TRANSCRIPT OF MEETING
of
STATE LANDS COMMISSION
LOS ANGELES, CALIFORNIA
APRIL 28, 1960 - 9 A.M.

********

PARTICIPANTS:

THE COMMISSION:

Messrs. Glenn M. Anderson, Lieutenant Governor, Chairman
Alan Cranston, Controller
John M. Carr, Director of Finance
F. J. Furtig, Executive Officer
Fred Zweiback, Executive Secretary to Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL

Mr. Jay L. Shavelon, Deputy Attorney General

APPEARANCES:

Mr. H. E. Ridings, Jr.
President, Board of Harbor Commissioners
City of Long Beach

Mr. Francis C. Whelan, Attorney-at-Law
Representing Adrienne C. Burke

Mr. R. W. Ragland, Vice President
Richfield Oil Corporation
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Confirmation of time and place of May meeting 42

Time and place of June meeting 43
GOV. ANDERSON: The meeting of the State Lands Commission will come to order.

First item on the agenda is the confirmation of the minutes of the meeting of February 25th. Is there a motion to dispense with the reading?

MR. CARR: So move.

MR. CRANSTON: Second.

GOV. ANDERSON: Moved and seconded - so ordered.

Item 2 is the special order of business - Long Beach tide and submerged lands boundary determination, pursuant to Chapter 2000/57. Mr. Hortig?

MR. HORTIG: Mr. Chairman, as your agenda item notes, the Commission continued consideration of the specific problem to its next scheduled meeting as of March 24th, the next scheduled meeting being today. Representatives of the City of Long Beach have been informed that the boundary matter is to be considered today and representatives of the City of Long Beach are present with us. The Chairman may wish to call upon the City of Long Beach initially for report of status on this matter.

GOV. ANDERSON: Who is representing the City of Long Beach today in this matter?

MR. RIDINGS: Gentlemen, I am H. E. Ridings, Jr., president of the Board of Harbor Commissioners of the City. I have been asked to appear in behalf of the City and ask for another continuation of the matter.
I am happy to report that progress is being made rapidly toward unitization of Fault Block IV, since all the personnel connected in the Unit II and III organizations are now free to devote their time to this. As recently as yesterday, in a management meeting of Fault Block IV considerable progress has been made toward unitization.

To bring this matter to a head at this time would cause a serious and very definite problem towards finishing the unitization in Fault Blocks IV and V and, in consequence, the solving of the problems needing correction. It seems to me to be of great importance to complete the unitization of Fault Blocks IV and V in order to complete the subsidence control program and we are very fearful to bring this matter to a head prior to unitization, or prior to the time the major details have been agreed upon in complete detail by the management committees of the two fault blocks, would be disastrous to the accomplishment of this goal -- which I think is shared in by all of those present.

In addition, there will be a meeting of the House Appropriations Committee in Washington next Tuesday for appropriations on construction work of a subsidence remedial nature in the Long Beach Naval Shipyard; and we very definitely think this would cause very considerable misunderstanding and confusion in Washington if this were brought to a head now rather than at a later date.

On behalf of the subsidence correction program and
the efforts toward unitization, we sincerely plead that you lay it over again until we are able to bring these matters much closer to a conclusion than we are at this time.

GOV. ANDERSON: Thank you. Anyone else from the City of Long Beach? (No response) If not, from the Attorney General's office?

MR. SHAVELSON: My name is Jay Shavelson, Deputy Attorney General. There is nothing further on the Long Beach boundary problem that our office has to report. I came down here in case any of the members of the Commission had any questions on this, but the status quo is the same as it was at the last meeting and many meetings before that.

GOV. ANDERSON: Are there any questions from members of the Commission? Any comments?

MR. CARR: I'd like to ask Mr. Shavelson -- have the negotiations between the Attorney General's office and the City of Long Beach ceased entirely or are they going on at all? Has there been any communication between the Attorney General's office and the City of Long Beach since the last time this was laid over?

MR. SHAVELSON: No sir, we haven't actually heard from the City of Long Beach for a number of months.

MR. CARR: Has either side made a suggestion or a proposition to the other side? Whose turn is it to speak at the present time?

MR. SHAVELSON: I think it's the turn of the City.
We had carried on a long process of complicated negotiations and I think we had in general terms worked out --- made definite progress towards a settlement; and then it's my understanding that the City Council was not interested in a settlement of that nature, and since that time we haven't heard from the City. So I think it's up to the City at this point to come up with any possible proposal.

MR. CARR: Mr. Chairman, I think the fact that the State of California is represented by this Commission in this matter and has cooperated up to this time with the City to some profit -- we can look back at the fact that progress has been made so far at least partly due to the fact that we have gone along with the City of Long Beach in helping them solve their problems and in giving them time to work them out -- I don't know what Mr. Ridings had in mind, or what the City of Long Beach has in mind as a further extension at this time; I think the fact that we have got this Chapter 2000/57, which definitely constitutes a mandate to the State Lands Commission to arrive at a solution of this tidelands boundary indicates that this cannot go on forever; but I would move that we grant another thirty-day extension.

MR. CRANSTON: I second the motion.

GOV. ANDERSON: It has been moved and seconded. Any further discussion? If not, all in favor of the motion? (Unanimous "Aye") Passed unanimously. Thank you.

MR. HORTIG: Mr. Chairman ......
GOV. ANDERSON: Mr. Hortig.

MR. HORTIG: Are we correct, Mr. Carr, in the assumption that in general terms your motion can be considered as to be a deferment to the next meeting of the Lands Commission in the event that should not be thirty days?

MR. CARR: Pardon me, Mr. Hortig, I meant that to be the next scheduled meeting.

GOV. ANDERSON: If there is no objection, that will be so ordered.

Item 3 on the agenda is permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute; and the first applicant is the Fish and Game department, application (a); applicant (b) -- if there are any comments you wish to make on these, let me know or I'll go right through them -- applicant (b) - County of Mono; applicant (c) - County of Stanislaus and Merced.

MR. HORTIG: For the benefit of the commission, none of the foregoing three items have any record protests or any objections from any parties relevant to the proposed types of operations contemplated under the permits to be granted.

