TRANSCRIPT OF
MEETING
OF
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA
MAY 28, 1959 - 9:00 A.M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Bert W. Levit, Director of Finance, Chairman
Glenn M. Anderson, Lieutenant Governor
Alan Cranston, Controller

F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL

Leonard M. Friedman, Deputy Attorney General

and

in the order of their appearance:

RE: SPECIAL ORDER OF BUSINESS
Long Beach tide and submerged lands boundary
determination:

Senator Richard Richards
Assemblyman Bruce F. Allen
Mayor Raymond C. Kealer, City of Long Beach
Mr. H. A. Hansen

Reporter: Louise H. Lillico
Division of Administrative Procedure
# INDEX
(In accordance with Calendar Summary)

<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Confirmation of minutes of last meeting</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2 Special Order of Business: Long Beach tide and submerged lands boundary determination</td>
<td>34</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>MOTION</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>3 Permits, easements, rights-of-way - no fee</td>
<td></td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>(a) Sacramento County</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>(b) City of Imperial Beach</td>
<td>9</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>(c) Freedom County Sanit. Distr.</td>
<td>12</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>(d) U. S. Geological Survey</td>
<td>24</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MOTION</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>4 Permits, easements, leases, rights-of-way - fee</td>
<td></td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>(a) Chandler W. Lloyd, Trustee</td>
<td>11</td>
<td>6-7</td>
<td>23</td>
</tr>
<tr>
<td>(b) Earl &amp; Don Peterson</td>
<td>23</td>
<td>8</td>
<td>23</td>
</tr>
<tr>
<td>(c) William Belluomini</td>
<td>13</td>
<td>9-10</td>
<td>24</td>
</tr>
<tr>
<td>(d) Jens Solem (Scout Troup 402)</td>
<td>2</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>(e) Dr. James Montague</td>
<td>3</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>(f) Lowell N. Tharp</td>
<td>22</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>(g) Signal Oil &amp; Gas Company</td>
<td>8</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>(h) Monterey Oil Company</td>
<td>31</td>
<td>15</td>
<td>26</td>
</tr>
<tr>
<td>(i) Standard Oil Co. of Calif.</td>
<td>27</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>(j) Signal Oil &amp; Gas Company</td>
<td>30</td>
<td>17</td>
<td>29</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Permits, easements, leases, rights-of-way -- fee (cont'd)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(k) Sunray Mid-Continent</td>
<td>26</td>
<td>18</td>
<td>29</td>
</tr>
<tr>
<td>(l) Hanley Lumber Company</td>
<td>29</td>
<td>19</td>
<td>29</td>
</tr>
<tr>
<td>(m) Ray Sprague, et al and 17 other lessees</td>
<td>28</td>
<td>20-22</td>
<td>30</td>
</tr>
<tr>
<td>MOTION ---------------</td>
<td></td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>City of Long Beach Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Roads and Streets</td>
<td></td>
<td>10</td>
<td>23</td>
</tr>
<tr>
<td>(b) Subsidence Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Sales of Vacant State School Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) William &amp; Louise Booth</td>
<td>4</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>(b) Oscar Rudnick Trust</td>
<td>5</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>(c) George C. Fanschild</td>
<td>6</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>(d) John D. Wilson</td>
<td>7</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>(e) A &amp; K Holding Co.</td>
<td>15</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>(f) Arch Hosterman</td>
<td>16</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>(g) Richard &amp; Ben Mednick</td>
<td>17</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>(h) Bernie W. Halverson</td>
<td>18</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>(i) English &amp; Douglas</td>
<td>20</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>MOTION ---------------</td>
<td></td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>7. Approval of selection vacant Federal land</td>
<td></td>
<td>14</td>
<td>36</td>
</tr>
<tr>
<td>(continued)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITEM CLASSIFICATION</td>
<td>ITEM ON PAGE OF</td>
<td>PAGE OF</td>
<td>PAGE OF</td>
</tr>
<tr>
<td>---------------------</td>
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<td>---------</td>
</tr>
<tr>
<td>8. Approval of Maps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Grant to City of Sausalito</td>
<td>19</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>(b) Survey of Ordinary High Water Mark and Mean High Tide Line, Shore Pacific Ocean, (Laguna Point)</td>
<td>21</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td>(c) Grant to Bolina Harbor District</td>
<td>25</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>34</td>
</tr>
</tbody>
</table>

9. Report on Status of Major Litigation | 32 | 40 | 34 |

10. Summary of Legislation | 33 | 41 | 35 |

11. Next Meeting Date | | | 35 |
<table>
<thead>
<tr>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>22</td>
<td>18</td>
<td>34</td>
<td>31</td>
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<td>21</td>
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<td>29</td>
<td>31</td>
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<td>22</td>
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<td>29</td>
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<td>31</td>
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<td>41</td>
<td>35</td>
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<td>33</td>
<td>31</td>
<td>34</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
MR. LEVIT: The meeting will please come to order. This is a regularly called meeting of the Lands Commission. The first item of business is confirmation of the minutes of the meeting of April 30th. If there are no corrections or additions the minutes will be approved as submitted.

The next item is the special order of business relating to the boundary determination in the case of the Long Beach tide and submerged lands, pursuant to Chapter 2000 of the Statutes of 1957. Is there anything that you have to present in summary, Mr. Hortig?

