Before The
STATE LANDS COMMISSION
STATE OF CALIFORNIA

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Regular Meeting held in
Room 2196 Capitol Annex
Sacramento, California

---000---

Thursday, March 24, 1960
9:15 o'clock A.M.

---000---

KAEMPFER REPORTING SERVICE
CERTIFIED SHORTHAND REPORTERS
4128 BRUHN COURT, SACRAMENTO 51, CALIFORNIA
IVANHOE 9-6256
APPEARANCES

Commission Members:

Messrs. Glenn M. Anderson, Lieutenant Governor, Chairman
   Alan Cranston, Controller
   John E. Carr

Staff Members:

Messrs. F. J. Hortig, Executive Officer
   Fred W. Kreft, Assistant Executive Officer
   Kenneth C. Smith, Public Lands Officer

Others Present:

Messrs. Fred Zweiback, Executive Secretary to
   Lieutenant Governor Anderson
   Jay L. Shavelson, Deputy Attorney General,
      Office of the Attorney General
   Mrs. Julia T. Stahl, Secretary to the Commission
   Mr. Alex C. Kaempfer, Court Reporter

Speakers: (In the order of their appearance)

Messrs. Samuel M. Roberts, Administrator of Subsidence
   Control and Repressing, Long Beach Harbor Dept.
   Jay L. Shavelson, Deputy Attorney General,
      Office of the Attorney General
   Warren F. Gant, Attorney at Law representing
      J. M. Short, protestant
   J. M. Short, Turlock, in propria persona
   Francis W. Halley, Attorney at Law, representing
      Charles D. Warner & Son, Inc.
   Charles D. Warner & Leon Warner
   R. W. Cypher
   Senator John J. Hollister, Goleta
   Albert F. Knorp, representing Richard Grant
      and T. Jack Foster, General Contractors
   James J. Stark, Deputy City Attorney, City and County
      of San Francisco, representing the Public Utilities
      Commission of the City and County of San Francisco
   Julian L. Bardoff, Engineer for the City and County
      of San Francisco
   Charles A. Nichols, Registered Civil Engineer,
      representing Richard H. Grant
   Harold A. Lingle, Deputy City Attorney, City of Long
      Beach;
   Also Messrs. Hortig, Zweiback & Kreft.
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| Approval of Convention Hall in Long Beach (Brought before Comm. by Chairman Anderson and not on Calendar Summary) | 85 20 |
| Nomination by Shell for Sante Barbara tide and submerged land (Brought Before Comm. by Chairman Anderson and not on Calendar Summary) | 93 23 |

**ITEM CLASSIFICATION:**

| Confirmation of date of next Commission meeting Thursday, April 28, 1960 | 98 11 |

| Motion on Item 13 | 98 18 |
THURSDAY, MARCH 24, 1960
9:15 O'CLOCK A.M.
---000---

CHAIRMAN ANDERSON: All right, the regular meeting of
the State Lands Commission will come to order.
The first item will be the confirmation of the minutes
of the meeting of January 21 and of February 18, 1960.

MR. CARR: Mr. Chairman, I move they be confirmed and
dispensed with without further reading.

MR. CRANSTON: Second the motion.

CHAIRMAN ANDERSON: Moved they be confirmed and
dispensed with without further reading. If no objection, it
will be so ordered.

Item 2 will be the special order of business, Long
Beach tide and submerged lands boundary determination, pursuant
to Chapter 2000, Statutes of '57. Mr. Hortig, do you want to
lead off on that?

MR. HORTIG: Mr. Chairman, as you and Commissioner
Cranston will recall on February 25 the Commission continued
consideration of the disposition of the Long Beach tide and
submerged lands boundary determination problem to its next
scheduled meeting which is this meeting today. It is again
proposed that a status report will be given first by the members
of the Attorney General's office and any supplemental information
desired by the Commission staff.

However, as has also become almost standard practice,
Representatives from the City of Long Beach have been invited again to comment on the prospects of a negotiated settlement of this matter, and it is suggested that the Chairman may wish to call upon representatives of Long Beach who are present in the audience this morning.

CHAIRMAN ANDERSON: Who is representing the City of Long Beach this morning that would like to speak on this subject?

MR. ROBERTS: First, I'd like to say --

CHAIRMAN ANDERSON: State your name for the record.

MR. ROBERTS: Samuel M. Roberts, Administrator of Subsidence Control and Repressuring, Long Beach Harbor Department.

I want to say that we appreciate very much the way the Lands Commission has worked with us and your great patience on this particular matter that we are talking about.

There has been a lot of conscientious work on the part of the City people and the State people to try to arrive at some type of a settlement of this particular problem. We are not very encouraged at the prospects. I think we should be very frank about that. It would appear that this thing probably cannot be settled without litigation although there is hope that it could be done.

It would appear in some respects that maybe we have dragged our feet on this matter. We don't believe that that's the case if you examine the problem we have on this and many
other legal problems with respect to our whole subsidence program.

We would like to request that action not be taken on this suit for at least 3 to 4 months because we are very much afraid that it could have adverse effects to the other parts of our program. I think you realize that we are about to engage in litigation to determine the ability of the City to join these units that have been created.

We have some very difficult negotiations that we have underway concerning our upland leases. We still have problems with respect to our relationships with the Navy and Federal Government over our shipyard and we do feel that particularly in view of the fact that we've entered into this stipulation with the State which in effect waives the statute of limitations, the State is in no way adversely affected if the suit is delayed.

I'd also like to point out that we do have our council elections and so forth coming up this spring. It's very difficult for the council to work effectively on negotiating a settlement just prior to an election. And I do have hope that at a later date maybe we can get together although I don't think the prospects are very encouraging, and it may be the best answer for both the City and the State ultimately to settle this in court.

CHAIRMAN ANDERSON: In other words, you think that litigation at this time would hurt your negotiations for
unitization?

MR. ROBERTS: We believe that it would.

CHAIRMAN ANDERSON: Isn't this something that will continue on, though, that once it is cleared out of the way, something else will be in front? Aren't we facing some continual problem like this?

MR. ROBERTS: Well, we have many problems and we doubtless will have many problems 3 months from now. However, we are at a very critical point right now?

CHAIRMAN ANDERSON: On which one?

MR. ROBERTS: Well, for example, we are trying to complete our negotiations with Long Beach Oil Development with our gas contractors, the amendments we need for the City to join the unit. Then we have to immediately commence some type of litigation to determine our ability to go into these, our legal ability to go into the units which have been formed.

CHAIRMAN ANDERSON: This is fault block IV?

MR. ROBERTS: No, this is II and III. Then with reference to fault block IV, we have commenced our negotiations again which we have suspended for 2 months while we were cleaning up our agreements for II and III. So we're on that.

We have been negotiating for a year and a half on our upland leases which need to be amended for unitization. Now that we expect to move very rapidly and we sort of have to, you might say, give priority to first things first, and we believe it's of extreme importance that we concentrate our
efforts on this block IV unitization and on the related problems and on the matter of litigation to determine whether we can bring the tidelands into units II and III.

CHAIRMAN ANDERSON: What is there remaining in fault blocks II and III that a suit would jeopardize?

MR. ROBERTS: Well, I would say specifically that for one thing we have a limited amount of legal staff. We've had, I'd say, generally speaking, at least four attorneys working on nothing but related problems to this; if we have that and our special counsel go to work on this particular litigation while we're trying to bring litigation to the Supreme Court on the unit proposition, the joining of the units, it's difficult.

We will probably have at least one or two attorneys fully occupied in the next 3 months on these upland lease negotiations alone. We have an attorney working continually with us on our unitization for fault block IV and, frankly, there are negotiations in just unlimited number. We have so many things in short that we are working on that we think should have top priority, both for the interests of the City and the State. We can't slow up on this. We add just one more thing to our problem.

CHAIRMAN ANDERSON: With the problems confronting Long Beach, is there any time you can see in the conceivable future that your legal staff isn't going to be tied up in some way?

MR. ROBERTS: I would say this, for instance, that the
unitization of IV, the upland lease problem, the matter of the litigation to determine our ability to join these unit agreements, that the situation should be much clearer, say, 3 months from now than it is today. In fact, we would hope that we would have concluded many of these things within that period of time. I think on our upland lease problem that we certainly will be pretty well set within the next 3 to 4 months on it. And again I think we should point out that with the stipulations that we've entered into with the State that there's no financial loss to the State assuming, let's say, that they were successful in their contentions in court, there would be no financial loss to the State.

MR. CARR: Mr. Chairman.

CHAIRMAN ANDERSON: Mr. Carr.

MR. CARR: You mentioned fault block IV. There's no oil production in fault block IV that affects the State, is there?

MR. ROBERTS: Fault block IV is probably the most important area of the field from the standpoint of revenue to the State and to the City. The tidelands are about 40 percent of the production of IV. Is that what you were referring to?

MR. CARR: You were accenting II and III. Where does the State come in as far as fault block IV is concerned? What is the production of fault block IV and what is the problem of unitizing fault block IV?

MR. ROBERTS: Fault block IV has more producers in it,
for example, than II and III. Part of the area, by taking in to where we can run, say, about 90 percent of the repressuring operation, requires some 14 percent as well as the City. The negotiation has been underway for about a year and a half. We have memorandums of intention to unitize from 95 percent of the production. This fault block joins the Navy shipyard area. We believe it's essential to the program of maintaining the stability of land in the shipyard for example that we get the adjacent fault block IV area under pressure as soon as possible.

MR. CARR: Is there any water going under fault block IV now?

MR. ROBERTS: Quite a substantial amount on the south flank, that is, on the City administered tidelands. We have had, however, to cut those injections rates down in the last month and a half because we're beginning to move our response and we, of course, can't take the danger of moving oil off the property and it's very important that we close up that unitization. If we don't, why, we've got to keep our rates of injections down at a lower level than we want to keep them.

MR. CARR: When you get through asking a question of Mr. Roberts, why, I'd like to ask one of the Attorney General's office.

MR. CRANSTON: Mr. Chairman.

CHAIRMAN ANDERSON: Mr. Cranston.

MR. CRANSTON: I have one question to ask. Do you have
Do you have the statement Mr. Carsten Shepard made the other day? I don't have the statement with me. Could you give us the general tenor of it?

MR. ROBERTS: Well, generally speaking, it's this. The House Appropriations Committee is now concerned in the matter of the shipyard. We've had the decision from the Secretary of Navy that the area is stabilized as they asked for and we now have to prove that to the House Appropriations Committee so they will appropriate the money for remedial work and for continuing the operation of the yard, and the Committee is working on it now.

MR. CRANSTON: When is that Committee coming to Long Beach?

MR. ROBERTS: We are not absolutely sure. We know that representatives of the Committee are coming there very shortly, probably during this coming week we are expecting, and when the Committee will act on it, I can't tell you. It should be within a relatively few weeks.

MR. CRANSTON: I have no further questions.

CHAIRMAN ANDERSON: Anything further, Mr. Carr?

MR. CARR: Not of Mr. Roberts, no --

CHAIRMAN ANDERSON: Thank you.

MR. CARR: -- unless you'd like to sit there.

MR. HORTIG: Just in case.

CHAIRMAN ANDERSON: I think we'd like to have Mr. Shavelson from the Attorney General's office make a statement,
Mr. Carr.

MR. SHAVELSON: As far as the report called for in
the calendar item, we have nothing to report on this as far
as negotiations are concerned. We haven't heard from the City
in many, many months now, so far as any counterproposal, and
as the negotiations ended they were at a point where an
approach would have to be made by the City to the State if any
progress was made, but we can't report any progress as to those
negotiations.

CHAIRMAN ANDERSON: Would you sort of go along with the
sentiment that I received there from Mr. Roberts when he said
that this probably could not be settled without litigation,
although there were hopes that it actually boils down now to
a situation where we either sue or delay our suit depending
on what it does to Long Beach and in their other negotiations
and not upon any hope on our part that we might negotiate a
settlement between the two of us?

MR. SHAVELSON: I wouldn't like to recommend a delay
on that basis. I think that we ought to, if we do this, it
should be in the hopes of getting a negotiated settlement
especially in light of the terms of our stipulation which do
contemplate hopes of a settlement, and we have some problem if
we're just putting the delay strictly on the ground of the
effects upon other problems in this area, so I would rather
have it on the grounds of some hope for settlement.

MR. CARR: We had a price tag on a lawsuit one time,
didn't we? Wasn't it the feeling that if we could negotiate a settlement that we would save considerable amount of money and time and work, wasn't that it?

CHAIRMAN ANDERSON: I think with one of them, yes.

MR. CARR: Well, what does the State have to lose? Do we prejudice our position at all, the State's position, by granting a further delay or agreeing to a further delay?

MR. SHAVELSON: In a legal sense, in light of the waiver of the statute of limitations, I don't think that the delay will prejudice the interests of the State. In a practical sense, from the standpoint of collection, we should keep in mind that only a very small portion of the lands that we claim to be tidelands, that the revenues are subject to impoundment, and that the remainder of those revenues are being spent by the City. But I do believe that the amount of money involved is such that the City would be able to pay it out of its own resources.

So, in short, the answer is, I don't think there would be any prejudice to the State from further delay. And I further want to reiterate the thing that we've stated a number of times, which is that this boundary problem is of relatively small importance in comparison with the overall problem. I'm sure we all recognize that. And if the Commission believes there will be a severe prejudice upon the overall hopes for repressurization, we certainly wouldn't urge that, the immediate commencement of litigation.
CHAIRMAN ANDERSON: Mr. Cranston says he's ready to make a motion. Mr. Cranston.

MR. CRANSTON: Well, in view of the information and views expressed to us by both representatives of Long Beach and of the Attorney General's office, I move that we put the matter over to the next meeting.

CHAIRMAN ANDERSON: In other words, just till the next meeting?

MR. CRANSTON: I think we should review this before the next meeting.

CHAIRMAN ANDERSON: You've heard the motion that we postpone action until our next meeting.

