

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

ROOM 447
STATE CAPITOL
SACRAMENTO, CALIFORNIA

THURSDAY, JANUARY 21, 1988
10:00 A.M.

Nadine J. Parks
Shorthand Reporter

ORIGINAL

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

MEMBERS PRESENT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Gray Davis, State Controller, Chairman
Leo T. McCarthy, Lieutenant Governor, Commissioner
LaFaeus Stancell for Jesse R. Huff, Director of
Finance, Commissioner

STAFF PRESENT

Claire T. Dedrich, Executive Officer
James Trout, Assistant Executive Officer
Robert Hight, Staff Counsel
Jan Stevens, Deputy Attorney General
Wilbur "Moose" Thompson
Lance Kiley
Lisa Bentler
Sue Breese, Commission Secretary

I N D E X

	<u>Page</u>
1	
2	
3	1
4	1
5	1
6	2
7	3
8	
9	4
10	4
11	5
12	5
13	6
14	6
15	6
16	7
17	7
18	
19	8, 21
20	9
21	10
22	
23	10
24	11
25	11

John Grattan, for applicant

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

	<u>Page</u>
1 INDEX, continued. . .	
2 Item 24 (continued)	
3 Discussion	13
4 James Darrough	19
5 Discussion	20
6 Item 25	22
7 Item 26	23
8 Item 27	24
9 Item 28	25
10 Item 29	25
11 Item 30	26
12 Item 31	27
13 Item 32	27
14 Item 33	28
15 Item 34	28
16 Item 35	29
17 Item 36	29
18 Item 37	29
19 Item 38	30
20 Item 39	31
21 Item 40	31
22 Item 41	31
23 Item 42	32
24 Item 43	33
25 Item 44	33

PETERS SHORTHAND REPORTING CORPORATION

3336 GRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

	<u>Page</u>
1 INDEX, continued. . .	
2 (Legal)	
3 Item 45	33
4 Item 46	34
5 Item 47	35
6 Tom Pratte, Surf Rider Foundation	35
7 Tom Tibbits, Exxon	37
8 Discussion	37
9 Peter Cattle, Energy Specialist, County of Santa Barbara	38
10 Discussion	39
11 Item 48	41
12 Item 49	42
13 Item 50	42
14 Item 51	43
15 Item 52	43
16 Item 53	43
17 Item 54	44
18 Item 55	45
19 (Administration)	
20 Item 56	45
21 Item 57	46
22 Item 58	46
23 Adjournment	48
24 Certificate of Reporter	49
25	

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
 SACRAMENTO, CALIFORNIA 95827
 TELEPHONE (916) 362-2345

P R O C E E D I N G S

- o0o--

1
2
3 CHAIRMAN MC CARTHY: Ladies and gentlemen, welcome
4 to this meeting of the State Lands Commission.

5 As some of you know, I've been serving as
6 Chairman throughout the year of 1987. And it's my
7 pleasure now to turn the Chair over to my fellow
8 Commissioner, Gray Davis, for the year 1988.

9 We'd arranged sometime back to rotate the Chair
10 every other year. And I certainly hope he equals my
11 record for succinctness in running these meetings: a
12 four-hour limit on any meeting.

13 (Laughter.)

14 CHAIRMAN MC CARTHY: Congratulations, Gray.

15 CHAIRMAN DAVIS: Thank you, Leo.

16 CHAIRMAN MC CARTHY: Here's the gavel. And
17 thanks to all of the staff for their great cooperation
18 during the past year to help me out so many times. Thank
19 you.

20 EXECUTIVE OFFICER DEDRICK: Thank you, Governor.

21 CHAIRMAN DAVIS: Thank you, Governor. I just want
22 to say at the outset that I think we, as a Commission, made
23 a lot of progress in 1987. And, as I've indicated before,
24 I see my role as a steward, if you will, for local
25 government, and particularly the people whose lives are

1 affected by decisions we make. I think too often in the
2 past, Commissions which have siting or permitting
3 responsibilities retreat to the relative comfort of
4 Sacramento and make decisions that greatly affect the
5 lives of people up and down the State.

6 And one of the things we were able to do last
7 year was to hold meetings in areas directly affected
8 by pending decisions. I think that's important to give
9 people an opportunity to present their views without
10 having to make a trek all the way to Sacramento.

11 And I hope, from time to time, we can do that
12 in calendar year 1988. But I, for one, look with favor
13 on proposals that pass muster at the local level and
14 meet the terms and conditions that local officials are
15 essential for approval.

16 And I just want to signal that as -- for all the
17 different applicants that may come before me at least --
18 to the extent to which they have been able to accommodate
19 and satisfy, local officials will be persuasive in my
20 judgments.

21 With that, let's begin with this meeting. And I
22 guess the --

23 EXECUTIVE OFFICER DEDRICK: The confirmation --

24 CHAIRMAN DAVIS: Up closer? (Speaking of
25 microphone) All right. The first item of business is to

PETER'S SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 confirm our minutes of our November 19th meeting.

2 Does anyone have any objection to adopting the
3 minutes? If not, they'll be deemed adopted.

4 Oh, I might add one other thing. If anybody wants
5 to comment on an item coming before the Commission, there
6 are forms to fill out to enable you to do so. Where are
7 those forms kept?

8 EXECUTIVE OFFICER DEDRICK: The front desk.

9 CHAIRMAN DAVIS: They're at the front desk. So,
10 please come forward and fill out a form, and it will
11 ensure that you're allowed to testify on the item you're
12 here -- the item that brings you here.

13 All right. We have approved the minutes.

14 The next item of business is the consent calendar,
15 Items C-1 through C-9. Is there any party or any member
16 of the public that would like to comment on any of the
17 consent calendar items? Any objection to the Commission
18 adopting the consent calendar?

19 Hearing no objection, the consent calendar is
20 adopted unanimously.

21 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, before
22 you begin the regular calendar, Item 19 on the regular
23 calendar has been pulled. I'm sorry. Item 19 on the
24 regular calendar has been pulled. I'm not sure that that
25 was put on your calendar.

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: Are there any other deletions
2 or --

3 EXECUTIVE OFFICER DEDRICK: That's it.

4 CHAIRMAN DAVIS: All right. Let's start with
5 Item 10.

6 EXECUTIVE OFFICER DEDRICK: Item 10, Mr. Chairman,
7 is authorization to approve an agreement and encumbrance
8 of a lease for financing the improvements of the Delta
9 King, the riverboat located in the Sacramento River.

10 CHAIRMAN DAVIS: Are there any parties that want
11 to speak to this item? Any opposition to the approval of
12 this item?

13 Any members have any questions or concerns?

14 COMMISSIONER STANCELL: No.

15 CHAIRMAN DAVIS: Move adoption.

16 COMMISSIONER STANCELL: Second.

17 CHAIRMAN DAVIS: That will be a unanimous vote.

18 EXECUTIVE OFFICER DEDRICK: Item 11 is the approval
19 of a 49-year general permit public agency lease to the
20 Department of Fish & Game for a parcel of tide and
21 submerged land in McNulty Slough, Humboldt County.

22 CHAIRMAN DAVIS: Any party or member of the public
23 want to comment on that item? Any opposition to the
24 adoption of Item 11?

25 COMMISSIONER STANCELL: No.

1 CHAIRMAN DAVIS: I move that adoption, and it's
2 unanimously approved.

3 Item 12.

4 EXECUTIVE OFFICER DEDRICK: Item 12 is the
5 consideration of a master lease between the San Francisco
6 Port Commission and the San Francisco Redevelopment
7 Agency for a sublease for the Delancey Street Foundation.
8 The approval of the Commission is required by the statute
9 that lifted the trust on these parcels.

10 CHAIRMAN DAVIS: Is there anyone here from
11 Delancey Street that wants to make a comment, from
12 San Francisco? Any objection to the adoption of this item?

13 Move it's adoption.

14 COMMISSIONER STANCELL: I second.

15 CHAIRMAN DAVIS: Again, it's unanimously approved.

16 Item 13.

17 EXECUTIVE OFFICER DEDRICK: Item 13 is the
18 authorization for Score International to hold an off-road
19 vehicle race for three days beginning January 29th in the
20 area of Vidal Junction in San Bernardino County.

21 CHAIRMAN DAVIS: Any party want to comment on that?
22 Any member of the public?

23 COMMISSIONER STANCELL: I move its adoption.

24 CHAIRMAN DAVIS: Members? I move it's adoption.
25 That's unanimously approved as well.

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 EXECUTIVE OFFICER DEDRICK: Item 14 is a public
2 agency permit to the Los Angeles County Flood Control
3 District for a parcel of submerged land west of Topanga
4 State Beach in Los Angeles County.

5 CHAIRMAN DAVIS: Any comment from a party or a
6 member of the public? Any objection to the adoption of this
7 item? I move its adoption, and it's unanimously
8 approved.

9 Item 15?

10 EXECUTIVE OFFICER DEDRICK: Item 15, Hugh Turner,
11 the Alamar Marina, is a partial settlement of a lease
12 dispute between the agency -- between us and the lessee.

13 CHAIRMAN DAVIS: Any comments from any party or
14 any member of the public? Any objection to the adoption
15 of this item?

16 Move its adoption.

17 COMMISSIONER STANCELL: Second.

18 CHAIRMAN DAVIS: It's --

19 EXECUTIVE OFFICER DEDRICK: Item 16 --

20 CHAIRMAN DAVIS: -- unanimously approved.

21 EXECUTIVE OFFICER DEDRICK: Excuse me, Mr.
22 Chairman.

23 Item 16, this is Maurice Enderle. This is the
24 approval of an extension of a salvage permit for people who
25 are looking for a sunken vessel with silver on it in the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Owens Lake.

CHAIRMAN DAVIS: Any member of the -- any party or any member of the public want to comment on this item? Any opposition to our adoption of this item? I move its adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved.

EXECUTIVE OFFICER DEDRICK: Item 17, San Diego Gas & Electric Company. This is an approval of the amendment to their -- and a renewal of their general right-of-way lease for gas and electric cable lines in San Diego Bay.

CHAIRMAN DAVIS: That's \$22,000 annual rent?

EXECUTIVE OFFICER DEDRICK: That's correct, sir.

CHAIRMAN DAVIS: Any --

EXECUTIVE OFFICER DEDRICK: About six acres.

CHAIRMAN DAVIS: Pardon me?

EXECUTIVE OFFICER DEDRICK: It's approximately six acres spread out.

CHAIRMAN DAVIS: Any party or member of the public want to comment on this item? Is there any objection to our adoption of this item? I move its adoption.

COMMISSIONER STANCELL: Second.

CHAIRMAN DAVIS: It's unanimously approved. Item 18.

1 EXECUTIVE OFFICER DEDRICK: Item 18 is the
2 Sonoma County Department of Public Works and other public
3 agency permit in this case for a bridge crossing over
4 Estero Americano in Marin and Sonoma Counties.

5 CHAIRMAN DAVIS: Anyone here from Marin or
6 Sonoma Counties? Any party or member of the public want
7 to comment? Any objection to our adoption of this
8 item? I move its adoption.

9 COMMISSIONER STANCELL: Second.

10 CHAIRMAN DAVIS: That is unanimously approved.

11 EXECUTIVE OFFICER DEDRICK: Item 20, John Stringer,
12 dba Golden Gate Island Resort. This is the approval of
13 a termination of a lease and the acceptance of a quitclaim
14 deed for a parcel in Miner Slough, Solano County.

15 CHAIRMAN DAVIS: What's the name of the yacht
16 club involved in this?

17 EXECUTIVE OFFICER DEDRICK: Golden Gate Island
18 Resort. Oh, the private yacht club? I'm sorry. I missed
19 your point. Just a minute. I'll find out. Do we know?

20 MS. BEUTLER: What is the question?

21 EXECUTIVE OFFICER DEDRICK: Do we know the name of
22 the private yacht club that did hold this --

23 MS. BEUTLER: At Collinsville?

24 EXECUTIVE OFFICER DEDRICK: No. This is Item 20.
25 This is Miner Slough, Solano County.

1 I don't think it's in the calendar item. I can't
2 answer your question, sir. Would you like us to -- we can
3 find that out in the next few minutes if you'd like to hold
4 onto it.

5 CHAIRMAN DAVIS: Let's pass that.

6 EXECUTIVE OFFICER DEDRICK: Okay.

7 CHAIRMAN DAVIS: Item 21.

8 EXECUTIVE OFFICER DEDRICK: Item 21. This is the
9 approval of the three-year agricultural lease to Sunset
10 Farms on a parcel of land in Santa Cruz County. This is
11 the beginning of a process to allow these people to continue
12 to lease the land, but to have more notice as to when the
13 lease will terminate when the Department of Parks is
14 ready to acquire the land.

15 So, this will be -- we'll be back to you in the
16 fall with an additional other two lessees. The
17 Department of Parks would like to acquire the land;
18 however, they're not able to do so at the moment. For
19 several years, we've been on a one-year lease for this
20 particular parcel.

21 We're now putting them on a three-year lease,
22 which will -- so that every year they could receive three
23 years' notice to terminate. But at least they have more
24 security in the operation of their lease than they've had
25 in the past.

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: All right. Any party or member
2 of the public want to comment on Item 21? Any objection
3 to our adoption of that item?

4 I move its approval. Unanimously approved.

5 Item 22.

6 EXECUTIVE OFFICER DEDRICK: Item 22 is approval of
7 a public agency permit for the Department of
8 Transportation to widen -- for widening and protection of
9 the Benicia-Martinez Bridge crossing. That's in Solano
10 and Contra Costa Counties.

11 CHAIRMAN DAVIS: Any member of the Department of
12 Transportation or any member of the public want to comment
13 on that? Any objection to our adoption of the item?

14 I move its approval.

15 COMMISSIONER STANCELL: Second.

16 CHAIRMAN DAVIS: It's unanimously approved.

17 Item 23.

18 EXECUTIVE OFFICER DEDRICK: Item 23, City of Long
19 Beach. This is approval of an interim liquid petroleum
20 gas product sales contract and approval of the
21 specifications and forms for inviting bids for the Long
22 Beach Harbor Department tidelands parcel and Parcel A of
23 Wilmington Field.

24 CHAIRMAN DAVIS: Anyone here from Long Beach or
25 any member of the public want to comment on this item?

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 Any objection to the adoption of this item? I
2 move its approval.

3 EXECUTIVE OFFICER DEDRICK: Item 24, this is
4 Aggregate --

5 CHAIRMAN DAVIS: Wait a minute. Hold it a second.

6 EXECUTIVE OFFICER DEDRICK: Oh, I'm sorry. I
7 thought you said approved.

8 CHAIRMAN DAVIS: All right. That's unanimously
9 approved. Item 24.

10 EXECUTIVE OFFICER DEDRICK: Item 24, this is
11 Aggregate Transport Company, Inc. This is a notification
12 of default of hazard removal requirement under a mineral
13 extraction lease on the Sacramento River.

14 I believe that there are people present who would
15 like to speak to this.

16 CHAIRMAN DAVIS: Yes. I've got a James Darrough
17 and a John Grattan who have asked to be heard on this
18 issue. You want to come forward, Mr. Grattan?

19 MR. GRATTAN: Yes. I'm John Grattan, and I
20 represent the applicant, Aggregate Transport. This is
21 Mr. Cavel (phonetic) who's present, the principal.

22 Members of the Commission, Executive Director --

23 EXECUTIVE OFFICER DEDRICK: Pull the mike over,
24 John.

25 MR. GRATTAN: All right. Can you hear? Can you

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 hear?

2 CHAIRMAN DAVIS: Yes.

3 MR. GRATTAN: You have in your packet a letter
4 addressed to then Chairman Lieutenant Governor Leo
5 McCarthy, November 17th. That pretty much summarizes our
6 view and our position. And that is that the applicant,
7 Aggregate Transport Company, set out diligently to obtain
8 the required permits so the dredging and navigation hazard
9 removal could take place.

10 He obtained a Corps of Engineers permit, waste
11 discharge requirement from the Regional Water Quality
12 Board, permit from the Reclamation Board, as well as a
13 Fish & Game agreement.

14 He also had to obtain a use permit for the disposal
15 of that soil from the new City of West Sacramento. It
16 proved impossible then and impossible now to secure that
17 use permit at the site designated by the State Lands
18 Commission. The reason it was designated by the State
19 Lands Commission is that a negative declaration had been
20 prepared for that site by the State Lands Commission.

21 We also have in your packet a letter from the
22 Planning Director of the new City of West Sacramento dated
23 November 13th, which also indicates that it would be
24 impossible to secure a use permit for that site then and
25 perhaps in the future.

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 We think that saddling this applicant with the
2 responsibility or with the burden of performing an
3 impossible task is a penalty and a forfeiture, and we
4 think that the legal and reasonable solution to this
5 impossible situation is to mutually excuse performance.

6 If the State Lands Commission thinks that this
7 area still can be dredged and permitted, it should put it
8 out to bid again. The State, in fact, has lost nothing.
9 It was a minimum rent involved. There was a condition
10 for navigation hazard be removed.

11 We checked with the Corps of Engineers as recently
12 as yesterday. The locks on that site, which would allow
13 navigation, have been shut down since November. There is
14 no indication that those locks are going to be opened up.
15 And they're shut down because there is no navigation, not
16 because there is a navigation hazard. The Corps does not
17 see any economic feasibility in continuing to operate those
18 locks which would allow navigation.

19 That's -- that's our position. I know there's a
20 staff report. The staff may want to speak to that. And
21 we have some comments on the staff report.

22 CHAIRMAN DAVIS: Do we have any comments from
23 either Mr. Hight or Miss Dedrick?

24 MR. HIGHT: Yes. Mr. Chairman, it is -- just
25 briefly, it is the Commission's position that during the

1 bidding process, the Commission notified all bidders that
2 the Commission had done environmental review and work on
3 the -- one one site, but if that site wasn't available,
4 the bidders should indicate the availability of
5 additional sites.

6 In the Aggregate Transportation (sic) bid, they
7 indicated the availability of another site which we were
8 led to believe would be available in the event that the
9 other site was not available.

10 It now appears, from talking to Aggregate
11 Transportation, that the second site is not now available,
12 but it is the position of the staff that it was clear
13 in the bid package that if the environmentally approved
14 site was not available, that it was the duty and burden
15 of the applicant to find a subsequent site.

16 MR. GRATTAN: May I respond to that?

17 CHAIRMAN DAVIS: Certainly.

18 MR. GRATTAN: Applicant did in his bid indicate
19 that that he had control over another possible site.
20 However, the bid package indicated that environmental
21 clearance and permits would have to be obtained for this
22 site.

23 Applicant had no indication until the actual
24 decision of the West Sacramento City Council in October
25 that the designated site by the State Lands Commission

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 would not be available.

2 Applicant did check, as this process was going on,
3 with the City of West Sacramento and was told that the
4 site, which he designated (sic), was equally unacceptable
5 to the City of West Sacramento. So -- and even if that
6 site were available to be used, it would require new
7 environmental documentation, probably a four-month period,
8 and a four-month period to get the required waste
9 discharge requirements from the Water Quality Board.

10 So that was an illusory site.

11 CHAIRMAN DAVIS: Your position is that they're
12 legally bound to find another site and --

13 MR. HIGHT: That's correct.

14 CHAIRMAN DAVIS: And essentially their problem?

15 MR. HIGHT: That's correct.

16 CHAIRMAN DAVIS: All right.

17 COMMISSIONER STANCELL: Mr. Chairman, I think we
18 have a situation here where there are circumstances that
19 appear to be beyond the control of the contractor, where
20 we had a city that did not provide them the necessary
21 permits or whatever to pursue what was clearly legally
22 stated in the contract as I understand it.

23 But I think, given the situation and the
24 circumstances, even the recommendation that we're making
25 would not allow the contractor to fulfill that

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 recommendation because of the Fish & Game requirement
2 that you can't do anything in that particular part of
3 the river only at certain times of the year.

4 So, even if we agreed with the staff
5 recommendation, we would be placing the contractor in a
6 situation where he couldn't comply anyway.

7 I'm inclined to relieve him of responsibility.

8 CHAIRMAN DAVIS: Do we have the Attorney
9 General's view on this issue?

10 MR. STEVENS: We believe the lessee here is
11 certainly in default and the Commission is within its
12 rights to declare a default. It has the discretion, if it
13 desires, to provide for lesser alternatives. But
14 certainly, the facts which are set forth in the staff
15 recommendation would legally justify a finding of
16 default.

17 CHAIRMAN DAVIS: What would you recommend?

18 MR. STEVENS: I think, in terms of a legal
19 solution, either position would be justifiable. If, as a
20 policy basis, it's the Commission's determination to give
21 the lessee another chance or to call the whole thing off
22 and go back for bids, basically there's a potential loss
23 of lease revenue, but the Commission would be justified
24 in taking that position and forgiving the lessee.

25 CHAIRMAN DAVIS: The Chair is inclined to

1 recommend that -- let me ask if this is procedurally
2 possible.

3 Can we adopt the staff's findings that they're in
4 default, but then allow the staff to discuss at our
5 next meeting possible remedies that could be brought
6 before this Commission?

7 MR. STEVENS: Yes,

8 MR. HIGHT: But we certainly, Mr. Chairman, could
9 report back to you at the next Commission meeting of
10 any potential settlement that we can arrive at.

11 CHAIRMAN DAVIS: And would the Attorney General
12 recommend that course of action?

13 MR. STEVENS: It would be totally justified,
14 Essentially, there's 90 days in which a solution could be
15 found. The clock starts ticking, so that in the event
16 there's no solution, the matter could be closed out at
17 that time. It seems like a good idea.

18 CHAIRMAN DAVIS: I'm reluctant to remove them
19 of their responsibilities entirely, because I'm not
20 certain if all potential solutions have been considered
21 and discussed between our staff and the applicant. On
22 the other hand, we shouldn't order them to do something
23 that's impossible to do.

24 So, I would move that we adopt the staff
25 recommendation that they're in default, but that they have

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 90 days to discuss and try and find a remedy with the
2 staff and the Attorney General's Office that can then be
3 brought back before this Commission for approval.

4 Okay. Well, before -- we should vote on that, but
5 I need to allow another party who asked to be heard on this
6 issue to be heard. So, is there any further comment
7 from the applicant or Mr. Grattan?

8 MR. GRATTAN: Just one question. If you find that
9 the applicant is in default, the 90-day clock begins to
10 tick, now, we can reach -- we can try and have tried with
11 staff to reach some sort of compromise solution. But
12 actually curing this default within the 90 days is
13 impossible, as Mr. Stancell from the Department of Finance
14 points out, because the Fish & Game embargo or the Fish &
15 Game prohibition of any dredging at this time because of
16 the spawning season.

17 So, the actual difficulty or the actual breach
18 cannot be cured within those 90 days. And I just want to
19 make sure that the -- the Lands Commission isn't taking
20 a step from which they can't retreat from.

21 MR. STANCELL: I assume that what you were trying
22 to do is to see if there was a way that we could mutually
23 come to some agreement as to a remedy to the situation,
24 not necessarily meaning that you would have to implement
25 the contract. Is that what you were --

1 CHAIRMAN DAVIS: Yes. And I purposely did not
2 use that phraseology, cure the defect, although I think
3 that we have to find they're in default. I mean they are
4 in default.

5 MR. STEVENS: They are in default.

6 If a solution is found, the Commission can take
7 subsequent action which allows a consummation of the
8 situation next summer within the Fish & Game period.

9 So, basically, you've got 90 days in which to
10 work something out. It's not essential that the matter
11 be closed at the end of the 90 days if the default has not
12 been cured. This simply the --

13 CHAIRMAN DAVIS: I understand. Let's hear from
14 Mr. -- and I may be mispronouncing this name.
15 Darroth (pronouncing)? James Darroth?

16 Would you please come forward? And you've
17 indicated here that you want to make some comments on this
18 item?

19 MR. DARROUGH: I'm with the J. E. McAmus Company.
20 We were the contractor -- we were the second bidder on
21 this job. And the Aggregate Transport, I guess, was the
22 higher bidder. But we feel they have been in default,
23 because they did not live up to the contract stating that
24 they had to get the obstruction out of the lock, in front
25 of the lock, at a certain date.

1 They did not do that. And we kept our deposit
2 up. And we feel they're in default now and we have been
3 ready to go to work. And we feel, the second bidder, we
4 should be awarded the contract and let us go to work.
5 We're ready to go.

6 We were the contractors that did the Miller Park.
7 We had our dredge in there. We have all the equipment
8 ready to go. We have a place to go with it.

9 As far as we're concerned, all the people knew
10 that West Sacramento will not let 'em haul out on the
11 river road, because West Sacramento wanted to put in a
12 turn-lane pocket there, and they wanted to widen the
13 bridge, which is almost impossible for a contractor to do.

14 But our methods of removing the material would not
15 be going over the county roads or city roads, West
16 Sacramento roads. We have other sources that we can
17 put the material in.

18 Therefore, we feel we should be awarded the
19 contract now, because they've been in default for a long
20 time.

21 CHAIRMAN DAVIS: Staff have any comments? Is
22 there reason to believe that someone else can do the work
23 for which the contract was originally let, or is it
24 going to be impossible by virtue of the purview for other
25 agencies to grant permission?

1 MR. HIGHT: It has been -- I guess Mr. McAnus'
2 position that they could do the work, and staff has
3 investigated that. And it is our belief that they can
4 do the work; however, I think before we would make a
5 definitive ruling on that, we would like to investigate it
6 further.

7 And I think the 90-day window that you have
8 suggested gives us time to further investigate that.

9 CHAIRMAN DAVIS: All right. Is there any other
10 party or member of the public that wants to comment on this
11 issue?

12 Any other thoughts from the Attorney General?

13 MR. STEVENS: No, Mc. Chairman.

14 CHAIRMAN DAVIS: All right. Then I would move
15 that we find the applicant in default and give the staff
16 90 days, and hopefully it will not take this long, to
17 determine what, if any -- what's the appropriate course of
18 action for this Commission to take.

19 COMMISSIONER STANCELL: I second it.

20 CHAIRMAN DAVIS: All right. That's unanimously
21 approved.

22 EXECUTIVE OFFICER DEDRICK: Mr. Chairman, back to
23 Item 20.

24 CHAIRMAN DAVIS: Yes.

25 EXECUTIVE OFFICER DEDRICK: The name of the yacht

1 club is the same as the name of the resort. It's the
2 Golden Gate Island Yacht Club.

3 CHAIRMAN DAVIS: Do we have any problems on
4 discrimination, such as --

5 EXECUTIVE OFFICER DEDRICK: Lance, can you speak
6 to this?

7 MR. KILEY: None that I know of. I don't believe
8 so. I'm not really that familiar with the Golden Gate
9 Yacht Club, so I can't speak directly to it --

10 EXECUTIVE OFFICER DEDRICK: However, they're
11 giving up the lease.

12 MS. BEULLER: They're returning it to us.

13 EXECUTIVE OFFICER DEDRICK: Giving up the lease.

14 CHAIRMAN DAVIS: All right.

15 EXECUTIVE OFFICER DEDRICK: But our standard
16 lease form, I have been informed, does contain -- I'm
17 getting nods all around the table, including the
18 attorneys -- does contain an antidiscrimination clause.

19 CHAIRMAN DAVIS: All right. Returning to Item 20,
20 does any party or member of the public care to make
21 comment? Is there any objection to our adoption of that
22 issue? I move the adoption. And that's unanimously
23 approved.

24 EXECUTIVE OFFICER DEDRICK: Item 25, Mr. Chairman,
25 is the second modification of the Long Beach Plan and

1 Budget, which allows for an additional half-year drilling
2 rig activity at Wilmington Oil Field.

3 CHAIRMAN DAVIS: Anyone here from Long Beach or
4 any member of the public that wants to make a comment on
5 this issue?

6 Any opposition to our adoption of this item?
7 I move its adoption.

8 COMMISSIONER STANCELL: Second.

9 CHAIRMAN DAVIS: Unanimously approved.

10 EXECUTIVE OFFICER DEDRICK: Item 26 is the
11 third modification of the Long Beach Plan and Budget,
12 Moose, Mr. Thompson, was there something you'd like to --
13 is there anything you need to say on this issue?

14 MR. THOMPSON: I might add that we had another
15 crude oil price cut. A couple of days ago, we're down
16 to a little over \$11 for 17 gravity crude now.

17 So, the projections in here are not really
18 meaningful now.

19 COMMISSIONER STANCELL: What's the impact of this?

20 MR. THOMPSON: The oil price used in that is much
21 higher, and see, that's only for the first quarter of the
22 fiscal year, which ended last October. So, there will be
23 another one coming in ending December 31st that will be a
24 lot more meaningful.

25 CHAIRMAN DAVIS: That means the previous revenue

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 projections will be on the high side,

2 MR. THOMPSON: Yes.

3 CHAIRMAN DAVIS: Which is clearly of interest to
4 the gentleman on my left,

5 MR. THOMPSON: Definitely,

6 CHAIRMAN DAVIS: All right. Is there any comment
7 from representatives of Long Beach or any members of the
8 public on Item 26? Any objection to our adopting this
9 item? I move its approval,

10 COMMISSIONER STANCELL: Second,

11 CHAIRMAN DAVIS: And that's unanimously approved,
12 Item 27.

13 EXECUTIVE OFFICER DEDRICK: Item 27, issuance of
14 a subsurface oil and gas lease of tide and submerged land
15 in the Mokelumne River in Sacramento and San Joaquin
16 Counties to Corbin J. Robertson with Quintana Petroleum as
17 the operator.

18 The reason this lease is negotiated is because
19 there's no possible access for other than the proposed
20 lessee.

21 CHAIRMAN DAVIS: Any party or member of the public
22 want to comment on this item? Any objection to our
23 adoption of this item?

24 I move its approval.

25 EXECUTIVE OFFICER DEDRICK: Item 28 --

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: It's unanimously approved.

2 EXECUTIVE OFFICER DEDRICK: I'm sorry, I
3 apologize, Mr. Chairman, I think I'm trying to hurry you
4 along too fast.

5 CHAIRMAN DAVIS: I'm going to beat the Lieutenant
6 Governor's four-hour limit by a good deal.

7 (Laughter.)

8 EXECUTIVE OFFICER DEDRICK: I'm sorry. Item 28
9 is a public agency dredging permit for the Sacramento-Yolo
10 Port District for the Sacramento deep water channel in
11 Sacramento, Solano, Yolo, and Contra Costa Counties.

12 CHAIRMAN DAVIS: Any party or member of the
13 public want to comment on this item? Any objection to
14 our adoption of this item?

15 I move its approval.

16 COMMISSIONER STANCELL: Second it.

17 CHAIRMAN DAVIS: It's unanimously approved.

18 EXECUTIVE OFFICER DEDRICK: Item 29, this is a
19 denial without prejudice of an application for a
20 geothermal prospecting permit by the Big Foot Development
21 Company for -- I mean by the Cape Mining and Exploration
22 Company and of an application for a surface lease by
23 Big Foot Development for an area called Slab City in
24 Imperial County.

25 The reason for the denial is that 884 is running

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 and we haven't been able to complete the necessary work.

2 And as I understand it, this is with the
3 concurrence of the applicant; is that correct?

4 MR. KILEY: I believe he's concurred in this,
5 yeah. He couldn't get his financing together. I think
6 that was the most serious problem at this point.

7 EXECUTIVE OFFICER DEDRICK: Okay.

8 CHAIRMAN DAVIS: All right. Is anyone here from
9 Cape Mining and Exploration? Any member of the public
10 want to comment?

11 Any objection to our adoption of this item?
12 Move its approval.

13 COMMISSIONER STANCELL: Second.

14 CHAIRMAN DAVIS: It's unanimously approved.

15 EXECUTIVE OFFICER DEDRICK: Item 30 is an approval
16 of a geophysical survey permit for Inland -- for State-
17 owned lands in San Joaquin Delta area -- Contra Costa,
18 Sacramento, and San Joaquin Counties to CGG American
19 Services, Inc.

20 This type of operation is not covered -- is
21 separate from the sort of thing that is done in the
22 offshore area. They're laying hydrophone lines across the
23 sloughs. As far as I know, there is no -- well, as a
24 matter of fact, Fish & Game has given approval of this
25 project.

PETERS SHORTHAND REPORTING CORPORATION

3335 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: Any party or member of the public
2 want to testify? Any objection to our adoption of this
3 item?

4 I move its approval.

5 COMMISSIONER STANCELL: Second.

6 COMMISSIONER MC CARTEY: Second.

7 CHAIRMAN DAVIS: It's unanimously approved.

8 CHAIRMAN DAVIS: Item 31?

9 EXECUTIVE OFFICER DEDRICK: Item 31 is the
10 approval of a royalty oil contract sale. And if I can
11 find this here for a second -- at 46,33 cents to
12 Edgington Oil Company and 25,59 cents for Caljet.

13 CHAIRMAN DAVIS: Anyone here from Edgington or
14 Caljet? Any members of the public want to testify?
15 Any objection to our adoption of this item?

16 Move its approval.

17 COMMISSIONER STANCELL: Second.

18 CHAIRMAN DAVIS: It's unanimously approved. 32?

19 EXECUTIVE OFFICER DEDRICK: Item 32, this is
20 Texaco Refining and Marketing as the winning bidder on
21 a royalty oil sales contract in Orange County at the
22 Huntington Beach Field. The bid -- the winning bid was
23 56 cents.

24 CHAIRMAN DAVIS: Anyone from Texaco here that wants
25 to testify? Any member of the public want to comment?

1 Any objection to our adoption of this item?

2 I move its approval,

3 COMMISSIONER STANCELL: Second.

4 CHAIRMAN DAVIS: It's unanimously approved.

5 EXECUTIVE OFFICER DEDRICK: Item 33, the City of
6 Long Beach. This is approval of specifications and
7 forms for inviting bids for a crude oil sale in the
8 Wilmington Field.

9 CHAIRMAN DAVIS: Anyone here from Long Beach that
10 wants to testify? Any member of the public? Any
11 objection to our adoption of this item?

12 I move its approval.

13 COMMISSIONER STANCELL: Second.

14 CHAIRMAN DAVIS: Unanimously approved.

15 EXECUTIVE OFFICER DEDRICK: Item 34 is another
16 proposed sale of royalty crude oil from the South Ellwood
17 Field in Santa Barbara County.

18 CHAIRMAN DAVIS: All right, I guess the State
19 Lands Commission is the applicant --

20 EXECUTIVE OFFICER DEDRICK: That is correct.

21 CHAIRMAN DAVIS: -- on this item, Any member of
22 the public want to testify? Any objection to the
23 adoption of this item?

24 I move its approval,

25 COMMISSIONER STANCELL: Second.

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO CALIFORNIA 95827
TELEPHONE (916) 362 2346

1 COMMISSIONER MC CARTHY: Second,

2 CHAIRMAN DAVIS: It's unanimously approved. Item 35.

3 EXECUTIVE OFFICER DEDRICK: Item 35, again the
4 State Lands Commission is the applicant for a royalty oil
5 sale of several leases in the Carpenteria and Summerland
6 offshore fields in Santa Barbara County.

7 CHAIRMAN DAVIS: Any member of the public want to
8 comment? Any objection to our adoption of this item?

9 I move its approval.

10 COMMISSIONER STANCELL: Second.

11 COMMISSIONER MC CARTHY: Second.

12 CHAIRMAN DAVIS: That's unanimously approved, 36?

13 EXECUTIVE OFFICER DEDRICK: Item 36, Armavi
14 Mining Company and their agent Richlaine Corporation, This
15 is an approval of an acceptance of a quitclaim deed for a
16 minerals lease that was held by the Armavi Mining Company
17 in San Bernardino County.

18 CHAIRMAN DAVIS: Anyone here from Armavi or
19 Richlaine? Anyone want to testify on this issue? Any
20 objection to the adoption of this item?

21 I move its approval.

22 COMMISSIONER STANCELL: Second,

23 CHAIRMAN DAVIS: Unanimously approved, 37?

24 EXECUTIVE OFFICER DEDRICK: Item 37, this is an
25 authorization of deferment of drilling operations on

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD SUITE 240
SACRAMENTO CALIFORNIA 95827
TELEPHONE (916) 382-2345

1 several oil and gas leases in Santa Barbara County held
2 by Chevron, Exxon, and Arco.

3 CHAIRMAN DAVIS: Any party want to testify on
4 this? Any comments from the public? Any objection to our
5 adoption of this item?

6 MR. THOMPSON: You want to make sure that your
7 recommendation covers through July 4th, 1988? There was
8 a typo at one time.

9 COMMISSIONER STANCELL: It's July 4th, 1987,

10 MR. THOMPSON: Would you like to make that 1988?
11 It's a little hard to defer back.

12 COMMISSIONER STANCELL: Especially when it starts
13 in November.

14 CHAIRMAN DAVIS: Good point, Good point, Moose.
15 Any objection to the adoption of this item?

16 I move its approval as amended.

17 COMMISSIONER STANCELL: Second.

18 CHAIRMAN DAVIS: Unanimously approved.

19 EXECUTIVE OFFICER DEDRICK: 38, the Golden Gate
20 Bridge Highway and Transportation District, a maintenance
21 dredging permit for Corte Madera Creek near Larkspur in
22 Marin County.

23 CHAIRMAN DAVIS: Any party or member of the public
24 want to testify? Any objection to the adoption of this
25 item? I move its approval.

1 COMMISSIONER STANCELL: Second.

2 CHAIRMAN DAVIS: Unanimously approved, 39?

3 EXECUTIVE OFFICER DEDRICK: City of San Rafael;
4 the applicant, maintenance dredging permit of San Rafael
5 Creek in Marin County.

6 CHAIRMAN DAVIS: Any party or member of the
7 public want to testify? Any objection to the adoption of
8 this item?

9 I move its approval.

10 COMMISSIONER STANCELL: Second.

11 CHAIRMAN DAVIS: It's unanimously approved.

12 EXECUTIVE OFFICER DEDRICK: Item 40, the City of
13 Long Beach, approval of an amendment to a cooperative
14 agreement on Fault Block VI between the City of Long
15 Beach and -- approval and amendment to the Fault Block VI
16 agreement. Sorry.

17 CHAIRMAN DAVIS: Any testimony on this item? Any
18 objection to the adoption of this item?

19 I move its approval.

20 COMMISSIONER STANCELL: Second.

21 COMMISSIONER MC CARTHY: Second.

22 CHAIRMAN DAVIS: It's unanimously approved.

23 EXECUTIVE OFFICER DEDRICK: Item 41, the City of
24 Long Beach, notice of intent by the City of Long Beach to
25 spend \$450,000 of its tideland oil revenues for roof

1 repairs to the sports arena in Long Beach.

2 CHAIRMAN DAVIS: Any testimony on this item?
3 Any objection to its adoption? I move its approval,

4 EXECUTIVE OFFICER DEDRICK: Item 40--

5 CHAIRMAN DAVIS: Unanimously approved.

6 EXECUTIVE OFFICER DEDRICK: I'm really sorry,
7 Mr. Chairman.

8 CHAIRMAN DAVIS: It's all right.

9 EXECUTIVE OFFICER DEDRICK: When I hear you say
10 that, I think --

11 CHAIRMAN DAVIS: I don't want to waste time. I
12 don't want Leo to -- I've got to get this four hours.

13 (Laughter.)

14 EXECUTIVE OFFICER DEDRICK: Sorry.

15 CHAIRMAN DAVIS: 42.

16 EXECUTIVE OFFICER DEDRICK: 42. The Freeport
17 Geothermal Resources Company. This is approval of a
18 geothermal steam price formula for State steam sold from
19 that lease. That's located in the Geysers -- I guess
20 that's Mendocino County. Sonoma County?

21 CHAIRMAN DAVIS: It does say Lake County here.

22 EXECUTIVE OFFICER DEDRICK: Is this Lake County?
23 I get confused.

24 CHAIRMAN DAVIS: Any testimony on this item?
25 objection to its adoption? I move its approval,

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 COMMISSIONER STANCELL: Second.

2 CHAIRMAN DAVIS: It's unanimously approved,

3 43?

4 EXECUTIVE OFFICER DEDRICK: 43, again Freeport
5 Geothermal Resources Company is the assignor; Morgan
6 Guarantee Trust, the assignee. It's an agreement to
7 consent to encumbrancing of the same lease for which the
8 steam sales contract was just approved.

9 CHAIRMAN DAVIS: Anyone from Freeport or Morgan
10 Guarantee that wants to testify? Any member of the
11 public? Any objection to the adoption of this item?

12 I move its approval.

13 COMMISSIONER STANCELL: Second.

14 CHAIRMAN DAVIS: It's unanimously approved, Item
15 44.

16 EXECUTIVE OFFICER DEDRICK: Item 44, Richard
17 Dirk, the applicant, a dredging permit in the Colorado
18 River at the Needles Marina in Needles, in San Bernardino
19 County.

20 CHAIRMAN DAVIS: Any testimony on this item?
21 Any objection to its adoption? I move its approval.

22 COMMISSIONER STANCELL: Second.

23 CHAIRMAN DAVIS: That is unanimously approved.

24 EXECUTIVE OFFICER DEDRICK: Item 45, the Malibu
25 Committee for Incorporation is the applicant. The action

1 of the Commission would be the approval of the boundaries
2 submitted by the proponents of incorporation within the
3 45-day requirement of the law.

4 The statute is such that when an application is
5 made the Commission, the Commission must act on the
6 boundaries within 45 days or those boundaries are deemed
7 approved. These boundaries are correct in the opinion of
8 staff, and we recommend approval of the boundaries.

9 CHAIRMAN DAVIS: Anyone here from Malibu that
10 wants to testify on this item? Any objection to the
11 adoption of this item?

12 COMMISSIONER STANCELL: None.

13 CHAIRMAN DAVIS: I move its approval.

14 COMMISSIONER STANCELL: Second.

15 CHAIRMAN DAVIS: That's unanimously approved.
16 Item 46.

17 MR. HIGHT: 46, Mr. Chairman, is the authorization
18 to enter into a settlement regarding the Marina on the
19 Sacramento River for payment of back rent and the
20 authorization to approve a boundary line agreement.

21 CHAIRMAN DAVIS: What is the Attorney General's
22 view on this settlement?

23 MR. STEVENS: We recommend settlement, Mr. Chairman.

24 CHAIRMAN DAVIS: Any testimony on this item? Any
25 objection to the adoption of this settlement? I move its

1 approval,

2 COMMISSIONER STANCELL: Second,

3 CHAIRMAN DAVIS: It's unanimously approved,

4 EXECUTIVE OFFICER DEDRICK: Item 47 is the --
5 Exxon Company, U.S.A. is the applicant, consideration of a
6 lease for tide and submerged lands for marine terminal
7 facilities and an oil pipeline, electric cables, and
8 produced water outfall at El Capitan -- near El Capitan
9 State Beach at Los Flores Canyon in Santa Barbara County.

10 CHAIRMAN DAVIS: Any party to this issue want to
11 testify?

12 MR. PRATTE: Yes.

13 CHAIRMAN DAVIS: Would you state your name for
14 the record, please?

15 MR. PRATTE: Yes. My name is Tom Pratte. And
16 I'm representing the Surf Rider Foundation. And we
17 recognize that the State --

18 CHAIRMAN DAVIS: If I could just interrupt for a
19 second. Nobody from Exxon wants to testify on this?
20 All right.

21 MR. PRATTE: We recognize that every surfing break
22 in California takes place over State lands. And we have
23 been -- the beach area and the surf area in the vicinity of
24 Los Flores Canyon has been used by the public for a number
25 of years, over 20 years that I'm aware of. And we would

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 just like a -- like to know -- we'd like to be reassured
2 that this lease -- and we know that there is major
3 development in this area -- will not affect beach access
4 and use of the ocean waves in this area.

5 CHAIRMAN DAVIS: Mr. Hight, can you speak to that?

6 MR. HIGHT: Yes, Mr. Chairman. This lease will
7 have no effect on access to the ocean and I don't believe
8 it will have any effect on the waves either. I can't see
9 how it would.

10 MR. PRATTE: Good.

11 EXECUTIVE OFFICER DEDRICK: The location of the
12 terminal is quite a chunk offshore. I can't remember
13 exactly. It's about two miles almost.

14 CHAIRMAN DAVIS: Does the Attorney General have
15 any comments on this?

16 MR. STEVENS: We haven't been involved in this
17 transaction, Mr. Chairman. We haven't reviewed the
18 documents. So, I can't comment.

19 CHAIRMAN DAVIS: All right.

20 MR. PRATTE: I know there has been some trenching
21 and some lines dug, and if there's, you know, some
22 blasting done in this area. And if the, you know, if
23 there's no major alteration to the bottom contours, I would
24 agree with the staff. And we just wanted to bring up this
25 point on this item.

1 CHAIRMAN DAVIS: All right. Does the applicant
2 want to speak to that issue as to whether or not this --

3 MR. TIBBITS: Mr. Chairman, my name is Tom
4 Tibbits. I'm Western Division Regulatory Affairs Manager
5 for Exxon located in Thousand Oaks, California,

6 We do plan to install offshore pipelines in the
7 surf area. However, they will be buried out to a water
8 depth of 25 feet. We anticipate no change into the
9 actual bottom that would impact surfing or the wave
10 action.

11 MR. PRATTE: And our concerns are that if the
12 pipelines are buried deep enough so that over the long
13 term erosion does not expose them and make them
14 hazardous, then we don't see a problem with this.

15 MR. TIBBITS: We will be running periodic surveys,
16 actually each year, side scan sonar, to determine the
17 external condition and whether or not the pipelines have
18 surfaced. So we'll be having a continuous check on that.

19 CHAIRMAN DAVIS: I assume it's in your interest
20 to keep them submerged.

21 MR. TIBBITS: Yes, sir.

22 CHAIRMAN DAVIS: To keep them below the surface
23 rather. I think your issue --

24 MR. PRATTE: Thank you for this opportunity to
25 comment.

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 CHAIRMAN DAVIS: Also, Peter Cantle, an energy
2 specialist from Santa Barbara wants to testify on this
3 issue.

4 MR. CANTLE: Good morning, Mr. Chairman and
5 Commissioners. I appreciate the opportunity. That's the
6 first time I've heard my name pronounced correctly in
7 quite a while. The first off the bat.

8 My name is Peter Cantle. I'm an energy specialist
9 with Santa Barbara County. Diane Guzman, who many of you
10 know, was planning on attending today, but had some
11 travel problems. So I'm speaking in lieu of Diane.

12 Santa Barbara County approved Exxon's Santa Ynez
13 Unit project in September of 1987. Since then, the county
14 has filed a letter with the State Lands Commission
15 supporting the State Lands Commission's approval of this
16 project as conditioned by the county.

17 I'd like today to orally affirm the county's
18 support of the project. Our comments on the proposed
19 lease conditions are relatively minor and essentially go
20 more towards clarification than anything else.

21 Regarding Condition 1, it states that Exxon shall
22 contribute \$6,000 per year to what is essentially an
23 enhancement fund for fisheries. This going to the State
24 of California Fisheries Development Corporation.

25 We would like a clarification perhaps from staff

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 or from Exxon that this would be over and above any
2 funds required under Santa Barbara County's conditions
3 for a fisheries enhancement fund, where we are
4 achieving approximately \$133,000 per year over a three-
5 year period.

6 We would simply like it understood that this is
7 not money drawn against that total that they are
8 submitting to us. That's one comment.

9 MR. HIGHT: Mr. Chairman, if I might just answer
10 that question as we proceed. It is over and above any
11 amount that they would pay to the county.

12 CHAIRMAN DAVIS: Is that your understanding,
13 Mr. Tibbits?

14 MR. TIBBITS: Yes, sir.

15 MR. CANTLE: We appreciate that clarification,
16 On Item No. 3 -- or rather, Condition No. 3,
17 which specifies an impact reduction plan for the offshore
18 construction, this again is a clarification,

19 It indicates in the preamble to the condition that
20 Exxon may submit the plan prepared pursuant to Santa
21 Barbara County Condition 14-7. Again, parenthetically,
22 that's a plan of our county that requires what's called
23 a marine biology impact reduction plan. To the extent
24 that that plan required by the county is prepared pursuant
25 to the condition the State Lands Commission would like to

PETERS SHORTHAND REPORTING CORPORATION

3635 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 see.

2 And from our standpoint, I think it s in
3 everybody's best interests that the Lands Commission,
4 Santa Barbara County Energy Division, and Coastal
5 Commission, and Fish & Game work cooperatively in
6 developing this plan.

7 The Lands Commission was omitted from our
8 condition indicating that they would have appropriate
9 input. But we would like to state right now that we will
10 work cooperatively with the Lands Commission during that
11 process in developing the marine biology impact reduction
12 plan.

13 I think ultimately it's in Exxon's favor as well.
14 So that's a clarification that I felt was appropriate
15 here.

16 CHAIRMAN DAVIS: And do you have any comment on
17 that?

18 MR. HIGHT: Yes, that's acceptable and was
19 planned for.

20 MR. CANTLE: We have no other comments then,
21 Thank you for the opportunity.

22 MR. TIBBITS: We have no problem with that.

23 CHAIRMAN DAVIS: All right, Those were the only
24 two slips that were passed up to me, Does any other
25 member of the public want to comment on this issue, on this

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 application pending before the Commission?

2 I might add before -- is there any reason why
3 the Commission should not approve this application?

4 I might add before making the motion, that this is an
5 example of how an applicant can work cooperatively with
6 the community and its elected representatives, albeit
7 a very painstaking process, but one that, at least in my
8 judgment, allows me to support a project knowing that it
9 will not adversely affect the inhabitants of the
10 community which is, in essence, its neighbor.

11 So, I'd like to compliment Exxon for its years
12 and years of patient work, but sometimes that's what it
13 takes when you're going to introduce a very major
14 development into an area.

15 So, with that, I'd like to move the item,

16 COMMISSIONER STANCELL: I second it.

17 CHAIRMAN DAVIS: That's unanimously approved,
18 48?

19 EXECUTIVE OFFICER DEDRICK: Item 48 is an approval
20 of a five-year renewal of a general lease for -- to the
21 Exxon Company of a parcel of tide and submerged land near
22 the Ellwood Pier in Santa Barbara County for the
23 maintenance of one mooring buoy; rent, \$550 a year.

24 CHAIRMAN DAVIS: That's all we're charging? \$550?

25 EXECUTIVE OFFICER DEDRICK: It's only .721 acres,

1 CHAIRMAN DAVIS: But that's for 365 days, right?

2 EXECUTIVE OFFICER DEDRICK: That's true. That's
3 true.

4 CHAIRMAN DAVIS: Boy, I tell you, we are
5 pushovers.

6 (Laughter.)

7 CHAIRMAN DAVIS: Does anyone want to comment
8 on this item, any member of the public or any party?
9 Any objection to its adoption?

10 I'll make the motion.

11 COMMISSIONER STANCELL: All right. That's
12 approved.

13 49?

14 EXECUTIVE OFFICER DEDRICK: Item 49, Seven
15 Resourts, Inc., a Nevada Corporation. It's an
16 authorization for a general use -- commercial use for a
17 commercial marina in Disappointment Slough in San Joaquin
18 County, and for the settlement and dismissal of litigation
19 for previous unauthorized use.

20 CHAIRMAN DAVIS: Any testimony on this item? Any
21 objection to its adoption? Move its approval.

22 COMMISSIONER STANCELL: Second.

23 CHAIRMAN DAVIS: It's unanimously approved, Item
24 50?

25 MR. TROUT: Mr. Chairman, Item No. 50, City of

1 Capitola, is an approval of a lease granted by the City
2 of Capitola to a private individual for the operation of a
3 facility on the pier.

4 There were some problems the city had with the
5 prior operators on the pier. They removed those operators
6 through a series of transactions already approved by the
7 Commission. And this is the approval of the lease for a
8 new operator.

9 CHAIRMAN DAVIS: Any testimony on this item?

10 Any objection to its adoption? I move its
11 approval.

12 COMMISSIONER STANCELL: Second.

13 CHAIRMAN DAVIS: It's unanimously approved, 51?

14 MR. HIGHT: 51, Mr. Chairman, is the authorization
15 to assign the Tower Park Marina to PS Marinas, Inc., this
16 is a marina in Potato Slough in San Joaquin County.

17 CHAIRMAN DAVIS: Any testimony on this item?
18 Any objection to its adoption? I move its approval.

19 COMMISSIONER STANCELL: Second.

20 CHAIRMAN DAVIS: It's unanimously approved.

21 52?

22 MR. HIGHT: Item 52, Mr. Chairman, is the
23 settlement of a parcel of land in -- near Lake Merritt
24 in the City of Oakland. And you will be acting as
25 Land Bank Commissioners in accepting the \$165,000 as the

1 State's interest in that parcel.

2 CHAIRMAN DAVIS: Any testimony on this item?

3 Any objection to its adoption? I move its approval,

4 COMMISSIONER STANCELL: Second.

5 CHAIRMAN DAVIS: Unanimously approved. 53?

6 MR. HIGHT: 53, Mr. Chairman, is the authorization
7 to expend Kapiloff land money in the amount of \$400,000 for
8 the purchase of 323 acres of land which will be leased
9 to the Department of Fish & Game near Vallejo on the Napa
10 River in Napa County. It will be basically wildlife
11 enhancement project.

12 CHAIRMAN DAVIS: Any testimony on this item?

13 Any objection to its approval?

14 I move its approval.

15 COMMISSIONER STANCELL: Second,

16 CHAIRMAN DAVIS: It's unanimously approved,

17 54?

18 MR. HIGHT: 54, Mr. Chairman, is the authorization
19 to quitclaim a drainage easement which the Commission
20 retained in a 1986 compromise title settlement. The
21 easement was retained until we had clearances from all
22 appropriate local agencies that they had no need for the
23 easement and, in fact, other means have been provided,
24 And this easement is no longer needed. So, we are asking
25 to quitclaim that easement back to the applicant.

1 Mr. Kieckhefer,

2 CHAIRMAN DAVIS: Any testimony on this item?

3 Any objection to its adoption? I move the item,

4 COMMISSIONER STANCELL: Second,

5 CHAIRMAN DAVIS: It's unanimously approved, 55?

6 MR. HIGHT: 55, Mr. Chairman, is the authorization

7 to enter into a lease with the Bank of America for 25

8 years with a ten-year right of renewal for five thousand

9 plus acres of, we maintain, sovereign land in the bed of

10 Goose Lake in Modoc County.

11 This settles litigation between the bank and the

12 Commission over the ownership of the land, and also --

13 well, it settles the litigation and approves a lease,

14 There's one small caveat that I might ask, and

15 that is, we are negotiating with the Department of Fish &

16 Game to add a clause which is written, but the Fish & Game

17 Department would like to approve, which protects the

18 endangered Greater Sandhill Crane. And that clause I

19 would like the authorization to change a few words in,

20 which basically provides for its protection.

21 CHAIRMAN DAVIS: Any testimony on this item?

22 Any objection to its adoption? I move its adoption as

23 described by Mr. Hight. And that's unanimously approved.

24 MR. TROUT: Mr. Chairman, Items -- the last three

25 items are administrative items in nature. No. 56 is a

1 request for authority for the Executive Officer to
2 enter into an agreement for storage of magnetic tapes
3 containing geophysical data. The amount is \$12,600.

4 CHAIRMAN DAVIS: Any objection to the adoption of
5 this item? I move it.

6 COMMISSIONER STANCELL: Second.

7 CHAIRMAN DAVIS: Approved. 57?

8 MR. TROUT: Mr. Chairman, No. 57 is an
9 interagency agreement with the Department of Justice to
10 provide investigative services to the Lands Commission.

11 This is basically in charge of our trespass and
12 enforcement program, services provided by Ms. Beutler,
13 and the amount is \$55,000. We recommend approval.

14 CHAIRMAN DAVIS: Any objection to the adoption
15 of this item? I move it.

16 COMMISSIONER STANCELL: Second.

17 CHAIRMAN DAVIS: Approved. 58?

18 MR. TROUT: Item 58 is an agreement with the
19 State Teachers' Retirement System to provide legal and
20 auditing accounting services to their system for some
21 properties they hold in Texas. This is a renewal of a
22 former agreement that makes it clear that the State
23 Teachers' Retirement System is not utilizing the
24 administrative or technical expertise of the Executive
25 Office, but is hiring for their use an attorney and an

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1 auditor accountant to provide advice and counsel to them
2 on administration of several leases. The amount is
3 \$111,000 reimbursement from them.

4 CHAIRMAN DAVIS: Any comments from the Attorney
5 General on this matter?

6 MR. STEVENS: No. We agree. It's an appropriate
7 supplementation of the existing agreement.

8 CHAIRMAN DAVIS: Any objection to the adoption
9 of this item? I move its approval.

10 COMMISSIONER STANCELL: Second,

11 CHAIRMAN DAVIS: Unanimously approved,

12 EXECUTIVE OFFICER DEDRICK: There are no other
13 scheduled items, Mr. Chairman.

14 CHAIRMAN DAVIS: Any comments from the members?

15 COMMISSIONER MC CARTHY: Inasmuch as you've
16 smashed the high standards set by the Lieutenant Governor
17 for a brevity of a meeting, I think there should be an
18 asterisk attached to the records of this meeting. Lack of
19 controversy.

20 CHAIRMAN DAVIS: The Lieutenant Governor was
21 unduly generous in setting a standard that I had to
22 meet.

23 COMMISSIONER STANCELL: I think it really was a
24 result of my changing my seat in this meeting,

25 (Laughter.)

1 CHAIRMAN DAVIS: There's no further business;
2 this meeting stands adjourned,

3 (Thereupon the meeting was adjourned
4 at 11: 30 a.m.)

5 --o0o--
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD, SUITE 240
SACRAMENTO, CALIFORNIA 95827
TELEPHONE (916) 362-2345

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing meeting of the State Lands Commission was reported in shorthand by me 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 12th day of March, 1988,

Nadine J. Parks

Nadine J. Parks
Shorthand Reporter