MR. HORTIG: Not from the staff, Mr. Chairman. As reflected on page 1 of the calendar, this has been calendared as a special order of business pursuant to the directive of the Commission at the last meeting, for further consideration at this time.

MR. LEVIT: All right. I think I might point out, as you are all aware, that at the last meeting the Commission received and filed a communication from the Attorney General dated April the 24th, 1959, advising that legally the boundary studies had been conducted in connection with this boundary determination matter by the Attorney General and through private counsel as well; and he concludes that letter by saying:

"Upon careful examination of the results of these studies, we have concluded that the State has
"litigable rights against the City of Long Beach and in the event you so direct us we are ready to commence proceedings for the purpose of attempting to establish these rights. We have concluded also that no actions relating to this question should be commenced against any other persons at this time."

Now, about the same time or shortly after that, we received another letter from the Attorney General in which he discusses the question of the extent of discretion available to the Lands Commission in connection with this matter. He quotes Chapter 2000 of the Statutes of 1957 in point of that, which states that the State Lands Commission shall determine the boundary of the tide and submerged lands conveyed in trust, and so forth; and it says the Commission may bring any actions necessary to determine such boundaries and for that purpose may employ special counsel. He expresses the opinion in this letter that the Commission is required to bring any actions it deems to be necessary to determine these boundaries; and he then says that an action is necessary, as he deems it, for this purpose where there exists the possibility that such action would successfully establish that lands presently claimed to be uplands are in fact tide and submerged lands subject to the trust.

He states that the effect of the statute is to make mandatory the determination by the Commission of the
boundaries of the Long Beach tidelands and where proceedings are deemed necessary he says the statute does not appear to vest any discretion in the Commission as to whether or not proceedings should be brought. However, the Commission must exercise its discretion in deciding whether or not proceedings are necessary for this purpose; that while the Commission does not have any mandate to bring an action which has no reasonable prospect of success, that does not apply in the case where the Commission is advised or makes a finding that there is a reasonable prospect of success.

Of course he then concludes by saying that where the Commission finds proceedings to be necessary, the statute does not take away from the Commission and the Attorney General the normal discretion to follow legal tactics that would be most likely to preserve, or serve, the best interests of the State; so that, of course, it is up to the Commission to determine when the action should be filed and to determine and consider related matters with respect to the desirability of filing litigation at a particular time.

Now, I think that summarizes the situation as it has been presented to the Commission up to this point. I might repeat what I said at the last meeting -- and which you, of course, know also -- that the Commission has received from the Attorney General and from private counsel detailed briefs and analyses of the boundaries problem -- which we were advised and which I personally as a lawyer feel very strongly --
are documents that should not be made public so long as litigation is a likelihood; and therefore these documents, on the suggestion of the Attorney General and by action of the Commission, have been placed in a secret file of the Commission pending conclusion of whatever litigation might ensue, if any does ensue; and we have also met on, I think, two or possibly three occasions in all with the Attorney General and his staff -- not in a formal meeting of the Commission in any way, but merely to discuss the various legal problems involved in an attorney-client relationship.

Now, I think that focuses the problems that are facing us today and unless some member of the Commission wishes to speak at this particular moment, I'll ask if anybody in the room wants to address the Commission on this subject. Senator Richards.

SENATOR RICHARDS: Mr. Chairman, members of the Commission, I am seeking the floor first before you get into the matter, if you do, of additional technical information -- which is in more capable hands than my own and there are those here who know this picture, as I believe does the Commission, more thoroughly than do I; but I wanted to add what little weight I could to the consideration of the matter the Commission now has before it in regard to the Long Beach picture.

As you know, I am the senator from Los Angeles County and Long Beach is an important portion of the constituency
I represent and also an important portion of the State, particularly as far as the tidelands are concerned, because the people of the State have a stake in these tidelands of their own, as does the State of California; and it is compounded by public drilling, private drilling, repressurization, and all the problems which surround these, in which the public has an interest and the private persons have an interest, and it is important that these interests be pursued from an economic point of view in an expeditious manner.

It seems to me litigation should be and ought to be avoided if it can be -- which I think it can be. The burden of my presentation is merely this -- having worked for some five years here, in which not a single month of that five years has been without some problem of Long Beach and the tidelands and the drilling situation there, -- I know what difficulty we have gone through as each problem has almost inevitably arisen. This is one more of those problems.

If I understand the Attorney General's opinion just commented upon by the Chairman, we have a question of boundary determination. Certainly it must be settled. He has pointed out the Commission must bring any necessary action to establish boundaries. However, item one, the issue of time is not settled entirely as to when the Commission has to do so and I think the word "necessary" is awfully important. If litigation is not necessary, the Commission would not go into litigation nor do I think the Attorney General
would advise they should. I believe the best way to settle litigation is by negotiation between the parties. I think, certainly, we cannot overlook the necessity for prior negotiation, especially if we contemplate unitization, the avoidance of further subsidence, the difficulties which would inevitably result from the governmental entities and the local entities and the private entities involved in these operations.