GOV. ANDERSON: Is there a motion?

MR. CRANSTON: I move approval.

MR. CARR: Second.

GOV. ANDERSON: It has been moved and seconded, carried unanimously, that all items of Classification 3 be approved.
Item 4 on the agenda -- Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission. The first application, applicant (a) is A. R. Brooks; applicant (b) Kenneth F. Ferguson. Mr. Hortig?

MR. HORTIG: Mr. Chairman, the calendar item on pages 13 and 14, and specifically on page 13, refers to 120 acres in the southeast quarter of a specific Section 16. These 120 acres are a portion only of the southeast quarter and, therefore, it is desired that the record indicate that the specific portion of the southeast quarter referred to is the west half, and the west half of the east half of the southeast quarter.

GOV. ANDERSON: Where will that show?

MR. HORTIG: That will show on line 3, page 13; and in the body of the recommendation, approximately the center word, the reference is to the southeast quarter. The specific portions of the southeast quarter will be there detailed. The full southeast quarter would contain 160 acres, but only 120 acres of vacant State school land are available, in fact, in the southeast quarter. The 120-acre reference in the item is correct.

GOV. ANDERSON: So that would read in the third line -- how would that be?

MR. HORTIG: It would read: "Vacant State school lands in the west half and west half of the east half of the
southeast quarter."

GOV. ANDERSON: The west half of the east half?

MR. HORTIG: The west half and the west half of the east half of the southeast quarter. This sounds cumbersome but this is the standard form of legal description on portions of regular sections.

GOV. ANDERSON: (To reporter) Do you have that clear in there?

REPORTER: Yes, I have.

GOV. ANDERSON: Item (c) Carl Newbury and L. A. Mehaffey.

Under item (d) we have several individual items: First one is Mayberry Slough, near Antioch, in Sacramento County; and then item (2) under this - San Joaquin River at Stockton -- I have a request from Senator Short that items (2) and (4) be delayed.

MR. HORTIG: As you have indicated, Senator Short has requested that these matters, items (2) and (4) specifically, be taken off calendar to the end that they may be rescheduled in an area adjacent to San Joaquin County and to the end that Senator Short and those people interested in these applications may receive notice. From further conversation with Senator Short, if the deferment be to the next State Lands Commission meeting in Sacramento this would be satisfactory for Senator Short's purposes. This is so recommended.

GOV. ANDERSON: It is all right that we have the
understanding that Items (2) and (4) will be delayed to our next meeting in Sacramento.

So we will skip Item (2) and (4), and go to Item (3) - Sacramento River, and Item (5) - San Joaquin River, east of Antioch; (6) is Sacramento River, southeast of Red Bluff in Tehama County; and (7) Colorado River in San Bernardino County.

Then we have Item (e) Pullman Building Company —

MR. HORTIG: For the benefit of the Commission, the Small Craft Harbors Commission were informed of the consideration of this application on March 10, 1960. They have not indicated any disapproval.

As Mr. Carr will recall, at his suggestion the staff did arrange for liaison, for the Small Craft Harbors Commission's review of all potential boat harbor and boat landing operations, on the basis that they will be informed in advance and if there are to be any objections they will be presented at the meeting at which the item will be considered. There has not been any objection to this item.

MR. CARR: Mr. Chairman, I think in view of the fact the Small Craft Harbors Commission's capacity, their finances, are limited; and inasmuch as there is a great deal of demand for facilities of this kind, that whenever responsible private parties are willing and able to meet the conditions I would be in favor of approving this. Just as a way of comment, I think it is a good thing to encourage these things, as we have
previously said, but I do think Small Craft Harbors should be contacted.

GOV. ANDERSON: Any further comment?

MR. HORTIG: No sir.

GOV. ANDERSON: (f) is the Shell Oil Company and then (g) is the Socony Mobil Oil Company, and (h) is the Texaco Incorporated.

MR. CRANSTON: May I ask, in regard to (f), are there any safeguards, Frank, that are necessary or feasible in the protection of the beaches, etcetera? I presume nothing like that is involved in their exploration, but is there any safeguard?

MR. HORTIG: Safeguards are not only necessary but are included in both the permits as issued by the State Lands Commission, Mr. Controller, and in the fact that there is in continuance attendance on board, during any exploration operations, an inspector of the State Lands Division -- to be sure that the safeguards are being employed and the terms and conditions of the permit are being complied with.

GOV. ANDERSON: Do you notify the counties in each of these cases?

MR. HORTIG: Not in the case of our geological permits, Mr. Chairman. The procedure which has been established and followed by the Lands Commission for years, with satisfaction expressed on the part of the counties, has been to be certain to notify the counties of geophysical exploration operations.
which will use explosives. Geological operations are conducted from boats, the operations of which are no more obnoxious to onshore activities than the passing of a fishing boat or any kind of boat.

GOV. ANDERSON: Then a motion will be in order to approve all of those items under Item 4 on the agenda, excluding those two that Senator Short requested be held over to our next meeting in Sacramento.

MR. CRANSTON: So move.

MR. CARR: Second.

GOV. ANDERSON: Moved and seconded. If there is no objection, passed unanimously.

Item Classification Number 5 is the City of Long Beach projects -- approval required pursuant to Chapter 29/56, the First Extraordinary Session, and the first project is (a) the Armed Services Buildings Purchase. Mr. Hortig?

MR. HORTIG: Mr. Chairman, Item (a) and Item (b) obviously relate to the standard type of application for advance approval of preliminary expenditures relating to the projects to be undertaken by the City of Long Beach in its subsidence remedial operations -- the amounts ultimately to be allowed as subsidence deductions to be determined by final engineering review and accounting review by the State Lands Commission when the projects are actually completed.

Items (c) and (d) represent approvals desired for completed projects, in which the completed final amounts
allowable for subsidence deduction have been determined, where the final engineering audit and review has been completed, and the amounts listed are recommended for approval as final subsidence deductions for these specifically enumerated projects.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Of all four items -- (a), (b), (c), and (d)?

MR. CRANSTON: Yes.

MR. CARR: I'd like to ask one question before seconding Mr. Cranston's motion. What is the anticipated total cost of these two projects for which this request is made for the beginning expenditures?

