TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
SEPTEMBER 29, 1960
10:00 A.M.

PARTICIPANTS:

THE COMMISSION:

Messrs. Alan Cranston, Controller, Chairman
Glenn H. Anderson, Lieutenant Governor

T. H. Mugford, Deputy Director, Department
of Finance, appearing for Mr. John E.
Carr, Director of Finance

F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Howard S. Goldin, Deputy Attorney General

APPEARANCES:

Mr. Gerald Desmond, City Attorney, Long Beach

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

Reporter: Louise N. Lillico
Division of Administrative Procedure
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## Approval of Maps

- (a) Imperial Beach
- (b) San Pablo Bay-Petaluma Crk.
- (c) Elkhorn Slough - Moss Ldg.
- (d) Vicinity Martinez

MOTION ON ITEMS IN CLASSIFICATION 7

8 Authority to notify City of Huntington Beach re value of State-owned T/S lands

MOTION ON CLASSIFICATION 8

9 Approval of Amendatory Agreement between Board of Harbor Comm. of City of Long Beach and LBOD

MOTION ON CLASSIFICATION 9

10 Confirmation of transactions consummated by Executive Officer as follows:

Joseph Belluomini, Inc.
Clifford D. Hayes
and
Recreational permits to: Wright, Bowen, Wellington, David, MacAuley, Olson, Schroeder, Gehr, Ness, Haden, Sandstrom, Peterson, Bolen, Cook, and Laws

11 Report on status of litigation

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DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
MR. CRANSTON: The meeting will please come to order. Item 1 is confirmation of minutes of meeting of July 28, 1960. If there are no amendments or corrections, they will stand approved as prepared.

Item 2 is permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute: Number one is Pacific Telephone and Telegraph Company. Any comment on that? (No response) Number two, City of Pacifica -- or, rather, (b) - City of Pacifica. If there is no comment we will proceed with each one. Item (c)– City of Pacifica; (d) County of Sacramento; (e) City of Santa Cruz; (f) United States of America; (g) United States Coast Guard. Motion is in order to approve this item classification.

GOV. ANDERSON: So move.

MR. HUGFORD: Second the motion.

MR. CRANSTON: So ordered unanimously. Item Classification 2 - Permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute. There is one more in that other category: Water Resources, Department of (State). Without objection, that is approved also.

Classification 3 - Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission:

Item (a) - Applicant Rosa I. Moore; Item (b) -
Pacific Gas and Electric Company; item (c) - Pacific Gas and Electric Company; item (d) - R. H. Emmerson & Son; item (e) - Richfield Oil Company; item (f) - Shell Oil Company; item (g) - Signal Oil and Gas Company, et al.; item (h) Walter E. Smith and Mildred E. Smith; item (i) - Texaco, Inc.; item (j) - Karl F. Weikel; item (k) - Nine ten-year leases of cabin sites, each at annual rental of $65, as follows: (1) William E. and Theresa Andrew; (2) Leonard J. and Betty L. English; (3) Edward C. and Hope T. Johnson; (4) Julia H. Johnson; (5) David N. and Margot J. Kreidt; (6) Ethel and Paul R. Schneidewind; (7) Stella Nadeau; (8) Omar J. Tribble; (9) Anthony Bander.

Motion is in order to approve this classification of items.

MR. HUGFORD: So move.

GOV. ANDERSON: Second.

MR. CRANSTON: Unanimously so ordered.

Item 4 - City of Long Beach Projects: Project (a) - Pier 2, Back Area Raising (first phase), Are there any comments on that item? (No response) If not -- item (b) - Sand Mills, Timber Bulkhead and Enrolment (all second phase) at 61st Place and at 69th Place, Alamitos Bay Peninsula.

MR. HORTIG: Mr. Chairman, I should like to offer a remark. In the calendar summary, the total expenditure is reported as "all estimated as subsidence costs." The estimate as to subsidence cost is incorrect. The item should read:

"All from the City's share of Sideland oil revenues."
are no subsidence costs in this estimate. It is recommended that the item be approved on this basis. Actually, the full calendar item and resolution so cite, but the calendar summary is in error.

MR. CRANSTON: It will be so understood. Item (c) Municipal Facilities for Water Injection System, Fault Block IV.

GOV. ANDERSON: Would you explain that briefly?

MR. HORTIG: Yes, Governor Anderson. As reported in the calendar item, the Commission had heretofore approved funds for study of the feasibility of erecting and providing a municipally-owned water injection system, which would be utilized for water supply for repressurization projects to be conducted in Fault Block IV specifically. The engineering studies were completed, feasibility was indicated. The estimates are that for capital expenditure of not to exceed $500,000, to be approved by the Lands Commission, facilities can be provided; and the City has obtained and filed copies with the State Lands Division of letters of intent of all major operators, representing by far the largest majority of the production in Fault Block IV, of their intent to purchase the injection water from this facility when installed, so that the entire costs of the facility can be amortized and there will be no net cost to the City or to the State when amortized as a result of this operation. This will make feasible any of the engineering programs for repressurization
in Fault Block IV.