I would suggest respectfully if the matter can be delayed in regard to litigation, even if litigation seems necessary at this point, that delay should be achieved— that delay should be taken advantage of by the State and all parties involved through negotiations concentrated if need be in an effort to reach a negotiated settlement of the boundary dispute; and then to pack that settlement in ice in any way short of litigation. Once that be done, even if a court then be required to confirm the result of such a negotiated settlement, I believe such a result could be reached without a threat of the discontinuance of the State's advantages through the tidelands and the private ones—and without danger of the private companies holding back, as some of them would feel they must, in the cooperation they have heretofore given and have given for some time and are continuing to do as a result of legislation a couple years ago leading to a successful effort so far to slow down and prevent further loss of public and private property resulting from subsidence.
Each of these factors lead to the emphasis being placed upon the favorable potential that can be gained through negotiations now, rather than litigation now; and I would hope the Commission would give every consideration to the suggestion.

MR. LEVIT: Thank you very much.

ASSEMBLYMAN ALLEN: Gentlemen, Assemblyman Allen.

On this boundary question I'd like to have about two minutes...

MR. LEVIT: Certainly. Take all the time you wish.

ASSEMBLYMAN ALLEN: ... to make a statement. As I understand the boundary question in the Wilmington Oil Field area, there are lands in the areas of Long Beach inner harbor which are presently occupied by the City of Long Beach and by various private owners, including the Union Pacific Railroad, California Edison, and Ford Motor, which in their natural state of tidelands were not included in the original grant and which have never been granted into private ownership, although they have been occupied for many years by these parties, including the City, under a claim of right.

As I understand the Supreme Court decisions of this State, the State of California cannot lose title to tidelands by adverse possession in the lapse of time and I would request that the Lands Commission assert whatever title the State has to tidelands, which in their natural state were tidelands and have never been included in these grants; and any question of technical defenses to these cases on these...
tidelands be left up to the courts to determine and not be a reason for the Lands Commission to refrain from asserting its title, which apparently the State has to this property. It is extremely valuable property. It is right on top of the richest oil field in the State, and I feel that the Lands Commission is the watchdog over this type of property and has a duty to assert the State's title.

If the court rules against the Lands Commission, that's no fault of the Commission; but I would like to see the State's interests protected as far as the law permits the State's interests to be protected.

Now, certainly I do not oppose any negotiation over this question or any other question; but I think unless there is a determination on the part of the Commission to assert the State's interest and protect it, either by negotiating now or filing suit now, unless there is this insistence on the part of the Commission to protect the State's interests, we are in a pretty weak position in negotiating with somebody if they think we are not going ahead.

There certainly is a subsidence problem in the Long Beach area. I actually have not heard of any of these private owners trying to blackjack, you might say, the Lands Commission into refraining from taking action by non-participation in subsidence problems. It seems to me by cooperation we could enter into subsidence problems in any determination adverse to their title.
That's the recommendation I'd like to submit to the Commission for consideration.

MR. LEVIT: Thank you, Mr. Allen. Anyone else wish to address the Commission on this subject?

MAYOR KEALER: My name is Raymond C. Kealer, Mayor of the City of Long Beach.

From the comments I just heard from Senator Richards and the Assemblyman from San Jose, Mr. Allen, we all realize that the City of Long Beach is confronted with a very grave problem and that is this problem of subsidence. I am informed more concretely this morning than heretofore that you have a legislative mandate to go through to the settlement of the tidelands boundary, and the Attorney General would be the one to handle that affair.

Well, the action that will be taken by this body will have a direct effect on the City of Long Beach because it has a problem that must be solved in order to survive, as I say, and that is the problem of subsidence which you have just heard. It is widespread throughout the City of Long Beach -- bowl-shaped, centered in the harbor area, with a maximum concentration of twenty-six feet, to a lesser degree in the downtown commercial area. We will lose our huge Naval shipyard if we do not stop this subsidence. They can stand to four more feet of sinking and continue to operate; and in that respect time is of the essence that we do this. We are told that subsidence will take place if we do nothing
to remedy the matter. We also have been told by our experts that we can stop this by repressuring the field. That repressuring is accomplished by flooding the oil zones. In fact, we have actually stopped sinkage under Pier A, which is in the southeast portion of the developed tidelands area, by this repressuring process. Unfortunately, the completion of it -- that area of it, we could flood because it was under the control of the City -- however the greater portion of the oil field is under private ownership. It is in the uplands under private ownership, with some twenty or thirty producers operating the area.

The one way to combat this subsidence is to get into all the zones and that can be done by getting into all the areas and cooperating of the units. This can be had by cooperation of the private producers.

By motion of the City Council, I have been directed to come to you and ask your honorable body if you will direct your legal counsel and your administrative staff to sit down with like officials of the City of Long Beach, with a view to solving the problem of our tidelands boundary, of the City's tidelands boundary between the tidelands and the uplands. We are prepared to do everything in our power to find areas of mutual agreement so that that can be handled and report back to your body by the time of your next meeting in June.

If we are given this thirty-day respite, I think we
can come up with a solution to it that will be agreeable to all concerned, and that is why I am here, gentlemen, to ask for that thirty-day respite. Thank you for your courtesy.

MR. LEVIT: Thank you, Mayor Kealer. Does anybody else wish to address the Commission on this? (No response) What is the pleasure of the Commission?

GOV. ANDERSON: I'd like to find out -- now, we have heard from the City of Long Beach official, is there anyone here representing the private landowners in the area, the Southern Pacific, the Union Pacific, Ford? Any of the other private groups down there? (No response) Apparently not.

MR. LEVIT: I don't think so.