MR. HORTIG: Actually, Mr. Carr, we are not even reasonably certain of the estimated total cost. This is actually why there is a requirement for preliminary engineering in order to arrive at the point where contract estimates can be prepared, at which time for the first time we will have a realistic estimate of the total cost of the project.

MR. CARR: What is the scope of the projects?

MR. HORTIG: In the case of Item (a), of course, this is to construct a new Armed Services Y.M.C.A. Building to replace that which is no longer habitable and usable by reason of subsidence; and in the case of the Mitchell Avenue Road and Railroad, it is one of the series of projects which the Harbor Department has heretofore undertaken of raising
subsided streets and railroad elevations up to a future safe
elevation. Both types of operations as to their general
intent qualify under Chapter 29, 1956 in principle and have
been so qualified by legal counsel in the office of the
Attorney General.

MR. CARR: I second the motion, Mr. Chairman.

GOV. ANDERSON: Mr. Carr seconds the motion, moved
by Mr. Cranston. No objection, it is passed unanimously, on
Items (a), (b), (c), and (d) under Item Classification Number 5.

Item Classification Number 6 -- the sales of vacant
State school lands. The first applicant is applicant (a) -
Adrienne C. Burke; applicant (b) - Adrienne C. Burke; appli-
cant (c) - William M. East; applicant (d) - Alfred Fentzling
and Tommee Fentzling; applicant (e) is Leo E. Frooness;
aplicant (f) - Harry S. Hooper and Warren A. Tinsley; appli-
cant (g) - William J. Olson; applicant (h) - John F. Semenza;
aplicant (i) is Eugene Smith; and applicant (j) is G. Kelton
Steele. Any comments?

MR. HORTIG: As the recommendations show, each item
equaled or exceeded the appraised value advertised as accept-
able for the sales, and the sales are recommended.

MR. CRANSTON: I move approval.

GOV. ANDERSON: It has been moved ....

MR. CARR: Second.

GOV. ANDERSON: ... and seconded by Mr. Carr -- passed
unanimously.
GOV. ANDERSON (continuing) Item 7 is the sale of vacant State school lands in Inyo County at appraised cash price of $3,200 to Adrienne C. Burke and rejection of her application for the northwest quarter of Section 36. Mr. Hortig, would you discuss this?

MR. HORTIG: Yes, Mr. Chairman, and in consideration of supplemental information received from interested agencies and users of portions of the land included in the application and original publication, and also in consideration of recent (up to late yesterday afternoon) discussions and further review of the legal requirements with the office of the Attorney General, it appears that the only legal and equitable recommendation which the staff can present to the Commission today is an amendment of what is on the prepared agenda before you -- in the sense that the protection of the State's interests in these lands, it appears, can be fully clarified only in the event that the pending application for purchase be rejected by the Lands Commission, which it is within the province of the Lands Commission to do; and, conversely, that this recommendation is justified in view of the fact that the type of title that could now be conveyed by the State Lands Commission as of this date is not actually the type of title that was contemplated at the time of publication and offer of this land for sale, and actually there might be a question of equity of even offering it to the bidder at this time in view of the fact that what can be offered and the
Therefore, it is recommended that with respect to
the pending purchase application for the northwest quarter of
Section 35, Township 6 South, Range 36 East, Mt. Diabo Meridian,
the sole bid of Mrs. Adrienne C. Burke be rejected; and that
the Lands Commission authorize the withdrawal of the specific
land from the vacant land list of the State of California
pending clarification of the title status.

GOV. ANDERSON: How long would this take?

MR. HORTIG: A matter of a minimum of thirty, and
possibly sixty days, until the land could be recommended to
be restored to the vacant land list for sale -- with all of
the problems of the State agencies and other trespassing occu-
pants of the land.

GOV. ANDERSON: That doesn't seem to be the fault
of the person making the application. That all seems to be
the fault of the State in allowing this land to be trespassed
upon.

MR. HORTIG: We can only agree with you completely,
Mr. Chairman.

MR. WHELAN: May I be heard before the Commission
rules? My name is Francis C. Whelan. I am representing the
applicant, Adrienne C. Burke. With respect to the statement
of Mr. Hortig, I would like to point out that we have on
several occasions stated, either in writing or orally, that we
would eliminate from the application in a manner that would take care of the State's interests in this, the maintenance station lands as well as the highway itself, if the highway itself isn't expressly excepted by the terms of the application inasmuch as the application states it is subject to any easements that have been granted for a right-of-way and there has certainly been a dedication of this highway long since.

As far as these other encroachers are concerned, we don't have any desire to create any inequitable situations as far as they are concerned and we notified the Lands Commission staff in writing several weeks ago that we would grant, enter into binding agreements -- that I would consider binding in the interests of Adrienne C. Burke -- to grant to these utilities the easements conforming to their present usage.

We also advised this college, which has been using a ditch and an underground pipeline, that we would grant them easements and enter into a binding agreement which would give them that right. In other words, Adrienne C. Burke is not attempting in any way to gouge these people.

Several weeks ago I talked to Mr. Smith, Public Land Officer, and I wrote him about I would be willing to discuss the matter of entering into these binding agreements with these people who are thus encroaching, and was advised that I would probably be hearing from him. I have never heard anything from him.

Now, it seems to me that the applicant here is
entitled to proceed, that we could put this matter over until
the next calendar date, and in the meantime these things
could be eliminated. I don't think that there is any problem
about protecting the interests of the State, and there is no
problem about giving to these people rights which, actually,
they have not had up to the present time; but there is no
problem about doing this. There is no reason why that could
not be done and the application entertained at a later date
by the Commission without rejection.

MR. CARR: Mr. Chairman, this Deep Springs College
has been, I believe, on this location for over fifty years
and while they may not have legally determined their rights
to this right-of-way or what not -- I think the point brought
up by Mr. Hortig as to the necessity of having the legal
question settled first, rather than after the sale, seemed
rather important to me. I think that rather than proceed
with the sale and then settle the legal questions later, it
would be better to follow his suggestion and clear these legal
matters up first. That would be my comment.

