

ORIGINAL

Before The
STATE LANDS COMMISSION
STATE OF CALIFORNIA

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Regular Meeting held in
Room 2196 Capitol Annex
Sacramento, California

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

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KAEMPFER REPORTING SERVICE
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I N D E X
(In accordance with Calendar Summary)

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1 THURSDAY, MARCH 24, 1960

2 9:15 O'CLOCK A.M.

3 ---oOo---

4 CHAIRMAN ANDERSON: All right, the regular meeting of
5 the State Lands Commission will come to order.

6 The first item will be the confirmation of the minutes
7 of the meeting of January 21 and of February 18, 1960.

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

10 MR. CRANSTON: Second the motion.

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

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

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

26 However, as has also become almost standard practice,

1 Representatives from the City of Long Beach have been invited
2 again to comment on the prospects of a negotiated settlement
3 of this matter, and it is suggested that the Chairman may wish
4 to call upon representatives of Long Beach who are present in
5 the audience this morning.

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

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

10 CHAIRMAN ANDERSON: State your name for the record.

11 MR. ROBERTS: Samuel M. Roberts, Administrator of
12 Subsidence Control and Repressuring, Long Beach Harbor Depart-
13 ment.

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

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

24 It would appear in some respects that maybe we have
25 dragged our feet on this matter. We don't believe that that's
26 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

1 Do you have the statement Mr. Carsten Shepard made the other
2 day? I don't have the statement with me. Could you give us
3 the general tenor of it?

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

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

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

19 MR. CRANSTON: I have no further questions.

20 CHAIRMAN ANDERSON: Anything further, Mr. Carr?

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

22 CHAIRMAN ANDERSON: Thank you.

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

24 MR. HORTIG: Just in case.

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

1 Mr. Carr.

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

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

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

6 MR. CARR: We had a price tag on a lawsuit one time,

1 didn't we? Wasn't it the feeling that if we could negotiate
2 a settlement that we would save considerable amount of money
3 and time and work, wasn't that it?

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

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

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

8 So, in short, the answer is, I don't think there would
9 be any prejudice to the State from further delay. And I
0 further want to reiterate the thing that we've stated a number
1 of times, which is that this boundary problem is of relatively
2 small importance in comparison with the overall problem. I'm
3 sure we all recognize that. And if the Commission believes
4 there will be a severe prejudice upon the overall hopes for
5 repressurization, we certainly wouldn't urge that, the immediate
6 commencement of litigation.

1 CHAIRMAN ANDERSON: Mr. Cranston says he's ready to
2 make a motion. Mr. Cranston.

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

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

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

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

13 MR. CARR: I'll second it.

14 CHAIRMAN ANDERSON: Moved and seconded. No further
15 objection? So ordered.

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

11 MR. HORTIG: That is correct.

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

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

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

21 MR. HORTIG: That is correct.

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

23 Item (d), Pacific Telephone and Telegraph Company.
24 And that's all those under Item 4. Do I have a motion?

25 MR. HORTIG: Mr. Chairman, I'm sorry, under Item 3; I
26 believe you said 4.

1 MR. CRANSTON: I move approval of the items under
2 Item 3.

3 MR. CAHR: Second the motion.

4 CHAIRMAN ANDERSON: It has been moved and seconded.
5 No objection? So ordered.

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

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

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

25 Mr. Dowrello and California and Hawaiian desire to
26 expand the facilities and the operations under that sublease

1 wherefore it has been requested that a new lease be issued
2 for a 15-year -- excuse me -- for a 25-year term beginning
3 August 20, 1960 and ending August 19, 1985, which additional
4 lease period will give Mr. Dowrelio the necessary period in
5 which to amortize his investment and to insure being able to
6 get financing for the operation of the magnitude which he
7 contemplates.

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

14 The issuance of the lease is recommended.

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

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

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

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

22 MR. HORTIG: Mr. Chairman.

23 CHAIRMAN ANDERSON: Mr. Hortig.

24 MR. HORTIG: We have representatives of the applicant
25 as well as of the protestant with respect to the proposed
26 issuance of 15-year easement for this low-level bridge.

1 The Commission will recall that at the meeting of
2 January 21 this item was first considered. Mr. Jim Short,
3 the protestant, asked for a deferment of consideration because
4 at that time his attorney was unable to be present. They are
5 in the audience with us today, and I assume that Mr. Short
6 and counsel desire to continue to protest the staff
7 recommendation that a 15-year easement be issued to Charles
8 D. Warner & Son for the maintenance and use of the low-level
9 bridge crossing the Tuolumne River.

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

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

15 MR. CRANSTON: Second it.

16 CHAIRMAN ANDERSON: Moved and seconded. No objection?
17 So ordered.

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

20 MR. HORTIG: I would so recommend.

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

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

1 with the State of California.

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

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

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

10 MR. CARR: Has he ever been before us?

11 MR. HORTIG: No, sir.

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

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

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

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

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

25 MR. GANT: Well, I would assume inasmuch as Mr. Short
26 states that to be a fact, that is a fact. We will, of course,

1 at this time raise the same objections that we have raised all
2 the way along, primarily that no license or permit has ever been
3 granted to Mr. Warner to have the bridge in its present position
4 on State lands, that under date October 27, 1959, he was advised
5 by mail to remove the structure. There was no compliance with
6 that order; that under an earlier date application was made by
7 Mr. Ruddy, and was it Santa Fe?, Santa Fe Rock and Gravel
8 for a permit for a bridge to accomplish the same primary purpose,
9 and that permit was denied for the same reasons involved in
10 this case, the prevention of injury to Mr. Short's property,
11 which is riparian land some 600 feet downstream from the
12 proposed site of the bridge.