MR. CRANSTON: I'd like to inquire from the representative of the Attorney General as to the statute of limitations and its effect on moving forward with us on the date if we put off any action -- if we do.

MR. FRIEDMAN: Yes. So far as the State itself is concerned, the problem is one of lands which may or may not be a part of the tidelands trust held by the City of Long Beach. The State's entitlement is to a share of the oil revenues if any of these properties are tideland trust properties, which means that the State's interest is a money interest -- it's direct interest -- and to the extent that the State has money claims, I think as time moves along oil revenues drop behind the statute of limitations, assuming it...
is a four-year period.

MR. CRANSTON: Is it a four-year period?

MR. FRIEDMAN: That is the most likely period.

MR. CRANSTON: What is the determining date?

MR. FRIEDMAN: The determining date would be the filing of any lawsuit, so that a lawsuit today would include revenues within the four years preceding today; the lawsuit tomorrow would lose the revenues of four years ago today.

MR. CRANSTON: I would like to express the view that if we enter into a period of negotiation and if it is the feeling of the Commission that we should therefore not file suit at this particular time pending negotiated efforts that the moneys lost by postponing of the filing date should be taken into consideration in those negotiations. I would also ....

MR. LEVIT: May I ask a question there? We have only been asked for a thirty-day extension and it would seem to me that in view of the time element that has already gone by, that that need not necessarily be taken into consideration on a thirty-day extension if that were the determination of the Commission. In other words, I would think that for such a short period we wouldn't want to throw that in to further complicate the really basic matters that would be involved.

MR. CRANSTON: It is my feeling it is a factor -- certainly not a major factor -- and should not be discounted.
and the fact we are under that statute of limitations should be taken into consideration.

MR. LEVIT: I don't disagree with you. The only thought I had -- I want to be realistic about this. They have asked for a thirty-day extension and I assume that the request for a thirty-day extension is made in good faith and not merely as the first insertion of a series of extensions, and that the thought is that in that thirty days either a settlement can be reached or so much progress can be made that we can see a reasonable prospect of a very early settlement; and I wouldn't want to complicate it by adding this other factor if that is true.

MR. CRANSTON: No, I certainly don't want to complicate it, either. I think to be realistic we must realize if we extend the time thirty days we will not be quite in agreement and in a further extension we will be in agreement, and it is certainly not my feeling that we should be in any extended period of negotiation. These are all factors we should take into consideration today.

GOV. ANDERSON: Do you want to hear from the Mayor here?

MAYOR KEALER: Governor, I think this request is made in absolute good faith and if your legal talent are directed to confer with our officials, they will sit down and work diligently to that end; and at the time of the next meeting we will come up with something that you can act on.
MR. CRANSTON: I'd like to express this thought --
that if by one means or another it is determined the title
to certain land belongs to the State where others feel they
hold a title at this time, and if in consequence of that
feeling they spend money for anti-subsidence purposes, it is
my feeling the State should take that into account -- and I
suppose this would take legislative action. It would be our
purpose to see that they are reimbursed for what they ex-
pended in the belief, though they may not own this land,
that they thought they did own the land.

I am prepared to go for the thirty-day extension if
the other members are.

MR. HANSEN: Mr. Chairman and gentlemen of the
Commission ....

Mr. LEVIT: Your name escapes me.

MR. HANSEN: Hansen.

MR. LEVIT: That's right. You have addressed the
Commission before.

MR. HANSEN: As you gentlemen here -- may I sit
down?

MR. LEVIT: Certainly.

MR. HANSEN: As the Commission knows, I have made
what I believe to be a considerable study of the problems
involved in the determination of the tideland boundary and
the very question which is before the Commission at the
present time, and I will agree with Senator Richards that
the problems involved in the tidelands are even more than
twice compounded, in that heretofore the concepts of tide-
lands and the concepts of private titles has never been
resolved, in that they misstate as to the identity of the
tidelands. Subsequent to the development of the harbors,
that is the approach out of the turning (?) basins and the
channels and the various dock bases dredged out of the tide-
lands, and the material dredged out of the bases and the
Cerritos Channel; once that material was placed upon the
land that was otherwise overflowed, it became what appeared
to be on the surface upland or dry land and while the con-
fusion apparently held sway certain of the parties that con-
tend for the title at the present time moved in upon the
ground without any apparent opposition from those that actu-
ally had the title in the first place by reason of the grant
of the tidelands, that is, the trusteeship was granted by
grant extension.

Now, all of that has been confused and many of the
cases which were cited by the Attorney General in the demand
upon the City attempted in December, a series or a list of
those cases which were litigated, apparently litigated,
almost inevitably reached certain conclusions that the title
was indistinguishable or indeterminate; or, in any event,
the court was not properly advised, and as a result almost
invariably the action, the resulting victory or judgment,
always ran against the trustee.
Now, it is a well settled principle in California that even though tidelands may have been filled by reason of the operation of such work, certainly it does not change the character of the title to the land; and since the State, of course, holds title to tidelands in this particular area and the City of Long Beach and the City of Los Angeles succeeded to the title in trust, nevertheless the constitutional inhibitions are always there. There has been no amendment to the Constitution and that, of course, is controlling.