MR. HORTIG: Mr. Chairman, in furtherance of the
thought as expressed by Mr. Carr, the practical solution as
he recommended is the one that the staff came to after a con-
sideration of all the legal complications that are inherent
in any of the tentative procedures that Mr. Whelan outlined.

I might also point out that during the course of
the consideration of this item Mr. Whelan has had conferences
both with the balance of the staff group and with myself. I
think all of the staff were fully aware of the proposals on
behalf of his client and he was aware that the staff was so
aware; so I wanted to point out that I don't believe because
of the last statement, that he had not heard the last time
around from Mr. Smith, that there were any reservations in Mr.
Whelan's mind, although he can speak on that -- that he was
fully aware of all the problems the staff had under considera-
tion.

MR. WHELAN: Might I make my remark more clear? I
meant I had not heard from these people who wished to be
protected in their use, in their parts of the State lands. I
was ready and willing to hear from them. I actually didn't
know what the identity of the college was until receiving this
calendar item.

MR. HORTIG: Concurrently, the State Lands Commiss-
ion did hear from all these people who were desirous of
protecting their rights, and this does bring to mind the
question that might be the only alternative, I believe, to
the recommendation which the staff has made here this morning
which, if the Chairman please, I would like to put to Mr.
Whelan as a question.

Mr. Whelan, would your client consent to allowing
the State Lands Commission to grant all easements and rights
of whatever type as requested by all the present occupants of
subject land before the State sells the land to the applicant
MR. WHELAN: Now, may I just make this one statement?

I do not know the exact amount of easements requested. I believe I have heard that the Deep Springs College wants a twenty-foot easement for an existing ditch line. I may be wrong about this -- but a twenty-foot easement for an existing ditch line, which I am informed is four feet, approximately four to six feet in width. Now, I know that I discussed this feature, I believe it was with the attorney for the Deep Springs College; and I said an easement for maintenance of the existing ditch, for egress and ingress for maintenance of the existing ditch, would protect them on their right to go on the land, even though they are using more than the existing ditch itself. But I frankly see no reason why the easement should be twenty feet in width, which would mean my client would have to build a twenty-foot bridge instead of a culvert. I see no reason why, if we are sure they are reasonable easements I am sure that is perfectly all right and that can be done.

I don't know how wide the easements are by the utilities. I understand in that area -- I talked to Mr. Davis, who told me they are frequently twenty-five or a hundred feet. I don't know if they are seeking a three hundred easement or what the amount is. If I could have some statement on that, I could give a firm answer to that.

MR. CARR: Mr. Chairman, I think that the staff recommendations are reasonable and I think that they could be
carried out without prejudicing the rights or interests of your clients whatsoever. May I ask what the hurry is?

MR. WHELAN: May I say I believe I think there is a serious question as to whether or not this land can be withdrawn from sale and then restored and give any prior rights to my applicant.

GOV. ANDERSON: Can we delay action upon this and still protect Mrs. Burke?

MR. HORTIG: By not rejecting the application, the application and the purchase application of Mrs. Burke will still be up for consideration by the Commission.

MR. WHELAN: I believe the way the question Mr. Hortig put to me can be answered satisfactorily -- if we could put this matter over and not reject it, but just giving us time to do what he has suggested.

GOV. ANDERSON: How about deferring it to next meeting and letting you and Mr. Whelan work out these problems?

MR. HORTIG: We would be most happy to work on it with our legal counsel.

GOV. ANDERSON: Isn't that --

MR. CARR: I think so. I think it is useless to discuss these things here, but when it comes to ditch maintenance, you can't maintain a four-foot ditch from a four-foot casement. You can't run a boat up the ditch -- you have to have machinery. I don't know how deep the ditch is at Deep Springs College. I do know some people who have graduated from
Deep Springs College and they have an interest in Deep Springs College; and if anybody has prior rights around here I think it is Deep Springs College, but I think you could work it out.

MR. WHELAN: I think an easement for egress and ingress gives you that right.

MR. CARR: I wouldn't vote affirmatively on this unless I am satisfied these people — they may be encroachers, but I think it has been in good faith; so I think if you could work it out, Mr. Chairman, I think that's a good solution.

GOV. ANDERSON: How about a motion to defer to next meeting? That will protect Mrs. Burke's rights.

MR. CRANSTON: So move.

MR. CARR: Second.

GOV. ANDERSON: Moved and seconded this item be deferred to our next meeting, carried unanimously.

Next item is Item Number 8 — authorization for Executive Officer to proceed with publication of notices that the Commission intends to consider offering leases for the extraction of oil and gas from the area of tide and submerged lands not included in existing State oil and gas leases lying between the westernmost State oil and gas lease in the Elwood Field and Point Conception, Santa Barbara County, and extending seaward three nautical miles. Mr. Hortig?

MR. HORTIG: As the Commission will recall, in an informative discussion at the last regular meeting, it was
reported that a suggestion had been received from the Shell Oil Company that the Commission consider offering for oil and gas lease under the Public Resources Code something on the order of thirty-seven thousand acres of tide and submerged lands offshore in Santa Barbara County, to be leased pursuant to competitive public bidding.

The statutes require -- and specifically, Section 6873.2, Public Resources Code -- that before offering any tide or submerged land area for an oil and gas lease, the Commission shall publish notice thereof, and any affected city or county may, within thirty days after the publication of such notice, request in writing to the Commission that a hearing be held with respect thereto. The Commission in its discretion and irrespective of any such request may hold such hearing as it shall determine.

Therefore, it is recommended that the Commission authorize the Executive Officer to proceed with the publication of the notice required by Section 6873.2 of the Public Resources Code that the Commission intends to consider offering leases for the extraction of oil and gas from the area of tide and submerged lands not included in existing State oil and gas leases lying between the westernmost State oil and gas lease in the Elwood Field and Point Conception, Santa Barbara County, and extending seaward three nautical miles.

Up to this point, the recommendation for authorization is to provide the authorization to comply with procedural
requirements specified by the statutes.

GOV. ANDERSON: Is there someone in the audience that wishes to talk on this matter on the agenda? I have been informed there was. State your name.

MR. RAGLAND: Mr. Chairman, my name is R. W. Ragland. I am vice-president of that corporation and representing them here today. (Richfield) Since Parcels A, B, C, D, and E in this same area were leased in 1958, the Legislature has amended Section 6827 of the Public Resources Code to clearly provide for still another alternative method of leasing tide and submerged lands and that is on the basis of a flat royalty being the biddable factor.

I am not speaking to the point of Mr. Hortig's motion, but I would like to suggest to the Commission that a hearing on this matter -- that the best method of leasing this thing be made the subject of a public hearing.

MR. CRANSTON: Mr. Chairman, I would like to say I am very much in favor of having such a public hearing for my own edification on this subject and for the guidance of the board, and seeking to make the best possible arrangements, if we make any arrangements, for leasing this potential oil field at this time; and I would like to suggest to the Commission that we have such public hearing during the time where we are reaching the formalities where we can offer these, if we do so; and I would like to ask, if we agree to hold such hearing, that every effort be made to notify all interested people in
the State within the oil industry and without the oil industry and that we hold such hearing and seek advice to the State on making the best possible arrangements for such leasing. I would like to ask that people come to us with their points of view in regard to bonuses and royalties and various combinations of bonuses and royalties; and, secondly, that we be advised by those that we feel can advise us on the advisability or inadvisability of offering oil leases in the present market condition. There are some who feel this is the time to do so and some that this is not the time to do so.

I would like to hear advice on these matters and any others. I would like to suggest to my fellow board members, if it fits their convenience, that we take two days for a hearing -- this will not be for taking formal action at this time. The dates I would suggest are May 31 and June 1st and I would like to so move that we hold public meetings for this purpose in Los Angeles.

GOV. ANDERSON: I think we would like to hold these hearings and we can hold them in Los Angeles. Do you think it would take two days or can we take care of it in one day?

MR. HORTIG: Mr. Chairman, it is a happy situation when the Commission considers the desirability of doing that which the staff has on its agenda a recommendation to do, and the general desirability of a public hearing has already been considered by the staff. Under such a broad call, the factors advocated for consideration by Mr. Ragland and all of the
elements suggested by Mr. Cranston would certainly be proper
for consideration at that time. Therefore, we have only one
problem, really, and that is the one of scheduling -- and may I
suggest there is a small possibility, and we cannot evaluate
this critically at this time, that some elements might be
developed at the public hearing to be held in Santa Barbara
County which may be a matter of consideration by the Commiss-
ion in connection with factors -- not whether to lease, but
just as to what specific terms and conditions and requirements
are to be included in a lease form which would be the subject
of this two-day hearing.

Therefore, I am hesitant at the moment in being
able to recommend as early a date as May 31st. It might be
completely feasible ....

GOV. ANDERSON: It would seem to me to be better if
you handled these two separately.

MR. HORTIG: Mr. Chairman, I did not mean to indi-
cate that they should be held together, but rather that the
Santa Barbara hearing could develop factors that the Commission
should consider, and the industry should consider, on what
lease terms should be established as being optimum under the
particular circumstances; and if we don't know what the county
is going to raise we can't discuss it at that time. In other
words, at our two-day hearing on the best method of proceeding,
if it doesn't include some of the factors that are included in
the county hearing, we would have to hold a later hearing.
GOV. ANDERSON: Might that not be best, because we have been contacted about the advisability of these different kinds of leases and I would like to hear the opponents and proponents of the various views in an atmosphere where we would be thinking solely of what would be the best type of lease, rather than getting into the special case in the Santa Barbara area. I would like to hear some of the matters in terms of market and so forth.

MR. CRANSTON: I agree with you. I think we should have a further hearing on the exact terms on which we would accept bids and, therefore, that would come after this hearing I have suggested for the end of May and after what transpires at Santa Barbara. We would have a further hearing and discuss what was offered to us at our hearings and at the Santa Barbara hearing and then take action.

And, in answer to your question about two days, I doubt whether two days would be enough for me.

MR. ZWEIBACK: These hearings were held back in 1958. Am I correct in recalling that the Lands Commission did hire a consultant firm to render advice to it at that time?

MR. HORTIG: That is correct -- with respect to the over-all problem of approach to tidelands oil and gas leasing in view of the fact that what was being considered at the time were the first substantial series of leases proposed to be offered since the adoption of the Cunningham-Shell Tidelands Act, which to a major degree had changed the State oil and gas
leasing authority and, therefore, sweeping policy provisions as well as sweeping leasing changes were indicated; and a consultant was retained to advise the Commission with respect to over-all policy bases which might be determined for the future under the Cunningham-Shell Tidelands Act -- in which there have been no actually drastic revisions since that time although, as Mr. Ragland has pointed out, the alternative bid bases have been broadened by action of the Legislature. But, again, the comparison of value and application of these various bid bases was reviewed by the consulting board at the time of their prior employment.

MR. ZWEIBACK: I make this point because in the transcript it wasn't clear whether they included in their formal written report recommendations re cash bonuses against royalties; and I am just wondering whether the Commission would want to consider the necessity of having a new consultant firm.

MR. CARR: Mr. Chairman, I think we could answer that question to ourselves after we have these hearings -- whether we need any further consultants. I see the point, but I mean that after we have the hearings we will better know whether we need consultants or not, wouldn't we?

GOV. ANDERSON: Well, the motion -- this will not constitute a regular meeting of the State Lands Commission -- this will be a hearing?

MR. HORTIG: That is correct.
GOV. ANDERSON: There will not be any business conducted. It will be for our own discussion and learning the views of the people on the various types of leasing.

MR. HORTIG: In essence, a review of the oil and gas leasing policy of the Commission.

GOV. ANDERSON: Then you have heard the motion of Mr. Cranston ....

MR. CARR: Second.

GOV. ANDERSON: .. and second of Mr. Carr that we have a hearing on this subject on May the 31st and June the 1st in Los Angeles.

MR. CRANSTON: Commencing at 10:00 a. m. all right?

MR. HORTIG: Mr. Chairman, the staff would propose at this time, if there be no objection on the part of the Commission, that in connection with distribution of notices and invitations for all interested parties to participate in this now scheduled hearing that industry be invited to submit before the hearing date specific problems and solutions in writing, which will certainly speed up the hearing process -- rather than having our first exposure to the scope of interest to be covered arise the first day after the call of the hearing by the Chairman.

MR. CRANSTON: I suggest that be done, with the suggestion that there be full opportunity for oral discussion at the meeting.

GOV. ANDERSON: You have heard the motion. If there
is no objection, it is passed unanimously.

MR. HORTIG: May I ask -- there seems to be a disparity of opinion here at the staff table. It is still desirable that the authorization be given to proceed ....

GOV. ANDERSON: We haven't completed Item 8, so that was the next item. Now, what is the ....

MR. CRANSTON: Action in accordance with what you've suggested here -- what would be the relationship of such action with relation to checkerboard leasing? Is there opportunity here to do that if we wish to do so?

MR. HORTIG: The type of location, the scope of leasing if any, is in complete discretion of the Commission.

GOV. ANDERSON: There is nothing that could be affected by this by what might develop at the hearing?

MR. HORTIG: No sir.

GOV. ANDERSON: A motion to authorize the Executive Officer to proceed with publication of these notices and so on ....

MR. CRANSTON: I so move.

MR. CARR: Second.

GOV. ANDERSON: Seconded. No objection. Item 8 is passed unanimously.

Item Classification Number 9 -- authorization for Executive Officer to offer for lease for extraction of sand at minimum royalty of six cents per cubic yard, three areas of tide and submerged lands in Monterey Bay, Monterey County.
The first is approximately seven acres pursuant to application of Pacific Cement & Aggregates, Incorporated. Do you want to comment, Mr. Hortig?

MR. HORTIG: With respect to all three items, Mr. Chairman, we can report as to all in summary that as required by the statute the Department of Natural Resources was asked to review the applications. They have reported that an examination of the applications indicate no possible interference with the recreational use of the lands littoral to the lands involved, and the Attorney General has advised that the applications comply with applicable laws and rules and regulations of the Commission.

GOV. ANDERSON: You have heard the explanation for Items (a), (b), and (c). (b) was approximately eight acres pursuant to application of Granite Construction Company and (c) was one acre, more or less, pursuant to application of Seaside Sand & Gravel Company. What is your pleasure?

MR. CARR: I'd like to ask a question or two about this. Where does this sand come from -- from the shore line, uplands, or under water?

MR. HORTIG: It comes from seaward of the high water marks in each instance under the State leases, Mr. Carr, and therefore at times the area from which sand is removed is under water. Actually, the removal operations are conducted at low water stages, at which time the sand is exposed. It is replenished in general by littoral drift along the coast and
there are limitations in the lease that if there should be activity detrimental to the adjoining lands operations can be adjusted to preclude any further detrimental effects; and in each instance the applicant or the potential bidder for these leases is either the holder in fee or by other leases of the adjoining uplands, so that there is no public access to these water areas.

GOV. ANDERSON: What is your pleasure?

MR. CARR: Have there been any objections voiced to these?

MR. HORTIG: No sir, no objections voiced; and, as I say, with no objection by the Department of Natural Resources.

MR. CARR: So move.

MR. CRANSTON: Second.

GOV. ANDERSON: It has been moved and seconded the items be approved, carried unanimously.

Item Classification 10 is authorization for cancellation of eight leases in Fish Canyon and making application to the Board of Control for discharge of accountability for rental, etcetera. Mr. Hortig?

MR. HORTIG: The item is almost totally self-explanatory, Mr. Chairman. These were recreational lease sites which have become inoperable because of serious floods in the area. The lessees have chosen not to pay additional billings. These are reflected as accounts receivable on the books of the Commission. It is recommended that the Executive Officer
be authorized to cancel the leases and that we request the Controller for discharge of the accountability.

GOV. ANDERSON: Your pleasure?

MR. CRANSTON: So move.

MR. CARR: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously -- authorization granted.

Item 11 -- approval of maps. First one is survey of the ordinary high water mark of Tolay Creek, Sonoma County; item (b) is grant to the City of Mill Valley, Chapter 496 Statutes of 1959, westerly end of Richardson Bay in Marin County; (c) is survey of the mean high tide line along the banks of the Napa River in the vicinity of Vallejo, Napa and Solano Counties dated May 1955.

Mr. Hortig, do you wish to explain these?

MR. HORTIG: Yes. Item (b) -- survey of grant to the City of Mill Valley -- was required by statute to be surveyed by the Lands Commission and survey of that area, of the land granted by the Legislature to Mill Valley, has been completed at the cost of the City of Mill Valley.

Item (a), survey along the banks of Tolay Creek, and Item (c), along the Napa River, are maps which are a portion of the program of the State Lands Division to survey areas where there are encroachments or where there are applications for lease of the lands; and the first recordation of State title is when these maps are recorded in the county where they
are located.

GOV. ANDERSON: Any questions?

MR. CRANSTON: So move.

MR. CARR: Second.

GOV. ANDERSON: Moved and seconded -- no objection, carried unanimously.

Item Classification 12 -- authorization for Executive Officer to execute proposed stipulations in quiet title actions. First one is (a) Schultz, etcetera, vs. State of California; and (b) is Crocker Land Company vs. State of California. Mr. Hortig?

MR. HORTIG: Both items refer to the same general problem, in that there was legislative authorization to the State Lands Commission to convey certain tide and submerged lands either by exchange or outright sale to the persons owning the surrounding lands at the time the sale or exchange was to be completed. In each instance, the purchasers from the State have found it necessary, in order to get title insurance, to proceed with a quiet title action in the court in the county in which the lands are located. In each instance, finally to complete the quiet title actions there are certain stipulations which must be made by the State of California with respect to the stipulation for judgment, and the office of the Attorney General has approved the form of stipulation for judgment in each instance; and, therefore, the plaintiffs have asked that the Commission indicate its approval of the stipulation for
judgment and it is so recommended.

MR. CRANSTON: So move.

GOV. ANDERSON: Questions? It has been moved....

MR. CARR: Second.

GOV. ANDERSON: ... seconded that the authorization be approved. No objection, it is carried unanimously.

Item Classification 13 is confirmation of transactions consummated by the Executive Officer pursuant to authority confirmed by the Commission at the meeting October 5, 1959.

Mr. Hortig?

MR. HORTIG: The items appearing on pages -- the tabulation of items appearing on pages 61 and 62, as the Commission will see, are in general of the nature of issuance of permits to other governmental agencies for limited usages and assignments of existing leases and entering into service agreements for amounts not exceeding the amount which the Executive Officer is authorized to handle.

GOV. ANDERSON: Any question?

MR. CRANSTON: Move approval.

GOV. ANDERSON: Second, Mr. Carr?

MR. CARR: Yes.

GOV. ANDERSON: Seconded. If there is no objection, carried unanimously.

Item Classification 14 is authorization to the Executive Officer to execute contract with Remington Rand for research and systems services for index of lands in the State
of California under jurisdiction of the United States, at a cost not to exceed $27,000. Mr. Hortig?

MR. HORTIG: Mr. Chairman, in the legislative program to achieve a centralized index of all State land ownership and jurisdiction, the Legislature required several years ago that the Lands Commission establish an index of those lands over which the Federal Government had acquired varying degrees of jurisdiction throughout California. It was not until the last regular session of the Legislature which adopted the -- or approved the current operating budget of the Lands Commission that the Legislature augmented that budget by $27,000, with a specific directive that the studies be undertaken as to how to implement the establishment of this index, which is now required by law.

Bids on service contracts to make this study and make recommendations for establishment of an appropriate index system were invited from Arthur D. Little, Inc., Research Associates, and Remington Rand. It appears from a review of the bids received that an effective program, the most effective program, can be achieved for the amount of money available by awarding a service contract pursuant to the bid of Remington Rand and it is recommended that the Executive Officer be authorized to execute such a contract -- which will then give the Lands Commission the basis for making firm budget recommendations to the Legislature in the future as to what is required to establish an effective index for those lands under

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the jurisdiction of the United States within the State of California.

GOV. ANDERSON: What does that contract call for — how much?

MR. HORTIG: Not to exceed $27,000.

GOV. ANDERSON: I mean — is that the figure they bid? There were two bids, I understand.

MR. HORTIG: That is correct, sir, and the difficulty, of course, is that not knowing the exact and complete nature of the problem it has to be a research in the first instance as to what the problem is — so that the bids are actually on the basis of the type of personnel that are to be employed, the skill to be employed, and the manner of directing it. As to competency, of course both firms appear to be well qualified and Remington Rand has previously set up land index systems for the State Lands Division under contract.

GOV. ANDERSON: Did they arrive at the $27,000 figure because the Legislature appropriated this?

MR. HORTIG: No sir, they did not bid that; but we have had $27,000 appropriated for the study and our staff recommendation is to employ Remington Rand at the rates outlined and shown on page 63 to furnish as much service on this basis as they can, to a point where they do not exceed total costs beyond the amount that the Legislature budgeted to us for this study.

GOV. ANDERSON: So this choice of Remington Rand
over this company was not on the basis of price, but on the
basis that you thought it was the better of the two companies?

MR. HORTIG: In terms of having had previous experi-
ence with other index systems in our office and, therefore,
being familiar with where the corollary data might be, whereas
the other firm would have to be indoctrinated as to where
specific records of State lands are concerned.

MR. CARR: Mr. Chairman, in addition to the interest
of the State Lands Commission, 't is the observation and ex-
perience of the Department of Finance that we need cross
communication between the Lands Division, Lands Commission,
and other agencies in the State Government such as Beaches
and Parks, Corrections, school authorities, State colleges --
because we have both the problem of selling, liquidating and
getting back on to the tax rolls land we now own, and we also
have the problem of seeking locations for other State agencies
for land; and we had hoped in the Finance Department that we
could get such a tabulation and get it done in such a way so
that when a demand for a given piece of property with certain
characteristics comes in we could go to this system and pull
it out without spending eight or ten weeks looking for it.

Also, I think that in the discussions previously
that we have had, we also agreed that if we took a more active,
aggressive attitude toward selling those lands which the State
now owns or would acquire, that we could probably get more
money for them; and it seems to me this is a very worthwhile
project and certainly we are going to go through with it, but I'd like to be sure that whatever system we use is compatible with this whole program -- in other words, it's going to be as easy to find out where this land is for a specific purpose as it is for the purpose of indexing it for sale.

MR. HORTIG: Mr. Carr, as you are aware from our previous discussions -- and this is with my other hat on, as Executive Officer of the State Lands Division -- we are acutely aware of not only the desirability but the absolute necessity for such integration -- an integrated, efficient system; and, as a matter of fact, this next week we will have full time conferences with representatives from your organization and cost control section looking toward the day, we hope, when all of this would have been injected into an electronic data processing system -- where, when the millennium arrives, you can push a button and get the answer you need.

MR. CARR: I won't be here when the millenium arrives, but I am sure those that will be will thank you for your foresight.

MR. CRANSTON: i move approval of this item.

GOV. ANDERSON: Mr. Carr, do you second it?

MR. CARR: Second it.

GOV. ANDERSON: Moved and seconded -- if there is no objection, passed unanimously.

Item 15 -- report on exercise of option by Standard Oil Company of California to continue the term of agreement
for Easement 415.1 covering approximately 2,827 acres of sovereign lands of the State in the Rio Vista Field in Contra Costa, Sacramento, San Joaquin and Solano Counties. Mr. Hortig?

MR. HORTIG: This item was reported for information of the Commission, also to give me an opportunity to present a little history on what has been a unique operation, in that, despite the long-titled agreement for easement, this essentially is in all normal circumstances a gas lease — which has been held and was awarded to Standard Oil Company of California approximately 19— that would be 1940, for the development of the State portion of gas in Rio Vista Field, which turned out to be the largest gas field in Northern California, and as a result of a high bid in simple terms of 52% profit the State receives from this lease has been a tremendous contribution to the State for years.

This was one of two leases issued by the first State Lands Commission, immediately after the adoption of the State Lands Act in 1938, and is one of the two that carried the unique condition that on those wells producing after the first expiration date of its twenty-year term, continuation of that lease could be elected unilaterally by the lessee.