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

17 MR. HORTIG: Mr. Chairman.

18 CHAIRMAN ANDERSON: Mr. Hortig.

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

20 CHAIRMAN ANDERSON: Go ahead.

21 MR. HORTIG: I believe that everything that Mr. Gant --
22 I know that everything that Mr. Gant has stated is completely
23 factual with one minor but very important exception, and that is
24 the basis for denial of the permit to Mr. Ruddy of Santa Fe
25 Rock and Sand, who incidentally also are a State lessee for
26 removal of sand and gravel from the Tuolumne River, who are also

1 a lessee and operate it for Mr. Short involving his own
2 privately owned uplands, and the basis for denial of bridge
3 permit to Santa Fe Rock and Sand for a similar purpose was not
4 on the same grounds as any problem that we have been able to
5 develop with the Warner bridge.

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

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

19 The same agencies have reviewed the bridge which is
20 in operation by Charles D. Warner & Son, and have all reported
21 negatively as to the existence of any potential flood hazard
22 by reason of the structure being in place and additionally have
23 suggested that as a matter of final insurance flood control
24 works on the Tuolumne River are of such a nature and the actual
25 experience and operation thereof, while they are primarily
26 irrigation storage water reservoirs, that advanced notification

1 can be given at any time that excess releases of water must be
2 made from such reservoirs which might be impeded by the
3 existence of any bridge and therefore if a bridge easement is
4 granted as being recommended here, which would require agreement
5 by the lessee to remove the removable sections of the bridge
6 upon notice and prior to the arrival of the extreme stages of
7 the flood water, that this would constitute more insurance
8 in fact than in the majority of instances where there are
9 flowing waters with bridges anywhere else in California.

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

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

23 MR. HORTIG: Yes, sir.

24 MR. GANT: From whom would the notice come?

25 MR. HORTIG: From the operators of the reservoirs up-
26 stream. Don Pedro Dam, I believe, is the first and primary one;

1 the Modesto Irrigation District, or whoever the operating
2 agencies are, and I'm now speaking from memory -- I haven't
3 reviewed this recently -- I know have assured us in the past
4 and even in connection with earlier operations by Mr. Ruddy
5 which were protested before a State lease was issued, even
6 there the lease was finally allowed because all of the
7 operating agencies and the adjoining land owners in general,
8 although not completely, accepted the representations of the
9 irrigation district that notices of impending heavy discharges
10 could be given three and four days in advance and therefore
11 allow adequate, safe-guarding operations to take place.

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

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

25 MR. HORTIG: I believe they do as a matter of general
26 public service first of all because they are certainly, the

1 district is acutely aware of desiring not to be liable under
2 such circumstances where someone who finds himself under 10 feet
3 of water should subsequently announce in court or otherwise
4 that we could have prevented this if you had only let us know.

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

8 "Dear Mr. Warner.

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

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

22 Very truly yours,

23 Turlock Irrigation District

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

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

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

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

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

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

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

23 MR. HORTIG: This order was stayed, Mr. Controller,
24 because application was made by Charles D. Warner immediately
25 thereafter requesting the issuance of an easement to maintain
26 the bridge.

1 MR. CRANSTON: What was the reason for the order in
2 the first place?

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

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

7 MR. HORTIG: Yes, sir.

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

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

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

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

18 (Photograph shown to the Commission.)

19 You will note these two causeways have been constructed
20 from the bank narrowing the flow of the river, and this large
21 8-foot diameter pylon which supports the bridge.

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

23 MR. GANT: Two flat cars.

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

26 MR. GANT: Also, there is another bar down here; the

1 Short property lies downstream and on the left --

2 MR. CARR: Which is the upstream?

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

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

10 MR. CARR: Same place?

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

14 CHAIRMAN ANDERSON: Does that liability cover that?

15 MR. HORTIG: Yes.

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

17 CHAIRMAN ANDERSON: Fifty.

18 MR. HORTIG: Well, of course, whether or not damage
19 has accrued or can again accrue from this fact is a matter of
20 litigation as Mr. Gant has said, so we're hardly in position to
21 state conclusively what the decision of the court is going to
22 be in that case. However, as an abstract matter of the
23 probability of the bridge constituting a flood hazard or a
24 contributor to damage they say all of the State agencies who are
25 concerned technically with such bridge placement plus the
26 irrigation district who operate the storage reservoirs that feed

1 the water into the stream have all indicated everything from non-
2 objection to outright approval of the placement of the bridge.

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

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

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

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

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

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

15 CHAIRMAN ANDERSON: Yes.

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

18 MR. CARR: Why was the bar built there?

19 MR. GANT: Mr. Warner is here. He ^{can} explain that.

20 CHAIRMAN ANDERSON: Yes, we'll hear from him in a moment.
21 The question was asked why the bar was built there, the one just
22 below the bridge. He said that was built by Mr. Warner on State
23 property without permit as well as the bridge.

24 MR. HORTIG: That would be correct. Of course, building
25 a bridge approach into the stream and particularly in this
26 general area or even temporary truck roads over the stream entirely

1 in periods of low water with simply a culvert is not an
2 unusual procedure.

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

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

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

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

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

22 Subsequently, they have also leased operating rights
23 over on Mr. Short's property and there's a large channel being
24 maintained there now and probably existed in nature, but during
25 the period of their unauthorized operation, why, obstructions
26 like this occurred and quite frequently, but once it served its

1 purpose of course it's no longer the economic interest of the
2 person digging out the rock and gravel unless he is forced to
3 do so either because of the feeling of the impending liability
4 because this may create a flood hazard or he finds himself
5 under a directive from the State Lands Commission to restore
6 the river channel to its normal situation, the problem being
7 that we have thousands and literally thousands of miles of
8 navigable streams in California potentially subject to sand
9 and gravel extraction operations.

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

15 CHAIRMAN ANDERSON: Is Mr. Warner using this now?

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

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

20 MR. GANT: Suit for damages.

21 MR. SHORT: Is it possible to fix this bridge and Mr.
22 Warner can still use it so the stream is in the center of the
23 bridge and not against the south end? Mr. Warner has the
24 equipment. He can put another span on that bridge, extend the
25 bridge just one more span. His trucks would cross the river
26 through here (indicating); his trucks can cross the river and then

1 when high water comes, the current is going to be in this
2 center span and not like it is right against the bank; then
3 we have no objection. But as it stands now, that is a direct
4 threat to our property; not only that, but the bridge is in
5 and can all be fixed with that one span and then we would have
6 no complaint.

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

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

10 MR. GANT: Suit does not concern this bridge.

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

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

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

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

26 Mr. Warner is here and will be glad to answer any questions.

1 MR. CARR: I'd like to know what Mr. Warner's reaction
2 to this is. Obviously this bridge is an asset to you, isn't
3 it, Mr. Warner?

4 MR. WARNER: Yes, it is.

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

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

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

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

18 (Laughter.)

19 Nor marriage counseling or anything like that?

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

22 MR. WARNER: Down below there?

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

26 MR. WARNER: Well, the bar down below down there was a

1 much bigger bar than that many years ago, and I dug that bar
2 completely out once and through two different floods it has
3 built that bar back up, and this diversion, this place where I
4 dug up was to riprap a bank on the north side because it was
5 cutting over into the walnut trees into Mr. Beard's. I dug
6 that gravel up and intended to place it all over on the bank.

7 In the meantime water come, got high enough in the
8 river that I couldn't finish over there. I had to move the
9 dragline out, and I couldn't get back until the next summer.
10 Well, in the meantime we had a flood.

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

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

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

18 CHAIRMAN ANDERSON: Yes.

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

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

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

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

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

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

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

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

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

18 MR. HORTIG: Yes, sir.

19 MR. CARR: What are the facts of the case? Is Mr.
20 Warner illegal trespass on navigable stream actually endanger-
21 ing Mr. Short's property?

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

26 MR. CRANSTON: Well, there is apparently no relationship

1 with the present case, is there?

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

9 MR. HALLEY: May I say something?

10 CHAIRMAN ANDERSON: Yes.

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

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

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

1 hazard except by Mr. Short.

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

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

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

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

23 Now, Mr. Warner has the equipment. I'm not asking
24 something that would be expensive. But I am concerned because
25 it is our property that's going down the river and, as I say,
26 he has in the last 2 or 3 months deepened that channel so that

1 the current is permanently against the south bank. It is
2 anchored there. And I feel -- maybe I'm getting hot -- but by
3 George it's our land, sir, that goes out, and all I'm asking, --
4 I'm not denying the man his bridge even though it's there
5 illegally -- I'm asking him to extend another span so that when
6 the high water comes it will go down the center of the stream.

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

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

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

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

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

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

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

25 MR. CARR: When was there enough water last to erode
26 the bank?

1 MR. SHORT: In the year '55, sir.

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

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

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

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

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

14 CHAIRMAN ANDERSON: Mr. Warner says the channel has
15 always been against the south bank or at least for the last
16 40 some odd years, is that true, that it's always been against
17 your property?

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

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

26 Now, as soon as the anticipation of maybe more water

1 coming down, I take this bar in and out each time and that's
2 what I did; that's what I did. I just dug it so the water is
3 the same level as it was before.

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

6 MR. WARNER: No.

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

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

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

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

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

25 MR. HORTIG: The Commission could so provide.

26 MR. CARR: Would that make everybody happy?

1 MR. HORTIG: It would be within the control of the
2 Commission. This is why I'd like to have the Chairman ask
3 Mr. Warner.

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

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

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

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

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

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

26 MR. CARR: Well, who says it wouldn't?

1 MR. WARNER: The engineer says so.

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

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

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

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

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

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

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

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

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

1 second span in.

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

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

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

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

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

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

25 This is actually an engineering problem and the State
26 engineers have gone over this thoroughly, the State Reclamation

1 Board and our own engineers. We think we have good engineering
2 advice and may^I/say also that we don't feel we have damaged
3 Mr. Short's property, I mean, he states we have, but there's
4 a very definite and sincere dispute on that question, and we are
5 not fearful of the outcome of that.

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

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

20 I think the thing that's being overlooked here in
21 these discussions is that primarily the water flow that is being
22 discussed here today is in a rather small channel and that which,
23 as Mr. Warner says, has been concentrated against the south bank
24 of the river is the primary deeper water channel and the only
25 place where the water flows or has flowed for years in times of
26 particularly low water. But this is a small channel inside a

1 broader river channel, and when there are extreme flows of water,
2 that water is just all over the scenery and where depends upon
3 how Mother Nature and the velocity of the river has moved the
4 gravel banks around at that particular time, and in extreme flows
5 as I reported before, in 1955 where they weren't even able to
6 hold the flood back in storage reservoirs and it came right back
7 over the top of the storage reservoirs, I must presume Mr.
8 Short's land was partially inundated, certainly the properties
9 on the north bank were inundated.

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

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

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

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

22 MR. HORTIG: Of digging out the bar?

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

25 MR. HORTIG: Insofar as the existing bar immediately
26 downstream from his bridge is concerned, and if that were to be

1 lowered -- this is in the direction of hope for improvement --
2 and we haven't been able to foresee any hazard that would
3 result.

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

6 MR. HORTIG: Mr. Warner?

7 MR. WARNER: Well, in 1955.

8 MR. CARR: After the big flood?

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

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

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

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

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

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

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

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

26 MR. WARNER: Yes.

1 MR. CARR: Completely or just partially?

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

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

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

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

17 MR. CRANSTON: Yes.

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

21 CHAIRMAN ANDERSON: Which date is that?

22 MR. HORTIG: October of '59?

23 CHAIRMAN ANDERSON: October 1, 1959?

24 MR. HORTIG: No, that was the Commission meeting but
25 it was in the immediate vicinity of that date. But whatever
26 it may be, whatever the date of application was in October, '59,

1 recommended as the effective date of easement.

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

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

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

10 MR. WARNER: Yes.

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

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

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

16 MR. HALLEY: No objection.

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

20 MR. CRANSTON: With that additional proviso.

21 CHAIRMAN ANDERSON: With that additional proviso.

22 MR. HALLEY: Thank you, gentlemen.

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

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

26 MR. HORTIG: Mr. Chairman, I think on (e) I should call

1 to the attention of the Commission that while this recommendation
2 is for what is a standard form of prospecting permit to be
3 issued by the State Lands Commission, this is the first
4 application for its utilization in connection with prospecting
5 for and the possibility of developing geothermal steam from
6 State lands, an application, incidentally, which has been
7 cleared by the office of the Attorney General as being within
8 the scope of authorization of the Commission to contemplate, but
9 I did want to bring to the attention of the Commission that this
10 is unique in the sense of being the first attempt of this type
11 on State lands.

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

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

25 MR. HORTIG: We believe we are, sir. We have had the
26 advantage of the economic studies of all operations of similar

1 type literally world-wide, particularly the analyses that
2 preceded the P. G. & E. installation at the geysers area and
3 the basis on which Public Utilities Commission Authorizations
4 were granted for contemplating that type of operation.

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

7 MR. CRANSTON: It commenced about 2 minutes ago.

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

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

17 CHAIRMAN ANDERSON: Is Mr. Cypher here?

18 MR. HORTIG: He is here, yes.

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

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

22 CHAIRMAN ANDERSON: Mr. Cypher.

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

25 CHAIRMAN ANDERSON: We want to be educated in about 5
26 minutes.

1 MR. CYPHER: I'll try to keep it down to that. The
2 area involved, on which the State land is located, surrounds
3 some recently active volcanoes at the southeast end of the Salton
4 Sea, and these volcanoes have intrigued geologists for a number
5 of years and because of the intriguing aspect of them and the
6 recent character and the mud pots and steam vents that surround
7 them.

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

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

6 If we can get a high enough temperature from the rocks

1 to get a steam pressure above the hydrostatic head, we'll have
2 economic steam production.

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

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

12 There are a few wells in New Zealand that are up to
13 240 pounds but if we get what we think, what we hope for, why,
14 it will be quite much greater source of geothermal power than
15 any other area in the world.

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

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

22 MR. CRANSTON: Second the motion.

23 CHAIRMAN ANDERSON: Moved and seconded. No objection?
24 So ordered.

25 MR. CYPHER: Sorry I have no domestic problem.

26 (Further discussion off the record.)

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

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

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

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

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

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

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

1 area.

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

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

5 CHAIRMAN ANDERSON: In other words, a separate island?

6 MR. HORTIG: Yes, sir.

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

9 MR. HORTIG: Yes, sir.

10 (Map being shown to Commission.)

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

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

3 MR. HORTIG: Only in this sense, sir, that prior to the
4 issuance of this lease, public hearings were held as to
5 conditions which the county felt should be included in a lease,
6 in a then potential lease to assure that there would be no
7 detrimental or damaging effects to the developed shoreline or
8 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

1 mile oceanward of the shore. The existing platform is
2 two and two-tenths miles offshore and the proposed platform
3 is going to be very close to two miles offshore, therefore
4 meeting completely the lease condition which the county
5 requested be included.

6 CHAIRMAN ANDERSON: That was in the original lease
7 agreement?

8 MR. HORTIG: Yes, sir.

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

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

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

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

5 MR. HORTIG: With respect to this calendar item being
6 considered by the Lands Commission today, the assemblymen and

1 senators were notified as required.

2 CHAIRMAN ANDERSON: They were notified?

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

6 CHAIRMAN ANDERSON: I see him in the audience.

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

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

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

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

2 MR. CRANSTON: I so move.

3 MR. HORTIG: Also, Mr. Chairman, before the Commission
4 votes, and particularly for Mr. Carr's information, I have
5 reported this to the balance of the Commissioners previously,
6 and this is brought to mind again by Senator Hollister's statement

1 with respect to interest in the small boat harbors and boat
2 launching ramp here.

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

12 We have no such objections today.

13 CHAIRMAN ANDERSON: The motion will be approved.

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

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

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

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

25 MR. CARR: Where is the one that Senator Hollister is
26 interested in?

1 MR. HORTIG: Both.

2 MR. CARR: Both of these?

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

5 CHAIRMAN ANDERSON: The items will all be approved
6 unanimously.

7 Now, we'll proceed to Item Classification No. 5, City
8 of Long Beach Projects, approvals required pursuant to Chapter
9 29, Statutes of '56, 1st Extraordinary Session.

0 And the first project is (a), Miscellaneous Filling,
1 2nd phase. Would you just briefly tell us what that is, Mr.
2 Hortig?

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

3 When it is known what the construction costs of the
4 developed project is going to be, then this item is again
5 brought to the State Lands Commission for advance approval of
6 those items which are going to be construction costs.

1 Hence, in this instance, this miscellaneous filling
2 which is needed in order to bring the ground level back up
3 where it is subsided in order to render the area usable as
4 flat lands under various Harbor Department structures and
5 a joining by the classification "second phase," means that the
6 engineering studies previously approved have been completed,
7 the probable construction costs have been determined, and on
8 approval by the Commission today the City will go forward with
9 the project and will expend \$16,600 for miscellaneous filling
10 which, according to the tabulation on page 45 shows that in
11 connection with one, with respect to the \$16,600 item here
12 being considered, all of it is subsidence-remedial work, and
13 will be allowed as subsidence deduction if on completion of
14 the project the final engineering and auditing review shows that
15 the facts have conformed with the estimate.

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

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

25 MR. HORTIG: The fact that the Commission is not at this
26 time giving absolute approval to a specific amount but giving

1 approval to an amount within limits, the specific amount of
2 which will be determined when the project is completed and
3 will be determined by the final engineering and audit review.