Now, as I said, I promised at the last meeting that I would tender to you gentlemen an opinion of private attorneys. This I was prepared to do but for the reason of the fact the attorney said the Commission would be advised by the Attorney General and the distinguished counsels, lawyers, in the Commission here would certainly avail themselves of the case law and the decisions that have been determined with respect to the question of title ownership and the law on questions where the State was never a party; and the factual aspect of it is that all those cases referred to in the Attorney General's demand wherein there was an attempt at distinguishing the title ownership by such of those cases -- in fact, all the cases are what learned counselors call misjoinders and the State not having been a party, since the State in its sovereign capacity would have had to give its consent or would have had to be present in...
order to be bound by those judgments. Now, it is an interesting matter and I might quote from a case which appears to be one of the leading cases in California ......

MR. LEVIT: Pardon me, Mr. Hansen. I don't want to in any way prevent you from giving any information to the Commission you wish, but I doubt very seriously whether the Commission is going to set itself up as a court of law and attempt to determine legal questions, at least at this point.

Now, we are, of course, being advised by the Attorney General with respect to the law.

MR. HANSEN: Yes.

MR. LEVIT: You told me yourself you were not a lawyer at the last meeting, therefore I would question in all sincerity your ability to advise the Commission on what the law is. That was why I asked you at the last meeting whether you had consulted attorneys and had received opinions. You advised me you had and I asked you if you would make those available to the Commission and you said you would. You haven't done so.

Now, I don't think any determination -- I doubt if the determination of a legal question is going to be attempted by the Commission today and I repeat the suggestion that we would be very happy to have for our information any such opinions -- and we are not asking you to obtain any, but you said you already had them and would make them available --
and I repeat the suggestion. We would be very glad to have them, but I think it would be a waste of the Commission's time and of your time, sir, for you to enter into any dissertation on what you believe the law to be.

MR. HANSEN: Yes, Mr. Chairman, thank you. That is so. That is entirely correct. I merely pointed out that among the cases cited in the opinions by the attorneys was this one case, which I shall be very happy to refer to in a memorandum, in which there can be an excerpt from the opinion of attorneys practicing law. Naturally, realize of course the proper request would have been a request to the attorneys. Now, if it please the Commission, I will be glad to handle the matter that way.

I want to make one more point, Mr. Chairman, and that is with respect to this question of the statute of limitations -- and it isn't necessary for me to be a lawyer. This is something I think that everybody in the State already knows.

Where the State has rights in its constitutional capacity and when the State asserts its rights and does so through its duly constituted body of administrative officers, the statute of limitations cannot operate against the State and there is nothing in this matter of the title determination of the tidelands, in the grants in Long Beach, which would call forth any situation where the rights of the State can be compromised by an imposition of any rules of the court.
whether it is by stare decisis, the statute of limitations, or the case which I mentioned involving these lands before or where it brings forth the doctrine of res judicata by prior determination. There is nothing to preclude the State from discharging its duty in constitutional capacity; and if the City of Long Beach, as has been expressed here this morning -- if by factual determination upon documents and competent documents this boundary can be determined, I am reasonably sure that once the high tide line has been duly established -- and it can only be established in accordance with the law and facts -- and when that has been done, then I dare say that the task of the Attorney General will be a simple one because where the State holds these tidelands in the constitutional capacity and where it requires that no private parties can receive a title, it will be impossible to assert rights. And this I would commend to the gentlemen who are concerned in the operating of the tidelands in the Long Beach area.

GOV. ANDERSON: I would like to make a motion ...

MR. LEVIT: Yes.

GOV. ANDERSON: ... that in accordance with the objec-
tives of Chapter 2000 and in concurrence with the remarks of our Senator and Assemblyman represented here today and the wishes of the City of Long Beach as represented by the Mayor, and in concurrence with the recommendation of our Attorney General, that we recognize the urgent necessity of
facilitating the arrest of subsidence in the Long Beach area and desire if possible to avoid litigation which might jeopardize the progress of the anti-subsidence program; that the Commission direct its staff and request the Attorney General to immediately enter into negotiation with the City of Long Beach for the purpose of arriving at a mutually determinative determination as to the status of the boundaries of these trust lands; and, secondly, to consider at its June 25th meeting the result of such negotiations.

MR. CRANSTON: Second the motion.

MR. LEVIT: You have heard the motion. Is there discussion? If not, all in favor say "Aye." (Unanimously carried) The motion is carried by unanimous consent of the Commission and we will plan to make a final disposition of this matter at the next meeting of the Commission.

MAYOR KEALER: Mr. Chairman, may I have a word? On behalf of the City of Long Beach may I express our appreciation of your consideration of our problem and your willingness to go along with us. May we be excused?

GOV. ANDERSON: I would like to make one comment on this before he leaves, so he will know why I am down there and Mr. Zweiback is down there. We are personally interested in this problem. We are interested in this imminent subsidence unless we move very fast in Long Beach, so I am going to make it a personal project myself in the next few days to be down there as much as I can, and I am asking Mr.
Zweiback to put special time down there. So when he is down there, I would like to ask you to cooperate with him as much as you can.

MAYOR KEALER: I am saying this, Governor -- we cordially invite you to come down and we will give you every facility available and will give you every cooperation we can in order to solve this problem; and my office is as close as the telephone.

MR. LEVIT: Any of you who wish to leave, may do so, certainly.

(Balance of calendar continued beginning next page)
MR. LEVIT: Item 3 on our agenda relates to the grants of permits, easements and rights-of-way without fee, pursuant to statute. There are four items in this category: one for Sacramento County, involving a life-of-structure permit for forty-nine years for a bridge right-of-way across the submerged lands of the American River in Sacramento County -- do you wish to further discuss that?