MR. CRANSTON: Item (d) - Convention and Exhibit Hall - Addition No. 1.

MR. HORTIG: Mr. Chairman, the Commissioners will recall, and as outlined in Calendar Item on pages 35 and 36, that there has been a prior approval by the State Lands Commission for costs to be expended not to exceed $6,100,000 for this specific project, these funds to be expended only from the Long Beach share of the tideland oil revenues. The prior approval was on the basis of estimated costs. After bids were received to actually perform the work, it was found that the bids -- even the lowest of the series of bids, all of which were rather close together -- were now, as a result of all the factors that increase costs continuously, considerably higher than the total amount heretofore approved by the Commission. The purpose of approval and authorization to the Commission for the approval of this subject in principle was outlined in a prior Attorney General's opinion that this was within the scope and option of the Commission to approve without any specific dollar limitation.

Therefore, the City, in order to be able to go forward with the project, requires approval for the expenditure of the additional amount in order to actually meet contract costs as established by the bids. The additional amount requested for approval is $1,159,250 -- again to be expended only from the City's share of tideland oil revenues.
In connection with this matter, the Commission has just received a letter of protest to approval of this item from a citizen and taxpayer in Long Beach named Paul B. Wilcox, who has submitted a detailed statement of objections to the program in toto in four pages, with the request that his letter be read into the record. Mr. Wilcox has also, in one paragraph at the end of his letter, summarized the points of his objection and with the Chairman's approval I would read this paragraph into the record for the information of the Commissioners:

"(1) Three times it has been demonstrated at the polls that there is no bursting enthusiasm for building an annex using easy-come tidelands funds;

(2) This demonstrated hesitancy may stem from apprehension as to what a white elephant in the form of an annex always in the ed might lead to on the State fiscal level;

(3) Thousands and thousands of negative votes thrice protested size and location, many resenting very much that the annex would cut off a view of the ocean.

(4) There is inability to adjust to the idea that a barn on the beach would harmonize;

(5) Realization that civic leaders and the press had abandoned a far superior plan for north of the auditorium which would solve other disgraceful civic problems, while

(6) The sore thumb on the beach would only create
more and lasting problems.

"(7) If the annex is built as now planned, not in this generation will voters approve additional bond outlay to provide the facelift north of the auditorium that is so badly needed right now, and

"(8) And an ethical reason for this Commission to authorize Long Beach officials to spend nineteen million more than the limit established by the voters is extremely hard to find."

From staff review, the first seven points raised by Mr. Wilcox are matters it is believed are completely within the scope of local determination by the electorate, the management of the City of Long Beach, and so forth; and these points have been determined as a matter of municipal administration and a program outlined for covering this situation in the determinations by the officials of the City of Long Beach.

This leaves only one question for the Commission and that is whether, in fact, as stated here, there has been a limitation established by the voters of Long Beach under which approval by the Lands Commission of expenditure of additional funds would lend credence to the suggestion that the Commission was authorizing the City to actually spend more than had actually been approved by the electorate.

In view of the fact that City Attorney Desmond for the City of Long Beach is here this morning and City Engineer
Jess Gilkerson, I would suggest that the Commissioners call upon them to inform as to the official position and the legal facts on the remarks that the amount requested to be approved exceeds the funds heretofore established by election.

MR. CRANSTON: Would you and others be as brief as possible? Mr. Mugford and Mr. Anderson have commitments....

MR. DESMOND: Mr. Chairman and members of the Board, I will be very brief. Actually, the limitation referred to by Mr. Hortig and the objection (8) is certainly a matter of local concern. It is certainly of concern to my office and we will take care of the matter next Tuesday at the Council meeting.

The authorization that has been made by the voters is only part of the authorization granted in our charter. We amended our charter to provide that tideland projects within the grant may be undertaken only with prior approval of the voters, except that $250,000 per year, without the need for prior approval of the voters, might be used and might be accumulated. We have sufficient funds with the amount acted upon by the voters last election and also the accumulations to take care of this project and I will so advise the City Council next Tuesday.

GOV. ANDERSON: Is there any question on the use of these funds for this purpose in your mind at all?

MR. GOLDEN: I had not been aware until Mr. Desmond informed the Commission here today that there was an
accumulation of $250,000 per year which, when added to that which was authorized by the election, could be used to cover the construction cost of this convention and exhibit hall. As I say, I haven't a personal knowledge of those facts, but I am prepared to take Mr. Desmond's representation and assuming those facts to exist, it would appear to me that this would not be a matter for State Lands Commission concern.

GOV. ANDERSON: But the use of the funds aside from what you are talking about, the use of the funds for that -- you have no question about that?

MR. GOLDIN: Yes, Governor, I have. The propriety of the project has been ruled upon by the Attorney General's office favorably. In fact, I wrote the opinion myself.