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

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

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

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

19 MR. CARR: Moved.

20 MR. CRANSTON: Seconded.

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

24 Item Classification 6, Sales of vacant State school
25 lands. First will be Applicant (a), George Corder; Applicant
26 (b), Stephen B. Kahn; Applicant (c), Harry A. Loebenstein; and

1 Applicant (d), Jacob Meltzer.

2 MR. CRANSTON: I move approval.

3 MR. CARR: Second it.

4 CHAIRMAN ANDERSON: Moved and seconded for approval.

5 If no objection, it's approved unanimously.

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

10 MR. CRANSTON: I move approval.

11 MR. CARR: Second it.

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

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

20 Mr. Hortig, would you comment?

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

25 In the case of projects which took or take more than a
26 fiscal year to complete, this has necessitated the City re-

1 estimating, bringing in a new estimate, review by the staff,
2 and reconsideration by the Lands Commission to approve again
3 for the balance of the period of the construction of the project.

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

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

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

1 submittal to the Commission.

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

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

6 MR. CARR: Mr. Hortig.

7 MR. HORTIG: Yes, Mr. Carr.

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

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

11 MR. CARR: It will not diminish the supervision?

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

14 MR. CARR: I would so move.

15 MR. CRANSTON: Second the motion.

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

19 Item 9, Directive to the Executive Officer to inform
20 the City of Long Beach that the Commission urges the City,
21 first, to undertake study of application of research equipment
22 directed toward objective of securing optimum future operating
23 conditions in the Wilmington Field; and, second, to put into
24 immediate operation all programs for integration of engineering
25 data files and engineering data processing as recommended by the
26 City's management consultants.

1 This follows your letter to us about the analog
2 computer.

3 MR. CRANSTON: I move approval.

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

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

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

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

23 MR. HORTIG: That is correct.

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

26 MR. HORTIG: I think possibly in the interest of

1 expedition, Mr. Roberts who is eminently familiar with the
2 status of all of these projects could cover everything
3 simultaneously and report to you.

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

6 (Recess.)

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

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

12 MR. HORTIG: Mr. Chairman.

13 CHAIRMAN ANDERSON: Mr. Hortig.

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

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

6 This resulted very simply from the fact that the

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

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

2 The second phase of the recommendation comes from the
3 fact that there have been extreme problems primarily of time,
4 and time is running against us, and data are being accumulated
5 but not yet analyzed as to what optimum use these data could
6 be put to.

1 The City is in possession of recommendations by
2 management consultants who have studied this problem for the
3 City, and at our last report this was about the status of the
4 data referred to in a report to be implemented, and therefore
5 we are representing that the Commission consider a directive
6 or a strong urging that the City of Long Beach put into
7 immediate operation all programs for integration of engineering
8 data files and engineering data processing as recommended by
9 the City's management consultants.

10 CHAIRMAN ANDERSON: Mr. Roberts.

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

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

24 We have almost completed the integration of those
25 engineering data files. We started that when we moved into
26 our new building; on the engineering data processing we will

1 have a memorandum to the board Monday concerning that program.

2 To start with, and it has to be staged over quite a
3 few months' period of time, we will be moving these data
4 decks that we now have in Dallas and in Tulsa -- we will be
5 moving these data decks, these punch cards, into Long Beach
6 and commence a processing operation on equipment that the City
7 has. We are going to put a second shift on our I.B.M.
8 installation that we use for utility billing and various other
9 things, and this program has been worked out.

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

14 MR. ZWEIBACK: Mr. Chairman.

15 CHAIRMAN ANDERSON: Fred?

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

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

24 In other words, we should be developing.

25 Then the last sentence: "If in the next year or two a
26 program of selective water injection has been put into operation,

1 then the potential arithmetic model should prove to be a
2 useful and valuable tool in the prediction and control of
3 water flooding program."

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

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

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

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

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

22 MR. CRANSTON: Second it.

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

25 MR. CRANSTON: I certainly think it's very important.
26 I'll certainly go along with you on it.

1 CHAIRMAN ANDERSON: Well, it's been moved and
2 seconded that we accept the recommendation of our Executive
3 Officer. It's unanimous, no objection.

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

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

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

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

26 MR. HORTIG: Mr. Chairman, may I ask if there are more

1 points would you prefer that I comment on them or do you wish
2 to comment on them and if so, point at a time, before I get
3 overwhelmed?

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

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

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

23 MR. HORTIG: Yes. Well, for the very brief summary of
24 the Commission at the present moment, we have this problem,
25 that there's an inference that something has been done towards
26 sand removal authorization. This is the question which is up

1 before the Commission for the first time today, and I believe
2 today is March the 24th; yet with respect to the pendency of
3 the project our first discussions with Mr. Skillman are dated
4 October the 7th, 1959, so I am at a loss to understand how
5 ^{anyone} anyone was not informed and that any actions were taken in
6 secret because we have no record of any actions having been
7 taken, and this is the first time that this project in full
8 has been brought to the Lands Commission for consideration
9 except on advanced notice which everyone, as you've enumerated,
10 the legislators and all the county officials, have had, in
11 that this was considered as a matter of an informative item
12 at the Lands Commission meeting of January 21, 1960, that the
13 staff proposes to present a recommendation on this subject
14 at a future meeting of the Lands Commission, and all interested
15 parties will be invited to attend and express their views to
16 the Commission at that time.

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

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

23 MR. HORTIG: Yes, sir.

24 CHAIRMAN ANDERSON: And is Mr. Skillman here?

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

26 CHAIRMAN ANDERSON: Were the assemblymen and senators

1 notified?

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

7 CHAIRMAN ANDERSON: This would be San Mateo County?

8 MR. HORTIG: Yes, sir.

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

12 CHAIRMAN ANDERSON: Catch the front page there.

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

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

16 CHAIRMAN ANDERSON: Mr. Skillman is quoted in there.

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

24 MR. CARR: When you have a cold and high temperature,
25 you're in a state of temporary delirium. Has that ever happened
26 to you?

1 MR. ZWEIBACK: Mr. Chairman, I think it might be wise
2 for the record to show that the Brown Act -- to make it
3 abundantly clear -- that the Brown Act does indeed apply to this
4 Commission and all of our meetings.

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

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

15 I can tell you gentlemen that Mr. Skillman does not
16 represent the official position of the county, that he attempted
17 to get the Board of Supervisors to pass a resolution asking
18 you to hold up any action and they refused to do so. I can tell
19 you that the Board of Supervisors have done quite the contrary.
20 They have endorsed this problem en toto including the dredging
21 of sand to bring the level of the property to its proper place,
22 that Mr. Skillman seems to represent an independent viewpoint
23 all his own and he is completely out of line so far as I know,
24 because as Mr. Hortig says, anybody in the county that have any
25 official capacity knew of the steps that were being taken to
26 negotiate the lease, the application that's before you.

1 Now, as I say, I'm a long-time resident of the county
2 and I know what the action of the Board of Supervisors has
3 been, and they refused to follow Mr. Skillman's advice, so
4 he's speaking purely for himself and not in any official
5 capacity.

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

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

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

18 MR. ZWEIBACK: Also the reporter and the columnist.

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

23 MR. HORTIG: If I might suggest, Mr. Chairman, extreme
24 interests have developed, a preponderance of interested parties
25 who are in favor of the project, not necessarily as advocated
26 by the original applicants but actually because of competitive

1 interests for this same source of material, but that such a
2 project might be authorized is of interest and has received
3 expressions of disapproval from only two sources, specifically
4 Mr. Skillman on behalf of the Planning Commission, San Mateo
5 County Planning Commission, and from a comparatively newly
6 formed planning organization, the South Bay Planning Committee.

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

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

26 The State Division of Highways has plans to locate a new

1 freeway and interchange in the area proposed to be filled
2 and they have submitted a letter declaring that approval of
3 the issuance of the requested lease is given by them provided
4 that the specific area herein proposed is actually filled.

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

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

19 MR. HORTIG: No, sir.

20 MR. KNORP: I think I might amend your basic statement
21 that Mr. Skillman at the request of the San Mateo Planning
22 Commission had proposed this. Mr. Skillman had opposed this
23 on his own without authority from the Commission and I believe
24 if you'll look closely the South Bay Planning Commission is
25 Mr. Skillman with another hat on. He has a plan in his own mind
26 for a great, big airport in the middle of the Bay some day,

1 maybe 100 years from now. I don't think he's consulted San
2 Francisco -- has a terrific investment in their airport or
3 Oakland in their airport. This is one of these plans something
4 like Chavez Ravine; nobody wants it until somebody expresses
5 interest and then somebody wants to build a great, big deal.
6 So both of these organizations, so far as I know, are Mr.
7 Skillman's and he has not the authority of his Board of
8 Supervisors or of his Planning Commission. He's acting purely
9 on his own.

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

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

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

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

19 MR. CRANSTON: I'd like to ask one question relative
20 on that point, that the Planning Commission was going to consider
21 this matter on March 22. Did they consider it? Did the San
22 Mateo County Planning Commission consider this matter on March
23 22?

24 MR. KNORP: No, no.

25 MR. HORTIG: The minutes of the Board of Supervisors
26 of their regular meeting on February 16 indicated: (Reading:)

1 "Following further consideration of this subject,
2 Supervisor Chess moved that action be continued to March 22
3 meeting at 2:30 o'clock p.m."

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

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

8 CHAIRMAN ANDERSON: Who do these gentlemen represent?

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

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

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

18 MR. STARK: That is correct.

19 My purpose in being here today is not in opposition
20 to the action of the Commission today. All that we wish to
21 place before you for your consideration is our feeling that
22 the City and County of San Francisco and the Public Utilities
23 Commission would urge the Commission at this time to defer
24 any action in this, on this matter, until such time as our
25 engineering bureau and our planning staff at the airport can
26 have time to evaluate this situation in view of our planned

1 future expansion at the airport that will require a great
2 need for fill material, and that the material that is in San
3 Bruno Shoals would be probably the best source that we have
4 found in the area.

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

8 MR. STARK: Yes, that's correct.

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

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

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

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

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

21 MR. STARK: Yes.

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

24 MR. BARDOFF: Right now the longest one is 9,500 feet.
25 We have an approved Federal grant to lengthen one to 9,700 feet
26 and another one 9,000 feet to 9,500 feet.

1 MR. CARR: Do you plan to go up to 12,000 feet?

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

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

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

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

16 CHAIRMAN ANDERSON: Mr. Knorp?

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

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

23 (Photograph shown to the Commission.)

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

26 MR. KNORP: They're going to fill in the whole thing.

1 There are high levees around here. This is the western end of
2 the San Mateo Bridge here. I think you can see that better
3 when you get closer. Here's a very good picture of the whole
4 area. This is the Leslie Salt Flats.

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

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

9 (Photographs shown to the Commission.)

10 MR. CARR: That's way up here.

11 MR. KNORP: Yes.

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

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

15 MR. KNORP: Oh, yes.

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

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

25 CHAIRMAN ANDERSON: What city will that be in?

26 MR. KNORP: In either -- it's abutting San Mateo and

1 Redwood City is annexed up this way. It probably will be a
2 little struggle between those two as to which annexed if it is
3 to be annexed, but here is San Mateo right adjacent to it.
4 This is in the county at the present time and it could
5 conceivably be called ^a foster city, I don't know.

6 But you can see that with a thing of this magnitude
7 a delay could be very costly.

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

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

12 MR. GRANT: The estimated valuation was in the neighbor-
13 hood of 350 million dollars.

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

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

23 MR. HORTIG: Well, pursuant to such authorization by
24 the Commission, there would be published a notice at least twice ^{with}
25 an intervening period in a newspaper of general circulation in
26 San Mateo County, in San Francisco and in Los Angeles, inviting

1 bids for a mineral extraction lease to remove sand and gravel
2 from the specified area of San Bruno Shoals with a statement
3 that the combined bid lease form may be obtained from the office
4 of the Commission and a closing date by which time bids would
5 be submitted.

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

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

13 MR. HORTIG: After this authorization?

14 MR. CRANSTON: Yes.

15 MR. HORTIG: Only after bids have been received.

16 MR. CRANSTON: How long does it take?

17 MR. HORTIG: Within 60 days.

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

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

23 MR. HORTIG: Very shoal.

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

26 MR. KNORP: It would be the shoal here.

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

4 MR. KNORP: It could except that they operate perhaps --

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

6 (Maps and pictures shown to the Commission.)

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

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

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

14 MR. NICHOLS: Gentlemen, could I make a point here?
15 My name is Charles A. Nichols. I'm a Registered Civil Engineer
16 and representing Mr. Grant on this problem. And out in this
17 area where we had planned to get it, portions of it are explored
18 as 20 to 35 feet of mud overlying, that is, 20 to 35 feet in
19 the best places, the mud overlying the sand that is to be
20 obtained, and the sand is not what is called a good quality
21 sand material. It has a fairly large proportion of silt in it.

22 We are using it, we would be using it for fill in here,
23 but it is not an ideal material and also it would be very
24 expensive, of course, to remove that 20 to 35 feet of mud that's
25 over it, so it is not certainly in that way an ideal sand fill
26 area that we are intending to utilize.

1 MR. CRANSTON: Well, Mr. Chairman, it would seem to me
2 that it is advantageous to the State to have interested parties
3 have an opportunity to bid. On the other hand, I don't feel
4 we can hold this up for any longer period of time since somebody
5 is interested now who has a very worth-while project, so it
6 seems to me that you in San Francisco should indicate now the
7 minimum time that you feel you need to become equipped to either
8 bid or not bid, and that we should consider a reasonable grant
9 of time but not one that goes very long. You can act on this
10 if there are compelling, economic reasons and there apparently
11 might be.

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

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

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

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

1 MR. HORTIG: Sixty days would be normal.

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

5 MR. STARK: Thank you.

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

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

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

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

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

17 MR. KREFT: August 24, 1959.

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

22 MR. KNORP: Mr. Chairman, might I read into the record
23 an answer to the question: The total complete market value of
24 the Island Community will approach five hundred million dollars.
25 If this development is assessed at 30 percent it would produce
26 an assessed value of about 150 million which would yield

1 approximately 12 million in annual taxes to the County.
2 Revenue to the State of California would increase by \$6,075,000
3 annually based on today's per capita revenue of about one
4 hundred thirty dollars and an expected population of 45,000.

5 I think that those figures should be in your record.

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

7 THE COURT REPORTER: Yes, sir.

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

11 MR. CRANSTON: Yes.

12 MR. HORTIG: Not to close until --

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

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

22 CHAIRMAN ANDERSON: And none of them have shown up?

23 MR. HORTIG: No, sir.

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

26 MR. HORTIG: We tried.

1 MR. CARR: Whose photographs?

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

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

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

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

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

11 CHAIRMAN ANDERSON: Yes. If there's no further objec-
12 tion then, the item will stand approved as stipulated.

13 Mr. Carr would like to be excused now.

14 (Thereupon Mr. Carr left the hearing room.)

15 CHAIRMAN ANDERSON: The next will be Calendar Item No.
16 11, Confirmation of transactions consummated by the Executive
17 Officer, pursuant to authority confirmed by the Commission at
18 its meeting on October 5, 1959. Mr. Hortig.

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

26 MR. CRANSTON: I so move.

1 CHAIRMAN ANDERSON: Moved and seconded. It's
2 approved unanimously.

3 The next item 12 is Report on Status of Major Litigation.
4 Mr. Hortig.

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

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

17 MR. CRANSTON: No action required.

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

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

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

26 CHAIRMAN ANDERSON: And I'd just like to have you clarify

1 this for the record because no action taken about it by us,
2 no application ever been filed, so obviously some of this
3 reference is possibly incorrect.

4 MR. HORTIG: Unless there were, Mr. Chairman, individual
5 conferences with individual members of the State Lands
6 Commission. There had been no discussion or presentation to
7 the State Lands Commission by the staff with respect to the pro-
8 ject in question for the obvious reason that no application was
9 ever filed by the City of Long Beach with respect to this
10 project with the State Lands Division and the only press
11 information that the staff has which is dated Monday, January
12 11, 1960, in the Press Telegram, which may be the same item to
13 which you have reference there, deals primarily with conferences
14 between special City Attorney for Long Beach and the office of
15 the Attorney General, and we are aware of the fact that this
16 project has been discussed as a matter of its legal qualifica-
17 tion in the office of the Attorney General, and is concerned
18 with an action which was brought originally by the office of
19 the Attorney General for clarification of projects that might
20 or might not qualify with respect to expenditure, title and
21 revenues, on which fortunately one of the two attorneys involved
22 in that and Jay Shavelson, who is here today, may be able to
23 comment further with respect to the Attorney General's office
24 view with respect to this discussion.

25 MR. SHAVELSON: This matter is in litigation. The
26 State has commenced an action or a supplementary proceeding

1 in the case of People versus Long Beach seeking a declaratory
2 judgment to the effect that this exhibit hall is not an
3 authorized project for the expenditure of tideland revenues
4 remaining in the City. That's what we're concerned with here,
5 of course, not with the State's share, but with the half of the
6 oil revenue that remains with the City.

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

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

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

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

24 MR. HORTIG: The normal procedure with only one
25 exception of this, and if this is the exception, the normal
26 procedure would be just as you have suggested, Mr. Chairman, for

1 the City of Long Beach to make application to the State Lands
2 Commission, the State Lands Division staff thereupon
3 determining that legal opinion is required, referring the
4 legal questions to the office of the Attorney General and then
5 coming back to the Lands Commission with the application with
6 a recommendation on the policy based on the legal information
7 we had received from the Attorney General's office.

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

17 CHAIRMAN ANDERSON: Don't you think that we should
18 notify the Attorney General's office through you that this type
19 of procedure should follow, that when something comes from the
20 City of Long Beach on a question involving State Lands that at
21 least we should be aware of this because this rather surprised
22 me to find in the paper that you had received it and it says,
23 practically received approval of the proposed six million
24 dollar convention hall by the Attorney General and certain
25 members of the State Lands Commission. It was the first time
26 I heard of it and I think this is the wrong procedure.

1 MR. SHAVELSON: Yes, Mr. Chairman, I want to state that
2 it's our invariable procedure to make sure that these matters
3 go through the State Lands Commission or State Lands Division
4 first, and that the only legal opinions that we will give are
5 pursuant to request from the State Lands Division, and normally
6 we do not deal directly with the City of Long Beach or any
7 other third person.

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

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

18 CHAIRMAN ANDERSON: Mr. Hortig.

19 MR. HORTIG: That's correct. We have, as of Monday,
20 I believe, of this week, had conference in the Attorney General's
21 office in which we were briefed with respect to the status
22 because there was a suggestion as to possible necessity of having
23 the State Lands Commission authorize whatever should be
24 authorized as a policy matter at this meeting today, which left
25 the staff in a vacuum because we didn't have any application to
26 even present to the Commission.

1 Now, where this went off the track we don't know,
2 except that certainly it's off the track of our normal
3 procedure. And not because of any omission on our part.

4 MR. ZWEIBACK: Mr. Chairman.

5 CHAIRMAN ANDERSON: Mr. Zweiback.

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

15 MR. SHAVELSON: That's a provision that's in the
16 stipulation for judgment.

17 MR. ZWEIBACK: Yes.

18 MR. SHAVELSON: But as a matter of policy we've
19 required that it go through the State Lands Division. We've
20 sort of disregarded the existence of that authority. The reason
21 that we were approached directly here is because it was in
22 litigation, but I want to also add that it's my understanding
23 that the City was asked to submit an application through the
24 State Lands Division, and instead of doing that, they did it
25 through our office, I mean, they were asked by us to do it
26 through the Division.

1 I don't want to say too much right here because I'd
2 rather that the facts were presented in a more complete and
3 orderly manner by Mr. Golden who has been directly concerned
4 with this. But it is my understanding that the City was
5 asked to go through the Division and that they didn't.

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

10 MR. HORTIG: Certainly, yes.

11 CHAIRMAN ANDERSON: Did you have something else?

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

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

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

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

26 MR. LINGLE: I'm Harold A. Lingle, Deputy City Attorney,

1 City of Long Beach, and I think I've filed every application
2 in behalf of the City as distinguished from the Harbor Depart-
3 ment with the Land Commission. You're absolutely correct
4 that there is no application that has been filed by the City
5 with the Lands Commission on this project.

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

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

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

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

25 MR. LINGLE: I have no control over what that certain
26 reporter, what his interpretation of something might be. In fact,

1 I did not check on this until the last 2 or 3 weeks to be sure
2 where it was, whether it was pending before you or not.

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

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

11 CHAIRMAN ANDERSON: Then strike the word "members"
12 off because there's only three of us. I knew nothing before
13 about it, I knew that, and I assumed it had to be the other
14 three members. Mr. Zweiback brought it to my attention
15 about the release and I asked him about it. He spent about
16 40 percent of his time going into all things pertaining to
17 said land, and when he asked me about this, what had been
18 released, I said I knew nothing about it and I wanted to get it
19 clear for the record because I knew nothing about it and wished
20 that these things would come through their proper channel.

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

22 MR. HORTIG: Yes, sir.

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

1 want to comment on that?

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

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

24 I believe that at the present time it would be well
25 on any expression of the Commissioners to indicate that there
26 certainly is the interest of the Commission in considering the

1 potentialities for offering, considering at the present time
2 the offering in the near future of additional tide and submerged
3 lands for oil and gas lease, that such considerations at this
4 time and reviews probably in order to render the project most
5 feasible should be restricted to nominations received with
6 respect to Santa Barbara County. The balance of our offshore
7 counties having an oil potential have other variables in them
8 at the moment, either in terms of questions as to title or even
9 as to overall height of interest, there being already one
10 expression of interest in Santa Barbara County.

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

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

22 MR. HORTIG: Not different but possibly, one, again
23 a trend of optimism for the future. An oil and gas lease is a
24 very long-range project, and the matter of acquisition of
25 reserves to insure that operations will be assured in the far
26 future is a very long-range project, and as has been stated by

1 someone other than I, but previously--you always get a more
2 optimistic viewpoint looking up when you're standing in the
3 bottom of the hole than when you're at the top looking down
4 into the bottom of the hole into which you're going to fall --
5 and this is a horrible oversimplification but with respect to
6 all the multiple interrelated factors that concern California
7 offshore oil, if it's possible, that there is at least some
8 segment of industry opinion that maybe they're at the bottom
9 of the hole and it's time to climb out again. Shot No. 1.

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

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

22 And last but not least, most recent sales of water
23 bottoms as they are fashionably known in Los Angeles, both by
24 the Federal Government and the State of Louisiana -- the Federal
25 Government lease sale produces a surprising amount of interest --
26 and it didn't surprise anyone but Louisiana that they didn't do

1 so well on their sale approximately a week later, the answer
2 being that no one had any money left over after the Federal
3 Government sale, but again, now, there's a gap before there will
4 be another State of Louisiana sale of tidelands or Federal
5 Government sale.

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

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

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

24 I'm not unmindful of the fact that the Commission has
25 the responsibility for achieving the best interests of the State
26 in such leases, and if the optimism which seems to now be back

1 into the picture isn't borne out by bids that are actually of
2 value to the State, the Commission will have at any time in the
3 future because it is required to reserve this right under the
4 law the opportunity to reject all bids if leases are not
5 justifiable at that time in any event.

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

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

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

14 MR. CRANSTON: Yes.

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

17 MR. CRANSTON: Yes.

18 CHAIRMAN ANDERSON: Moved, seconded and so ordered.

19 We are adjourned.

20 (Thereupon adjournment was had at the hour of 12:10
21 o'clock p.m.)

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