MR. HORTIG: It is a standard form of application with public jurisdiction and no fees are required under the Code, and it is recommended.

MR. LEVIT: (b) -- the City of Imperial Beach -- a forty-nine year structure permit for a rock mound groin, tide and submerged lands in the Pacific Ocean at San Diego County, and the staff recommends the granting of this?

MR. HORTIG: This easement is needed critically for protection of the waterfront at Imperial Beach.

MR. LEVIT: If there is any discussion of any of these items as we go along, speak up. Unless I hear someone make a comment or ask a question, I will assume there are none.

Item (c) -- Freedom County Sanitation District -- forty-nine year permit for sewer outfall on tide and submerged lands, Monterey Bay.

Item (d) -- United States Geological Survey -- a forty-nine year permit to install dolphins and cable in the bed of the Sacramento River upstream from the Eye Street
Bridge at Sacramento for operation of ultrasonic flow meters.

A motion to approve these four permits under Item 3 would be in order.

MR. CRANSTON: I so move.

GOV. ANDERSON: Second.

MR. LEVIT: If there is no objection that will be the order of the Commission by unanimous consent.

Item 4 relates to permits, easements, leases, and rights-of-way to be issued pursuant to statute and the established rental policies of the Commission.

The first applicant, item (a) is Chandler Lloyd, Trustee, and this involves the termination of a lease and issuance of a fifteen-year replacement lease for eight-plus acres of tide and submerged lands in Contra Costa County for a dock site, at an annual rental of $1300-odd dollars.

Second item -- all of these, of course, we will assume are the recommendation of the staff unless we hear to the contrary.

MR. HORTIG: That's correct and there are no objections thereto on behalf of the applicants.

MR. LEVIT: There have been no objections filed with the State?

MR. HORTIG: That is correct.

MR. LEVIT: Item (b) Luke and Peterson -- a five-year lease of tidelands in the San Joaquin River near Andrus Island, Sacramento County, for a boat harbor and structures
24

at an annual rental of $200.

Item (c) -- to the executor of the estate of Joseph Belluomini, issuance of new grazing lease for the unexpired term of three years and six months, to replace a prior lease in San Bernardino County, at an annual rental of $108.14.

What was the occasion of the new lease if there is no change in the term?

MR. HORTIG: Portion of the area formerly included under the lease was sold as vacant school land. Thereupon, the present lessee, under present statutes, is entitled at his option to a new lease for the remaining portion if he so desires -- and in this case he so desires.

MR. LEVIT: Item (d) -- Jens Solem, in behalf of Scout Troup 402. This is approval of previous lease by the Commission in Los Angeles County, Fish Canyon, to the Azusa Chapter Civitan International. Civitan is asking to turn it over to the Boy Scouts?

MR. HORTIG: It is to be assigned to Civitan International on application of the Boy Scouts.

MR. LEVIT: What is this for?

MR. HORTIG: Recreational lease. Fish Canyon, above Duarte, is a canyon in the Angelus National Forest, primarily occupied by recreational lease sites.

MR. LEVIT: Let the record show that Mr. Cranston left the meeting temporarily at this point.

Item (d) -- Dr. James Montague -- approval of
assignment of a lease in Fish Canyon, Los Angeles County, to Messrs. Lloyd Clingman and others.

Item (f) -- Mr. Lowell Tharp applies to assign a lease previously issued by the Commission to John Dillon and Louise Dillon. These are all in the same area?

MR. HORTIG: All recreational lease sites.

MR. LEVIT: (g) -- Signal Oil and Gas Company asking for deferment to January 1, 1960 of drilling and operating requirements on their lease in Orange County. What is the nature of that?

MR. HORTIG: The lease was issued in 1955 pursuant to competitive public bidding. It was issued to the high bidders, who still hold the lease. Adjoining lands have been disproved and, as a matter of fact, have been quitclaimed to the State. The lessee on this parcel of property has been unable to establish commercial production but still has the eternal hope that from possible further evaluation of whatever data can be come by in terms of new exploration, as well as correlation with their own drilling and recently completed (recent in terms of the last two years) seismic exploration offshore, that they may yet be able to establish production.

So, while they have been unable to comply with the terms of the lease to continue drilling one well after the other in stated periods because they haven't had any production to complete any well, they do desire to hold this lease
at least until January 1, 1960, to determine whether or not
they should go ahead or determine whether they, too, will
quitclaim like their neighbors.

MR. LEVIT: The record will show that Mr. Cranston
has returned.

Item (h) -- Monterey Oil Company lease, Seal Beach
in Orange County, and they have asked for a few months to
October 15, 1959 on drilling requirements.

MR. HORTIG: The similarity here to the previous
item is only in the fact that there is a request for defer-
ment. The grounds are distinctly different, in that
Monterey's request is in connection with an active producing
lease, which has been diligently developed; but in the course
of development, in a small area only seventy-five feet in
diameter, they find themselves in a position where produc-
tion would be enhanced by certain remedial operations, which
would be impossible during drilling operations. They can't
take care of remedial operations at the time they are oper-
ating because the equipment would be standing on top of each
other.

So they have asked for this deferment to October, so
they can go into remedial operations.