GOV. ANDERSON: That's why I want to review that -- Have there been any precedents established along this line? Have we spent money for this type of thing prior to this?

MR. GOLDIN: If I may separate your question into components, Mr. Anderson, I believe that there is a precedent in that my opinion is largely predicated upon a specific case, which was Haggerty vs. City of Oakland, 161 Cal App 2d, 407 at pag: 413, where the court held that the construction of a convention and banquet building in the port area was a facility and aid incidental to the development, promotion and operation of the port and harbor; and based upon the authority of that case, it was the opinion of the Attorney General's office that a legitimate convention and exhibit hall in the area could...
qualify for an expenditure of tideland funds. Does that answer your question, sir?

GOV. ANDERSON: That's fine.

MR. CRANSTON: Are you ready for action on Item Classification 4, including item (d)?

GOV. ANDERSON: I am, yes. I move.

MR. MUGFORD: Second the motion.

MR. CRANSTON: It has been moved and seconded, unanimously ordered that we approve all items.

Item 5 is sales of vacant State school lands:

Applicant (a) Cloverdale Redwood Co.; applicant (b) Joe N. Flores; applicant (c) Anthony Gallo; applicant (d) Max Neiman.

I'd like to ask in regard to that item (d), Frank -- what was the amount bid by the person who did not qualify?

MR. HORTIG: It was not a substantial difference.

The basic bid was $5 per acre. The higher unqualified bid was something on the order of five and some cents higher and this was only for the smallest parcel out of the entire series being offered under this one application.

MR. CRANSTON: Motion is in order to approve.

MR. MUGFORD: So move.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, and unanimously ordered that they be approved.

Classification 7 -- Approval of Maps.

MR. HORTIG: Mr. Chairman, I believe we passed Item 6.
MR. CRANSTON: Item 6 is cancellation of application of Clarence E. Foster to purchase 40 acres of school lands, Humboldt County, and refund of deposits less expenses incurred to date of cancellation. Applicant failed to deposit additional sum of $623 to meet expenses, as required by California Administrative Code. Motion is in order.

MR. MUGFORD: Move.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, and unanimously approved.

Item 7 is Approval of Maps. (a) is "Survey of the Mean High Tide Line Along the Shore of the Pacific Ocean, Vicinity of Imperial Beach, San Diego County, California" dated June 1959.

MR. HORTIG: This survey was undertaken by the State Lands Division because it was obvious that, in issuing permits to the U. S. Army Corps of Engineers to erect beach protective works in the future, the natural ordinary high water mark boundary line of the State's property would become obliterated; and, therefore, it was essential that there be a location of this line prior to the commencement of construction which would artificially influence the location of the line. This has now been completed. The City of Imperial Beach will receive a copy of the survey and are very appreciative that they will.

MR. CRANSTON: (b) is "Map of the Ordinary High
Water Marke Along the north shore of San Pablo Bay and the left bank of Petaluma Creek, Sonoma County, California, dated August 1958 to May 1960.

MR. HORTIG: Item (b) represents another small dent in the elimination of the one hundred-year survey backlog that the State Lands Division is faced with in establishing boundaries where they have become fixed along navigable waters of the State. In this instance, the boundary lines have become fixed as a result of a series of levees starting back as early as the 1860's. The surveys have been completed and the maps are now ready for recordation in the counties, and the recordation will thereafter eliminate numerous misconceptions as to where the boundary lines are in fact.

MR. CRANSTON: Item (c) "Record of Survey of Agreed Property Lines Along Elkhorn Slough," made for the Moss Landing Harbor District by the Monterey County Surveyors, Inc., in February 1960; and authority for Executive Officer to execute necessary documents making the State a party to the establishment of boundary lines between the Moss Landing Harbor District and adjoining upland owners.

MR. HORTIG: The tide and submerged lands in the Moss Landing Harbor District were conveyed to the Moss Landing Harbor District by legislative grant. However, due to the reversionary interest of the State to these lands, it was felt that in filing for record the boundary of the tide and submerged lands it was necessary that the State, holding a
reversionary interest, also agree to these boundary lines. The maps, which have been prepared by the Harbor District at their cost, have been reviewed for engineering sufficiency and accuracy by the State Lands Division and the office of the Attorney General have said that the Commission may be signatory to an agreement with all parties with respect to these boundary lines and also parties to the documentation that expresses that agreement.

MR. CRANSTON: Item (d) "Fixed Boundary Between Sovereign and Municipal Lands, Vicinity of Martinez, Contra Costa County, California" dated March 1960, and authority for Executive Officer to enter into agreement with the City of Martinez fixing this boundary line.

