

STATE OF CALIFORNIA

Minutes of the Meeting of the
State Lands Commission
Sacramento, California

APPEARANCES

Present: Roy M. Bell, Director of Finance, Acting
Chairman
Peter Pelkofer, Staff Counsel, alternate for
Kenneth Cory, State Controller, Chairman
Walter O. McGuire, Assistant to the Lieutenant
Governor, alternate for Mervyn M. Dymally,
Lieutenant Governor, Commissioner

Staff Members in Attendance:

William F. Northrop, Executive Officer
R. S. Golden, Assistant Executive Officer
Robert C. Hight, Staff Counsel
W. M. Thompson, Manager, Long Beach Operations
D. J. Everitts, Manager, Energy and Mineral
Resources Development
James F. Trout, Manager, Land Operations
Diane Jones, Secretary

Representing the Office of the Attorney General

N. Gregory Taylor, Assistant Attorney General
Dennis Goldstein, Deputy Attorney General

Re Bethel Island Presentation

Darrel McConnel, representing the Marina and
Recreation Association of California

John Walsh, Chairman of organization which
convened January 19, 1976 Bethel Island
public hearing

Re Minute Item 18 - Industrial Lease for Pipeline Purposes;
Shell Oil Company

Leslie Hood, Chairman of California Plant
Society Conservation Committee and
Executive Director of California Natural
Areas Coordinating Council

William Holliman, attorney, representing
Shell Oil Company

Re Minute Item 19 - Exercise of the Public Trust Within a
Portion of Morro Bay, San Luis Obispo County

Charles E. Ogle, law firm of Ogle, Gallo & Merzon,
representing Morro Bay Land Company

Re Minute Item 26 - Consideration of the Fifth Modification of the 1975-1976 Plan of Development and Operations and Budget, Long Beach Unit, and Ratification of the Executive Officer's Approval of the Transfer of Long Beach Unit Budget Funds, Wilmington Oil Field, Los Angeles County
George August, Deputy City Attorney,
representing the City of Long Beach

Re Minute Item 27 - Industrial Right of Way; Phillips Petroleum Company
Richard S. Jensen, attorney, representing
Phillips Petroleum Company

Re Minute Item 29 - Renewal, Amendment, Consent of Assignment and Sublease Approval under PRC 2757.1; Phillips Petroleum Company
Richard S. Jensen, attorney, representing
Phillips Petroleum Company

Re Minute Item 37 - Preferential Mineral Extraction Lease for Minerals Other Than Oil and Gas and Geothermal Resources; Industrial Mineral Ventures, Inc.
M. William Tilden, attorney, representing
Industrial Mineral Ventures, Inc.

Re Minute Item 38 - Approval of Proposed Drilling of New Wells "DX 4596" 26 and "DX 4596" 27, Geysers Steam Field, Sonoma County; Union Oil Company and Magma Power Company and Thermal Power Company
Vane E. Suter, District Manager, representing
Union Oil Company - Geothermal Division

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF
MARCH 25, 1976

Acting Chairman Roy M. Bell convened the meeting at 10:04 a.m. and requested a roll call. He indicated a quorum was present.

The minutes of the meeting of February 26, 1976, were approved as written.

EXECUTIVE OFFICER'S REPORT:

Mr. William F. Northrop, Executive Officer, stated that during the February meeting the Commission asked questions concerning Pacific Gas and Electric Company's position on wheeling power for the cities which comprise the Northern California Power Agency. Staff was asked to report back to the Commission regarding the status of this situation. Based on the staff's evaluation, Mr. Northrop read into the record the following suggested language to be incorporated into any additional leases for powerline crossings of State lands under the Commission's jurisdiction:

"The facilities occupying the lands described herein, as a condition of this lease, shall be made available to publicly owned power systems for the transportation of electrical energy, subject to reasonable charges therefor, whenever surplus capacity exists in said facilities. Surplus capacity shall be deemed to exist whenever the California Public Utilities Commission shall determine, pursuant to their procedures, that said facilities are not being utilized fully, or that alternate available routing of power would make surplus capacity available in said facilities. This lease shall terminate upon 60 days written notice to lessee if the use of said facilities is not made to publicly owned power systems when a surplus exists as defined above."

He clarified the above language was being presented to the Commission in the form of a concept. If the Commission agrees with the language, it would be circulated to appropriate parties. After that circularization, the Division would return to the Commission with the language in a finalized form for approval.

With the foregoing in mind, the Commission unanimously approved the concept as submitted.

For the full text of Mr. Northrop's written speech, see Exhibit "A" attached and by reference made a part hereof.

Attachment: Exhibit "A"

EXHIBIT "A"

STATE LANDS COMMISSION MEETING
MARCH 25, 1976

EXECUTIVE OFFICER'S REPORT

by

WILLIAM F. NORTHROP

SEATTLE MEETING - FEA ADVISORY COMMITTEE

As Executive Officer of the State Lands Commission, I have been named, along with the Director of the Office of Planning & Research, and the Principal Consultant to the Energy Commission, as the California representative to the FEA Advisory Committee on the Impact of Alaskan Oil on Western States.

We had our first meeting in Seattle, Washington, on March 12. It was decided, at that time, that the FEA would prepare a report with input from this group. California was successful in arguing for a Minority Report in the event any of the western states disagree with the majority opinion of the report.

The next meeting is scheduled for April 23 in San Francisco.

FEA HEARING IN WASHINGTON, D. C. - MARCH 17

(Mr. Thompson will discuss during consideration of the Fifth Modification -- Calendar Item 20.)

P.G.&E. - NCPA

At the last Commission meeting during consideration of Pacific Gas and Electric Company's several powerline crossing applications, the Commission asked questions concerning that

company's position on wheeling power for the cities which make up the Northern California Power Agency. Staff was asked to report back at this meeting concerning the status of that situation. Both Pacific Gas and Electric Company and representatives of the Northern California Power Agency were contacted.

The Power Agency is a joint authority involving cities which have their own electrical distribution facilities. The Agency, as representative for these cities has been attempting to acquire additional electrical energy to meet their requirements and wants a contract with PG&E for wheeling this power. The Agency has an overall general plan for obtaining and generating their own power. They feel it is imperative that they have agreement with the Company to wheel this power at a proper price over Company lines for a specific period of time.

Representatives of Pacific Gas and Electric Company have stated that it is Company policy to wheel power for anyone, at any time surplus capacity is available, providing the Company is appropriately compensated. However, it is the Company's position that the Agency should identify its power source before attempting to contract for wheeling power. Pacific Gas and Electric states that power supply centers are located at such diverse areas as The Geysers, Rancho Seco, and the San Joaquin Nuclear Facility.

Staff evaluation is that the situation is a little like the chicken and the egg -- which comes first? In order to move the issue off dead center, staff would recommend that the Commission consider language similar to the following as part of any additional leases for powerline crossings of State lands under the Commission's jurisdiction:

"The facilities occupying the lands described herein, as a condition of this lease, shall be made available to publicly owned power systems for the transmission of electrical energy, subject to reasonable charges therefor, whenever surplus capacity exists in said facilities. Surplus capacity shall be deemed to exist whenever the California Public Utilities Commission shall determine, pursuant to their procedures, that said facilities are not being utilized fully, or that alternate available routing of power would make surplus capacity available in said facilities. This lease shall terminate upon 60 days written notice to lessee if the use of said facilities is not made to publicly owned power systems when a surplus exists as defined above."

With the Commission's approval, I will submit this proposed language to the appropriate parties.

INDIAN CONTRACT

The Commission entered into a contract with Inca I Corporation for a grassroots opinion poll of American Indians throughout California relative to jurisdiction over their tribal lands. Once we receive this information, the Commission will be in a better position to make determinations concerning retrocession of jurisdiction on Indian lands.

SOHIO PROJECT EIR LEAD AGENCY

W 30001

At last month's meeting, staff brought to your attention the question of whether "lead agency" status on the SOHIO Project should be assigned -- as it was then -- to a local agency (Port of Long Beach), or to a statewide agency such as

the State Lands Commission or the Public Utilities Commission.

Pursuant to your direction at that time (to raise the question with the Office of Planning and Research) and in response to a March 1 request from OPR, staff did inform OPR, on March 8, that "a dispute exists between the State Lands Commission, the Public Utilities Commission, and the Port and City of Long Beach relative to the role of lead agency with the respect to preparation of an EIR for the SOHIO Project."

On March 10, OPR confirmed the existence of a lead agency dispute, and requested formal statements from this Commission, the Public Utilities Commission, and the Port of Long Beach. Such statements were submitted on March 19.

On March 22, staff participated in a meeting attended by representatives of the City and Port of Long Beach, the California Public Utilities Commission, and the Attorney General's Office representing OPR. The subject of negotiation was a compromise agreement whereby Long Beach and the Public Utilities Commission would, under conditions believed by staff to be favorable to this Commission, function as a combined lead agency for the SOHIO Project. Under the terms of the agreement, the State Lands Commission will have substantial input into the total EIR process.

This proposed agreement was considered by the Public Utilities Commission at their meeting of March 23 and was approved by a vote of 5-0. The Office of Planning and Research now has the option to recognize the agreement and formally announce the termination of the lead agency dispute.

PROGRESS REPORT ON LAND CONSOLIDATION SURVEY

Mr. James F. Trout, Manager, Land Operations, made a presentation on the Land Consolidation Survey. His written statement is attached as Exhibit "A" and by reference made a part hereof.

Attachment: Exhibit "A"

EXHIBIT "A"

LAND CONSOLIDATION SURVEY

"Progress Report"

by
James F. Trout, Manager
Land Operations

- I. 45 percent of California land owned by the Federal Government.
(45.6 million acres)
- II. 1/3 of the Federal ownership is under the control of the U.S. Bureau of Land Management. (15.6 million acres)
- III. California originally received less than 9 percent of its land area from the Federal Government.
Today, only 1,457,000 acres of that land is still in State ownership -- divided, as follows:
 - 607,000 acres in fee title
 - 100,000 acres unsurveyed entitlement
 - 20,000 acres indemnity entitlement
 - 717,000 acres in mineral rights - not surface
 - 13,500 acres improperly surveyed.
- IV. By comparison: Other States received a much larger portion of their territory in grant from the Federal Government.

Alaska	29 percent
New Mexico	16 percent
Arizona	14 percent
Utah	14 percent
Oregon	11 percent
- V. California has more Federal ownership within its boundaries today than 43 other States.
The average Federal ownership in each State is 16 percent.
- VI. The western states have been discriminated against in amounts of federal land grants by comparison with the southern and eastern states.
Western States, last August, resolved to seek additional federal lands within their borders. These States, today, average almost 50 percent of their land areas in Federal ownership.
- VII. California, therefore, should appear to be justified in seeking additional Federal lands for State management.

VIII. Staff has evaluated BLM lands for purposes of satisfying:

- a. Shortage in public land granted to California.
- b. Need to consolidate State holdings into manageable units.

IX. Evaluation indicates that BLM ownership is:

- a. Nearly as scattered as State land.
- b. 90 percent is generally without economic or recreational potential except for open space, grazing and hunting.
- c. 10 percent -- or 1.6 million acres -- is suitable for acquisition by the State for management purposes.
- d. With the exception of two BLM Planning Units, blocks of additional lands for consolidation will most likely come from other Federal agencies (i.e., U.S. Forest Service and Department of Defense).

PRESHTATION ON BETHEL ISLAND MEETING
JANUARY 19, 1976

Mr. James F. Trout, Manager, Land Operations, presented a progress report on the Bethel Island controversy. His written statement is attached as Exhibit "A" and by reference made a part hereof.

Mr. Darrel McConnel, representing the Marina and Recreation Association of California appeared. Mr. McConnel requested that the Commission defer in its negotiations--not only at Bethel Island, but throughout the State--until a common basis had been reached.

In reply to Mr. McConnel's request, Mr. N. Gregory Taylor, Assistant Attorney General, advised that the Legislature has charged the Commission with a leasing policy. Unless a change occurs in the law and regulations of the State, the Commission must continue to administer this policy. Mr. Taylor therefore concluded that it is the duty of the Commission to proceed in its negotiations with the affected parties.

Mr. John Walsh, Chairman of the organization which convened the January 19, 1976, Bethel Island public hearing, appeared. Mr. Walsh's main objection was the lack of disclosure of information on the part of the Division which he has experienced in the past. Mr. Walsh requested that the pledge concerning disclosure made by Mr. Trout at the subject hearing be reaffirmed by the Commission.

Acting Chairman Roy M. Bell assured Mr. Walsh that complete disclosure of information has always been the policy of the Commission.

Mr. Walsh also complimented Mr. Trout on the excellent manner in which he conducted the above hearing.

Attachment: Exhibit "A"

EXHIBIT "A"

PRESENTATION ON BETHEL ISLAND MEETING

by

JAMES F. TROUT

As the Commission is aware, title investigation and leasing activity on state-owned land is part of a statewide program being conducted by the Division. The program is being continued at various places in the State, including Bethel Island, Donner Lake, the Colorado River, and lagoons and estuaries in Southern California.

At the December 1, 1975, Commission meeting Senator Nejedly asked that representatives of the Division of State Lands meet with Bethel Island property owners. The Senator specifically asked for presentation of State intentions with regard to the Commission's leasing program and its ownership claims. The meeting was held the evening of January 19, 1976, at Bethel Island and was attended by about 300 persons.

Property owners at Bethel Island disputed the factual basis for the State's contention concerning the location of boundaries. Consideration is being given to the additional information presented in the comments of the people at Bethel Island. The property owners objected to the State's leasing policy under which processing fees and rents would be charged for various types of facilities constructed in the waterways. Staff is evaluating all of the data and information covering matters raised at the meeting. Ways are being sought to resolve the dispute. The Office of the Attorney General has been involved to assist in evaluating various alternatives which might be available.

The staff will keep the Commission apprised of progress on the evaluation of both the information and the alternatives. It is expected that a recommendation can be presented to the Commission for public comment within 3-4 months.

Staff has agreed not to press for further lease applications until the overview is concluded. Without objection from the Commission, we would continue to advise Bethel Island property owners of the extent of the State's claims, but not to require lease applications for structures within state-claimed lands until the information discussed above has been presented to the Commission. In the meantime, the Division will continue to issue leases to those parties willing to make such agreements with the State.

RECORD OF ACTIONS TAKEN AT MARCH 25, 1976

STATE LANDS COMMISSION MEETING

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C11, C12, C13, C14, C15, C16, C17, 21, 22, 24, 28, 30, 31, 32, 34, 35, 36, 39, 40, 42, 44, 45, 46, 47, and 50 were adopted as the resolutions of the Commission by unanimous vote.

With regard to Calendar Items C10, 18, 19, 20, 23, 25, 26, 27, 29, 33, 37, 38, 41, and 43, the resolutions of the Commission are as set forth on pages 329-332; 354-365; 366-373; 374-380; 387-389; 404-411; 412-416; 417-422; 427-429; 433-435; 443-447; 448-451; 455-458; 461-462.

Calendar Items 48 and 49 were informative only with no Commission action being necessary.