MR. LEVIT: Item (i) -- approval of modification of
the State's participating percentage under royalty agreement
for the period March 1st, 1959 to March 1st, 1960, from
5.06% to 5.02%.
MR. HORTIG: The State, through agreement issued by the Commission, participates in the production from the Kirby Hill gas field by reason of the fact that the field is interlaced by some of the navigable arms of Suisun Bay. There are no wells under the State lands. The area is narrow and torturous and wouldn't provide for a reasonable development program. However, the operators of the field have agreed to pay to the State a royalty percentage based on the proportion of State acreage to production acreage in any year, this percentage to come out of the total production of gas — some of which, when it is produced, is actually drained from State lands; and by contract it is agreed that this percentage will be determined on March first, depending on the production conditions and depending on how many productive areas there are against the amount of State lands included in the productive field.

MR. LEVIT: How many years has this been determined?

MR. HORTIG: Every year since the contract has run, sir, and I have here only the royalty data back through 1955. It has averaged about $5,000 a year to the State.

MR. LEVIT: I know, but what has happened to the percentages?

MR. HORTIG: It has fluctuated — it has gone up and gone down according to conditions.

MR. LEVIT: Can you give us any idea what it has gone up and down to?
MR. HORTIG: It has not been many points away from 5% since the inception of the contract.

MR. LEVIT: I am not clear as to what you base the specific percentages on.

MR. HORTIG: On the amount of area which has been determined as of the date of evaluation to be the total productive area of the field. Then, having determined the total productive area of the field, the State's proportion of State-owned lands within the productive limits is determined and this, in this case, is this 5.02% as of March 1, 1959.

MR. LEVIT: We are only talking -- if we are going to determine this percentage every year, we are only talking about $5,000 as 5%. Then the change you are making here is a very small amount of money indeed.

MR. HORTIG: That's correct.

GOV. ANDERSON: Why would the State's share of the land keep changing?

MR. HORTIG: Because the size of the field changes, depending on whether new wells are drilled or extended -- although in the latter part of the deal land is going off production, so the exterior limits of the field are shrinking and the total area of the field doesn't shrink uniformly as to the State lands -- which are in the center of the field.

MR. LEVIT: We are only talking about $40, is that
MR. HORTIG: That's right.

MR. LEVIT: O. K. Signal Oil and Gas Company -- approval of pilot water injection program in specified sands of the Jones Zone of the Huntington Beach tidelands oil field within the area of one of our leases in Orange County. This is at the expense of the lessee?

MR. HORTIG: This is at the expense of the lessee. It is the largest single lease that has had the largest production of any single lease for the State, and the operator feels and the staff concurs that from a production standpoint the time is here to evaluate the bases for secondary recovery projects in order to ultimately achieve the maximum production from this lease.

MR. LEVIT: Sunray Mid-Continent Oil -- acceptance of quitclaims on eight mineral prospecting permits because the minerals are not present in sufficient concentration to justify mining. That is purely formal?

MR. HORTIG: Yes,

MR. LEVIT: Hanley Lumber Company -- cancellation of a lease due to failure of the lessee to pay rental. We don't go out and collect the rental?

MR. HORTIG: Yes. In these instances we bring before the Commission, fortunately we always have situations where the first and last year's rental was paid in advance and, therefore, we are down to the last year in this particular
instance and the motion of the Commission will include the authority to apply the last year's rental which is on deposit.

MR. LEVIT: How much rental is involved here?

MR. HORTIG: $100, I believe.

MR. LEVIT: O.K. Item (m) -- approval of eighteen abandoned leases in Fish Canyon and approval of application to the Board of Control for discharge of accountability. Probably if we make that application we have a good chance of getting it through because we have a majority of the Board of Control here.

MR. HORTIG: I am glad to hear that. I have had the reverse happen -- the Lands Commission approve an item and the Board of Control turn it down.

MR. LEVIT: Of course you do sometimes get a different outlook when you put on a different hat.

MR. HORTIG: I might point out that the abandonment of these Fish Canyon leases was due to a severe forest fire, which occurred last year, which stripped the cabins and was followed by flood -- and which has rendered the sites un-useable and, of course, the lessees wish to abandon the leases; and in all equity we feel this opportunity to abandon should not be denied in view of the circumstance of the catastrophe which befell the area.

MR. LEVIT: All right -- we have for approval ....

MR. CRANSTON: I move approval.
GOV. ANDERSON: Second.

MR. LEVIT: That will be the order.

Item 5 -- City of Long Beach projects. First, (a) Roads and Streets -- approval of estimated expenditure by Long Beach Harbor Department of $22,700 for subsidence remedial work; item (b) Subsidence Maintenance -- estimated expenditure by the Harbor Department of $8,000 for the same sort of thing. Now, those are the only two items on our calendar for Long Beach?

MR. HORTIG: ... requiring Commission approval at this time.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Second.

MR. LEVIT: That will be the order of the Commission.

Item 6 -- sales of vacant State school lands. We have applications -- let's see -- about eight or nine of them:

William Clyde Booth and Louise Booth, bid of $800; (in each case the bid and the appraisal are the same figure) item (b) - The Oscar Rudnick Trust - $623; item (c) Hanschild - $1,200; item (d) Wilson - $310; item (e) the A & K Holding Co. - $23,872; item (f) Hosterman - $5900; item (g) Richard Mednick - $9600; item (h) Halverson - $1280; item (i) English and Douglas - $1200.

