have that
 21 noticed properly so anybody has any interest can come and
 22 give us their information.

23 EXECUTIVE OFFICER DEDRICK: All right. Not a
 24 problem.

25 ACTING CHAIRPERSON JERVIS: It's moved. Without

1 objection, Item 27 is approved.

2 Item 28, Charles Price, a prospecting permit
3 application.

4 EXECUTIVE OFFICER DEDRICK: This is just an approval
5 of our usual two-year term for a prospecting permit on
6 160 acres of land in Riverside County. The permit is for
7 minerals other than oil, gas, geothermal resources or sand
8 and gravel.

9 ACTING CHAIRPERSON JERVIS: Anybody in the
10 audience to testify on Item 28?

11 COMMISSIONER ORDWAY: I'll move the application.

12 ACTING CHAIRPERSON JERVIS: Without objection,
13 Item 28 is approved.

14 Item 29, Larry Durkan and Exploration Engineering,
15 Inc.

16 MR. HIGHT: Mr. Chairman, this is an assignment
17 by Larry Durkan to Exploration Engineering, Inc., which
18 is a company which he owns which have 25 percent interest
19 of the prospecting permit that he has at Sonoma State
20 Hospital. This assignment will allow him to proceed with
21 the exploration of the area.

22 ACTING CHAIRPERSON JERVIS: Anybody in the audience
23 on this item?

24 COMMISSIONER ORDWAY: Move the item.

25 ACTING CHAIRPERSON JERVIS: It's been moved.

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1 Without objection, Item 29 is approved.

2 Item 30, Gasco Gasoline, Inc.

3 EXECUTIVE OFFICER DEDRICK: Yes. This is an
4 award of royalty oil sales from Tract 2 in Long Beach that
5 authorized us to go to sale on, to go to bid on a couple
6 of months ago. The winning bid, the high bid is Gasco
7 Gasoline, Inc., and the bonus bid is \$1.38 over the posted
8 price. Gasco is a responsible bidder. So we would seek
9 approval of selling the oil at that price.

10 ACTING CHAIRPERSON JERVIS: Without objection,
11 Item 30 is approved.

12 Item 31, Powerine Oil Company.

13 EXECUTIVE OFFICER DEDRICK: This is similar,
14 but the oil is from the Huntington field. Powerine is
15 the high bid at \$2.121, \$2.121 cents. It's an encouragingly
16 high bid.

17 COMMISSIONER ORDWAY: Move the award.

18 ACTING CHAIRPERSON JERVIS: It's been moved.
19 Without objection, Item 31 is approved.

20 Item 32, Edgington Oil Company.

21 EXECUTIVE OFFICER DEDRICK: Yes. Again, this
22 is also for Huntington Beach. The high bid is \$2.25.2
23 cents.

24 COMMISSIONER ORDWAY: Move the award.

25 ACTING CHAIRPERSON JERVIS: Without objection,

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Item 32 is approved.

Item 33, State Lands Commission proposed sale of crude oil.

EXECUTIVE OFFICER DEDRICK: This is another Huntington Beach one.

MR. HIGHT: This is authorization, Mr. Chairman, to put the 710 barrels per day for Huntington Beach out to bid.

COMMISSIONER ORDWAY: Move the award.

ACTING CHAIRPERSON JERVIS: It's been moved. Without objection, Item 33 is approved.

Item 34, Fred Sahag.

Anyone in the audience on this item? Staff?

EXECUTIVE OFFICER DEDRICK: No.

MR. HIGHT: This is an informative item, Mr. Chairman. Dredging permit at Lake Tahoe.

ACTING CHAIRPERSON JERVIS: We don't need a motion?

EXECUTIVE OFFICER DEDRICK: No.

ACTING CHAIRPERSON JERVIS: Item 35, anybody in the audience on the Coast Guard application?

EXECUTIVE OFFICER DEDRICK: Same situation.