MR. CARR: I'll second it.

CHAIRMAN ANDERSON: Moved and seconded. No further objection? So ordered.
CHAIRMAN ANDERSON: Item 3, permits, easements, and
rights-of-way to be granted to public and other agencies at
no fee, pursuant to statute, and the first is Applicant (a),
Department of Fish and Game; next one is item (b), the Division
of Highways -- I'll go through these, unless there's any question
on them -- item (c), the City of Martinez. And I just want to
ask a question on this. I noticed in the wording of it it says,
(reading:) "No fees are to be charged" -- this is for the
permit and fees -- "as long as the facility is controlled and
operated by the City."

MR. HORTIG: That is correct.

CHAIRMAN ANDERSON: What happens if they transfer
ownership or control?

MR. HORTIG: If the City should desire to transfer
ownership to some private entity, then the State Lands Commission
would entertain application for the normal type of commercial
lease to the private entity.

CHAIRMAN ANDERSON: In other words, the minute that they
want to transfer control or ownership of this, it comes before
us again?

MR. HORTIG: That is correct.

CHAIRMAN ANDERSON: That's all I wanted to know.

Item (d), Pacific Telephone and Telegraph Company.

And that's all those under Item 4. Do I have a motion?

MR. HORTIG: Mr. Chairman, I'm sorry, under Item 3; I
believe you said 4.
MR. CRANSTON: I move approval of the items under Item 3.

MR. CARR: Second the motion.

CHAIRMAN ANDERSON: It has been moved and seconded.

No objection? So ordered.

Item Classification No. 4. Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission. And the first one is Applicant (a), California and Hawaiian Sugar Refining Corporation, Limited. Do you want to comment briefly on that, Mr. Hortig?

MR. HORTIG: Yes, Mr. Chairman, if you desire amplification of the calendar item.

As all of you gentlemen know from the physical facts, California and Hawaiian Sugar Refining Corporation's principal plant immediately upstream from the Carquinez Bridge is located on tide and submerged lands of the State of California, which tide and submerged lands are leased to that corporation, and pursuant to that major lease a portion of the leased area downstream from the Carquinez Bridge has heretofore been subleased to one Antone Dowrelio for a small boat harbor -- incidentally, one of the earliest of the small boat harbor type activities that we had in California -- and it's been a very effective one.

Mr. Dowrelio and California and Hawaiian desire to expand the facilities and the operations under that sublease
wherefore it has been requested that a new lease be issued
for a 15-year -- excuse me -- for a 25-year term beginning
August 20, 1960 and ending August 19, 1985, which additional
lease period will give Mr. Dowrello the necessary period in
which to amortize his investment and to insure being able to
get financing for the operation of the magnitude which he
contemplates.

It is recommended that the lease be issued at the
established rates as established by the Lands Commission
which in turn result in rental computations based on the current
appraised value of the lands with increments, additional
increments of appraised value being added for future increases
in value of those lands so being leased.

The issuance of the lease is recommended.

CHAIRMAN ANDERSON: Applicant (b), the Calitex Land &
Development Company.

Applicant (c) is also the Calitex Land & Development
Company.

I'll just go through these, unless there's some question
or objection.

Item (d), Charles D. Warner & Son, Inc.

MR. HORTIG: Mr. Chairman.

CHAIRMAN ANDERSON: Mr. Hortig.

MR. HORTIG: We have representatives of the applicant
as well as of the protestant with respect to the proposed
issuance of 15-year easement for this low-level bridge.
The Commission will recall that at the meeting of January 21 this item was first considered. Mr. Jim Short, the protestant, asked for a deferment of consideration because at that time his attorney was unable to be present. They are in the audience with us today, and I assume that Mr. Short and counsel desire to continue to protest the staff recommendation that a 15-year easement be issued to Charles D. Warner & Son for the maintenance and use of the low-level bridge crossing the Tuolumne River.

MR. CARR: Mr. Chairman, I move approval of (a), (b) and (c) here.

CHAIRMAN ANDERSON: Mr. Carr moves that we approve Applicants (a), (b) and (c) of Item Classification No. 4 and clear that up to item (d).

MR. CRANSTON: Second it.

CHAIRMAN ANDERSON: Moved and seconded. No objection?

So ordered.

Then we'll proceed to item (d). Do you want to hear the protestant, Mr. Short, or his attorney first?

MR. HORTIG: I would so recommend.

MR. GANT: Mr. Chairman, I'm Warren Gant, Attorney from Modesto, representing Mr. Short.

Initially, I think it should be brought to the attention of the Commission that under date of March 23, 1960, an application has been filed by Mr. and Mrs. Short pertaining to the same gravel which Mr. Warner proposes to remove under a lease.
with the State of California.

It seemed to me, logically, that this question as to whether or not he is going to get an easement for his bridge should be decided and determined following a decision on who was to be awarded the bid, so to speak, with respect to the gravel. Do you follow me?

MR. HORTIG: I follow you but I'm unable to reconcile what you stated.

MR. GANT: Well, Mr. Warner is seeking --

MR. CARR: Has he ever been before us?

MR. HORTIG: No, sir.

MR. CARR: Is there a pending application for this?

MR. HORTIG: Ultimately, not on this agenda, nor even chronically, insofar as you gentlemen are concerned.

Initially, of course, there is the problem that in fact the bridge has been in operation heretofore and has also been utilized for transportation operations of Mr. Warner that are not necessarily or exclusively tied to the matter of sand and gravel removal from State lands on which there may be a bid and on which a lease may or may not be issued.

Additionally, Mr. Warner operates sand and gravel extraction facilities from his own privately owned uplands even as lessees of Mr. Short do.

MR. SHORT: I don't know that they own the property.

MR. GANT: Well, I would assume inasmuch as Mr. Short states that to be a fact, that is a fact. We will, of course,
at this time raise the same objections that we have raised all
the way along, primarily that no license or permit has ever been
granted to Mr. Warner to have the bridge in its present position
on State lands, that under date October 27, 1959, he was advised
by mail to remove the structure. There was no compliance with
that order; that under an earlier date application was made by
Mr. Ruddy, and was it Santa Fe?, Santa Fe Rock and Gravel
for a permit for a bridge to accomplish the same primary purpose,
and that permit was denied for the same reasons involved in
this case, the prevention of injury to Mr. Short's property,
which is riparian land some 600 feet downstream from the
proposed site of the bridge.

I think that all these matters have been made
abundantly clear by mail and we have supplied the Commission
with photographs in order to enlighten them as to the situation
down there as best we can.

MR. HORTIG: Mr. Chairman.

CHAIRMAN ANDERSON: Mr. Hortig.

MR. HORTIG: If I may make an exposition on that.

CHAIRMAN ANDERSON: Go ahead.

MR. HORTIG: I believe that everything that Mr. Gant --
I know that everything that Mr. Gant has stated is completely
factual with one minor but very important exception, and that is
the basis for denial of the permit to Mr. Ruddy of Santa Fe
Rock and Sand, who incidentally also are a State lessee for
removal of sand and gravel from the Tuolumne River, who are also
a lessee and operate it for Mr. Short involving his own
privately owned uplands, and the basis for denial of bridge
permit to Santa Fe Rock and Sand for a similar purpose was not
on the same grounds as any problem that we have been able to
develop with the Warner bridge.

In the case of Santa Fe Rock and Sand, studies by the
Army Engineers, the flood control areas that are in the vicinity,
the technical staff of the State Lands Commission and the
Reclamation Board of the State of California indicated the
proposed manner of placement of that bridge would constitute
or would be a potential flood hazard, and therefore it was
suggested to Mr. Ruddy that a permit could be issued and would
be issued only, or recommended for issuance only provided that
the bridge were moved to a location and an elevation which
would eliminate its potential flood hazard.

Mr. Ruddy did not choose to submit an amended
application or desire to place his bridge at the locations
which were suggested as feasible for such placement.

The same agencies have reviewed the bridge which is
in operation by Charles D. Warner & Son, and have all reported
negatively as to the existence of any potential flood hazard
by reason of the structure being in place and additionally have
suggested that as a matter of final insurance flood control
works on the Tuolumne River are of such a nature and the actual
experience and operation thereof, while they are primarily
irrigation storage water reservoirs, that advanced notification
can be given at any time that excess releases of water must be made from such reservoirs which might be impeded by the existence of any bridge and therefore if a bridge easement is granted as being recommended here, which would require agreement by the lessee to remove the removable sections of the bridge upon notice and prior to the arrival of the extreme stages of the flood water, that this would constitute more insurance in fact than in the majority of instances where there are flowing waters with bridges anywhere else in California.

Now, there are two distinct differences, or there is a distinct difference as between a proposed Ruddy bridge and the existing Warner bridge, and that one has been determined by the technical experts as a potential hazard, whereas the Warner bridge has been classified as not constituting a potential flood hazard and particularly with the insurance factor of its already being in such location that it can be removed and that notice for removal can be given and the assurance by Mr. Warner in the lease that he will accept such notice and will make such removal, else he being an extremely difficult additional liability position as I'm sure Mr. Gant would appreciate.

MR. GANT: May I ask one question in that regard?

MR. HORTIG: Yes, sir.

MR. GANT: From whom would the notice come?

MR. HORTIG: From the operators of the reservoirs upstream. Don Pedro Dam, I believe, is the first and primary one;
the Modesto Irrigation District, or whoever the operating agencies are, and I'm now speaking from memory -- I haven't reviewed this recently -- I know have assured us in the past and even in connection with earlier operations by Mr. Ruddy which were protested before a State lease was issued, even there the lease was finally allowed because all of the operating agencies and the adjoining land owners in general, although not completely, accepted the representations of the irrigation district that notices of impending heavy discharges could be given three and four days in advance and therefore allow adequate, safe-guarding operations to take place.

Mr. Ruddy, in his operations under the river now, which are operated jointly with his lease on Mr. Short's land, is under the same, subject to the same type of notice provision inasmuch as at some time in his operations it could be necessary that he have temporarily partially obstructed the stream in order to get to a particular gravel deposit and so forth. In the notice of impending flood, it would be incumbent upon him under his lease and under liability coverage that he has to eliminate the unnatural conditions forthwith so that they would not create a back-up of any flood waters after having received notice.

MR. CANT: Well, as a practical matter how are the districts bound to give such notice?

MR. HORTIG: I believe they do as a matter of general public service first of all because they are certainly, the
district is acutely aware of desiring not to be liable under such circumstances where someone who finds himself under 10 feet of water should subsequently announce in court or otherwise that we could have prevented this if you had only let us know.

I have had handed to me here by the attorney for Mr. Charles Warner a letter from Turlock Irrigation District, dated November 3, 1959, addressed to Mr. Warner. (Reading:)

"Dear Mr. Warner,

"In answer to your question as to the flood control operations on the Tuolumne River and how we are able to give you advance information concerning any flood flows below the LaGrange Dam, the district and the City of San Francisco are under contract with the Federal Government Corps of Engineers to operate the three storage reservoirs, Hetch-Hetchy, Lake Lloyd and Don Pedro, a total of 944,000 acre-feet capacity, so that there is flood control space available during the flood season.

"This space amounts to a total of 360,000 acre-feet and under the largest flood of record would allow us to notify you about 3 days in advance of any flood below LaGrange Dam.

Very truly yours,

Turlock Irrigation District

/s/ R. V. Michael
Chief Engineer."

MR. GANT: I'm just wondering about the situation that would develop absent some notice from the district, I still don't

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see how they would be bound to give anybody notice. Whether
they do as a matter of practice I don't know. But I don't think
they do, quite frankly.

MR. HORTIG: I believe you will concede, Mr. Gant,
not wanting to be argumentative, there are other bridges across
the Tuolumne River also.

MR. GANT: That's true, but those bridges don't affect
Mr. Short's property.

MR. HORTIG: Which may or may not constitute flood
hazard, whereas the bridge for which the Lands Commission has
an application now has been reviewed as to placement, type of
structure, removability, by the Chief Engineer of the Turlock
Engineering, or Turlock Irrigation District, who has expressed
approval of the bridge location, the State Reclamation Board
has authorized the bridge placement from the standpoint of flood
control, and the owners of the upland property at either end of
the bridge, which is of course immediately upstream from Mr.
Short's property, have submitted letters expressing satisfaction
with the bridge placement.

MR. CRANSTON: May I ask what the facts are in regard to
the order of October 27, 1959, with regard to the removal of
this bridge?

MR. HORTIG: This order was stayed, Mr. Controller,
because application was made by Charles D. Warner immediately
thereafter requesting the issuance of an easement to maintain
the bridge.
MR. CRANSTON: What was the reason for the order in the first place?

MR. HORTIG: The bridge was found to be a nuisance and a trespass on State lands without any authorization.

MR. CRANSTON: Have we had similar cases to this in the past?

MR. HORTIG: Yes, sir.

MR. CRANSTON: What has been the normal course of events?

MR. HORTIG: The normal course of events is to serve notice and request an application from the people occupying the trespassing lands, and in about 99 percent of the cases applications are made and authorizations secured and the required rentals are paid.

MR. CRANSTON: What is the contention in regard to the damage to the Short property?

MR. GANT: I think I can best explain that by showing the Commission a photograph of the bridge.

(Photograph shown to the Commission.)

You will note these two causeways have been constructed from the bank narrowing the flow of the river, and this large 8-foot diameter pylon which supports the bridge.

MR. CARR: The bridge is constructed of old cars?

MR. GANT: Two flat cars.

MR. CRANSTON: What is the contention with regard to the effect of this?

MR. GANT: Also, there is another bar down here; the
Short property lies downstream and on the left --

MR. CARR: Which is the upstream?

MR. CRANSTON: How far downstream is the Short property?

MR. GANT: 600 feet. The contention is that this would
have the natural force and effect of speeding the flow through
this area here (indicating) and in periods of high flow would
divert it to the south bank, and the same thing has happened
and a lawsuit is presently pending over damage that was received
in the same way --

MR. CARR: Same place?

MR. GANT: Yes. -- downstream a little farther but
the same general situation. We're just concerned about the
repetition of that injury.

CHAIRMAN ANDERSON: Does that liability cover that?

MR. HORTIG: Yes.

MR. GANT: There's 50,000 property damage.

CHAIRMAN ANDERSON: Fifty.

MR. HORTIG: Well, of course, whether or not damage
has accrued or can again accrue from this fact is a matter of
litigation as Mr. Gant has said, so we're hardly in position to
state conclusively what the decision of the court is going to
be in that case. However, as an abstract matter of the
probability of the bridge constituting a flood hazard or a
contributor to damage they say all of the State agencies who are
concerned technically with such bridge placement plus the
irrigation district who operate the storage reservoirs that feed
the water into the stream have all indicated everything from non-
objection to outright approval of the placement of the bridge.

MR. SHORT: I might point out, though, that none of
these agencies are concerned with our land, and when the water
takes the land out, we are over a barrel -- not the agencies.
It is our land that goes out, and that's the hard part.

We are in the process of developing this land. We
have 60 acres of walnuts and eventually we'll have 150 acres.

MR. CARR: This picture here of the trees and orchard
up here on the bank, is this your property?

MR. SHORT: No, sir, that's the north bank.

MR. GANT: Would you explain that to Mr. Carr?

MR. HORTIG: Mr. Chairman, the applicant Charles D.
Warner and his attorney are also represented here this morning.

CHAIRMAN ANDERSON: Yes.

(Mr. Short explaining picture to the Commission out
of hearing of the Court Reporter.)

MR. CARR: Why was the bar built there?

MR. GANT: Mr. Warner is here. He/explain that.

CHAIRMAN ANDERSON: Yes, we'll hear from him in a moment.

The question was asked why the bar was built there, the one just
below the bridge. He said that was built by Mr. Warner on State
property without permit as well as the bridge.

MR. HORTIG: That would be correct. Of course, building
a bridge approach into the stream and particularly in this
general area or even temporary truck roads over the stream entirely
in periods of low water with simply a culvert is not an unusual procedure.

CHAIRMAN ANDERSON: This is not a bridge approach; this is a diversion.

MR. HORTIG: Numerous diverting bars that are in the river naturally that also shift from time to time depending on the flow of the water.

CHAIRMAN ANDERSON: There's one picture here and there's another picture here (indicating). This is how it goes out to divert.

MR. HORTIG: Well, in many instances these are built by the sand and gravel contractors to serve as an approach for their dragline dredge so that they can get over to the edge of the river bank and drag the gravel in.

Additionally, after they have served their useful purpose and finally get around to convincing them, they are again dredged out. We had numerous structures of this type; not numerous but several operations of this type immediately opposite Mr. Short's property by Santa Fe Rock and Sand Company prior to the time that we required them to take out a State lease.

Subsequently, they have also leased operating rights over on Mr. Short's property and there's a large channel being maintained there now and probably existed in nature, but during the period of their unauthorized operation, why, obstructions like this occurred and quite frequently, but once it served its
purpose of course it's no longer the economic interest of the
person digging out the rock and gravel unless he is forced to
do so either because of the feeling of the impending liability
because this may create a flood hazard or he finds himself
under a directive from the State Lands Commission to restore
the river channel to its normal situation, the problem being
that we have thousands and literally thousands of miles of
navigable streams in California potentially subject to sand
and gravel extraction operations.

As the need for sand and gravel increases, as local,
as county zoning restricts this type of operation, more and
more activity of this type is going on on streams that are not
already zoned and consequently policing of this type of operation
on a day-to-day basis is what it would take.

CHAIRMAN ANDERSON: Is Mr. Warner using this now?

MR. HORTIG: I don't know, but Mr. Warner is here and
can certainly tell you.

MR. CARR: Is it a suit for damages or suit to curb
the applicant?

MR. GANT: Suit for damages.

MR. SHORT: Is it possible to fix this bridge and Mr.
Warner can still use it so the stream is in the center of the
bridge and not against the south end? Mr. Warner has the
equipment. He can put another span on that bridge, extend the
bridge just one more span. His trucks would cross the river
through here (indicating); his trucks can cross the river and then
when high water comes, the current is going to be in this
center span and not like it is right against the bank; then
we have no objection. But as it stands now, that is a direct
threat to our property; not only that, but the bridge is in
and can all be fixed with that one span and then we would have
no complaint.

MR. CARR: You can bring suit to do this, sue Mr. Warner to bring damages.

MR. SHORT: Yes, sir, it's in now.

MR. GANT: Suit does not concern this bridge.

MR. CRANSTON: I have one point. What does the present suit concern?

MR. GANT: It concerns land downstream and land that was damaged allegedly as a result of a different diversion.

CHAIRMAN ANDERSON: Mr. Warner, would you like to have your attorney come up and hear your side of it?

MR. HALLEY: My name is Francis W. Halley. I'm attorney from Modesto, too, and I represent Mr. Warner on this matter. I might say, I couldn't hear entirely everything that was said at the bench but I believe Mr. Gant did make it clear that the litigation which is now underway does not allege that this bridge caused the damage of which he is complaining, and I think there should be no misunderstanding about this. It concerns another diversion, claimed diversion of a channel, and it's not claimed that this project has caused any damage.

Mr. Warner is here and will be glad to answer any questions.
MR. CARR: I'd like to know what Mr. Warner's reaction to this is. Obviously this bridge is an asset to you, isn't it, Mr. Warner?

MR. WARNER: Yes, it is.

MR. CARR: What do you think of Mr. Short's suggestion of putting another span in there and resolving his fears of damage to his land that he's developing?

MR. WARNER: Well, I took this up with the engineer of the irrigation district and he said that would absolutely not help anything at all because the river was solid against the north bank and it curved to the south down below so this bridge was put over 100 feet from that north bank already.

MR. LEON WAGNER: And we have doubled the bridge span from what it was the first time.

MR. CARR: Do we have any jurisdiction over this quarrel between these neighbors there? This is not a court of domestic relations, is it?

(Laughter.)

Nor marriage counseling or anything like that?

CHAIRMAN ANDERSON: What was this other little diversion bar that you've built just below the bridge?

MR. WARNER: Down below there?

CHAIRMAN ANDERSON: It looks like it may have been 100 or 200 feet down below it. This is the one that Mr. Short claims pushes the stream across on his side.

MR. WARNER: Well, the bar down below down there was a
much bigger bar than that many years ago, and I dug that bar completely out once and through two different floods it has built that bar back up, and this diversion, this place where I dug up was to riprap a bank on the north side because it was cutting over into the walnut trees into Mr. Beard's. I dug that gravel up and intended to place it all over on the bank.

In the meantime water come, got high enough in the river that I couldn't finish over there. I had to move the dragline out, and I couldn't get back until the next summer.

Well, in the meantime we had a flood.

CHAIRMAN ANDERSON: Well, your contention is that this was not built by you but was built by the waters themselves?

MR. WARNER: One little channel, one little bridge I built up with a dragline in order to get enough gravel to riprap the bank on the north side because it was cutting out the bank and into his walnut orchard.

MR. HALLEY: This is the channel below the bridge.

CHAIRMAN ANDERSON: Yes.

MR. CARR: Who uses the bridge besides you, Mr. Warner?

MR. WARNER: I'm the only one that uses it. You see, I have ten dump trucks.

MR. CARR: You're here with an application to leave the bridge in. You put the bridge in illegally.

MR. LEON WARNER: We don't know it was illegal.

MR. WARNER: Didn't know it was illegal.

MR. CARR: What about that, Mr. Hortig?
MR. HORTIG: The bridge in question and even larger structures have a bad habit of appearing across intervening bodies of water whenever it isn't practicable for people living on either side to get to the other side, and that is in a majority of instances, particularly on the smaller streams, the first times that the individuals are made aware of the fact that it happens to be a navigable stream and under the jurisdiction of the State Lands Commission, so these are almost in the majority of instances, I should say, a case of post-leasing rather than a case of making an application in the first instance.

This is typical of a type of trespass that recurs on our navigable waters and California being as large as it is it's just an economic impossibility to police it on a day-to-day basis.

MR. CARR: What are the facts of the case? Have you inspected this property yourself?

MR. HORTIG: Yes, sir.

MR. CARR: What are the facts of the case? Is Mr. Warner illegal trespass on navigable stream actually endangering Mr. Short's property?

MR. HORTIG: We are informed by all the technical reviewers whom I've enumerated previously, no, but we have not proposed to resolve and represent to the Commission that we know what the answer to Mr. Short's litigation is going to be.

MR. CRANSTON: Well, there is apparently no relationship
with the present case, is there?

MR. HORTIG: Except by analogy that Mr. Warner's unspecified operations or unidentified operations here for the moment, for the purpose of this discussion, are alleged previously to have caused damage to Mr. Short's property, therefore the assertions that to be certain that this can't happen again, all further operations by Mr. Warner should be abated.

MR. HALLEY: May I say something?

CHAIRMAN ANDERSON: Yes.

MR. HALLEY: You are correct that the suit now on file does not allege that this is the cause, and I might also say this, that if Mr. Short feels that this is going to be a detriment to his property, he certainly has a right to amend his pleadings and ask that we be enjoined, if he can prove in court that this is a dangerous device, which we don't believe it is. I mean, he has a remedy as far as he and Mr. Warner are concerned.

MR. CRANSTON: Frank, do you feel we have the best technical information and advice that is available to us, that the bridge does not constitute a hazard to Mr. Short's property?

MR. HORTIG: With the insurance factor which is to be a part of the lease and with the assurance of the reservoir controlling agencies that notices can be given, we feel every-thing that can be evaluated technically has been done, and we don't have any exception as to the proposed operation being a
hazard except by Mr. Short.

MR. CRANSTON: I therefore move that the application be approved.

MR. CARR: Before I second the motion, I'd like to ask another question. Mr. Short, your objection on this thing, and I'd like to get back as to the law on mental relations as this constitutes mental cruelty as grounds for divorce, and if you're so apprehensive as to what might happen to your developing walnut orchard, is your fear due to the bridge or due to this bar which is in there? What are the conditions which bother you?

MR. SHORT: The conditions are, sir, that this current on the south bank even in the last few months, Mr. Warner has deepened that, so that when the current as it now stands is deeper than it was owing to Mr. Warner's dragline being in there again. Now, when the high waters come it has no place to go except against the south bank.

I'm not trying to put Mr. Warner out of business but I do feel that if he extended his bridge, put another span in there, then when the high water comes it wouldn't back up and be forced against the south bank. It would go straight down the river.

Now, Mr. Warner has the equipment. I'm not asking something that would be expensive. But I am concerned because it is our property that's going down the river and, as I say, he has in the last 2 or 3 months deepened that channel so that
the current is permanently against the south bank. It is
anchored there. And I feel -- maybe I'm getting hot -- but by
George it's our land, sir, that goes out, and all I'm asking, --
I'm not denying the man his bridge even though it's there
illegally -- I'm asking him to extend another span so that when
the high water comes it will go down the center of the stream.

MR. CARR: Then what is the significance of this gravel
bar that extends out there which forces the channel against
the south bank?

MR. SHORT: If this other span was there, sir, he would
take that bar out and that would not be an obstruction to the
water. As it is now --

MR. CARR: If the bar were taken out anyway, that bar
he pointed out in this picture, apparently has nothing to do
with the bridge, does it?

MR. SHORT: Except to force the water against the south
bank.

MR. WARNER: If I may answer that? The water for the
last 45 years -- we have a record that the water has always
been against the south bank to his property, and this water
has never changed.

MR. CARR: Is your property on the south bank eroding
at the present time, right now?

MR. SHORT: No, sir, because there isn't enough water.

MR. CARR: When was there enough water last to erode
the bank?
MR. SHORT: In the year '55, sir.

MR. CARR: Is that prior to any of these flood control
dams being in operation?

MR. SHORT: Well, as far as I know there was no change
on the river, sir.

MR. CARR: What about that, Mr. Hortig?

MR. HORTIG: There was, however, in that year, Mr.
Carr, an extreme flood such that, if I have the year correctly,
it was about that time the river didn't even stay in any of
the channels which are under discussion here. It was all over
the adjoining territory.

MR. CARR: So that obstructions or non-obstructions
didn't mean a thing.

CHAIRMAN ANDERSON: Mr. Warner says the channel has
always been against the south bank or at least for the last
40 some odd years, is that true, that it's always been against
your property?

MR. SHORT: Mr. Anderson, if that's the case, why did
he put his dragline in this year? That certainly didn't make
it any shallower.

MR. WARNER: EACH YEAR the fellow has a pump above me
and whenever the low water comes, like it was now, when irriga-
tion takes all the water out of the river except the seepage,
why, we have to put a small dam across there to hold the water
up to its present level where it was so he can pump.

Now, as soon as the anticipation of maybe more water
coming down, I take this bar in and out each time and that's what I did; that's what I did. I just dug it so the water is the same level as it was before.

MR. HORTIG: This is a common practice on the river, incidentally; it's not unique with Mr. Warner.

MR. WARNER: No.

MR. SHORT: As I say, all we're asking is another span on the bridge.

CHAIRMAN ANDERSON: What's your reaction to that, Mr. Hortig? Have you looked into this?

MR. HORTIG: It would widen the bridge just as the -- this is the first time this suggestion was made as a possible basis for eliminating this dispute, which as Mr. Carr has classified it we feel properly is a dispute among neighbors and not necessarily restricted to the technical factors that are nominally evaluated by the State Lands Division for the report to the Commission.

I think possibly it would be a question of economics which Mr. Warner should respond to. Certainly it is technically feasible and, as Mr. Short said, there would be a wider area for the water flowing.

MR. CARR: Would we be in order to grant Mr. Warner's application for this bridge which he has already put in illegally on the condition that he put another span in?

MR. HORTIG: The Commission could so provide.