May I ask, Mr. Hortig, what is the status of the matter on which Senator Shaw came before us at the last
meeting, or had a representative here?

MR. HORTIG: Yes sir. In general -- I can give it to you more specifically if you desire -- but in general, Senator Shaw subsequently and within the time of the additional extension granted by the Commission deposited additional funds to meet the appraised value of the majority of the remaining parcels in the application -- for which he had originally made application -- and these have been advertised for bid and ....

MR. LEVIT: In other words ...

MR. HORTIG: ... processed in the normal procedure. The remaining ones have been cancelled in accordance with the directive of the Commission and to the satisfaction of Senator Shaw.

MR. LEVIT: All right. Motion to approve items (a) through (i) of Item 6?

MR. CRANSTON: So move.

GOV. ANDERSON: Second.

MR. LEVIT: That will be the order of the Commission.

Item 7 -- Approval of selection of vacant Federal lands and sale of these lands in accordance with rules and regulations of the Commission -- one hundred sixty acres in Humboldt County.

MR. HORTIG: In the course of processing an application on behalf of Mr. Frank B. Donahue, after the application had gone far enough that the Federal government had indicated
they would transfer the desired lands to the State, Mr. Donahue withdrew his application. The lands are of such class that the staff feels it would be desirable for the Commission to proceed with the selection, accomplish the transfer of the lands from the Federal government for the benefit of the Commission and the State; upon receipt of these lands to place them on the vacant land list to be sold pursuant to competitive public bidding, just as all other vacant State lands are.

MR. LEVIT: There is no discussion or question? Could we have a motion?

GOV. ANDERSON: Move.

MR. CRANSTON: Second.

MR. LEVIT: Moved and seconded that the item be approved.

Item 8 is for the approval of certain maps: (a) grant to the City of Sausalito; (b) survey of the ordinary high water mark and mean high tide line at Laguna Point in Ventura County; and (c) a map of a grant to Bolinas Harbor District, pursuant to Chapter 800 of the Statutes of '57.

What are these, Mr. Hortig?

MR. HORTIG: I should like to amplify for the Commission, and particularly with respect to item (a) -- as the type in specific reference, referred to by Senator Dolwig at the last Commission meeting.

This map was made pursuant to Statutes of 1957
which required that the grant be surveyed by the Commission at the cost of the grantee.

As the Commission will recall, Senator Dolwig raised questions at the last meeting as to the sufficiency of the type of operation of this character that the Commission had conducted heretofore. As a result, between Commission meetings, we took the results of the work on this particular map we are asking approval on (of the grant to the City of Sausalito) to Senator Dolwig and reviewed with him the nature, quality and quantity of this type of work; and he stated he was in complete agreement that this type of operation was accomplishing the purpose he sought at the last meeting.

Pursuant to that discussion and only yesterday in committee, Senator Dolwig amended a bill which he had in relating to surveys of tidelands grants, which would now make applicable to all tidelands grants in the future that all of them be processed exactly in the manner that the Commission has been processing them heretofore, including the same type of survey and maps you have here before you today.

MR. CRANSTON: So move.

GOV. ANDERSON: Second.

MR. LEVIT: Item will be approved. Your next item is report on the status of major litigation, and final item is report on the summary of legislation.

MR. HORTIG: That is correct. I might point out on page 40 in the case of People vs. City of Long Beach relative
to the determination of the Alamitos Bay area, with the trial date set for June 10, we received notice yesterday that there will be a deferment in that date because of illness of an opposing counsel.

On page 41, I should like to call the Commission's attention to the fact that all of the bills that were introduced pursuant to authorization by the State Lands Commission, all save one to date have either been signed by the Governor or are on the Governor's desk -- the sole one being Senate Bill 575. In view of the fact that it involved matters of financing and disposition of fees to the Lands Commission, we requested the cooperation of the Department of Finance to handle that in connection with the general fiscal program, so that bill was tied up in that series -- although it is going forward. It is not one that the staff processed directly.

MR. LEVIT: Well, it had to go to Ways and Means, didn't it?

MR. HORTIG: Yes. It is in Ways and Means today or tomorrow.

MR. LEVIT: Are there any questions? (No response)

That leaves us only the matter of fixing a date for our next meeting and the staff has suggested that the next meeting be held at nine a.m. on Thursday, June the 25th, in Los Angeles.

GOV. ANDERSON: So move.
MR. CRANSTON: Second.

MR. LEVIT: Where do you hold this meeting, Mr. Hortig?

MR. HORTIG: In the auditorium on the ground floor of the State Building.

MR. LEVIT: In the State Building. All right. The motion is to so hold the meeting and it has been seconded. There being no objection that will be the order of the Commission.

The meeting stands adjourned -- unless there is anything further to come before it. If not, the meeting is adjourned.

ADJOUNDED 10:15 a.m.

************
CERTIFICATE OF REPORTER

I, LOUISE H. LILlico, reporter for the Division of Administrative Procedure, hereby certify that the foregoing thirty-six pages contain a full, true and correct transcript of the shorthand notes taken by me at the meeting of the STATE LANDS COMMISSION held in Sacramento, California, on May 28, 1959.

DATED: Sacramento, California, June 1, 1959.

[Signature]

LOUISE H. LILlico