MR. HIGHT: This is an informative item in addition. 3500 yards at Noyo Harbor.

ACTING CHAIRPERSON JERVIS: Item 36, GRI

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1 Operator Corporation.

2 MR. HIGHT: This is a geothermal exploratory
3 permit in Mendocino and Lake Counties and this is an
4 extension for six months on their existing term.

5 COMMISSIONER ORDWAY: I'll move the application.

6 ACTING CHAIRPERSON JERVIS: It's been moved.

7 Without objection, Item 36 is approved.

8 We'll pass Item 37 for the present and move on
9 to Item 38.

10 World College West.

11 MR. HIGHT: Mr. Chairman, Item 38 is an item
12 that has come before the commission before. This is an
13 authority to accept, we're accepting less acreage than was
14 originally anticipated because of some encumbrances and because of the
15 encumbrances the value will go down. So we're paying 76,000 now for
16 the area that will be purchased.

17 MR. TROUT: The commission is also acting as
18 trustees of the land bank in this case.

19 COMMISSIONER ORDWAY: Move the authorization.

20 ACTING CHAIRPERSON JERVIS: It's been moved.

21 Without objection, Item 38 is approved.

22 Item 39, Redwood Shores.

23 MR. HIGHT: Mr. Chairman, this is an extension
24 of the existing Redwood Shores and a substitution of
25 performance bond for a Letter of Credit. The extension

1 to build the necessary improvements will be for two additional
2 years and they will have until July 31st, '85. There's
3 been some problems with getting the improvements built
4 and the staff is in support of this motion.

5 COMMISSIONER ORDWAY: Move the extension.

6 ACTING CHAIRPERSON JERVIS: It's been moved without
7 objection, Item 39 is approved.

8 Item 40, Caltrans.

9 MR. HIGHT: This is a settlement with Caltrans
10 at Foster City by which Caltrans a portion of the land and
11 the State Lands Commission will also get a portion of the
12 land.

13 COMMISSIONER ORDWAY: Move the settlement.

14 ACTING CHAIRPERSON JERVIS: Without objection,
15 Item 40 is approved.

16 Item 41, Native Sun Investment Group and others.

17 MR. HIGHT: Native Sun is approval of a boundary
18 and exchange agreement with Native Sun at Carlsbad. This
19 item was discussed in Executive Session and the commission
20 will receive an easement around the front of the area plus
21 an access to the area.

22 ACTING CHAIRPERSON JERVIS: All right. Is anyone
23 in the audience on Item 41, the Native Sun Investment Group,
24 a parcel of land between Oceanside and Carlsbad?

25 Would you explain this one to us?

1 MR. HIGHT: I'd call on Tim Patterson or Curtis
2 Fossum. They were intimately involved in it and I think
3 they can probably get the details more succinct.

4 MR. PATTERSON: Mr. Chairman, members of the
5 commission, my name is Tim Patterson. I'm Deputy Attorney
6 General representing the Lands Commission in this matter.

7 This calendar item concerns a lawsuit which is
8 pending in the Superior Court in San Diego County over
9 approximately ten acres of land. Staff has recommended
10 the settlement agreement proposed in Calendar Item 41 be
11 approved by the commission. It results in an exchange
12 of interest where the state receives an interest in the
13 property as a trust interest in exchange for terminating
14 a claim of a trust interest in another portion of the
15 property. These acreages are similar. They average about
16 1.2 acres each and the staff has determined that the interest
17 received by the state is of equal or greater value than
18 interest on which the trust is being terminated. The
19 settlement also involves the establishment of the ordinary
20 high watermark of the Pacific Ocean by agreement so that
21 there will be no further dispute between the upland owner
22 and the state as to whether the state's ownership exists
23 in the Pacific Ocean and in the tidelands and next to the
24 ocean.

25 The third item of the settlement concerns the

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1 establishment of a public easement area which will allow
2 public access and recreational use of the sandy beach portion
3 of the property and also establish an easement for the
4 public from the nearest public road down to the beach where
5 the easement area is being established, thereby assuring
6 public use of the property on the most advantageous portion
7 of the property in dispute for public use, that is, the
8 sandy beach.

9 MR. HIGHT: In addition, Mr. Chairman, we have
10 received a letter from the city, a telegram from the City
11 of Carlsbad and Oceanside which Mr. Fossum will describe.

12 MR. FOSSUM: Yesterday we received a telegram
13 from the two cities and they have requested that the
14 commission seek to renegotiate this agreement to create
15 an easement in their favor for maintenance of the weir
16 across Native Sun's property. There's an existing easement
17 to the weir on the oceanside side of the property,
18 and it has been sufficient for maintenance of the weir
19 to date. As I stated, our staff just received notice of
20 this. We don't feel it's part of our settlement agreement
21 because it's not a question of title that we're involved
22 in. It's simply those two cities have requested us at
23 this late date to try and extract further things from Native
24 Sun. Native Sun has received a permit from the Coastal
25 Commission and this easement that has been requested by

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1 the cities would go right through the middle of their
2 development and doesn't appear proper for us to act upon
3 this.

4 We have issued last year to the cities a permit
5 for expansion and maintenance of the weir on any lands
6 that we own in that area. The city did not sign the permit
7 and did not accept the permit and failed to construct the
8 weir last year and it expired by its own terms.

9 I'm certain that staff would welcome a new
10 application for expansion of the weir and any interest
11 the State has in that area we would look at and review
12 and, if appropriate, we would issue them a permit. So
13 there's no necessity for an easement on our property. We
14 would be -- but they will have to talk to Native Sun on
15 their own because it's just not part of our settlement
16 agreement of the title questions involved. So we would,
17 staff would suggest that the commission not act on the
18 request by the cities.

19 ACTING CHAIRPERSON JERVIS: Sounds reasonable
20 to me. Any questions?

21 COMMISSIONER ORDWAY: I'll move the settlement.

22 ACTING CHAIRPERSON JERVIS: It's been moved.
23 Without objection, Item 41 is approved.

24 Item 42.

25 MR. HIGHT: Item 42, Mr. Chairman, is the

1 authorization to file a disclaimer on behalf of the
2 commission for 13.94 acres in San Bernardino County.
3 The Lands Commission has no interest in the land and the
4 land will be used as a restricted use for Norton Air Force
5 Base. The Federal Government just as a matter of procedure
6 any time they own land in the state, they
7 serve the Lands Commission just to make sure that they
8 have named every necessary party and this is one of those
9 times.

10 COMMISSIONER ORDWAY: Move the authorization.

11 ACTING CHAIRPERSON JERVIS: Moved. Without
12 objection, Item 42 is approved.

13 Item 43, Jennifer Alves.

14 MR. HIGHT: This is a disclaimer of interest
15 in an area of the Russian River where there was an accident
16 and the commission has no jurisdiction or ownership in
17 this area and this disclaimer will remove the commission
18 as a party from the lawsuit.

19 ACTING CHAIRPERSON JERVIS: We're contending
20 that portion of the Russian River is not a navigable stream,
21 et cetera?

22 MR. HIGHT: That's correct.

23 MR. KILEY: The commission is not by doing this
24 waiving any interest that the public may have to navigate
25 over these waters. The commission's only disclaiming any

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1 title interest in the bed of the river here.

2 ACTING CHAIRPERSON JERVIS: You've got a good
3 lawyer, Bob.

4 All right.

5 COMMISSIONER ORDWAY: I'll move the authorization.

6 ACTING CHAIRPERSON JERVIS: It's been moved.

7 Without objection, Item 43 is approved.

8 All right. We are still waiting for the arrival
9 of Governor McCarthy who's in the building. Let's take
10 a brief recess and we'll come back for Item 37.

11 Let's say ten minutes or upon his arrival.

12 [Thereupon a recess was taken.]

13 ACTING CHAIRPERSON JERVIS: All right. We'll
14 be back in session now. We had earlier postponed Item
15 37, consideration of proposed leasing for oil and gas,
16 Point Conception.

17 Miss Dedrick.

18 EXECUTIVE OFFICER DEDRICK: Mr. Trout will present
19 this item, Mr. Chairman.

20 MR. TROUT: Mr. Chairman, I think we would like
21 to start out by saying we received two communications
22 concerning this item. We received by telephone yesterday
23 a telegram from Santa Barbara County requesting that the
24 commission take no action to lease this area until their
25 concerns are addressed. We've been told that that telegram

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1 will be delivered in today's mail.

2 The second letter we received is from Mike Fisher,
3 the Executive Director of the California Coastal Commission,
4 indicating their approval of the project with one amendment
5 to the interagency agreement adopted by the Coastal
6 Commission. In the calendar item we request the commission's
7 concurrence or acceptance of that recommendation by the
8 Coastal Commission. That provided that where appropriate
9 a member of the Scientific Advisory Committee be a scientist
10 with expertise in commercial fisheries.

11 A change that is not in the calendar item but
12 which the staff would like you to also approve is to reflect
13 the intent of the Special Operating Requirement provision
14 of the prohibition within the 15 fathom half-mile line.
15 During the preparation of the last version of the Special
16 Operating Requirement, a clarification that exploratory
17 wells on the ocean bottom were to be prohibited was left
18 out. So that Special Operating Requirement 4(a) should
19 read that, "Exploratory wells, production and development
20 activities, will be prohibited in the 15 fathom one-half
21 mile ban."

22 So staff is recommending that with the acceptance
23 of the Coastal Commission recommendation and a technical
24 change in Special Operating Requirement 4(a) that the
25 commission accept the staff recommendation.

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1 We also would ask that in that approval you would
2 give the staff and the Office of the Attorney General the
3 authority to take whatever further action might be necessary
4 to implement the wishes of the commission.

5 ACTING CHAIRPERSON JERVIS: Any questions or
6 comments?

7 COMMISSIONER McCARTHY: Mr. Chairman, did the
8 Coastal Commission, you make the Coastal Commission aware of
9 the amendments you want to make to 4(a)?

10 MR. TROUT: Yes. That was agreed between the
11 staffs and with the Coastal Commission. In fact, they
12 were the one that pointed out the omission and we were
13 pleased to correct it.

14 COMMISSIONER McCARTHY: Okay.

15 ACTING CHAIRPERSON JERVIS: Further comment?
16 Anybody in the audience on Item 37?

17 Yes.

18 DR. CORWIN: Dr. Ruthann Corwin, Oceanic Society
19 and the Environmental Coalition on the OCS.

20 I just have a couple of questions. Will there
21 be any further changes in language between now and the
22 September 30th sale date? Is this the final package and
23 does that mean the August 30th meeting is cancelled?

24 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, we
25 contemplate no further changes. In fact, I would recommend

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1 that we don't make any further changes. We would like
2 to get the package out so that the oil companies have the
3 final package. We plan to do that tomorrow with your approval.

4 The August 30th meeting was scheduled to give
5 us the flexibility for you to act, if necessary, prior
6 to the September 2nd court date on the jurisdictional lawsuit.
7 I would prefer that that remain scheduled until we're
8 certain that there will be no needed commission action
9 prior to that suit.

10 ACTING CHAIRPERSON JERVIS: All right. That's
11 still up in the air then.

12 DR. CORWIN: Sounds like it is.

13 I also was interested to know, since Mr. McCarthy
14 mentioned at the August 12th hearing, that the jurisdiction
15 question would be reserved until today, what your resolution
16 of that question is.

17 COMMISSIONER McCARTHY: Apparently the Coastal
18 Commission I'm told in taking its action the other day
19 treated it as a permit application.

20 EXECUTIVE OFFICER DEDRICK: That is correct.

21 COMMISSIONER McCARTHY: And had that form in
22 front of them. I think it was the Coastal Commission's
23 interpretation that that procedure protected their authority
24 in their dealing with the Federal Government and I believe
25 they were so advised by their counsel.

1 DR. CORWIN: But my question deals with whether
2 or not the State Lands Commission will be signing off on
3 the conditions that were put on permit that was in the
4 staff report?

5 EXECUTIVE OFFICER DEDRICK: That is the
6 recommendation before you.

7 COMMISSIONER McCARTHY: Yes. That's what's before
8 us.

9 DR. CORWIN: Is to sign on the permit, not just
10 on the interagency agreement, but with respect to that
11 whole item?

12 MR. TROUT: Mr. Chairman, the recommendation
13 of staff is that the commission accept the recommendations
14 of the Coastal Commission.

15 COMMISSIONER McCARTHY: Does that answer the
16 question?

17 DR. CORWIN: There is a procedure when the Coastal
18 Commission issues a permit that the Executive Director
19 signs off on it and there was a set of standard conditions
20 that were adopted as part of it. I'm just not clear on
21 whether this is the same thing.

22 MR. TROUT: I've been directed by counsel to
23 refrain from talking about that issue. Counsel is here.
24 But I've been instructed not to talk about that issue.

25 COMMISSIONER McCARTHY: I think the answer is

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1 that the Coastal Commission adopted the form of action
2 to protect its position entirely and we are acquiescing
3 without comment on what the Coastal Commission action
4 was.

5 DR. CORWIN: I can't really understand that.
6 That's all the comments I have.

7 COMMISSIONER McCARTHY: I think it's the world
8 that you desire and the world that the Coastal Commission
9 desires.

10 DR. CORWIN: Thank you very much.

11 ACTING CHAIRPERSON JERVIS: You might read just
12 for your information the last paragraph, the jurisdiction
13 in the interagency agreement wherein both parties expressly
14 reserve their right to pursue the jurisdictional issue.

15 DR. CORWIN: Then I understand that that's the
16 case, that it will be continued to be pursued.

17 ACTING CHAIRPERSON JERVIS: Well, --

18 COMMISSIONER McCARTHY: Reserve the right without
19 any affirmative indication that there's going to be any
20 additional conversation between the agencies. All right.

21 Mr. Stevens.

22 MR. STEVENS: I may just complete the record.
23 There is before the commission a letter from the Director
24 of the Coastal Commission stating that the Coastal Commission
25 has approved a permit and that based upon the discussion

1 of the conditions which has just occurred, there appears
2 to be no substantive controversy with respect to the terms
3 which the Coastal Commission has approved and with which
4 this commission is being asked to concur by the staff.

5 DR. CORWIN: Okay.

6 COMMISSIONER McCARTHY: Move approval of the
7 amendments of the --

8 COMMISSIONER ORDWAY: Second.

9 ACTING CHAIRPERSON JERVIS: It's been moved and
10 seconded that the two amendments that have been suggested
11 by staff today be approved.

12 Without objection.

13 Now, the issue itself.

14 I don't think we need to vote on that, do we?
15 We've approved the amendments to the interagency agreement.

16 EXECUTIVE OFFICER DEDRICK: No. That's all.

17 ACTING CHAIRPERSON JERVIS: We're all set.

18 Any further comments?

19 We'll be adjourned.

20 [Thereupon the State Lands Commission
21 Meeting was adjourned at 11:40 a.m.]

22 --oOo--
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CERTIFICATE OF SHORTHAND REPORTER

I, CATHLEEN SLOCUM, a Certified 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, Cathleen Slocum, 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 31 day of August, 1983.

Cathleen Slocum
CATHLEEN SLOCUM
Certified Shorthand Reporter
License No. 2822

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