MR. CARR: Would that make everybody happy?
MR. HORTIG: It would be within the control of the Commission. This is why I'd like to have the Chairman ask Mr. Warner.

I think so far we're sure everybody but Mr. Warner would be happy.

MR. CARR: I didn't want to ask a hypothetical question. I just wondered if he had the right to make that. What would you say to that, Mr. Warner? Would you object to putting another span in there?

MR. WARNER: Yes. That would cost us about $1,500 to put a second one in. I talked with the engineer down there about that and he says that putting another section in wouldn't change that one particle for his land. But what I intend to do this summer is to take and dig the bar down clear up to where it's lower than the bridge, the bar on the south side, and then in the event that any water would come up higher it would go straight up the bar and straight down. I would dig it so it would be just above water level.

MR. CARR: $1,500 doesn't seem to be too much -- that land is valuable property -- $1,500 to put in another span doesn't seem to me to be a very high price to pay for amity in the neighborhood.

I'll second your motion on the condition that he put another span in the bridge.

MR. LEON WARNER: It wouldn't do any good.

MR. CARR: Well, who says it wouldn't?
MR. WARNER: The engineer says so.

MR. CARR: You can either go to court and decide these things or not. I'm not a water expert or a bridge expert in these things.

MR. LEON WARNER: The cost of putting it in wouldn't be just the cost of the span. It would cost you two, three or four thousand dollars to put in a pier and then it would cost you all the labor to put that other span on there which we have went to the engineer and found out how big and how high the bridge should be to carry the water there. And that was the amount that he told us it would have to flow under the bridge. That's why we made the bridge that size.

MR. WARNER: I added a second span to it already to widen it out so it would take all the water that they turned down which is up to 9,000 second-feet under ordinary circumstances.

MR. CRANSTON: What were your total costs for doing so?

MR. WARNER: Well, I've got about between four and five thousand dollars in this bridge.

MR. CRANSTON: What were your total costs for putting that second span in?

MR. WARNER: Well, that would run about, as near as I -- I didn't keep it down to exact figures, no. You see, I only needed one pier to put this other in.

MR. CARR: But you had to put the pier in to put the second span in, though?

MR. WARNER: Yes, I had to put the pier in to put the
second span in.

MR. CARR: You'll just have another span and another
pier. I think that's a reasonable figure.

MR. WARNER: You see, that's a big bar, big gravel bar.

If you went over it the other-way it's inside the big gravel
bar and it wouldn't do any good but it would be just a wall
there. If you cut the top of the gravel bar off to the water
level, that would do more good. That's what the Turlock
Engineer told me.

MR. CRANSTON: What was the total cost of that second
span?

MR. WARNER: It was around $2,500.

MR. HALLEY: May I say this, gentlemen. We don't want
to create another condition here that may be worse. Now, we
have tried to rely on what the engineers have told us, is
feasible, and we certainly don't want to do something here
that's going to be bad for the river and everybody on it.

As I say, we have to rely on what the engineers say
will be feasible and that has not been recommended to us. We
certainly are willing to comply with all these conditions that
have been put in here including the liability insurance and
I am wondering if Mr. Short's ability to have recourse in the
courts might not give the protection which I think you properly
have in mind?

This is actually an engineering problem and the State
engineers have gone over this thoroughly, the State Reclamation
Board and our own engineers. We think we have good engineering
advice and may say also that we don't feel we have damaged
Mr. Short's property, I mean, he states we have, but there's
a very definite and sincere dispute on that question, and we are
not fearful of the outcome of that.

MR. CRANSTON: Frank, what would be your thoughts based
on your technical information on the subject of the relative
merits insofar as whatever protection it might give to Mr.
Short's property of (a) this additional span, and (b) this
other work Mr. Warner indicates he intends to do?

MR. HORTIG: There is no warranty that an additional
span even though it would decrease the velocity of flow past
the expanded bridge would in any wise be beneficial, and as
Mr. Warner's attorney has indicated there could be circumstances
under which it actually could be found subsequently to have
been detrimental and reconcentrating the waters at extreme
flows in a different manner in which they've been found in
here naturally or even in a disturbed condition resulting from
the gravel operations.

I think the thing that's being overlooked here in
these discussions is that primarily the water flow that is being
discussed here today is in a rather small channel and that which,
as Mr. Warner says, has been concentrated against the south bank
of the river is the primary deeper water channel and the only
place where the water flows or has flowed for years in times of
particularly low water. But this is a small channel inside a
broader river channel, and when there are extreme flows of water, that water is just all over the scenery and where depends upon how Mother Nature and the velocity of the river has moved the gravel banks around at that particular time, and in extreme flows as I reported before, in 1955 where they weren't even able to hold the flood back in storage reservoirs and it came right back over the top of the storage reservoirs, I must presume Mr. Short's land was partially inundated, certainly the properties on the north bank were inundated.

Were you under water in the flood of '55, Mr. Warner?

MR. WARNER: Yes, the whole plant -- the water comes above me, over the outside of the river bars; it's about half a mile, about, above me, and comes out of the river bank above me, and the whole river bank is all under water, and so what little bit I place down at the bottom of the river wouldn't have any effect on the flood coming down the river.

MR. HORTIG: So you see the hazardous prediction, Mr. Cranston, we can't just be sure the river is going to do the same thing next time.

MR. CRANSTON: Do you have a comment to make on the other proposal Mr. Warner made?

MR. HORTIG: Of digging out the bar?

MR. WARNER: Of digging out the bar to just the water level.

MR. HORTIG: Insofar as the existing bar immediately downstream from his bridge is concerned, and if that were to be
lowered -- this is in the direction of hope for improvement --
and we haven't been able to foresee any hazard that would
result.

MR. CARR: When was this bridge first constructed
and when was the second span put in?

MR. HORTIG: Mr. Warner?


MR. CARR: After the big flood?

MR. WARNER: No, we put in the first span before the
big flood. So we went in, lifted the span off during the
flood and --

MR. LEON WAGNER: -- set the bridge over on the ground
with a drag line.

MR. CARR: The water during this big flood, did it
go over this land?

MR. WARNER: About 14 feet over the top of the bridge over
the whole bottomland about a quarter of a mile wide, bottomlands
and all.

MR. CARR: When did this damage occur that Mr. Short
is suing you for at the present time?

MR. WARNER: During the '55 flood when it covered the
whole territory there.

MR. HALLEY: It completely washed out this bar down-
stream that you're talking about.

MR. CARR: Did it wash out the bridge approaches, too?

MR. WARNER: Yes.
MR. CARR: Completely or just partially?

MR. WARNER: Just partially on the north side there, which we left, we put the gravel over there for it to wash out so any time water would come over it it would wash it out and then we would refill it.

MR. CRANSTON: Mr. Chairman, I would be reluctant to require the addition of a span there without further engineering evidence that it would serve a useful purpose to require that expenditure.

MR. CARR: I don't think that's in our province. I'll second your motion without reference to another span and then Mr. Short can seek his remedy at law. However, this isn't a law court.

CHAIRMAN ANDERSON: In other words, the motion is to grant the recommendation of our Executive Officer pursuant to his recommendation at the January 21 meeting?

MR. CRANSTON: Yes.

MR. HORTIG: Mr. Chairman, may I understand that for the effective date of this easement will you be back to the date of application for Mr. Warner for the easement?

CHAIRMAN ANDERSON: Which date is that?

MR. HORTIG: October of '59?

CHAIRMAN ANDERSON: October 1, 1959?

MR. HORTIG: No, that was the Commission meeting but it was in the immediate vicinity of that date. But whatever it may be, whatever the date of application was in October, '59,
recommended as the effective date of easement.

MR. CRANSTON: Without this being incorporated in the motion, I would like to have you state to us when you will do this work on the bar and will you advise Mr. Short when you do this work?

MR. WARNER: I'll do it during the summer months when the water is down.

MR. CRANSTON: And you will notify us before the end of summer that that work has been completed?

MR. WARNER: Yes.

CHAIRMAN ANDERSON: Been moved and seconded. Mr. Gant?

MR. GANT: I have one further comment to make. Might the permit contemplated be conditioned upon that work?

MR. CRANSTON: I would be very happy to so amend the motion.

MR. HALLEY: No objection.

CHAIRMAN ANDERSON: If there's no objection then, the item will be approved according to the recommendation of our Executive Officer.

MR. CRANSTON: With that additional proviso.

CHAIRMAN ANDERSON: With that additional proviso.

MR. HALLEY: Thank you, gentlemen.

CHAIRMAN ANDERSON: Then we'll proceed to Applicant (e), R. W. Cypher; Applicant (f) Willard L. Johnson.

MR. CARR: Let's hear Mr. Cypher separately.

MR. HORTIG: Mr. Chairman, I think on (e) I should call
to the attention of the Commission that while this recommendation
is for what is a standard form of prospecting permit to be
issued by the State Lands Commission, this is the first
application for its utilization in connection with prospecting
for and the possibility of developing geothermal steam from
State lands, an application, incidentally, which has been
cleared by the office of the Attorney General as being within
the scope of authorization of the Commission to contemplate, but
I did want to bring to the attention of the Commission that this
is unique in the sense of being the first attempt of this type
on State lands.

There is already under construction in the geyser area
of California a geothermal steam electric generating plant
constructed by Pacific Gas & Electric Company, which will be
the first one in the United States to do so. This type of
development has gone forward in Italy, in New Zealand and some
other areas of concentrated volcanic activity, but the calendar
item is disarmingly routine on its face but does have this
unique feature that it does relate to what we hope can be a
substantial asset to power generation in California if geothermal
steam can be tapped by means of wells and then used for generat-
ing power.

MR. CRANSTON: Despite this unique situation, are we
adequately protected on royalties?

MR. HORTIG: We believe we are, sir. We have had the
advantage of the economic studies of all operations of similar
type literally world-wide, particularly the analyses that precede[d] the P. G. & E. installation at the geyser area and the basis on which Public Utilities Commission Authorizations were granted for contemplating that type of operation.

MR. CARR: Have you had any education on this technical subject, Mr. Cranston?

MR. CRANSTON: It commenced about 2 minutes ago.

MR. CARR: Well, you might like to hear from Mr. Cypher. I happen to know Mr. Cypher; I have for a long time. I didn't know he was engaged in this endeavor but I was very much interested in this technology because I know that in Italy and other places it's been a great asset and I think I would be very much in favor of encouraging him to go ahead.

Now I'm ready to move the issuance of the permit but for just an educational purpose you might like to hear the reasons why he wants it.

CHAIRMAN ANDERSON: Is Mr. Cypher here?

MR. HORTIG: He is here, yes.

MR. CRANSTON: Yes, I would like to hear from him.

MR. CARR: This is a very interesting thing. It may amount to more of an asset to the State than we suspect.

CHAIRMAN ANDERSON: Mr. Cypher.

MR. CYPHER: Do you want me to make a formal statement, gentlemen?

CHAIRMAN ANDERSON: We want to be educated in about 5 minutes.
MR. CYPHER: I'll try to keep it down to that. The area involved, on which the State land is located, surrounds some recently active volcanoes at the southeast end of the Salton Sea, and these volcanoes have intrigued geologists for a number of years and because of the intriguing aspect of them and the recent character and the mud pots and steam vents that surround them.

There have been a great many geological papers written on the area so we recently drilled -- incidentally, it's 220 feet below sea level -- the section which gives that some characteristics of hydrostatic head which you need for producing geothermal steam -- and we recently drilled a well in there which was approximately 2 miles from these bottom holes and it had a surprising thermal gradient of 11 degrees to the hundred feet, and it's the only well in which any measurements have actually been made of volatile temperature, and 11 degrees is about ten times normal thermal gradient in the earth, and we got a temperature of, bottom-hole temperature reading of 562 degrees on that well at 4,600 feet and it is a long way from the area.

Now, there's a whole lot of missing links in connection with this project. It's almost as bad as proving evolution. But there have been 70 some wells drilled in the area and from the study of those wells there's an indication that the thermal gradient increases as you get up nearer the volcanoes.

If we can get a high enough temperature from the rocks...
to get a steam pressure above the hydrostatic head, we'll have
economic steam production.

The steam pressures go up as the temperature goes up
rather rapidly so that's the missing link. It appears that
there's a very good chance that we will get those temperatures
and if we do we'll get high pressure steam at the surface
which does not exist in any area of the world.

The steam pressures in Italy are between 55 and 85
degrees and up at the geyser, a working pressure of 100 pounds --
I mean 55 to 85 pounds -- and the geyser is 100, and we do hope
to get high pressure steam there.

There are a few wells in New Zealand that are up to
240 pounds but if we get what we think, what we hope for, why,
it will be quite much greater source of geothermal power than
any other area in the world.

It also comprises about 15 square miles which is
considerably larger than -- that's based on the geophysical
evidence -- it covers an area of about 15 square miles. The
State has additional property in the area. It could be quite an
asset.

MR. CARR: I'm ready to move we grant the permit.

MR. CRANSTON: Second the motion.

CHAIRMAN ANDERSON: Moved and seconded. No objection?

So ordered.

MR. CYPHER: Sorry I have no domestic problem.

(Further discussion off the record.)
CHAIRMAN ANDERSON: Applicant (f), Willard L. Johnson; Applicant (g), Joseph Belluomini, Inc.; Applicant (h), William F. McNair and Garrett E. Paulson; Applicant (i), the Moe Sand Company; Applicant (j), Construction Aggregates Corporation; Applicant (k), Pacific Gas and Electric Company; Applicant (l), Sohner Tree Service, Inc.; Applicant (m), Standard Oil Company of California.

MR. HORTIG: Mr. Chairman, on Item (m), will the Commission please strike consideration? Commission action is not required on this item at this time under the Standard Oil Company lease.

CHAIRMAN ANDERSON: If there is no objection, then, Item (m) will be stricken from the calendar.

MR. HORTIG: Mr. Chairman, also before the Commission -- I'm sorry, I'll reserve this until you've completed Item 4.

CHAIRMAN ANDERSON: We'll continue then with Item Classification 4. Item (n) is also the Standard Oil Company of California.

MR. HORTIG: This is something that should be brought to the attention of the Commission, unique, in terms of application for the placement of the second self-supported offshore drilling platform on State oil and gas lease to be on the same lease where the existing platform is located offshore at Summerland which the Commissioners have visited.

This second platform is necessary in order to proceed with the effective and more complete development of that lease.
area.

CHAIRMAN ANDERSON: Will that be built adjacent to the present one?

MR. HORTIG: More than a mile away, sir.

CHAIRMAN ANDERSON: In other words, a separate island?

MR. HORTIG: Yes, sir.

MR. CRANSTON: Do you have a map showing where this would be?

MR. HORTIG: Yes, sir.

(Map being shown to Commission.)

This is existing platform indicated as Platform No. 1. It would be to the west and approximately the same distance offshore in Santa Barbara County.

CHAIRMAN ANDERSON: Does this come before the Santa Barbara County Commissioners?

MR. HORTIG: Only in this sense, sir, that prior to the issuance of this lease, public hearings were held as to conditions which the county felt should be included in a lease, in a then potential lease to assure that there would be no detrimental or damaging effects to the developed shoreline or residential activities.

Such public hearing is required by the Public Resources Code if the county or the adjoining municipality desires to be held. It was held. And the county at that time reported that it would be satisfactory to the county if the Commission provided the requirement that if there were to be any offshore structures within the lease that they be located at least one
mile oceanward of the shore. The existing platform is
two and two-tenths miles offshore and the proposed platform
is going to be very close to two miles offshore, therefore
meeting completely the lease condition which the county
requested be included.

CHAIRMAN ANDERSON: That was in the original lease
agreement?

MR. HORTIG: Yes, sir.

CHAIRMAN ANDERSON: For this particular one, the county
would not have been notified, would they?

MR. HORTIG: Not again, sir, no, sir, except in terms
of the fact that the county is aware of it because a public
hearing is also held by the United States Army Corps of Engineers
when a specific location for such a platform is selected in
order to determine whether or not the placement would
constitute a hazard to navigation.

The Army Corps of Engineers have decided that the manner
of placement and the aids to navigation which will be placed
on the platform will not constitute hazards to navigation, and
the Department of the Army permit for this platform has already
been issued.

CHAIRMAN ANDERSON: As to -- on an application like this,
neither would the assemblymen or the senators be notified in this
specific case?

MR. HORTIG: With respect to this calendar item being
considered by the Lands Commission today, the assemblymen and
senators were notified as required.

CHAIRMAN ANDERSON: They were notified?

MR. HORTIG: As required by Senate Resolution at the last session. This may possibly be why Senator Hollister is with us today.

CHAIRMAN ANDERSON: I see him in the audience.

Senator, is that why you are here because we are discussing Santa Barbara County?

SENATOR HOLLISTER: The reason I'm here is to see that you go ahead with the small boat harbors deal previous to this.

CHAIRMAN ANDERSON: Then we'll pass this item, if no objection, and we'll proceed from Item (n) to Applicant (o), Fred Twisselmann; Applicant (p), Norman M. Twisselmann and Lucille Skinner; Item (q), Union Oil Company of California; Item (r), John M. Vieira.

The Chair will entertain a motion then to approve the balance of the applicants under Item Classification 4 -- let's see, awhile ago we went down to Cypher; that would be Classification (f) through (r), with the deletion of (m), which was dropped from the calendar.

MR. CRANSTON: I so move.

MR. HORTIG: Also, Mr. Chairman, before the Commission votes, and particularly for Mr. Carr's information, I have reported this to the balance of the Commissioners previously, and this is brought to mind again by Senator Hollister's statement.
with respect to interest in the small boat harbors and boat
launching ramp here.

The State Lands Commission has completely established
the Small Craft Harbors Commission and Division so that items
which now appear, including those on this agenda today relating
to small boat harbor activities have been reviewed by the
Small Craft Harbors Commission and with the procedure arranged
that if there are ever any that are recommended by the State
Lands that do not meet the tests or are not desired by the
Small Craft Harbors Division, they will make such representation
at the particular Commission meeting where the item is considered.

We have no such objections today.

CHAIRMAN ANDERSON: The motion will be approved.

MR. CARR: Where are the items referring to small boat
harbors?

MR. HORTIG: Scattered -- top of page III, Item (h),
"Issuance of 20-year lease of 1.3 acres of T&S lands in Taylor
Slough, Contra Costa County, for boat-berthing facilities.
Annual rental, $257.40."

MR. ZWEBACK: Item 3 on the first page, some of those.

MR. HORTIG: And, of course, the issuance -- Item 3 (c)
on the first page -- "issuance of 49-year use permit, T&S
lands, Carquinez Strait, Contra Costa County" to the City of
Martinez "for municipally operated boat harbor."

MR. CARR: Where is the one that Senator Hollister is
interested in?
MR. HORTIG: Both.

MR. CARR: Both of these?

MR. HORTIG: As an assist to the Small Craft Harbors program.

CHAIRMAN ANDERSON: The items will all be approved unanimously.

Now, we'll proceed to Item Classification No. 5, City of Long Beach Projects, approvals required pursuant to Chapter 29, Statutes of '56, 1st Extraordinary Session.

And the first project is (a), Miscellaneous Filling, 2nd phase. Would you just briefly tell us what that is, Mr. Hortig?

MR. HORTIG: Yes, sir. The recommendations to the Commission with respect to Project (a), approval of expenditure by the City of Long Beach for State participation in subsidence costs as authorized under Chapter 29, Statutes of 1956, with the approval of the State Lands Commission all such applications are being currently processed to the Commission for approval in two phases, the first being in effect approval of expenditures, and advance approval is required by law, such expenditures as are necessary for the preliminary studies, development of the engineering plans, et cetera, and being ready to go to contract.

When it is known what the construction costs of the developed project is going to be, then this item is again brought to the State Lands Commission for advance approval of those items which are going to be construction costs.
Hence, in this instance, this miscellaneous filling which is needed in order to bring the ground level back up where it is subsided in order to render the area usable as flat lands under various Harbor Department structures and a joining by the classification "second phase," means that the engineering studies previously approved have been completed, the probable construction costs have been determined, and on approval by the Commission today the City will go forward with the project and will expend $16,600 for miscellaneous filling which, according to the tabulation on page 45 shows that in connection with one, with respect to the $16,600 item here being considered, all of it is subsidence-remedial work, and will be allowed as subsidence deduction if on completion of the project the final engineering and auditing review shows that the facts have conformed with the estimate.

We have a similar "1st Phase" in the next Item (b), "Realignment of Diversion Dike," in which it is anticipated that studies will be made which may lead to a project with an ultimate cost of $200,000 of which only $40,000 is estimated will ultimately be subsidence costs.

CHAIRMAN ANDERSON: This wording here, where it says that "be authorized to execute appropriate written instruments reflecting the Commission's conditional approval," I just wondered what the word "conditional" referred to there.

MR. HORTIG: The fact that the Commission is not at this time giving absolute approval to a specific amount but giving
approval to an amount within limits, the specific amount of
which will be determined when the project is completed and
will be determined by the final engineering and audit review.

CHAIRMAN ANDERSON: Does it comes back to us at that
time?

MR. HORTIG: No, sir; it does in the sense if there are
adjustments to be made and that when the project is completed
there is either a credit due the City or a credit due the State,
then for closing that project it comes back to you gentlemen.

MR. CARR: It's a similar conditional affair that can be
determined only ex post facto like that bridge across Alamitos
Bay where you can finally decide who is using it -- do the
people go across the bridge for recreation or because they
want to go to San Diego?

MR. HORTIG: This is the standard resolution language
which was prepared by the office of the Attorney General for
the State Lands Commission and we have utilized ever since we
had Chapter 29 of the Statutes of 1956.

MR. CARR: Moved.

MR. CRANSTON: Seconded.

CHAIRMAN ANDERSON: Moved and seconded that Items
Projects (a) and (b) of Item Classification 5 be approved.
No objection? It's passed unanimously.

Item Classification 6, Sales of vacant State school
lands. First will be Applicant (a), George Corder; Applicant
(b), Stephen E. Kahn; Applicant (c), Harry A. Loebenstein; and
Applicant (d), Jacob Meltzer.

MR. CRANSTON: I move approval.

MR. CARR: Second it.

CHAIRMAN ANDERSON: Moved and seconded for approval.

If no objection, it's approved unanimously.

Item Classification 7 is the selection and sale of vacant Federal Land. And the first Applicant is Applicant (a), Maud D. Bulski; Applicant (b), Bloss A. Elias; Applicant (c), F. E. Fairfield.

MR. CRANSTON: I move approval.

MR. CARR: Second it.

CHAIRMAN ANDERSON: Moved and seconded. If no objection, it's approved unanimously.

Item Classification 8 is the adoption of policy on behalf of the City of Long Beach of approving construction projects containing an element of subsidence for a period extending to the estimated termination date of the project, subject to furnishing of acceptable specifications for engineering staff review prior to submittal to Commission.

MR. Hortig, would you comment?

MR. HORTIG: Mr. Chairman, as you and the Commissioners are aware, heretofore the Commission has approved in advance annually expenditures to be made with respect to construction projects, which approvals were limited to a fiscal year basis.

In the case of projects which took or take more than a fiscal year to complete, this has necessitated the City re-
estimating, bringing in a new estimate, review by the staff, and reconsideration by the Lands Commission to approve again for the balance of the period of the construction of the project.

After extensive staff review with the complete cooperation of the Long Beach Harbor Department engineering and accounting staffs and the City Auditor of the City of Long Beach, it is felt that certain advantages would result from adopting a policy of approving projects in Phase 2 now as I have defined it recently for construction projects to cover the total construction period of the project.

All of the auditing, engineering and other controls that the Commission has through the staff on these projects remain intact but it would eliminate what we will again have in part at the June meeting of the Lands Commission re approval of those projects which were approved last year but which are not yet complete and which when we brought them to you last year for approval we knew they weren't going to be completed during this fiscal year. It was just a physical impossibility.

So, therefore, it is recommended that the Commission adopt a policy of approving construction projects containing an element of subsidence, for a period extending to the termination date -- notice that I have deliberately left out "estimated" so that it's to the actual termination date of the project -- subject, however, to the furnishing by the City of Long Beach of specifications acceptable to the Commission's engineering staff for its review of the project prior to
submittal to the Commission.

CHAIRMAN ANDERSON: Then you want stricken from the recommendation the word "estimated"?

MR. HORTIG: That is correct. The Commission will adopt the policy otherwise.

MR. CARR: Mr. Hortig.

MR. HORTIG: Yes, Mr. Carr.

MR. CARR: Will this in any way diminish the work of the Lands Commission staff?

MR. HORTIG: To a degree, yes, sir.

MR. CARR: It will not diminish the supervision?

MR. HORTIG: It will not, sir, just the number of times we process papers on one particular project.

MR. CARR: I would so move.

MR. CRANSTON: Second the motion.

CHAIRMAN ANDERSON: It's been moved and seconded we approve the Executive Officer's recommendation. It's carried unanimously, no objection; approved.

Item 9, Directive to the Executive Officer to inform the City of Long Beach that the Commission urges the City, first, to undertake study of application of research equipment directed toward objective of securing optimum future operating conditions in the Wilmington Field; and, second, to put into immediate operation all programs for integration of engineering data files and engineering data processing as recommended by the City's management consultants.
This follows your letter to us about the analog computer.

MR. CRANSTON: I move approval.

MR. CARR: I'd like to ask a question or two. In addition to this, I'd like to emphasize again that we think it's very important, I believe, to the State and City of Long Beach that all engineering data be accumulated for the purpose of learning about subsidence control, not only for the present field but the possibilities of future development, further development, and I think we can't emphasize too strongly for the benefit of the Long Beach representatives that we think that's necessary.

Mr. Roberts, you don't seem to be too convinced on that, that this analog computer enters engineering studies as an academic factor is very much worth while, but we seem to feel that it is, and if we are not in agreement on that, I think we should know it.

CHAIRMAN ANDERSON: Mr. Roberts, would you like to comment?

MR. CARR: It's been reported to us by the staff that we are not up-to-date on some of our data down there, is that correct, Mr. Hortig?

MR. HORTIG: That is correct.

MR. CARR: Would you like to comment on that first before Mr. Roberts expresses himself?

MR. HORTIG: I think possibly in the interest of
expedition, Mr. Roberts who is eminently familiar with the status of all of these projects could cover everything simultaneously and report to you.

MR. CARR: We'll invite Mr. Roberts to exhibit his eminent familiarity then.

(Recess.)

CHAIRMAN ANDERSON: The meeting of the State Lands Commission will come to order.

If I remember right we were just asking Mr. Roberts to tell us a little bit about their views on this analog computer analysis.

MR. HORTIG: Mr. Chairman.

CHAIRMAN ANDERSON: Mr. Hortig.

MR. HORTIG: If I may intrude, and despite having said negative to Mr. Carr's question whether I desired to make any comments before Mr. Roberts spoke, as a result of discussion with Mr. Roberts during the recess we reached the conclusion that might expedite things if I outlined to the Commission very briefly the bases from which our two recommendations are derived, and Mr. Roberts will then concentrate his report with respect to those bases.

First, as suggested, that the Commission urge the City of Long Beach to undertake a study of the application of research equipment directed toward the objective of securing optimum future operating conditions in the Wilmington field.

This resulted very simply from the fact that the
consulting engineering report to the City of Long Beach in response to the question of the State Lands Commission on the applicability of an analog computer suggested that not only did it not appear feasible at this time to use an analog computer but that actually not enough was known, and this was a shock to me as an engineer -- I'm paraphrasing -- that not enough was known to adequately employ research equipment to the unique and complex problems that exist in the Wilmington Field.

Therefore, actually this recommendation, the consensus of the report of the consulting engineer for the City of Long Beach, says: "We don't know how to apply research equipment directed toward the objective of securing optimum future operating conditions and we are here suggesting somebody should then immediately undertake a study of how to do it inasmuch as it is reported we don't know how to do it and it's essential that we learn how to do it, and no one is studying it and it is within the purview and area of control of the City of Long Beach and the Harbor Engineering Department, and so forth, we feel to become involved in this technological development which we are going to have to have if we are going to secure the data for optimum future operating conditions."

The second phase of the recommendation comes from the fact that there have been extreme problems primarily of time, and time is running against us, and data are being accumulated but not yet analyzed as to what optimum use these data could be put to.
The City is in possession of recommendations by management consultants who have studied this problem for the City, and at our last report this was about the status of the data referred to in a report to be implemented, and therefore we are representing that the Commission consider a directive or a strong urging that the City of Long Beach put into immediate operation all programs for integration of engineering data files and engineering data processing as recommended by the City's management consultants.

CHAIRMAN ANDERSON: Mr. Roberts.

MR. ROBERTS: I think to simplify my comments on this thing, to start with I think we have no objection at all to the Executive Officer's recommendation. We believe that it is sound and we are working along these lines, and we will keep him fully advised, and so on, as to the progress we make.

I might say that we have made great use of digital computer equipment and your punch card machinery in much of the engineering analysis work in connection with analyzing floods and establishing the plan for these and the phase, I should say, we need to shift over into, which Mr. Hortig has emphasized, to use equipment of this sort in the day-to-day control of flood operations, and we are implementing these reports on engineering data files and on engineering data processing.

We have almost completed the integration of those engineering data files. We started that when we moved into our new building; on the engineering data processing we will
have a memorandum to the board Monday concerning that program. To start with, and it has to be staged over quite a few months' period of time, we will be moving these data decks that we now have in Dallas and in Tulsa -- we will be moving these data decks, these punch cards, into Long Beach and commence a processing operation on equipment that the City has. We are going to put a second shift on our I.B.M. installation that we use for utility billing and various other things, and this program has been worked out.

Now, there is no doubt about it, there is great use of this type of machinery in the solving of engineering problems and control of floods and things of that sort. Some of the work is pioneering work; some of it must be experimental work.

MR. ZWEBACK: Mr. Chairman.

CHAIRMAN ANDERSON: Fred?

MR. ZWEBACK: Yes, I think in support of the suggestion Mr. Hortig has made that we should be doing some development work. I think that's concurred in by the report of DeGolyer and MacNaughton, petroleum consultants to the City of Long Beach, I know. I read the last two sentences of their report:

"If current fuel zones injection practices are still in operation, then the use of potential arithmetic model study still should be considered in the nature of research work."

In other words, we should be developing.

Then the last sentence: "If in the next year or two a program of selective water injection has been put into operation,
then the potential arithmetic model should prove to be a
useful and valuable tool in the prediction and control of
water flooding program."

     MR. CARR: As I understand, the purpose of this
program would be to anticipate and prevent such undesirable
results as we have experienced heretofore and that it would be
well worth whatever it would cost, it would seem to be
absorbed, but even in the remaining production of the
Wilmington Field, and also I should think it would be very
valuable to the City of Long Beach in their uplands development.
And it seems to me unless I have completely misunderstood the
technical men -- not being one -- that this program should be
accelerated rather than otherwise.

     Is that a recommendation? Did we just say something?
What are we going to do now to get at it?

     CHAIRMAN ANDERSON: I read the recommendation. This is
it.

     MR. CARR: I'd like to move that the recommendation
previously read be approved.

     CHAIRMAN ANDERSON: You're moving the recommendation
then that was read previously here.

     MR. CRANSTON: Second it.

     MR. CARR: Unless Alan wants to move it. Let's both
move it.

     MR. CRANSTON: I certainly think it's very important.
I'll certainly go along with you on it.
CHAIRMAN ANDERSON: Well, it's been moved and seconded that we accept the recommendation of our Executive Officer. It's unanimous, no objection.

Classification Item No. 10 is the authorization of the Executive Officer to offer for a nonexclusive lease, pursuant to competitive public bidding, for extraction of fill material at minimum royalty of five cents per cubic yard 1,263 acres of submerged lands at San Bruno Shoal, San Mateo County, pursuant to application received from Richard Grant and T. Jack Foster, general contractors.

Before we get into that, one, I want to point out that this has been discussed in the newspaper quite a little bit, and I think there's some things said in error, and I wanted to read some of these so that our Executive Officer could also take steps to correct the impression of the newspaper.

First, this happens to be a newspaper, the Redwood City Tribune, of which I have a copy. They proceed to say the Commissioners, incidentally, are a pretty high-powered crew, but they say that we've been operating secretly because of the Brown Act which does not cover this Commission or any State agency, and I think this is the first thing that they brought out.

It says that the Brown or anti-secrecy law does not apply in State Government or to many agencies, just where this doesn't apply to them -- secondly, they go on and say --

MR. HORTIG: Mr. Chairman, may I ask if there are more
points would you prefer that I comment on them or do you wish
to comment on them and if so, point at a time, before I get
overwhelmed?

CHAIRMAN ANDERSON: And the second thing it said there
was no notification to the people in San Mateo County about this
hearing because it does not require it, and I think we ought to
point out to them that in this particular case they have been
notified, their assemblymen and senators have been notified,
the Public Utilities Commission was notified, the East Bay
Council, the Port of Oakland -- a gentleman was quoted from
here, a Mr. Frank Skillman, the County Planning Engineer, I
mean, Director --

MR. HORTIG: He was notified first on October 7, 1959.

CHAIRMAN ANDERSON: -- and it says here if it hadn't
been for the Army hearing, they would never have known anything
about the sand removal, and it seems to me the Commission
should be required to notify local agencies of all such matters
and then you in turn showed me where you have notified him
many, many times, and I think that the county counsel there
should be notified they're making releases to the papers
contrary to what the actual facts are and I think you ought to
have this for that purpose.

MR. HORTIG: Yes. Well, for the very brief summary of
the Commission at the present moment, we have this problem,
that there's an inference that something has been done towards
sand removal authorization. This is the question which is up
before the Commission for the first time today, and I believe today is March the 24th; yet with respect to the pendency of the project our first discussions with Mr. Skillman are dated October the 7th, 1959, so I am at a loss to understand how anyone was not informed and that any actions were taken in secret because we have no record of any actions having been taken, and this is the first time that this project in full has been brought to the Lands Commission for consideration except on advanced notice which everyone, as you've enumerated, the legislators and all the county officials, have had, in that this was considered as a matter of an informative item at the Lands Commission meeting of January 21, 1960, that the staff proposes to present a recommendation on this subject at a future meeting of the Lands Commission, and all interested parties will be invited to attend and express their views to the Commission at that time.

Today is that time and all interested parties who have ever indicated any interest in this matter were invited specifically by letter including this gentleman, Mr. Skillman, who is quoted in the press report as being uninformed.

CHAIRMAN ANDERSON: Mr. Skillman was notified of this meeting?

MR. HORTIG: Yes, sir.

CHAIRMAN ANDERSON: And is Mr. Skillman here?

MR. HORTIG: I have not heard nor seen him this morning.

CHAIRMAN ANDERSON: Were the assemblymen and senators
notified?

Mr. HORTIG: Yes, sir, two Assemblymen and one Senator; the two assemblymen of the 25th and 26th Assembly District and the Senator of the 21st Senate District, which cover the geographic area within which this proposed sand removal would take place.

CHAIRMAN ANDERSON: This would be San Mateo County?

MR. HORTIG: Yes, sir.

MR. ZWEIBACK: The date of that press item is March 7, approximately 5 months after the first contacts were made on that subject, isn't that true, Mr. Hortig?

CHAIRMAN ANDERSON: Catch the front page there.

MR. ZWEIBACK: That's according to our record.

MR. HORTIG: That is interesting that we should have a comment from Mr. Skillman of all people. -

CHAIRMAN ANDERSON: Mr. Skillman is quoted in there.

MR. HORTIG: -- on March 7 as being surprised because as the record shows, on March 4 our staff negotiator, Burton Tucker visited Mr. Skillman's office in Redwood City. Mr. Skillman was at home with a cold and Mr. Tucker, using Mr. Skillman's office phone, discussed the project with Mr. Skillman for over one hour three days before the date of this press release.

MR. CARR: When you have a cold and high temperature, you're in a state of temporary delirium. Has that ever happened to you?
MR. ZWEIBACK: Mr. Chairman, I think it might be wise for the record to show that the Brown Act -- to make it abundantly clear -- that the Brown Act does indeed apply to this Commission and all of our meetings.

CHAIRMAN ANDERSON: And I would also like to have Mr. Hortig notify the papers and the authorities concerned down there of these facts because of having received I guess about four clippings now in the newspapers on the ground that we are doing something bad down here and I think they should have a chance to clarify that to the people in the area.

MR. KNORP: Mr. Chairman, my name is Albert F. Knorp, K-n-o-r-p. I represent Mr. Richard Grant and T. Jack Foster, the applicants in this matter, and I am also a resident of San Mateo County.

I can tell you gentlemen that Mr. Skillman does not represent the official position of the county, that he attempted to get the Board of Supervisors to pass a resolution asking you to hold up any action and they refused to do so. I can tell you that the Board of Supervisors have done quite the contrary. They have endorsed this problem en toto including the dredging of sand to bring the level of the property to its proper place, that Mr. Skillman seems to represent an independent viewpoint all his own and he is completely out of line so far as I know, because as Mr. Hortig says, anybody in the county that have any official capacity knew of the steps that were being taken to negotiate the lease, the application that's before you.
Now, as I say, I'm a long-time resident of the county and I know what the action of the Board of Supervisors has been, and they refused to follow Mr. Skillman's advice, so he's speaking purely for himself and not in any official capacity.

I had hoped to get the county manager here today but he had to leave town, and I'm satisfied that he would echo to you what I've just told you.

MR. ZWEIBACK: Mr. Chairman, might I make this suggestion, that on this particular calendar item that excerpts of the transcript be made in quantities and appropriate copies of that be sent or copies of that be sent to the appropriate people that are involved in this newspaper item because since they are not here they will have a record of what has been discussed here and will know completely what the facts are.

MR. KNORP: I suggest you cover the Board of Supervisors in interest.

MR. ZWEIBACK: Also the reporter and the columnist.

CHAIRMAN ANDERSON: Is there a point of controversy? Should we act on this first or should it be stated it was suggested by someone that this should be put over? What is the feeling of the staff on that? Mr. Hortig?

MR. HORTIG: If I might suggest, Mr. Chairman, extreme interests have developed, a preponderance of interested parties who are in favor of the project, not necessarily as advocated by the original applicants but actually because of competitive
interests for this same source of material, but that such a project might be authorized is of interest and has received expressions of disapproval from only two sources, specifically Mr. Skillman on behalf of the Planning Commission, San Mateo County Planning Commission, and from a comparatively newly formed planning organization, the South Bay Planning Committee.

The South Bay Planning Committee would propose, and properly so, to plan the future of all operations in San Francisco Bay and have suggested it would be well that the Commission withhold any operations in San Francisco Bay even to the extent of withholding the removal of any State natural resource to the advantage of the various State funds until an indefinite time in the future the South Bay Planning Committee may produce an overall master plan for all types of operations and occupancy in the entire area of South San Francisco Bay; from the minutes of the meetings and the records we have to date there is yet no consensus except on procedural rules within that organization.

There's no target date for a plan that the Commission might consider. The Commission does have before it an application which would require going to competitive public bidding and which would authorize a lease for the extraction of sand and gravel for which the royalty payable to the State has been estimated would probably be on the order of one million dollars over the total operation.

The State Division of Highways has plans to locate a new
freeway and interchange in the area proposed to be filled and they have submitted a letter declaring that approval of the issuance of the requested lease is given by them provided that the specific area herein proposed is actually filled.

The U. S. Corps of Engineers has issued a permit for the removal of the borrowed material on the finding that such removal not only won't constitute a hazard to navigation but will actually provide navigation in an area that is generally classified as a mud flat currently, and this removal, the Corps of Engineers feel, would reduce the future cost of their maintaining with Federal funds an additional and adjacent deep water channel. And the taxing agencies in San Mateo County, although not of record, are of informal expression or at least have made informal expression that this would certainly produce a new higher assessed valuation piece of property for the tax base in San Mateo County than now exists.

MR. CARR: Is the South Bay Planning Committee an official body?

MR. HORTIG: No, sir.

MR. KNORP: I think I might amend your basic statement that Mr. Skillman at the request of the San Mateo Planning Commission had proposed this. Mr. Skillman had opposed this on his own without authority from the Commission and I believe if you'll look closely the South Bay Planning Commission is Mr. Skillman with another hat on. He has a plan in his own mind for a great, big airport in the middle of the Bay some day,
maybe 100 years from now. I don't think he's consulted San Francisco -- has a terrific investment in their airport or Oakland in their airport. This is one of these plans something like Chavez Ravine; nobody wants it until somebody expresses interest and then somebody wants to build a great, big deal. So both of these organizations, so far as I know, are Mr. Skillman's and he has not the authority of his Board of Supervisors or of his Planning Commission. He's acting purely on his own.

MR. CARR: Well, what harm would be done by authorizing the Executive Officer to offer this for public bidding? I don't see any, do you?

MR. HORTIG: There may be other representatives of other organizations here.

MR. CARR: Anybody else here want to be heard?

MR. HORTIG: The Public Utilities Commission, Committee of the City of San Francisco, the Port of Oakland have indicated they might be present. City of San Francisco is here.

MR. CRANSTON: I'd like to ask one question relative on that point, that the Planning Commission was going to consider this matter on March 22. Did they consider it? Did the San Mateo County Planning Commission consider this matter on March 22?