MR. HORTIG: Again, survey of the location of the boundary line along Carquinez Straits and in front of the City of Martinez. As is shown historically, there have been numerous artificial influences, which have undoubtedly fixed the location of the ordinary high water mark limiting the lands of the City of Martinez and separating those owned by the State of California. However, there have been so many years of history and such a great extent of artificial accretion and other confusing factors, which were not ever recorded precisely that have occurred -- that it has been felt that in order to establish a boundary line, it could only be accomplished by agreement between the two adjoining property owners, the State of California and the City of
Martinez. Such a line has been depicted on a map. The form of agreement for concurring therewith has been drafted in the office of the Attorney General and it is recommended that the authorization to fix this line be granted.

GOV. ANDERSON: Have you got any objections to any of these boundary lines you recommend here today?

MR. HORTIG: No sir -- with this addition, of course: I must point out that with respect to Parcel B, adjoining property owners along Petaluma Creek will not be aware of the specifics of the boundary line depicted on those maps until they are recorded. However, they are the best engineering record of the location of that line and if adjoining property owners at that time desire to object, they will have full authority under the Public Resources Code and other statutes to establish that the boundary line is at another location by means of a quiet title action which they are authorized to bring against the State of California.

MR. MUGFORD: Is there any means of bringing this to their attention?

MR. HORTIG: It will be brought to the property owners' attention by the title company just as soon as the map is recorded in the county in which the lands are located.

GOV. ANDERSON: I'll move them.

MR. MUGFORD: Second the motion.

MR. CRANSTON: It has been moved and seconded and is unanimously approved.
Item 8 - Authority for Executive Officer to notify City Council of City of Huntington Beach that value of State-owned T & S lands proposed to be annexed under Resolution No. 1429 is $227,650. Any comment on that item?

MR. HORTIG: This is a parcel of uplands adjoining the tidelands, but which has tideland sloughs penetrating it, which is proposed to be annexed by the City of Huntington Beach. The annexation hearings relative thereto did not produce any protest from any upland operator whose property is being included in the annexation.

GOV. ANDERSON: What is their advantage in annexing this land:

MR. HORTIG: The anticipation is that there will be residential type development, wherein the existing tideland sloughs will be dredged to provide channels and waterfront lands and so forth; and the City, of course, is interested in the possible addition of this accelerated tax base.

GOV. ANDERSON: This is State-owned land we are talking about?

MR. HORTIG: With respect to the State-owned land, there is no necessity for release -- there is no transfer of title.

GOV. ANDERSON: This is just so they can get title to other land contiguous to State land?

MR. HORTIG: No sir. This is only in order that the total project which is contemplated, and to which
apparently the developers did not object because they did not object at the time of the hearing on the annexation, is that it can be located on Huntington Beach, so it can get the services of the City of Huntington Beach; and the City of Huntington Beach is also interested, so that it can be within the City's tax base.

So far as the State-owned lands, there is no difference in status whatsoever and the title will continue to be vested in the State and under the jurisdiction of the State Lands Commission, unless in the future the developers are interested in an exchange of lands in the development of their project. If they use the tideland areas in the form they are, they can do it as long as they use them only for purposes of navigation.

GOV. ANDERSON: Why do they have to know the appraised value of the property coming from the State like this?

MR. HORTIG: Because by statutory amendment in 1958 or '59 ....

MR. GOLDIN: '57.

MR. HORTIG: ... '57 (time flies by the Attorney General just points out to me) ... Prior to that statutory enactment, annexations of tide and submerged lands did not clearly require or specify who should make the valuation of the tide and submerged lands, they being nominally uninhabited lands, and the valuation is the principal factor in determining
whether or not the representatives of more than fifty percent of the value of the lands proposed to be annexed are objecting or did not object. After this situation became clear, the Legislature saw fit to require that, in connection with any annexation of tide and submerged lands thereafter, the annexing authority proposing to annex tidelands would make application to the Lands Commission for the Lands Commission to make an objective appraisal and evaluation, and report to the proposed annexee what the value of the lands were -- both so that the Lands Commission could have the opportunity, if it were in the State's interest, to object; and also to establish an objective and impartial valuation, rather than some of the types of valuation which were used in annexations earlier, where the municipalities actually asserted that inasmuch as there were no occupants and all the lands were under water they were probably worth a dollar, and then proceeded on that assumption -- which, of course, was not statistically correct.

MR. MUGFORD: It is a procedural matter rather than a policy matter.

MR. HORTIG: Correct. The only policy matter is whether the Lands Commission, as a result of the appraisal, desires to object. In view of the nature of these lands and the fact that the adjoining upland owners, who have the major proportion of the lands in the annexation, did not object, we were unable to develop any basis on which the Commission should object to this specific proposal.
GOV. ANDERSON: I'll move it.

MR. MUGFORD: Second the motion.

MR. CRANSTON: The items are approved unanimously.

Item 9 - Approval by Commission of Amendatory Agreement to each of six drilling and operating contracts heretofore entered into between Board of Harbor Commissioners of the City of Long Beach and the Long Beach Oil Company relative to tideland oil development of Parcels W, X, Y, Z, Z-1, and J, consolidating into one contract.

MR. DESMOND: May I be heard on that, Mr. Chairman?

MR. CRANSTON: Yes.

MR. DESMOND: Gerald Desmond of Long Beach.

The City would like to urge very strongly that you follow the recommendation of your staff in entering into this agreement. The approval is essential -- the agreement is essential to determine a test of the City's power to enter into unitization agreements. The City would be happy today and has been willing to enter into the agreements and sign them, except that others who have already bound themselves into binding agreements -- other operators in Fault Blocks II and III -- have done so with the understanding that the matter would be tested in court first. The City has agreed to undertake to make the test and we would rather be the ones making the test because we would be able to get a speedier answer possibly than a private operator.

It was the middle of 1959 that it was found it would
be necessary to amend the L.B.O.D. contracts. L.B.O.D. (Long BeachOil Development Company) was informed of the necessity of preparing and making such amendments. With their own legal staffs, the parties made their own drafts. Their drafts were submitted to the City the end of March 1960 and the City draft was submitted the middle of June 1960. Mr. Brady, City attorney, has had a great many conferences on this. It was approximately the middle of August, August 16th, when the Council gave approval in principle to the contract.

The amendment that is before you has some 110 pages including exhibits and I need not stress further the amount of time, the great number of conferences, the great exchange of correspondence that has taken place in the meantime, particularly since March 1960 when we had from L.B.O.D. their proposed draft of the agreement.

I have been in office for less than three months but we have given first priority to this particular matter and my fellow attorneys in that office have devoted themselves to this and to all of the related matters. I have mentioned Mr. Brady. I want also to mention to you gentlemen that a petition for the writ of mandate is ready, will be filed not later than Tuesday of next week. The petition has been prepared, worked on, by Mr. Spence, assistant city attorney; Mr. Lingle, who is here today; by representatives of L.B.O.D.; and by the operators, the owners, in Fault Blocks II and III -- Union Pacific, Mobilie, Edison, and Ford -- Ford of course not
being in Fault Block III, in II only. There have been many
conferences, suggestions. All are in agreement. The petition
is ready to be filed. We still, of course, require formal
action by the City Council and Board of Harbor Commissioners,
but we are not waiting for that. We are ready to file as
soon as the step can be taken.

The Board of Harbor Commissioners will meet next
Monday, October 3rd, and at that time we understand there
will be a letter filed on behalf of our Board manager, refus-
ing approval, thereby starting our proceedings. Mr. Brady
has arranged that a meeting of the Board of L. B. O. D. will
be held and if you take the recommendation of your staff and
approve this, he will telephone to them so they can sign the
agreement today.

I was in Washington on Monday and Tuesday this week
and had occasion to talk to the Secretary of the Navy and, on
Tuesday, to Mr. Ralph K. James of the Bureau of Ships. Both
are very interested in your action today and I have told
Admiral James that I will wire him at the conclusion of this
meeting. They are both very interested in this. They under-
stand the steps that have been taken and the necessity.

We want to thank very much the staff for their
interest; the Attorney General's office, Mr. Goldin particu-
larly, for the time and the accelerated time that has been
made available to covering this matter. It is, we are sure,
to the interest of the State and the City and certainly of the
Navy. Those interests are identical and we feel this matter must be tested as soon as possible. We are also counting upon you gentlemen for any help that we may need in finding this matter before the Supreme Court as rapidly as possible.

I returned from a meeting of municipal law officers in Denver yesterday. I wanted to be sure I was here in the event this matter came up. I had only a few hours there, but we are dedicated to completing the test that is necessary, so that the City will be then in a position to enter the unit agreements.

The agreements, I emphasize, have been completed. They have been signed by all parties except the City. The petition for the writ of mandate has been prepared and is ready for filing immediately after your action here today.

Thank you very much for the opportunity of speaking to you and for your consideration of this most important matter.

IR. CRANSTON: Thank you very much. Are there any questions or comments?

GOV. ANDERSON: Mr. Hortig, how much time have you had to consider this agreement?

MR. HORTIG: Since approximately -- it would have been roughly one week after the date of approval by the City Council in final form, which would have been about August 23rd. The final formal application for review and approval was received from the City of Long Beach too late to be considered or calendared at the August meeting of the Lands Commission.
and it has been under continuing review over since the date of receipt.

GOV. ANDERSON: You have had roughly a month to study it?

MR. HORTIG: We have had roughly a month.

GOV. ANDERSON: Are there any reservations on your part?

MR. HORTIG: No sir, and we have, and you have attached to your agenda, a copy of the opinion of the Attorney General without reservations — which was received on Monday of this week.

GOV. ANDERSON: That is what I wanted to know. I wanted to make sure there were no reservations on the staff's part and no reservations on the Attorney General's part.

MR. HORTIG: The technical staff has no engineering reservations.

MR. GOLDIN: I have approved the legal sufficiency of the legal agreement on behalf of the Attorney General's office. Mr. Governor, it would have been infinitely preferable to have had more time available, but in view of the urgency of the problem, its complexity, I attempted to give this priority.

GOV. ANDERSON: You were able to work with them a little bit as they went along in the progress, both the staff and your office?

MR. HORTIG: The staff more so than the Attorney General's office.

MR. GOLDIN: In fairness I must state that my review
actually commenced after the receipt of the material which
was forwarded to me by your staff.

GOV. ANDERSON: You have had it about three or four
weeks, then?

MR. GOLDIN: I would say approximately either the
19th or 24th of August.

GOV. ANDERSON: I am satisfied. I move it be
approved.

MR. MUGFORD: I'll second the motion.

MR. CRANSTON: Approval is unanimous by the Commission.

Item 10 -- Confirmation of transactions consummated
by the Executive Officer pursuant to authority confirmed by
the Commission at its meeting on October 5, 1959.

MR. HORTIG: These are routine amendments and assign-
ments and recreational permits issued under delegation of
authority to the Executive Officer -- all issued in accordance
with established policy and rules and regulations.

MR. MUGFORD: I move.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved and seconded, unanimously ordered.

Status of major litigation -- no Commission action
required.

MR. HORTIG: I would like to bring to the Commission's
attention particularly, however, in connection with one of
the large pieces of litigation in which we have been involved --
the claim of the County of Orange that the prior legislative
grant of tide and submerged lands in Newport Bay conveyed to
the county all tide and submerged lands within the county --
that the Orange County Board of Supervisors voted unanimously
on September 14th to abandon the suit. The mechanics of
accomplishing agreement to the dismissal are being handled by
the office of the Attorney General.

MR. CRANSTON: No action is required. Is there any-
thing else, Frank?

MR. HORTIG: No sir, not on Item 11.

MR. CRANSTON: Then we will proceed to supplemental
items, I believe.

MR. HORTIG: Page 55 attached to the calendar that
you gentlemen have as a first supplemental item is the matter
of consideration of oil and gas leases in Santa Barbara County.
Pursuant to a letter request received from the Shell Oil Com-
pany that the Commission consider offering for oil and gas
lease under the Public Resources Code approximately 37,000
acres of tide and submerged lands offshore in Santa Barbara
County, the Commission authorized the Executive Officer to
proceed with the notice required by statute. The area pro-
posed for consideration in this notice by the Commission
included, and still includes, the tide and submerged lands
not covered by existing State oil and gas leases lying between
the westernmost lease in Kiwood Field and Point Conception
and extending seaward three nautical miles, which comprises
approximately 50,000 acres.
As the Commission will recall, no hearing was requested specifically by the County of Santa Barbara, but the Commission on its own motion did authorize and hold a review in Los Angeles on oil and gas leasing policies on May 31 and June 1, 1960 and a review in Santa Barbara County of proposed oil and gas lease terms and conditions on August 25, 1960.

A staff review of proposed oil and gas lease terms and conditions for bid offer has been completed, in which full consideration was given to the information received at the aforesaid Commission reviews and to the operating and administrative experience afforded by the last series of leases awarded by the Commission in Santa Barbara County in 1958. As a result, it is suggested that consideration be given to the utilization of the same basic lease form and bid invitation conditions as applied for the leases awarded in 1958, with some suggested modifications which are outlined and which are not the official language but are stated here to identify the purpose which it would be proposed be accomplished by these modifications. The purpose of these modifications, as you gentlemen know, have been discussed with the Commissioners individually heretofore, so this summary here today is not a presentation of new material to the Commissioners per se.

Now, these proposed revisions have not yet been reviewed with the Office of the Attorney General for legal
sufficiency, nor with industry committees nor with officials of Santa Barbara County as they affect those respective interests.

Therefore, it is recommended that the Commission, first, direct the Executive Officer to complete a review of the proposed form of oil and gas lease through conference with the office of the Attorney General, petroleum and other industry committees and their interested members, and the representatives of the County of Santa Barbara, to accomplish (2) the direction to the Executive Officer to present for Commission consideration at the October 1960 meeting a proposed form of oil and gas lease approved by the office of the Attorney General as to form and compliance with the applicable statutes, with specific staff recommendations as to the specific areas of tide and submerged lands for which the Commission should authorize publication of notices to receive bids for oil and gas leases.

For the benefit of the interested parties and potential bidders, and the information of the Commission, I would like to outline that if this procedure as here recommended is authorized, it would be contemplated that after the October meeting with the authorization to advertise bids for oil and gas leases, with the normal bid time heretofore specified by the Boards Commission and the necessary time for the mechanics of preparation and actually securing the publication, this would result in bids closing, being received by
the Commission, for whatever areas are to be offered, not
clearly than mid-January 1961,

   MR. CRANSTON: Motion is in order to approve.

   GOV. ANDERSON: I move.

   MR. MUGFORD: I'll second the motion, Mr. Chairman.

   MR. CRANSTON: It is unanimously approved. I'd like
to say by way of explanation that this Lands Commission action
regarding the Shell Oil Company application to open tideland
fields off of Santa Barbara County for competitive bidding
by all oil companies and ultimate drilling by the successful
bidder involves a decision to lease on a bonus bid rather
than any alternate bid basis. This consideration was reached
by the Lands Commission over many months. It is our decision
that this is the way to bring maximum revenue to the people
of the State of California in the long run. The leases are
drawn to protect the beauties of the Santa Barbara shore.

If there is no comment on this item, we will move
on to another supplemental item.

   MR. HORTIG: Yes, page 59. Under the lease form
draft, you have a supplemental item attached to your calendars.
Parenthetically, we might almost say that City Attorney
Desmond stole a little of the thunder from this item, but I
do believe that recommendation by the Commission of the item
now to be presented will also still serve a very useful pur-
pose in having clearly for the record before the City Council
of Long Beach and the Board of Harbor Commissioners both the
Commission's expression of urgency to go forward with the program which the City Attorney outlined, as well as a pledge of assistance, which the City Attorney indicated might be needed from the Lands Commission as the proceedings are being carried forward.

On your supplemental calendar, page 59, there is outlined chronologically the history of the extensive period of time which has passed, for various reasons and various explanations, between the time that it was determined by the City of Long Beach and other operators in Long Beach that probably judicial clarification would be necessary before the City's lands could be legally committed, or known to be in proper order to be legally committed to unit operations.

This recommendation to and by the Lands Commission is not to be construed that the Lands Commission as such has therefore determined that such litigation is necessary because of the question that is raised, but it having been determined by the City of Long Beach that this is the course to be followed, then it is recommended to the Commission that the Executive Officer be authorized to inform the Council, the Mayor, and the Board of Harbor Commissioners of the City of Long Beach of the concern of the Commission over the delays which have accrued in the seeking of the requisite judicial determinations to permit effective unit operations, and of the urgent request of the Commission that the necessary actions by the City of Long Beach to obtain such judicial
determinations be initiated in fact and at once; and (2) that
the Commission pledge its full assistance to the City of Long
Beach in advancing the litigation as rapidly as possible in
overcoming all obstacles standing in the path of optimum
repressurization.

MR. DESMOND: The Council and the Mayor are very
anxious that the schedule which we established be met with
and I can assure you that it will. I have said not later
than Tuesday, and I mean next Tuesday, October 4th, that the
writ will be filed.

The Board of Harbor Commissioners is equally con-
cerned and anxious that this receive judicial determination.
Mr. Ridings, one of the Commissioners, is here this morning.
We have several of our staff in the event there were any
questions to arise.

I have advised the Navy, as I have already mentioned
to you, the Secretary of the Navy and the Chief of the Bureau
of Ships, and we have also advised the local Navy officials
of the steps that will be taken.

We realize only this -- and I have already expressed
on behalf of the City our acknowledgment that this is a most
important thing and we have already expressed -- and I mean
it very sincerely -- our appreciation for the vast amount of
time that has been spent by your own staff and also by the
Attorney General's office in giving priority to this matter --
I have this concern: That if such action were taken -- and
we are very appreciative, as I stated in my remarks which I
prepared before I received this; and I will say Mr. Hortig
was kind enough to hand me a copy of this just before the
meeting opened; I have already expressed my belief and con-
fidence that you gentlemen would assist us in getting the
matter before the Supreme Court directly and we do certainly
express to you and to Mr. Hortig this pledge of full assist-
ance -- I am concerned, however, that if such action were
taken in this form, that it might be considered way back in
Washington, which is after all a long way off, that the City
is reluctantly doing this only because being urged to do so
by you gentlemen. That is the only comment I have to make on
it. We appreciate the thought.

I think I have explained the time elements concerned.
I could go into more details as to the number of parties, the
number of items of correspondence, that led up to the March
submittal of the first draft. There have been many, many
drafts of this. The City has worked on this, particularly
Mr. Brady, many overtime hours until June; and then the
final approval in August. So I think that is the time element
involved -- the middle of March to the first part of August,
and a portion of that taken up by the great many conferences
that were held.

MR. CRANSTON: Is there any comment?

GOV. ANDERSON: No.

MR. CRANSTON: It is my own feeling that the record
is clear as to the desire on the part of the Lands Commission to cooperate in every way with the City of Long Beach, and I believe that there is likewise great and growing evidence of the willingness of the City of Long Beach to cooperate with the Lands Commission; and this action is not intended as any reflection on the City of Long Beach or any of its officials. It is intended as a desire by the Lands Commission to state in unmistakable language its desire to move things forward and its desire to assist in doing that. I think what you have said here is clear as to your own intentions, but I think the record might be made more clear and we might be more confident of moving forward if we take this action.

MR. RIDINGS: H. E. Ridings, Commissioner, Board of Harbor Commissioners, Long Beach. I'd like to say on behalf of the Board of Harbor Commissioners, and the City as well, that we certainly share with you this concern in any delay. Your attitude and feeling in this matter has long been evident, and the Commission and its staff have been very helpful in bringing about any and all phases of this program. I would like to say in this instance we are singling out a portion of what is a large and complicated program and there have been more delays in getting this together than any of us would desire; that neither the City nor the State can arrive at any of those agreements by themselves.

In this instance, there are the two principals -- the owners of the Long Beach Oil Development Company, whose
consent and agreement and cooperation in each agreement had to be obtained. We have ahead of us a great deal more to accomplish -- field-wide unitization particularly in the Fault Block IV area.

I wonder if you gentlemen would wish to expand your concern to not only the delay that has occurred here, and address it not only to the City but to all parties who must be parties to the final field-wide unitization now remaining in Blocks IV and V to be accomplished; and let it be clearly understood in an official form from your body by all of these independent operators and the City as well that you, speaking for the State, are greatly concerned over the entire program -- and what I believe to be more critical, Fault Block IV and Fault Block V areas which remain to be unitized insofar as the upland areas are concerned -- for repressurization to be carried forward at the swiftest possible pace. A great deal of work has to be done before this can be accomplished and I think the greater sense of urgency that every potential party to this agreement has will help speed that process.

MR. CRANSTON: Mr. Hortig, do you have any comments?

MR. HORTIG: Mr. Chairman, I agree completely with Mr. Ridings on the numerous phases of the total operation on which there are urgent requirements for going forward. I would suggest as a matter of mechanics the Commission might consider, and the staff would so propose, the adoption of this recommendation as it is written today -- first, for the...
reason that the questions of concern that adverse reactions might result would certainly be eliminated immediately upon the filing, in fact, and the going forward, in fact, by the City with respect to obtaining the requisite judicial determinations, which is what is referenced here; and at that time the actions in fact might be considered by the Commission separately as the starting point to make this additional reference and express to all the operators in the field that inasmuch as this one situation (while it is singled out, it is singularly a unique hurdle and many of the inactions in the repressurization operations have been tied to this hurdle) -- with the elimination of this one hurdle in fact, or at least operations started to eliminate it, the Commission could then well consider the establishment of the policy of the Commission with respect to the total program.

I believe the essential purpose of the item being presented here this morning is to support in every manner possible the accomplishment of -- and would that we could turn the clock back and have Attorney Desmond do it even sooner -- getting into gear on this one particular phase, representing as this one phase does, as I said, a singularly large hurdle which has complicated negotiations and potential operations in Fault Blocks II, III and IV. So the elimination of this one hurdle is what the Commission is particularly concerned with today, and the City and all could well be in an excellent starting point after this has been initiated. This could well
be the starting point for the necessary review of the status of all the other necessary projects in the field.

MR. CRANSTON: To alleviate any feelings of discrimination here in the matters intended, I would like to suggest the following addition or amendment, which would become item 3 of our recommendations. It would then read:

"It is recommended that the Commission..." do (1) and (2) as written and:

"3. Express to all parties, public and private, involved in any aspect of repressurization, its strong feelings as to the urgency of optimum repressurization and its desire to cooperate with them in moving forward on this vital program."

Does anyone second that?

GOV. ANDERSON: I'll second it.

MR. CRANSTON: Are there any further comments? Are we ready for action on the resolution as revised?

GOV. ANDERSON: I'll move it.

MR. MUGFORD: I'll second the motion.

MR. CRANSTON: It is unanimously approved. Are there any further matters to come before us?

MR. HORTIG: Only if the Commission wishes, besides confirmation of the date of the next meeting in October, to undertake the question of a November meeting, inasmuch as the fourth Thursday in November will be Thanksgiving Day.

GOV. ANDERSON: I'd like to see you move it a week
ahead if possible, the 17th. I am in Sacramento then and I hope it doesn’t conflict with the others.

MR. CRANSTON: Will we be having any action before that time on Santa Barbara tidelands?

MR. HORTIG: If we are, in fact, able to adhere to the schedule the Commission has now laid out for the staff, we will not be having action on Santa Barbara because everything which must be done by the Commission will have been done at the October meeting.

MR. CRANSTON: (After some conversation between members of the Commission) Would Tuesday, the 15th, be satisfactory, since we have to avoid Thursday? Is that all right with you?

MR. HORTIG: Yes sir.

MR. CRANSTON: Then the November meeting will be Tuesday, the 15th, here at Sacramento, at ten o’clock. What is the October date?

MR. HORTIG: On the fifth page of the calendar: October 27th, 10 a.m. in Los Angeles.

MR. CRANSTON: Good. If there is no further business the meeting stands adjourned.

ADJOURNED 11:10 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, hearing reporter for the
Division of Administrative Procedure, hereby certify that
the foregoing thirty-four 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 at Sacramento, California on September 29, 1960.


[Signature]

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA