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MEETING  
STATE OF CALIFORNIA  
STATE LANDS COMMISSION

STATE CAPITOL  
ROOM 447  
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, JANUARY 31, 1985  
10:15 A.M.

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

COMMISSIONERS PRESENT

1  
2 Kenneth Cory, State Controller, Chairman

3 Nancy Ordway, Commission Alternate  
4 for Jesse R. Huff, Director of Finance

5 Susan Wallace, Commission Alternate  
6 for Leo T. McCarthy, Lieutenant Governor

STAFF PRESENT

7  
8 James Trout, Assistant Executive Officer

9 Robert Hight, Chief Counsel

10 Dwight Sanders, Chief of Division of Research and Planning

11 Jane Smith, Commission Secretary

ALSO PRESENT

12  
13 N. Gregory Taylor, Assistant Attorney General

14 Rob Collins, Deputy Attorney General

15 Dave Judson, Deputy Attorney General  
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P R O C E E D I N G S

--oOo--

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

First item is the confirmation of the Minutes of the meeting of December 20. Are there any corrections or additions?

Without objection the Minutes will be confirmed as presented.

Second item is the report of the Executive Officer.

ASSISTANT EXECUTIVE OFFICER TROUT: You have it at the desk. It involves an interim 10,000 cubic yard dredging permit, that we allow the applicant to be back in for a permanent permit.

CHAIRPERSON CORY: Questions from Commissioners?

Without objection.

ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman, Items C-16 and Item No. 42 will be off calendar.

CHAIRPERSON CORY: Okay, we next have the Consent Calendar. For those of you in the audience, all of the items prefixed with the letter "C" under Items C-1 through 22, excluding 16 -- is that the one that you took off? -- which we took off calendar, will be taken up in a single motion unless someone in the audience objects to the proposed staff recommendation.

Is there anyone in the audience who objects to the

1 proposed staff recommendation of any of those items?

2 Without objection, the Consent Calendar will be  
3 approved by unanimous consent. Consent Calendar is approved.

4 The next item is Item 23. Mr. Trout.

5 ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman, this  
6 is the approval of the lease to All American Pipeline Company  
7 for crossing of the Colorado River.

8 You are certifying an EIR and making a number of  
9 findings. We have a supplement, Exhibits C, D and E, I  
10 believe, which are are the findings on this item.

11 The notice here does not indicate the certification of  
12 the EIR. However, that notice was mailed out to 1700 people as  
13 part of the package that was sent out on the EIR.

14 This is for the pipeline from Santa Barbara to the  
15 southern San Joaquin Valley and then from there to Midland and  
16 Freeport, Texas.

17 CHAIRPERSON CORY: Mr. Leonard Jones apparently wants  
18 to talk to us on this item.

19 MR. JONES: I'm not familiar with your procedures. Do  
20 I just sit here at the desk?

21 CHAIRPERSON CORY: Just sit down and identify yourself  
22 for the record.

23 MR. JONES: Thank you, Mr. Chairman.

24 My name is Leonard Jones. I'm Vice President for  
25 Texaco Trading and Transportation Company.

1 I did have trouble with your agenda this morning.  
2 Because the reason I'm here is for the certification of the  
3 Environmental Impact Report; which covers two pipeline  
4 projects, one from Gaviota to Emidio, south of Bakersfield; and  
5 the other one for the All American project. The project from  
6 Gaviota to the San Joaquin Valley in the Texaco Trading and  
7 Transportation project.

8 Just for the record, we want to say that, of course,  
9 this line was proposed prior to the All American line. And the  
10 All American line was originally proposed to run from Emidio to  
11 the Gulf Coast of Texas.

12 So, we wanted that to be a matter of record. And we  
13 wanted to encourage you to certify this Environmental Impact  
14 Report, since we feel like adequate work has been done in the  
15 area. Thank you very much.

16 ASSISTANT EXECUTIVE OFFICER TROUT: The only reason  
17 All American Pipeline Company is the only applicant listed is  
18 because they are the ones who are crossing state property. The  
19 rest of what Mr. Jones says is correct?

20 MR. JONES: Yes. and, of course, I guess we feel like  
21 the certification of this Environmental Impact Report was  
22 important enough that it should have appeared on your agenda, I  
23 guess, is my point.

24 ASSISTANT EXECUTIVE OFFICER TROUT: Good point. We  
25 regret the omission.



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MR. JONES: Thank you very much.

CHAIRPERSON CORY: Any questions from Commissioners?  
Without objection --

MR. HINN: Excuse me. My name is Ron Hinn. I'm the project manager for All American Pipeline Company.

Just to respond. In case there are some questions regarding the timing of the filings and all such, we too have filed for a pipeline project from the Las Flores Canyon area near Santa Barbara to Emidio, then becoming All American Pipeline going from Emidio to McCamey, Texas.

Now, this morning is the first time I have heard Texaco Trading and Transportation Company. I understood it was Getty Trading and Transportation Company.

COMMISSIONER ORDWAY: Used to be Getty. It's now Texaco. I think I read that in the paper.

MR. HINN: We have not been notified of the change to the EIS or anything else. I just want to make that clear that we basically have filed at the same time. The Environmental Impact Reports ran concurrently with each one. Thank you.

CHAIRPERSON CORY: Staff, are there any questions in your mind or the Attorney General's mind as to people in the audience and their statements that alters your proposed recommendation of approving the general lease?

ASSISTANT EXECUTIVE OFFICER TROUT: No, Mr. Chairman.

CHAIRPERSON CORY: And the state lands we're talking

1 about are in the Riverside-Colorado River area of the All  
2 American Pipeline, not the Gaviota?

3 ASSISTANT EXECUTIVE OFFICER TROUT: That's correct.

4 CHAIRPERSON CORY: Without objection then, Item 23  
5 will be approved as presented.

6 Item 24.

7 ASSISTANT EXECUTIVE OFFICER TROUT: This, Mr.  
8 Chairman, is a request to award a contract for the study of the  
9 carrying capacity of the Sacramento River. We have been  
10 coordinating with Sacramento County, Yolo County, City of  
11 Sacramento and the Sacramento Redevelopment Agency. We've  
12 asked those agency to share the cost of this study. They have  
13 been unable to do so.

14 At the present time we do not know for sure that there  
15 are adequate funds. If you approve this, any contract would be  
16 pending the guarantee that we have adequate funds.

17 CHAIRPERSON CORY: So that this will go through the  
18 normal process through Finance to make sure that we get the  
19 funds? If we don't get the funds, then we will not proceed?

20 ASSISTANT EXECUTIVE OFFICER TROUT: That's the staff's  
21 proposal, yes, sir.

22 CHAIRPERSON CORY: Because of the situation of where  
23 we are with our budget in this year, that presents some  
24 problems.

25 COMMISSIONER ORDWAY: I will abstain for right now,

1 since I'm not exactly sure what the status of the project is.

2 CHAIRPERSON CORY: So, we will have one abstention.

3 We probably should have a motion.

4 COMMISSIONER ORDWAY: I'll move it, but I'll abstain.

5 CHAIRPERSON CORY: We have a motion. I will second it  
6 and minimize your burden.

7 All in favor, signify by saying aye.

8 (Ayes.)

9 CHAIRPERSON CORY: Those opposed?

10 Motion is carried.

11 Item 25, Score International. Approval of an  
12 application for use of state-owned lands relative to the Park  
13 400 mile motorcycle race.

14 Is there anyone in the audience on this item?

15 Any questions from Commissioners?

16 Without objection, Item 25 will be approved as  
17 presented.

18 Item 26 is authorization of a quitclaim from the  
19 Balboa Yacht Club at White's Landing in Catalina.

20 Anyone in the audience on this item?

21 Questions from Commissioners?

22 Without objection, authorization is accepted,  
23 quitclaim is granted.

24 Item 27, approval of acceptance of quitclaims from  
25 Southern Cal Edison, San Diego Gas and Electric, Cities of

1 Anaheim and Riverside in the San Onofre area.

2 Anybody in the audience on this item?

3 Questions from Commissioners.

4 Without objection, Item 27 approved as presented.

5 Item 28, consideration of a request for extension of a  
6 geothermal prospecting permit at Sonoma State Hospital,  
7 Eldridge, Sonoma County.

8 Mr. Trout.

9 ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman, this  
10 was before the Commission on November 20th when Exploration  
11 Engineering requested a year's extension of their prospecting  
12 permit. At that time the Commission extended it for  
13 approximately 41 days, from December 19th through today.

14 At that time the Commission asked Exploration  
15 Engineering to do two things: To come back and show us that  
16 they had some obvious kind of agreement on the financing  
17 package for the geothermal drilling; and to show that they had  
18 reached agreement with the state -- primarily in this case the  
19 Department of Developmental Services and the state hospital and  
20 the Department of General Services' Energy Assessment Office.

21 The crux of the matter today is that we do not believe  
22 that they have met those requirements of the Commission. The  
23 Commission directed in effect thus to work with them during  
24 that period of time.

25 We do not see any evidence of the financing of the

1 project. We met with the hospital and Developmental Services  
2 staff this morning and there are still concerns regarding  
3 operations there and they have not approved a continuation.

4 Since the last Commission meeting, we have had several  
5 meetings with the Department of Developmental Services. The  
6 applicant went over some of the proposals -- cash flow analysis  
7 presented by Catalyst Exploration.

8 Their proposal was to continue the project and if the  
9 geothermal resources did not pan out, they would have a  
10 fallback position of a cogeneration project.

11 The permittee and Catalyst met with the state  
12 hospital, General Services and State Lands staff, in which it  
13 was represented that negotiations with Lakewood Enterprises had  
14 been concluded for the drilling funds; that they had met with  
15 the hospital and the Department of Developmental Services re  
16 the economics of a cogeneration agreement; that they had  
17 finalized a power purchase agreement with PG&E; and that they  
18 had met with the Office of Energy Assessment to outline the  
19 scope of the project for cogeneration; and that they sent out a  
20 financial package to interested parties on funding the  
21 possibilities.

22 During the meeting at Sonoma State Hospital on January  
23 18th it became clear that Lakewood Enterprises is no longer in  
24 the picture and that source of funding is not available.

25 On this basis, the failure to produce the evidence of

1 funding and to get an agreement with the state hospital, we're  
2 recommending that the extension of the permit be denied.

3 The reasons for denial are that the hospital is not  
4 satisfied, that there is no showing that the applicant can  
5 perform at this time. And there's a letter in the calendar  
6 item from the hospital concerning this project. The  
7 representative of the hospital, Craig McDonald, the plant  
8 supervisor, is here; as well as Mike Garland, who is with the  
9 General Services Office of Energy Assessment.

10 They can probably speak for themselves, but we  
11 understand that they do not have any reason to believe that the  
12 project as presently set forth can be completed.

13 That's basically the staff's position. The Attorney  
14 General's office has met with us during this time. And what we  
15 would propose is that you just not grant an extension of the  
16 permit.

17 Mr. Durkan has submitted a letter with an allegation  
18 that he has found minerals that he would use for another  
19 project. He, as far as I know, has not applied for a permit;  
20 but he has sent us a letter.

21 If that project for removing minerals to use for a  
22 soap product were to be, in our opinion, one that would  
23 proceed, then that would be brought as a separate issue and  
24 could be handled as a lease application.

25 CHAIRPERSON CORY: Okay, Mr. Durkan, you have some

1 comments you'd like to make? Please be sure to confine your  
2 comments to the matter before us as to whether or not we should  
3 grant the extension. That is the only question before this  
4 Commission and that is the only thing we will listen to.

5 MR. DURKAN: Yes, sir.

6 CHAIRPERSON CORY: Okay, shoot.

7 MR. DURKAN: Exploration Engineering, Inc. has worked  
8 diligently towards completing the requirements that were asked  
9 of us last time we were in this room.

10 Mr. Trout's statements about Lakewood Enterprises are  
11 not correct. Lakewood Enterprises has invested \$25,000 cash to  
12 this date and they have promised full investment within 45  
13 days.

14 Additionally, a New York-based banking group,  
15 Cumberland Investment Group, has sent us a telegram indicating  
16 that they will finance this project.

17 Additionally, the Catalyst Energy Development  
18 Corporation has given us firm statements that they will finance  
19 this project.

20 CHAIRPERSON CORY: Do you have signed agreements with  
21 any of those people and money in the bank or letters of credit?

22 MR. DURKAN: Yes, I do. I have a signed agreement  
23 with the Catalyst Energy Development Company.

24 CHAIRPERSON CORY: Do they have money in the bank?  
25 Has that been presented to the staff before this?

1 MR. DURKAN: No.

2 CHAIRPERSON CORY: Why not?

3 MR. DURKAN: They don't have money in the bank for  
4 this. Catalyst Energy Development Company raises funds.  
5 They're a fund-raising group. They haven't raised the funds to  
6 actually complete this project, to my knowledge. But I would  
7 like for them to speak on their intentions. They're here.

8 CHAIRPERSON CORY: Go ahead.

9 MR. DURKAN: We believe that this project is in fact  
10 very doable. It's very near completion. We've worked very  
11 hard for a long period of time to put it together so that it  
12 can be completed. And we think that to terminate this  
13 prospecting permit now would be very bad for geothermal  
14 resources, as well as for our company and for the State of  
15 California. It has an excellent possibility of being  
16 completed.

17 CHAIRPERSON CORY: Any questions from Commissioners?

18 MR. DURKAN: As regards other minerals mining there,  
19 that was proposed as a supplement to the total project.

20 CHAIRPERSON CORY: That is something you can apply for  
21 and it will be dealt with independently when that application  
22 is filed.

23 There's a Sandra Durkan who has also indicated. Does  
24 she wish to speak on this?

25 MR. DURKAN: Yes,



1 MS. DURKAN: I basically just am going to repeat  
2 exactly what he said.

3 We've worked hard. We've taken this project from  
4 nothing. There was no indications that they were going to do  
5 any project at Sonoma State when we took on this prospecting  
6 permit. We've now taken it to a viable project that even State  
7 Lands themselves says it's now a viable project.

8 I feel that to take it away from us to put it out to  
9 lease is not exactly what you would call fair.

10 CHAIRPERSON CORY: Okay, any questions from  
11 Commissioners?

12 We have a request here from Dwight Kuhns and Kathryn  
13 George of Catalyst Energy Development Corporation.

14 MR. KUHNS: I'm Dwight Kuhns. We represent James J.  
15 Lowrey and Co. And Catalyst is an affiliate group related with  
16 Lowrey.

17 We met the Durkans approximately seven months ago and  
18 read their business proposal for developing the Sonoma State  
19 Hospital leasehold as a geothermal prospect.

20 We've done a great deal of due diligence on it and  
21 researched the possibility of a viable project. We believe  
22 there is one.

23 Prior to the last Commission hearing we had signed an  
24 agreement with the Durkans to the effect that we would build an  
25 energy project should there be a commercially viable geothermal

1 resource there.

2 At the time of the last Commission hearing we had had  
3 some initial discussions with General Services surrounding the  
4 possibility of a fallback cogeneration project at the site in  
5 the event that there was not a commercial geothermal resource  
6 found.

7 At the Commission hearing, at the conclusion of our  
8 case at the Commission hearing in November, the request was  
9 made by the Commission -- and I believe you have this  
10 reiterated in a letter that's before you from our president --  
11 the Commission requested that Mr. Durkan and Catalyst continue  
12 to negotiate with the interested investors for the purpose of  
13 securing financing for the project and also continue speaking  
14 with the various state agencies who would be affected by the  
15 project.

16 At that time, if you'll consult the transcript, I  
17 stood up and made a statement to the effect that securing an  
18 agreement with the various agencies within a 45-day period  
19 would be an impossible task; but that we would proceed forward  
20 with the idea that we could shed some positive outlook on the  
21 prospect of a viable project and share some of the benefits  
22 with the various state agencies, share our ideas of what the  
23 benefits were. We have followed through on that procedure, as  
24 is listed in this letter.

25 We stand firmly on our statement in this letter that

1 in order to bring this project to fruition you would need a  
2 minimum of one-year extension on the permit. To extend it for  
3 short periods of time at this point is simply going to lead to  
4 frustration, because it raises expectations and then nothing  
5 gets accomplished.

6 In my experience in development -- and we have done a  
7 number of not geothermal projects, but projects within the  
8 State of California and other areas. In my experience in  
9 development, it takes a much longer time to secure agreements  
10 with agencies. And we have a series of agencies that we would  
11 have to deal with before this project could be considered  
12 viable.

13 CHAIRPERSON CORY: Questions by Commissioners?

14 MR. GEORGE: I think, as a brief addition, what's  
15 important to remember here is not just is the drilling money in  
16 the bank and can we drill. But with the geothermal resource,  
17 once you, say, find a great resource -- if you find steam --  
18 it's not useful way out in the boonies somewhere. You've got  
19 to build your power plant, be able to utilize it.

20 Therefore, you have to drill, define your resource,  
21 figure out what your power plant should look like, get that  
22 figured out, designed, figure the cost of funds for it. And  
23 then it's more than just drilling and, boom, you've got oil and  
24 you bring it to the surface and truck it away or pipe it away  
25 or whatever. With geothermal you definitely have to have a use

1 for it at its location. And it's a longer-staged process than  
2 just oil and gas.

3 CHAIRPERSON CORY: The question before us is: Have  
4 you committed yourself irrevocably to providing the cash to  
5 bring this to a conclusion or have you not?

6 MR. KUHNS: We have committed ourselves irrevocably to  
7 financing a power project at the site.

8 ASSISTANT EXECUTIVE OFFICER TROUT: I think, Mr.  
9 Chairman, that is the key --

10 CHAIRPERSON CORY: Regardless?

11 MR. KUHNS: It's contingent upon --

12 CHAIRPERSON CORY: It is contingent. It is not an  
13 absolute commitment of money.

14 MR. KUHNS: Right.

15 CHAIRPERSON CORY: You see, that's the crux of the  
16 matter.

17 MR. KUHNS: Begging your pardon, Commissioner. In  
18 project finance there are almost invariably contingencies.

19 CHAIRPERSON CORY: There may be for you, but for us we  
20 want certainty of money. And that seems to be the question  
21 that's before us and that's what we're trying to establish

22 COMMISSIONER ORDWAY: What are your conditions?

23 MR. KUHNS: That a viable commercial resource be found  
24 and that the prospecting permit be extended.

25 CHAIRPERSON CORY: If they like the deal later,

1 they'll put up the money. If they don't, they won't. That, I  
2 think, is the problem.

3 MS. GEORGE: Okay, now we've come in on the power  
4 plant end of it. So that if drilling's done and the resource  
5 is found; yes, we build a steam power plant or we build a hot  
6 water power plant or we build whatever to utilize the  
7 geothermal resource if it's useable. Otherwise we're  
8 negotiating hard with General Services to have a natural gas  
9 cogeneration fallback plant.

10 So, the driller, when he puts up his money, knows for  
11 sure that if he drills and finds a resource, yes, he has a  
12 market for it. If he drills and doesn't find a resource, if  
13 our negotiations with General Services work out right, yes, he  
14 gets part of his money back; which is more than he might get if  
15 he just drilled a dry hole somewhere else. And those are all  
16 very good inducements to get the drilling money in.

17 We're proceeding with those, making good progress for  
18 that. But until that's pulled together --

19 CHAIRPERSON CORY: I think we have established where  
20 we are in terms of negotiations.

21 Do you have a question?

22 COMMISSIONER WALLACE: Have you raised any money to  
23 date to the project?

24 MS. GEORGE: On other projects, yes. We've got Indian  
25 Valley hydroelectric project that we've raised money for, we've

1 built, we've developed, it's up and operating.

2 COMMISSIONER WALLACE: I'm sorry, I didn't make myself  
3 clear.

4 MS. GEORGE: Our company's got a good track record.

5 COMMISSIONER WALLACE: On this particular project --  
6 maybe you don't know -- but on this particular project are  
7 there any funds raised?

8 MS. GEORGE: Internally-generated funds, yes; we have  
9 committed some funds into the project and time and manpower,  
10 yes. But outside funds in large amounts, no.

11 MR. KUHNS: I think to clarify one more time. It was  
12 not our agreement with the Durkans to raise drilling funds for  
13 this project. Our agreement is to finance a power project.  
14 That raising funds comes at financial closing in the event that  
15 you have a project.

16 This thing has a checkered history, a notorious  
17 history, I might say, of miscommunication, conflict and so on  
18 and things being held over its head like is a prospecting  
19 permit going to be extended or not.

20 Until these questions can be answered, it's impossible  
21 to raise funding.

22 CHAIRPERSON CORY: Thank you.

23 Any other questions?

24 Thank you very much.

25 We have Craig McDonald and Douglas Yee.

1 MR. McDONALD: Good morning. I'm Craig McDonald,  
2 Chief of Plant Operations at Sonoma State Hospital.

3 I would like to state that Sonoma State Hospital  
4 concurs with the State Lands Commission, their recommendation  
5 for denial of an extension.

6 Our concurrence is based on a variety of things  
7 ranging from safety issues, non-payment of billings, disruption  
8 of my personal function at the state hospital for the past two  
9 years or so. I have had monthly, weekly and sometimes daily  
10 calls from Mr. Durkan promising that drilling will resume. In  
11 fact, drilling has not resumed.

12 We had a meeting with Mr. Durkan and the State Lands'  
13 people, as well as the Energy Commission, at the hospital  
14 January 18th. We were again told that Mr. Durkan's prospective  
15 driller was now out of the picture, that drilling in fact was  
16 not secured -- or monies for drilling.

17 So, on the basis of that we concur with the  
18 recommendation that the permit be denied.

19 COMMISSIONER ORDWAY: Is the Department of General  
20 Services here, Office of Energy Assessments?

21 MR. GARLAND: I'm Mike Garland from the Department of  
22 General Services.

23 I would point out that we've had successful  
24 relationships with Catalyst in developing cogeneration projects  
25 at other state sites. However, we agree with the Chairman that

1 the issue is not once a project is identified can Catalyst  
2 raise the funds to develop the power plant. In our opinion,  
3 they're probably as qualified and capable of doing that as  
4 anybody in the business at this time.

5 But the question is developing of the well. At this  
6 point we would concur with the State Lands Commission's staff's  
7 opinion of the progress to date.

8 CHAIRPERSON CORY: Any questions from Commissioners?  
9 Anything else that you would like to add?

10 MR. YEE: I'm Doug Yee, Department of Developmental  
11 Services, Facilities Planning Branch. Representing the  
12 Department, we concur with the recommendations of the State  
13 Lands Commission.

14 CHAIRPERSON CORY: The recommendation of the staff is  
15 that we not extend the permit. Is there any motion to extend  
16 the permit?

17 Lacking a motion, there will be no extension of the  
18 permit.

19 COMMISSIONER ORDWAY: My understanding is that the FEI  
20 would be able to come back and ask for a permit for another  
21 purpose for this.

22 CHAIRPERSON CORY: As I understand it, they're free to  
23 come in and apply for additional things. And they would be  
24 dealt with on the merits for the application for any projects  
25 they may come up with.



1 ASSISTANT EXECUTIVE OFFICER TROUT: That's correct.

2 CHAIRPERSON CORY: Any other action needed on this  
3 item?

4 MS. DURKAN: Can I say more?

5 CHAIRPERSON CORY: Mrs. Durkan, come forth and say --

6 MS. DURKAN: To date EEI has -- and just Mr. Finella's  
7 (sic) cash alone -- \$600,000 invested in Sonoma State Hospital  
8 and this lease and these studies to get this project to this  
9 point to where you could take it to people like Catalyst.

10 Without further extensions, you cannot get money  
11 secured. We have telegrams, we have people that are willing to  
12 put up the money. But they're not going to put up their money  
13 when they're being held with an ax over their heads.

14 We have negotiated with the hospital. We have stayed  
15 away from Mr. McDonald because of his feelings that we were  
16 held in a State Lands meeting where State Lands was interfering  
17 with the hospital too much. So, we have stayed away; we have  
18 tried as hard as we can to please everyone at this Commission.

19 However, great deals of money are involved here and a  
20 great deal of people have put up a lot of money. There's  
21 \$1,700,000 total investment in this project. And I don't think  
22 it should just be with a slight of a hand thrown away. These  
23 people have worked hard. They have worked with due diligence  
24 to bring this forth.

25 We asked for a meeting with State Lands Commission to

1 show what we had and the meeting wasn't granted until January  
2 18th, giving very little time after hearing everyone's  
3 complaints to put anything together. We wrote our letter  
4 immediately after the Commission's meeting and --

5 CHAIRPERSON CORY: Mrs. Durkan, the action has been  
6 taken here. We had a hearing this morning. We listened to the  
7 facts and we came to the conclusion that there is not valid  
8 reasons to grant the extension. That is the decision of the  
9 Commission.

10 If you wish to refile, you have that prerogative.

11 MS. DURKAN: Thank you.

12 CHAIRPERSON CORY: Thank you.

13 Item 29.

14 ASSISTANT EXECUTIVE OFFICER TROUT: Mr. Chairman, may  
15 I interject a minute.

16 I have been chastised by the staff properly for not  
17 indicating on the record for All American Pipeline that the  
18 Commission had before it a number of letters which were part of  
19 the consideration. We just need to get that on the record.

20 From the League of Women Voters, from John T. Rickard,  
21 from the Santa Barbara County Flood Control and Water  
22 Conservation District, from Germaine L. Mocrn, the Texas  
23 Antiquities Committee, the Texas Historical Commission -- two  
24 letters from the Texas Historical Commission.

25 The record just should show that these were available

1 before the Commission when they took their action.

2 CHAIRPERSON CORY: Is it two copies of the same letter  
3 or two separate letters?

4 MR. SANDERS: Two separate letters.

5 ASSISTANT EXECUTIVE OFFICER TROUT: There may be some  
6 chastising on my own if it's the same letter in there twice.

7 (Laughter.)

8 CHAIRPERSON CORY: Are you happy with your record? Is  
9 the staff now happy?

10 ASSISTANT EXECUTIVE OFFICER TROUT: Everybody seems to  
11 be a little red-faced and happy.

12 Item 29, Mr. Chairman, is the expiration and  
13 abandonment of a well that's slant drilled into state property  
14 in Huntington Beach and a refund of \$21,000 and \$54,000 paid  
15 under protest.

16 CHAIRPERSON CORY: Is there anyone in the audience on  
17 this item?

18 Questions from Commissioners?

19 Without objection, Item 29 is approved as presented.

20 Item 30, approval of Gas Sales Agreements with PG&E  
21 and Casex Company in Solano County and the Delta area.

22 Is there anyone in the audience on this item?

23 Questions from Commissioners?

24 Without objection, approval is granted as presented by  
25 the staff.

1           Item 31, negotiated oil and gas lease in state lands  
2 in Butte Slough and Butte Creek, Sutter County. As I  
3 understand it, Oxy has the surrounding lands and we are  
4 isolated and we entered into a negotiated deal with them.

5           Is there anybody in the audience on this item?

6           Any questions from Commissioners?

7           Without objection, Item 31 is approved.

8           Item 32, subventions. There is a report, I believe,  
9 of the --

10          ASSISTANT EXECUTIVE OFFICER TROUT: Yes, we're  
11 required to report to the State Controller the eligible  
12 mileage --

13          CHAIRPERSON CORY: Be careful, he's tough.

14          ASSISTANT EXECUTIVE OFFICER TROUT: I understand that.  
15 That's the eligible mileage that qualifies these  
16 cities for sharing the revenues.

17          CHAIRPERSON CORY: Anybody in the audience on this?

18          Questions from Commissioners?

19          Without objection, Item 32 is approved.

20          Item 33, approval of a prospecting permit for minerals  
21 other than oil, gas, geothermal, sand and gravel in San  
22 Bernardino County for James E. Sharp.

23          Anybody in the audience on this?

24          COMMISSIONER ORDWAY: My I ask a question?

25          ASSISTANT EXECUTIVE OFFICER TROUT: Yes, ma'am.

1 COMMISSIONER ORDWAY: What minerals are they looking  
2 for?

3 ASSISTANT EXECUTIVE OFFICER TROUT: Gold and silver.

4 CHAIRPERSON CORY: Anybody in the audience on this?

5 Questions from Commissioners?

6 Without objection, Mr. Sharp's prospecting permit will  
7 be approved.

8 Item 34 is extension of geothermal prospecting permit,  
9 40 acres of Salton Sea, Bear Creek Mining Company.

10 Anybody in the audience on this item?

11 Questions from Commissioners?

12 Without objection, Item 34 is approved as presented.

13 Item 35 is approval of an installation of flowline  
14 bundles from subsea completions on PRC 2920 in Molino, Santa  
15 Barbara County for Shell Oil.

16 Anybody in the audience on this item?

17 Questions from Commissioners?

18 Without objection, Item 35 is approved as presented.

19 Item 36, approval of a prospecting permit for minerals  
20 other than oil, gas, geothermal resources, sand and gravel in  
21 Riverside County for the American Copper and Nickel Company,  
22 who may or may not be looking for copper and nickel.

23 ASSISTANT EXECUTIVE OFFICER TROUT: Gold and Silver.

24 CHAIRPERSON CORY: Gold and Silver.

25 Anybody in the audience on this item?

1 Questions from Commissioners?

2 Without objection, Item 36 is approved as presented.

3 Item 37, approval of a prospecting permit for minerals  
4 other than --

5 ASSISTANT EXECUTIVE OFFICER TROUT: Gold and silver.

6 CHAIRPERSON CORY: No, other than oil and gas -- tidy  
7 up our record here. For Texasgulf Minerals and Metals, Inc.

8 Anybody in the audience on this item?

9 Questions from Commissioners?

10 Without objection, Item 37 will be approved as  
11 presented.

12 Item 38, denial of a request for exemption from  
13 competitive bid for the County of San Luis Obispo on oil and  
14 gas property in San Luis Obispo County.

15 Anybody in the audience on this item?

16 Questions from Commissioners?

17 Without objection, Item 38 is approved as presented.

18 Item 39, prospecting permit for minerals other than  
19 oil and gas, geothermal, sand and gravel in San Francisco  
20 County.

21 COMMISSIONER ORDWAY: Now --

22 CHAIRPERSON CORY: You'll like this one.

23 ASSISTANT EXECUTIVE OFFICER TROUT: Ilmenite.

24 COMMISSIONER ORDWAY: In San Francisco?

25 ASSISTANT EXECUTIVE OFFICER TROUT: Out in the ocean

1 off of the Great Highway.

2 COMMISSIONER ORDWAY: That's okay. Can't exactly see  
3 too many mine shafts in San Francisco, can you?

4 ASSISTANT EXECUTIVE OFFICER TROUT: They're going to  
5 be looking for titanium ore.

6 CHAIRPERSON CORY: Moving right along. Is there  
7 anybody in the audience about Item 39?

8 Questions from Commissioners?

9 Without objection, Item 39 is approved as presented.

10 Item 40, Fifth Modification of the Plan of Development  
11 and Operations, Long Beach Unit. This is internal transfer of  
12 funds, as I understand it. This is not an increase in the  
13 budget.

14 Questions from Commissioners?

15 Anybody in the audience on this item?

16 We acknowledge -- can I acknowledge the presence of  
17 the architect of this? Where is he? There he is. Okay, he's  
18 here. We can approve it then.

19 Without objection, Item 40 will be approved.

20 Item 41 is a closing of subsidence cost accounts for  
21 vertical and horizontal measurements and studies of Long Beach  
22 Harbor from July 1, '83 and June 30, '84. Long Beach is not  
23 sinking, as I understand it.

24 Anybody here from the audience on this item?

25 Questions from Commissioners.

1 Without objection, Item 41 is approved as presented.

2 Item 42 is off calendar.

3 Item 43, request for authorization to enter into an  
4 exchange agreement concerning parcels of land in Redwood City,  
5 San Mateo County; Redwood Shores, Inc.

6 Anybody in the audience on this item?

7 Questions from Commissioners?

8 Without objection, Item 43 is approved as presented.

9 Item 44, approval of Compromise Title Settlement in  
10 Alameda County, Union City. This is a boundary agreement that  
11 was approved.

12 MR. HIGHT: No, that was the preceding one.

13 CHAIRPERSON CORY: This is 400,000 in the Land Bank  
14 on this one.

15 Anybody in the audience on this item?

16 Questions from Commissioners?

17 Without objection, Item 44 is approved as presented.

18 Item 45 is off calendar.

19 Item 46 is an authorization for a hearing on  
20 retrocession at Fort MacArthur Military Reservation, L.A.  
21 County.

22 Anybody in the audience on this item?

23 Questions from Commissioners?

24 Without objection, Item 46 approved as presented.

25 Item 47, Settlement of Litigation covering a parcel of



1 land at Agua Hedionda.

2 MR. KILEY: It means stinking water.

3 CHAIRPERSON CORY: Stinking water, okay.

4 With Nino Ferrero, Lea Ferrero --

5 COMMISSIONER ORDWAY: Et al.

6 CHAIRPERSON CORY: Wow, it's a big group.

7 Anybody in the audience on this item?

8 Questions from Commissioners?

9 Without objection, Item 47 is approved as presented.

10 ASSISTANT EXECUTIVE OFFICER TROUT: One more item, Mr.  
11 Chairman.

12 Mr. Taylor has asked us to be sure that for the record  
13 the staff understands on the denial of Exploration Engineering,  
14 Item 28, that the Commission adopted the staff recommendation.

15 CHAIRPERSON CORY: Yes.

16 ASSISTANT EXECUTIVE OFFICER TROUT: No other items.

17 CHAIRPERSON CORY: Thank you. We stand ready to  
18 adjourn? We are adjourned.

19 (Thereupon the meeting before the State Lands  
20 Commission adjourned at 10:54 a.m.)

21 ---oOo---


CERTIFICATE OF SHORTHAND REPORTER

1  
2  
3 I, EILEEN JENNINGS, a Certified Shorthand  
4 Reporter of the State of California, do hereby certify:

5 That I am a disinterested person herein; that  
6 the foregoing meeting was reported in shorthand by me, Eileen  
7 Jennings, a Certified Shorthand Reporter of the State of  
8 California, and thereafter transcribed into typewriting.

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

12 IN WITNESS WHEREOF, I have hereunto set my hand  
13 this 7th day of February, 1985.

14  
15  
16  
17  
18 

19 EILEEN JENNINGS  
20 Certified Shorthand Reporter  
21 License No. 5122  
22  
23  
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25