MR. KNORP: No, no.

MR. HORTIG: The minutes of the Board of Supervisors of their regular meeting on February 16 indicated: (Reading:)
"Following further consideration of this subject, Supervisor Chess moved that action be continued to March 22 meeting at 2:30 o'clock p.m."

We have not had any information that they did consider or not consider on March 22.

MR. KNORP: I don't believe it was on the agenda. It was taken off the agenda.

CHAIRMAN ANDERSON: Who do these gentlemen represent?

MR. STARK: My name is James J. Stark. I'm Deputy City Attorney, City and County of San Francisco and I'm representing the Public Utilities Commission of the City and County of San Francisco.

MR. BARDOFF: My name is Bardoff, B-a-r-d-o-f-f. I'm an Engineer for the City and County of San Francisco.

MR. HORTIG: I'm correct, am I, that your Public Utilities Commission is the operating agency for the San Francisco International Airport?

MR. STARK: That is correct.

My purpose in being here today is not in opposition to the action of the Commission today. All that we wish to place before you for your consideration is our feeling that the City and County of San Francisco and the Public Utilities Commission would urge the Commission at this time to defer any action in this, on this matter, until such time as our engineering bureau and our planning staff at the airport can have time to evaluate this situation in view of our planned
future expansion at the airport that will require a great
need for fill material, and that the material that is in San
Bruno Shoals would be probably the best source that we have
found in the area.

CHAIRMAN ANDERSON: So you’re actually asking that we
defer action on this for a period of time and continue to make
the study?

MR. STARK: Yes, that’s correct.

MR. CARR: How long would it take to make the study?

MR. STARK: I believe Mr. Bardoff could give us some
further information on that.

MR. BARDOFF: Well, we have an application before the
Federal Government right now for runway extension which we
should hear about in a month, and then we’re buying property
right now for our cargo area which we should hear in about
two months, and know about a lot better.

CHAIRMAN ANDERSON: You’re asking for probably a
two-month extension, is that it?

MR. BARDOFF: I think we could find out pretty well
in two months what our status is.

MR. STARK: Yes.

MR. CARR: What is the maximum length of those runways
at the San Francisco airport?

MR. BARDOFF: Right now the longest one is 9,500 feet.
We have an approved Federal grant to lengthen one to 9,700 feet
and another one 9,000 feet to 9,500 feet.
MR. CARR: Do you plan to go up to 12,000 feet?

MR. BARDOFF: Not if we don't have to, sir. Right now, why, we're able to take care of all the certified aircraft that are allowed to fly with practically no penalty.

The biggest problem as far as runway length is concerned is our noise. If we get too much noise, we may have to move them a little bit further but that would be the only thing.

CHAIRMAN ANDERSON: Would a delay of two months on this matter hurt anybody?

MR. HORTIG: I believe this is a question that probably should be directed to the applicant who has already been delayed several months pending the application in order to permit the staff to review with, consult with and give everyone who desired to make a representation an opportunity to make such a representation.

CHAIRMAN ANDERSON: Mr. Knorp?

MR. KNORP: The delay would be very harmful, yes, sir. I think you should have a look at what this project might entail so that you understand what's involved here.

If I might, so that you may localize this, here's an aerial picture of the San Francisco Peninsula; here's the airport; here's the area to be filled.

(Photograph shown to the Commission.)

MR. CRANSTON: Is that going to be no longer an island, just fill the whole thing in?

MR. KNORP: They're going to fill in the whole thing.
There are high levees around here. This is the western end of
the San Mateo Bridge here. I think you can see that better
when you get closer. Here's a very good picture of the whole
area. This is the Leslie Salt Flats.

MR. CARR: Where is that Hillsdale place, I mean, the
old Mills estate?

MR. KNORP: The Mills estate will be up here further
north here. I can show you that.

(Photographs shown to the Commission.)

MR. CARR: That's way up here.

MR. KNORP: Yes.

MR. CARR: And you're going way down here.

CHAIRMAN ANDERSON: What do you propose to do, fill
this here but not this?

MR. KNORP: Oh, yes.

CHAIRMAN ANDERSON: Going to fill this, too, in other
words, the Leslie --

MR. KNORP: There'll be some of this dredged for a
boat harbor but there will also be a fill in there, too. This
is going to be a complete community, I mean, with industry and
everything. This will be a self-supporting community. That's
why the county is going to be undertaking such an interest.
It's not going to be a drain on the taxpayer and dump in a lot
of homes and not pay their way.

CHAIRMAN ANDERSON: What city will that be in?

MR. KNORP: In either -- it's abutting San Mateo and
Redwood City is annexed up this way. It probably will be a little struggle between those two as to which annexed if it is to be annexed, but here is San Mateo right adjacent to it. This is in the county at the present time and it could conceivably be called foster city, I don't know. But you can see that with a thing of this magnitude a delay could be very costly.

MR. CARR: What is the estimated assessed valuation that would be put on the tax rolls?

MR. KNORP: The estimated assessed valuation that will go on the tax rolls?

MR. GRANT: The estimated valuation was in the neighborhood of 350 million dollars.

MR. CRANSTON: I'd like to ask Mr. Hortig a question. The recommendation that we have here from the staff is that the Commission authorize the Executive Officer to offer for non-exclusive lease pursuant to competitive public bidding for the extraction of fill material here, minimum royalty of five cents, et cetera.

With that done, what procedures then follow and what opportunity, and what calendar is involved for others to become involved in the bidding if they wish to do so?

MR. HORTIG: Well, pursuant to such authorization by with the Commission, there would be published a notice at least twice/ an intervening period in a newspaper of general circulation in San Mateo County, in San Francisco and in Los Angeles, inviting
bids for a mineral extraction lease to remove sand and gravel
from the specified area of San Bruno Shoals with a statement
that the combined bid lease form may be obtained from the office
of the Commission and a closing date by which time bids would
be submitted.

As of immediately after the closing date of bids and
at the next State Lands Commission meeting thereafter, the bids
would be considered by the State Lands Commission and a lease
could be awarded to the high bidder, or all bids could be
rejected.

MR. CRANSTON: Well, when would the bids actually need
to be placed before the Commission for consideration?

MR. HORTIG: After this authorization?

MR. CRANSTON: Yes.

MR. HORTIG: Only after bids have been received.

MR. CRANSTON: How long does it take?

MR. HORTIG: Within 60 days.

CHAIRMAN ANDERSON: Wouldn't the City and County of
San Francisco be able to submit bids on the same gravel that
they feel might be needed on the airport at that time?

MR. CARR: What about the offshore conditions? Would
these two projects necessarily conflict? Is this shoal water?

MR. HORTIG: Very shoal.

MR. CARR: What's the conflict for material? Where do
you contemplate taking your material from?

MR. KNORP: It would be the shoal here.
MR. CARR: Here's the airport over here, the same if you wanted to extend the runways of the airport, would the removal of this material here conflict with that?

MR. KNORP: It could except that they operate perhaps —

MR. CARR: Do you have a map there that shows the depth?

(Maps and pictures shown to the Commission.)

MR. CRANSTON: Wouldn't a 60-day period give the City and County of San Francisco enough time to determine how much they would need?

MR. KNORP: I don't think it would be quite enough time for the municipality to submit a bid.

(Further discussion among staff and Commission inaudible to the Court Reporter and not reported.)

MR. NICHOLS: Gentlemen, could I make a point here? My name is Charles A. Nichols. I'm a Registered Civil Engineer and representing Mr. Grant on this problem. And out in this area where we had planned to get it, portions of it are explored as 20 to 35 feet of mud overlying, that is, 20 to 35 feet in the best places, the mud overlying the sand that is to be obtained, and the sand is not what is called a good quality sand material. It has a fairly large proportion of silt in it. We are using it, we would be using it for fill in here, but it is not an ideal material and also it would be very expensive, of course, to remove that 20 to 35 feet of mud that's over it, so it is not certainly in that way an ideal sand fill area that we are intending to utilize.
MR. CRANSTON: Well, Mr. Chairman, it would seem to me that it is advantageous to the State to have interested parties have an opportunity to bid. On the other hand, I don't feel we can hold this up for any longer period of time since somebody is interested now who has a very worth-while project, so it seems to me that you in San Francisco should indicate now the minimum time that you feel you need to become equipped to either bid or not bid, and that we should consider a reasonable grant of time but not one that goes very long. You can act on this if there are compelling, economic reasons and there apparently might be.

MR. STARK: I understand your point and offhand I don't think there is at this time.

MR. CRANSTON: Frank, do we have precedence or is there any reason we can't approve this now or extend the time when you will accept bids for an extra period?

MR. HORTIG: No, sir -- excuse me, yes, there is precedent. And the Commission could direct that the bids, or it be so scheduled that bids could be received at a time which would coincide with an available determination by the City and County of San Francisco, this subject to the understanding that the City and County of San Francisco will in the immediate future inform us as to the reasonable amount of time they feel is necessary.

MR. CRANSTON: Would 60 days be what would be in the normal course of events?
MR. HORTIG: Sixty days would be normal.

MR. CRANSTON: It seemed to me 90 days would give San Francisco enough time—that's a quarter of a year—to find out whether they're interested or not.

MR. STARK: Thank you.

MR. CRANSTON: I move authorization in accordance with the staff recommendation that we accept the bids 90 days hence instead of 60 days hence.

CHAIRMAN ANDERSON: That doesn't cause you any particular hardship, does it?

MR. KNORP: I think that we can get by on it. I think that you've taken a reasonable course here. We would prefer the 60 days but you've already passed a motion for 90 days.

MR. NICHOLS: I did want to comment, we had been waiting on this a number of months.

MR. CARR: When did you first bring up this application?

MR. KREFT: August 24, 1959.

MR. NICHOLS: And it has been known about for some time and it is a very large operation. We have tremendous problems connected with getting the dredging operation underway and any delay here will delay the whole project.

MR. KNORP: Mr. Chairman, might I read into the record an answer to the question: The total complete market value of the Island Community will approach five hundred million dollars. If this development is assessed at 30 percent it would produce an assessed value of about 150 million which would yield
approximately 12 million in annual taxes to the County.
Revenue to the State of California would increase by $6,075,000 annually based on today's per capita revenue of about one hundred thirty dollars and an expected population of 45,000.

I think that those figures should be in your record.

CHAIRMAN ANDERSON: You've got that in the record?

THE COURT REPORTER: Yes, sir.

CHAIRMAN ANDERSON: Now, it's been moved and seconded that we take the staff's recommendation with the stipulation that the bids not be given until 90 days from this meeting.

MR. CRANSTON: Yes.

MR. HORTIG: Not to close until --

CHAIRMAN ANDERSON: Not to close until 90 days from this meeting. Now, just so I'm clear on this, as far as this hearing today was concerned, the Assemblymen, the Senators, the County of San Mateo, this Mr. Skillman, all of these people were notified of this item on the calendar today, weren't they?

MR. HORTIG: To the extent of even having been furnished individually with copies of the same agenda report that the Commissioners have before them today.

CHAIRMAN ANDERSON: And none of them have shown up?

MR. HORTIG: No, sir.

CHAIRMAN ANDERSON: There's no one here protesting our taking action upon this here today? I wanted to make that clear.

MR. HORTIG: We tried.
MR. CARR: Whose photographs?

MR. GRANT: You may have them, sir. May I ask one question just to clarify your motion, sir. The bids will be received within 90 days, is that correct?

CHAIRMAN ANDERSON: Will you explain it, Mr. Hortig, so there's no question?

MR. HORTIG: The closing date of bids will be not less than but as close as can be scheduled within 90 days from today.

MR. GRANT: Thank you, that's fine.

MR. KNORP: Do you want to keep those photographs?

CHAIRMAN ANDERSON: Yes. If there's no further objection then, the item will stand approved as stipulated.

Mr. Carr would like to be excused now.

(Thereupon Mr. Carr left the hearing room.)

CHAIRMAN ANDERSON: The next will be Calendar Item No. 11, Confirmation of transactions consummated by the Executive Officer, pursuant to authority confirmed by the Commission at its meeting on October 5, 1959. Mr. Hortig.

MR. HORTIG: The tabulation on pages 59 through 61 is again the summary tabulation of those documents which have been issued by the Executive Officer pursuant to specifically delegated authority and it is recommended that the Commission confirm the actions in order that there can not be any title question arising from the fact that there was not a specific resolution of the Commission authorizing the individual action.

MR. CRANSTON: I so move.
CHAIRMAN ANDERSON: Moved and seconded. It's approved unanimously.

The next item 12 is Report on Status of Major Litigation.

Mr. Hortig.

MR. HORTIG: The Report on Status of Major Litigation is verbatim repetition for the first two cases: U. S. vs. Anchor Oil Corporation and People vs. City of Long Beach, Alamitos Bay Quitclaim Litigation. But we are happy to report we hope there's a step forward on page 63 in that the County of Orange has a new county counsel since March 1, 1960, who is even now studying to report to the County of Orange as to whether litigation which the County instituted against the State with respect to title to tide and submerged lands in Orange County should be pursued or not pursued.

We hope this presages the beginning of the end for this litigation.

MR. CRANSTON: No action required.

CHAIRMAN ANDERSON: No action. There are just two points I wanted to bring up a little bit for the record here.

Announcement in the press in Long Beach that it had practically received approval of a proposed 6 million dollar convention hall by the Attorney General and certain members of the State Lands Commission. Now, to my knowledge no application has been filed with us, has it?

MR. HORTIG: That is correct, there has not.

CHAIRMAN ANDERSON: And I'd just like to have you clarify
this for the record because no action taken about it by us,
no application ever been filed, so obviously some of this
reference is possibly incorrect.

MR. HORTIG: Unless there were, Mr. Chairman, individual
conferences with individual members of the State Lands
Commission. There had been no discussion or presentation to
the State Lands Commission by the staff with respect to the pro-
ject in question for the obvious reason that no application was
ever filed by the City of Long Beach with respect to this
project with the State Lands Division and the only press
information that the staff has which is dated Monday, January
11, 1960, in the Press Telegram, which may be the same item to
which you have reference there, deals primarily with conferences
between special City Attorney for Long Beach and the office of
the Attorney General, and we are aware of the fact that this
project has been discussed as a matter of its legal qualifica-
tion in the office of the Attorney General, and is concerned
with an action which was brought originally by the office of
the Attorney General for clarification of projects that might
or might not qualify with respect to expenditure, title and
revenues, on which fortunately one of the two attorneys involved
in that and Jay Shavelson, who is here today, may be able to
comment further with respect to the Attorney General's office
view with respect to this discussion.

MR. SHAVELSON: This matter is in litigation. The
State has commenced an action or a supplementary proceeding
in the case of People versus Long Beach seeking a declaratory judgment to the effect that this exhibit hall is not an authorized project for the expenditure of tideland revenues remaining in the City. That's what we're concerned with here, of course, not with the State's share, but with the half of the oil revenue that remains with the City.

Now, we have been approached, the office of the Attorney General has been approached by the City of Long Beach with certain proposed modifications of the original plan seeking approval of them and seeking our agreement that they would be proper trust expenditures.

That matter is now in the hands of our office being specifically handled by Howard Golden and if you would like, I'd be glad to ask him to prepare a more detailed report of the present status of the litigation.

I hadn't anticipated this coming up today so I'm not fully prepared to give you the exact present status, but it's my understanding that it's being studied in our office at this time.

CHAIRMAN ANDERSON: I thought the procedure of this was that the application for something like this would go through the staff's department first before it would go to the Attorney General's office.

MR. HORTIG: The normal procedure with only one exception of this, and if this is the exception, the normal procedure would be just as you have suggested, Mr. Chairman, for
the City of Long Beach to make application to the State Lands Commission, the State Lands Division staff thereupon determining that legal opinion is required, referring the legal questions to the office of the Attorney General and then coming back to the Lands Commission with the application with a recommendation on the policy based on the legal information we had received from the Attorney General's office.

As a matter of fact, we had one prior application we are aware of that was submitted directly to the Attorney General's office which at that time was handled by Assistant Attorney General Leonard Friedman, and paraphrasing his reply memorandum to Long Beach, he pointed out just what you have suggested and suggested that they send it to State Lands first and that the Attorney General's office would consider it if, as and when it were determined by State Lands that legal counsel was necessary. But this one took a different route.

CHAIRMAN ANDERSON: Don't you think that we should notify the Attorney General's office through you that this type of procedure should follow, that when something comes from the City of Long Beach on a question involving State Lands that at least we should be aware of this because this rather surprised me to find in the paper that you had received it and it says, practically received approval of the proposed six million dollar convention hall by the Attorney General and certain members of the State Lands Commission. It was the first time I heard of it and I think this is the wrong procedure.
MR. SHAVELSON: Yes, Mr. Chairman, I want to state that it's our invariable procedure to make sure that these matters go through the State Lands Commission or State Lands Division first, and that the only legal opinions that we will give are pursuant to request from the State Lands Division, and normally we do not deal directly with the City of Long Beach or any other third person.

However, in this case this case is a little different from the ordinary situation in that an action has been filed, a supplementary proceeding had been filed, so it was a matter in litigation, and once a matter is in litigation, then the procedure is necessarily altered in that our direct approach to the Attorney General is more warranted than if it were a normal procedural matter where we would never deal directly.

However, it's my understanding that we attempted to keep the staff informed of all matters received, isn't that true, Frank, on this thing?

CHAIRMAN ANDERSON: Mr. Hortig.

MR. HORTIG: That's correct. We have, as of Monday, I believe, of this week, had conference in the Attorney General's office in which we were briefed with respect to the status because there was a suggestion as to possible necessity of having the State Lands Commission authorize whatever should be authorized as a policy matter at this meeting today, which left the staff in a vacuum because we didn't have any application to even present to the Commission.
Now, where this went off the track we don't know, except that certainly it's off the track of our normal procedure. And not because of any omission on our part.

MR. ZWEIBACK: Mr. Chairman.

CHAIRMAN ANDERSON: Mr. Zweiback.

MR. ZWEIBACK: Frank Hortig alluded a moment ago to the normal procedure but that there are exceptions, and it's my understanding that in Chapter 29 which incorporated the settlement features, that where certain routine or certain procedures were not specifically enumerated and because the matter is in the courts technically, that the Attorney General has the authority to stipulate to agreeing to certain of these projects without going through this routine of filing a formal application with the Lands Commission.

MR. SHAVERSON: That's a provision that's in the stipulation for judgment.

MR. ZWEIBACK: Yes.

MR. SHAVERSON: But as a matter of policy we've required that it go through the State Lands Division. We've sort of disregarded the existence of that authority. The reason that we were approached directly here is because it was in litigation, but I want to also add that it's my understanding that the City was asked to submit an application through the State Lands Division, and instead of doing that, they did it through our office, I mean, they were asked by us to do it through the Division.
I don't want to say too much right here because I'd rather that the facts were presented in a more complete and orderly manner by Mr. Golden who has been directly concerned with this. But it is my understanding that the City was asked to go through the Division and that they didn't.

CHAIRMAN ANDERSON: Can you then get in touch with the Attorney General's office, with the City and with Mr. Golden so that procedure can be straightened out and it can go through the State Lands staff where it should be?

MR. HORTIG: Certainly, yes.

CHAIRMAN ANDERSON: Did you have something else?

MR. ZWEBACK: I was going to simply comment that in the past the policy certainly has been adhered to. However, it is a policy which is within the province of the Attorney General's office to determine.

But I think it's significant for the Commissioners to know that informally we have been told or at least I have been told that in this particular instance that the course of action was going to be to take it through to the Attorney General's office for a stipulation without coming to the Lands Commission.

Now, I think certainly this would call for an early policy determination.

CHAIRMAN ANDERSON: Would you state your name for the record, please?

MR. LINGLE: I'm Harold A. Lingle, Deputy City Attorney.
City of Long Beach, and I think I've filed every application in behalf of the City as distinguished from the Harbor Department with the Land Commission. You're absolutely correct that there is no application that has been filed by the City with the Lands Commission on this project.

However, I'd also like to emphasize Mr. Zweiback's remarks and Mr. Shavelson's remarks that there is this other way whereby -- not in the statute but in the decree -- it is possible that the Attorney General might stipulate on some of these items, and particularly in this one where there is a lawsuit pending where you could stipulate in that lawsuit as to certain things that were possible or stipulate what might be done, and that you are absolutely right, it would not be the normal way in which we would apply for new or make new applications for expenditures of tideland funds in Long Beach.

CHAIRMAN ANDERSON: You are aware of the release that says they practically received approval?

MR. LINGLE: I think I've read it. I don't recall the exact words. I'm sure I read that release at that time, yes.

CHAIRMAN ANDERSON: Well, it's always a shock as Chairman of the Commission to find out that they almost have the approval of it when there wasn't even an application granted and, I mean, this is bad procedure and it doesn't do any good all the way around to do it this way.

MR. LINGLE: I have no control over what that certain reporter, what his interpretation of something might be. In fact,
I did not check on this until the last 2 or 3 weeks to be sure where it was, whether it was pending before you or not.

I also was advised that this question might come up and if there's anything at all that you want to know in the way of -- the plans have been submitted to the Attorney General's office but if there's anything that anybody wants to know, why, we haven't any secrets on this thing.

MR. CRANSTON: Mr. Chairman, I'd like to concur in your views and I now state that I know of no formal approval that was granted to them.

CHAIRMAN ANDERSON: Then strike the word "members" off because there's only three of us. I knew nothing before about it, I knew that, and I assumed it had to be the other three members. Mr. Zweiback brought it to my attention about the release and I asked him about it. He spent about 40 percent of his time going into all things pertaining to said land, and when he asked me about this, what had been released, I said I knew nothing about it and I wanted to get it clear for the record because I knew nothing about it and wished that these things would come through their proper channel.

Anyway, Mr. Hortig, will you kind of check into this?

MR. HORTIG: Yes, sir.

CHAIRMAN ANDERSON: The last thing, I wanted to get a little information also that Fred brought to my attention, the fact that I believe there has been nomination by Shell for Santa Barbara tide and submerged land. Mr. Hortig, would you
want to comment on that?

MR. HORTIG: No, sir -- yes, sir, in general terms, because it's anticipated we will have specific items for consideration, Lands Commission action at the next meeting of the Commission. On the other hand, a general comment at this time and as a matter of public notice, and the fact that the Lands Commission is even thinking about such things that were done only to the benefit of all people who might be potentially interested in terms of producing either additional nominations or additional expressions of interest in the possibility of doing that which the Lands Commission has been requested to do by letter application which is provided for under the Public Resources Code, that the Lands Commission consider offering for lease certain areas of tide and submerged lands west of Santa Barbara, the City of Santa Barbara and in Santa Barbara County for oil and gas development.

The specifics on the specific authorizations required by the Commission, from the Commission to the staff as to the announcements of public hearings, the time for setting thereof, and the general criteria which will guide those public hearings will be presented to the Commission for authorization at the next meeting, which is the last item you gentlemen have to determine on the agenda today.

I believe that at the present time it would be well on any expression of the Commissioners to indicate that there certainly is the interest of the Commission in considering the
potentialities for offering, considering at the present time
the offering in the near future of additional tide and submerged
lands for oil and gas lease, that such considerations at this
time and reviews probably in order to render the project most
feasible should be restricted to nominations received with
respect to Santa Barbara County. The balance of our offshore
counties having an oil potential have other variables in them
at the moment, either in terms of questions as to title or even
as to overall height of interest, there being already one
expression of interest in Santa Barbara County.

While there's no provision in the statute for inviting
nominations, which is a standard practice in the Gulf Coast,
the analogous feeling might be expressed by the Commissioners
that expressions of interest from industry for future Santa
Barbara County leases would be received with interest at this
time and in the immediate future.

CHAIRMAN ANDERSON: What would you feel that these
nominations would indicate, that there is new interest in the
development of new areas? I thought that this had been probably
slowed down a little bit by the depressed market. Now, would
the new nominations indicate something different?

MR. HORTIG: Not different but possibly, one, again
a trend of optimism for the future. An oil and gas lease is a
very long-range project, and the matter of acquisition of
reserves to insure that operations will be assured in the far
future is a very long-range project, and as has been stated by
someone other than I, but previously—you always get a more
optimistic viewpoint looking up when you're standing in the
bottom of the hole than when you're at the top looking down
into the bottom of the hole into which you're going to fall --
and this is a horrible oversimplification but with respect to
all the multiple interrelated factors that concern California
offshore oil, if it's possible, that there is at least some
segment of industry opinion that maybe they're at the bottom
of the hole and it's time to climb out again. Shot No. 1.

No. 2, the international situation, we're happy to
report from California's standpoint, isn't getting any easier
and it's costing more and more right along to produce and
develop new oil farther away from home with the result that
one exploration department head told me that it cost more in
California, but a barrel of oil at home is worth a lot more
than 10,000 miles away where we don't know whether we're even
going to have title to it the day after tomorrow.

This viewpoint is being impressed on the industry more
and more for the reason of the economic trends and the pressures
that are being brought to bear by various foreign governments
in the way they are administering their nationalized oil.

And last but not least, most recent sales of water
bottoms as they are fashionably known in Los Angeles, both by
the Federal Government and the State of Louisiana -- the Federal
Government lease sale produces a surprising amount of interest --
and it didn't surprise anyone but Louisiana that they didn't do
so well on their sale approximately a week later, the answer
being that no one had any money left over after the Federal
Government sale, but again, now, there's a gap before there will
be another State of Louisiana sale of tidelands or Federal
Government sale.

Explorations and development of production is far from
a static thing. The companies have to go forward with it
and at almost regular intervals, and the nature of some of the
parcels that were leased offshore in Louisiana by the Department
of Water indicates that somebody is ready to bet that they can
actually extract oil from deeper water than has ever been done
heretofore if these techniques are completed successfully and
commercially.

It is, again, a tremendous incentive to look at the
California offshore, because one of the deterrents that we have
had on a broad scale leasing program in California was that
after you got a few feet away from land, you were in such
comparatively deep water.

Now, all of these factors I've just summarized and very
briefly, I think, are the things that are pointing toward the
pressure and the expressions of interest which we have now
already started to receive by letter from industry that the
Commission should consider over areas for lease.

I'm not unmindful of the fact that the Commission has
the responsibility for achieving the best interests of the State
in such leases, and if the optimism which seems to now be back
into the picture isn't borne out by bids that are actually of value to the State, the Commission will have at any time in the future because it is required to reserve this right under the law the opportunity to reject all bids if leases are not justifiable at that time in any event.

I have hopes, however, that we will be again gratified at that time, which could only then result in benefits to the State funds.

CHAIRMAN ANDERSON: I'm satisfied. I was just looking for a little information.

The last item on the agenda then is the confirmation of date of next Commission meeting. Is Los Angeles all right for the south?

MR. CRANSTON: Yes.

CHAIRMAN ANDERSON: The next meeting then would be in Los Angeles on April 28, 1960, at 9:00 o'clock in the morning?

MR. CRANSTON: Yes.

CHAIRMAN ANDERSON: Moved, seconded and so ordered.

We are adjourned.

(Thereupon adjournment was had at the hour of 12:10 o'clock p.m.)
REPORTER'S CERTIFICATE

This is to certify that I, ALEX C. KAEMPFER, a Certified Shorthand Reporter, was present at the time and place the foregoing proceedings were had and taken; that I did write the same in stenotypy; that I afterwards transcribed my said stenotypy into typewriting; that the foregoing pages, beginning at the top of page 1 to and including line 19 of page 98 hereof, constitute a full, true, complete and correct transcription thereof.

Dated this 4th day of April, 1960.

[Signature]

Certified Shorthand Reporter

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