The prior lease was a large oil and gas lease in Huntington Beach, now held by Signal Oil and Gas Company, which has been extended under these identical terms but under which the operator was desirous of conducting additional development and therefore exchanged the lease for a new form of
lease.

In this case, the grantee has exercised the option to continue the term as to all wells drilling or producing on June 2, 1960 and, therefore, the election to simply extend the existing contract appears to have been most satisfactory both to the lessee who made this election and to the State.

GOV. ANDERSON: How long can they make this for?

MR. HORTIG: It is for as long as gas is produced.

GOV. ANDERSON: We have no control over this in the conditions, as long as there isn't a change in the present lease?

MR. HORTIG: Well, we do under the provisions of the lease because there are operating requirements, performance requirements, and requirements for payment of royalty -- all of which are controlled by the State.

GOV. ANDERSON: But the amount of royalty is controlled in the original lease?

MR. HORTIG: That's right.

MR. CARR: Mr. Chairman, I would like to inquire if there is any noticeable or measurable subsidence in this area from extraction of the gas or any other purpose?

MR. HORTIG: The Delta area has had a habit of subsiding for a hundred years -- or whenever it started to be reclaimed, there being extensive peat beds and probably the largest peat deposits in California, which shrink when they...
are dry. If there has been any subsidence due to gas extraction, it is so small to have been swallowed up completely by the larger subsidence due to other geological and land reclamation factors other than withdrawal of gas within the consolidated area, if I may apply the term, of the Rio Vista Gas Field -- notably under the Montezuma Hills area, for example, on the north and west side of the river. In the townsite of Rio Vista, there has been no evidence of subsidence.

MR. CARR: There has been no subsidence of any improved land around there?

MR. HORTIG: In terms of subsidence on improved farm land, yes; but this is in all cases behind levees, where in some instances the land surface to which the area was reclaimed by the levee is actually still today below sea level and, therefore, it is rather floating than land, and also, as I say, in many instances composed primarily of peat -- which when the water is pumped out shrinks and dries when the sun hits it; and how much is level subsidence, how much is peat drying out, how much is water pumped out to reclaim the land -- these I don't think have ever been determined precisely.

MR. CARR: Have you any records in your department showing what the salt water encroachment might be into this area?

MR. HORTIG: We are aware, of course, of the salt water studies of the Department of Water Resources, which we have followed.
MR. CARR: Have there been any attempts to connect salt water encroachment with gas production?

MR. HORTIG: No sir.

GOV. ANDERSON: That item was for information of the Commission only. There is no action required.

MR. CARR: Mr. Chairman, I would like to take action and thank Mr. Hortig for the information.

MR. CRANSTON: I second the "thank you."

GOV. ANDERSON: Carried unanimously.

Item 16 is report on the status of major litigation -- informative only. Mr. Hortig.

MR. HORTIG: As the Commission can see from pages 66 and 67, essentially the status of major litigation of interest to the Commission is almost quo again from the last meeting. In connection with the Alamitos Bay quitclaim litigation, closing briefs have been filed and we are still awaiting anxiously an expression from the -- or interestedly, rather than anxiously, excuse me -- an expression from Orange County as to disposition which that county may make of its pending litigation contesting the State's title to tide and submerged lands.

GOV. ANDERSON: Anything further?

MR. HORTIG: Not on litigation, sir. If the Chairman please, this might be an appropriate point to inject this item: I have here copies of information for the Commission -- a resume of legislation adopted at the special session of the
Legislature which has gone to the Governor for consideration for signature -- these being the only bills which it is felt might affect the administrative cognizance of the Commission.

All three relate to tideland grants: A new grant to the Moss Landing Harbor District of a portion of the tidelands in San Mateo County, which will be surveyed for the harbor district at the cost of the harbor district by the State Lands Division; the second bill amends the purposes for use of lands by San Luis Obispo County on lands previously granted to them; and the last expands the authorized use to include recreational use on lands granted to the City of Oakland.

MR. CARR: Mr. Hortig, did you say Moss Landing?

MR. HORTIG: San Mateo.

MR. CARR: Moss Landing is down in Monterey County.

MR. HORTIG: I am sorry.

GOV. ANDERSON: Any questions or comment? (No response) Anything further before we proceed to set the date of the next meeting? (No response) If not, then, the last item is the confirmation of the date of the next Commission meeting, which would normally be Thursday, May the 26th, and normally would go to the north. Is that agreeable to everyone?

MR. CRANSTON: What time is that -- nine o'clock?

GOV. ANDERSON: Nine o'clock, and just before we adjourn .......

MR. CARR: That really messes me up, Mr. Chairman.
GOV. ANDERSON: How about the day before?

MR. CARR: That's fine.

MR. CRANSTON: What is that?

GOV. ANDERSON: For the meeting, instead of May 26th -- May 25th.

MR. CRANSTON: I can't.

(Some off-the-record discussion)

GOV. ANDERSON: Tuesday, the 24th.

MR. CRANSTON: I move that we meet on Tuesday, May 24th, in Sacramento at nine o'clock.

MR. CARR: Second.

GOV. ANDERSON: You have heard the motion. If there is no objection our next meeting of the State Lands Commission will be Tuesday, May the 24th, at nine o'clock in Sacramento; and before we adjourn, how is the fourth Thursday of the next month in Los Angeles? That would be the normal time and I would like to know.

MR. CRANSTON: That is Thursday, June the 23rd. Yes, I already have that on my calendar.

GOV. ANDERSON: Is that all right with you?

MR. CARR: Yes, what time?

GOV. ANDERSON: I assume nine o'clock. Then we will plan tentatively the meeting in June will be in Los Angeles at nine o'clock on the fourth Thursday, which is the 23rd of June. Motion to adjourn is in order.

(Moved by Mr. Cranston, second by Mr. Carr)

ADJOURNED 10:30 A.M.
CERTIFICATE OF REPORTER

I, LOUISE E. LILlico, reporter for the Division of Administrative Procedure, hereby certify that the foregoing forty-three pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION of the STATE OF CALIFORNIA held in Los Angeles, California on April 28, 1960.


Louis E. Lillico

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA