TRANSCRIPT OF MEETING
OF
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA
JANUARY 26, 1961

PARTICIPANTS:

THE COMMISSION:

Messrs. Alan Cranston, Controller, Chairman
Glenn M. Anderson, Lieutenant Governor
John E. Carr, Director of Finance
F. J. Hortig, Executive Officer
Don Rose, Executive Secretary to Lieutenant Governor Anderson

STATE LANDS DIVISION:

Messrs. Fred Kreft, Assistant Executive Officer
Kenneth C. Smith, Public Lands Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. Gerald Desmond, City Attorney, Long Beach
Mr. Kenneth McSwain, Chief Engineer and Manager, Merced Irrigation District

Reporter: Louise H. Lillico
Division of Administrative Procedure
# INDEX

(In accordance with Calendar Summary)

<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>Item on Page of</th>
<th>Page of Calendar</th>
<th>Transcript</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confirmation of minutes meeting October 27, 1960</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Division of Highways</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>(b) Division of Highways</td>
<td>14</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>(c) Montecito Sanitary District</td>
<td>15</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>MOTION ON ITEM CLASSIFICATION 2</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>PERMITS, EASEMENTS, RIGHTS-WAY, LEASES -- FEE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Kenneth E. Anderson</td>
<td>25</td>
<td>4</td>
<td>6,9,22</td>
</tr>
<tr>
<td>(b) F. C. Anton, et al</td>
<td>12</td>
<td>5</td>
<td>7,22</td>
</tr>
<tr>
<td>MOTION ON (a) and (b)</td>
<td></td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>(c) Calif. Elec. Power</td>
<td>15</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>(ACTION DEFERRED TO NEXT MEETING)</td>
<td></td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>(d) Connolly-Pacific Co.</td>
<td>17</td>
<td>8</td>
<td>7,24</td>
</tr>
<tr>
<td>MOTION ON (d)</td>
<td></td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>(e) Construction Aggregates</td>
<td>21</td>
<td>9</td>
<td>7,25</td>
</tr>
<tr>
<td>MOTION on (e)</td>
<td></td>
<td></td>
<td>29</td>
</tr>
<tr>
<td>(f) R. W. Hanna</td>
<td>18</td>
<td>10</td>
<td>7,17</td>
</tr>
<tr>
<td>(ACTION DEFERRED TO NEXT MEETING)</td>
<td></td>
<td></td>
<td>29</td>
</tr>
<tr>
<td>(g) Honolulu Oil Corp.</td>
<td>3</td>
<td>11</td>
<td>7,29</td>
</tr>
<tr>
<td>MOTION ON (g)</td>
<td></td>
<td></td>
<td>30</td>
</tr>
</tbody>
</table>

continued
<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>Item on Page of Calendar</th>
<th>Page of Calendar Transcrip</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERMITS, BASEMENTS, LEASES, RIGHTS-OF-WAY, FEE cont’d</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(h) Pacific Gas &amp; Electric</td>
<td>8, 9, 13-16</td>
<td>7 and 30</td>
</tr>
<tr>
<td></td>
<td>10, 11</td>
<td></td>
</tr>
<tr>
<td>(ACTION DEFERRED TO NEXT MEETING)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Pacific Gas &amp; Electric</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7, 31</td>
</tr>
<tr>
<td>MOTION ON (i)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(j) Karl Pierce, et al</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7, 32</td>
</tr>
<tr>
<td>MOTION ON (j)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(k) Southern Pacific</td>
<td>4, 5, 19-22</td>
<td>6, 33</td>
</tr>
<tr>
<td>Pipe Lines, Inc.</td>
<td>6, 7</td>
<td></td>
</tr>
<tr>
<td>(ACTION DEFERRED TO NEXT MEETING)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4 CITY OF LONG BEACH

(a) Approval future capital cost expenditure for expanded waterflood Fault Blocks II, III, IV, V, VI | 23 | 23 | 33 |
<p>| | | | |
| | | | |
| MOTION ON (a) | | |
| (b) Approval specifications and bid form - well-site preparation and drilling | 26 | 25 | 36 |
| | | | |
| MOTION ON (b) | | |
| (c) Approval amendment existing crude oil sales contracts Parcels W, X, Y, Z, Z-1, J | 29 | 26 | 40 |
| | | | |
| MOTION ON (c) | | |
| (d) Back Areas, Piers A-D, Coast Guard Bldg, YSC Bldg | | |
| | | | |
| (e) Roads &amp; Streets, Pico Av. | 24 | 28 | 41 |
| | | | |
| MOTION on (d) and (e) | | | |</p>
<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>Item on Calendar</th>
<th>Page of Calendar</th>
<th>Page of Transcript</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 (Duplicate Number) SALES OF VACANT STATE SCHOOL LAND</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Donald K. Lee</td>
<td>27</td>
<td>31</td>
<td>42</td>
</tr>
<tr>
<td>(b) William R. Dayson</td>
<td>28</td>
<td>32</td>
<td>50, 51</td>
</tr>
<tr>
<td>MOTION ON (a) DEFERRING ACTION</td>
<td></td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>MOTION ON (b)</td>
<td></td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>(c) John E. Bennett</td>
<td>31</td>
<td>41</td>
<td>51</td>
</tr>
<tr>
<td>MOTIONS on</td>
<td></td>
<td>51</td>
<td>and 54</td>
</tr>
<tr>
<td>5 SELECTION &amp; SALE VACANT FEDERAL LANDS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frances W. Kutras</td>
<td>22</td>
<td>43</td>
<td>54</td>
</tr>
<tr>
<td>MOTION ON ITEM CLASSIF. 5</td>
<td></td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>6 PROPOSED OIL AND GAS LEASE SANTA BARBARA COUNTY-PARCEL NUMBER 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>44</td>
<td>60</td>
</tr>
<tr>
<td>MOTION ON ITEM CLASSIF. 6</td>
<td></td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>7 CONFIRMATION OF TRANSACTIONS OF EXECUTIVE OFFICER</td>
<td>1</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Recreational Permits</td>
<td></td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Shell Oil</td>
<td></td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Standard Oil</td>
<td></td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>MOTION ON ITEM CLASSIF. 7</td>
<td></td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>8 REPORT ON LITIGATION</td>
<td>30</td>
<td>47</td>
<td>63</td>
</tr>
<tr>
<td>9 DATE, TIME AND PLACE OF NEXT MEETING</td>
<td></td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>ITEM ON CALENDAR</td>
<td>PAGE OF CALENDAR</td>
<td>PAGE OF CALENDAR TRANSCRIPT</td>
<td>PAGE OF CALENDAR</td>
</tr>
<tr>
<td>------------------</td>
<td>------------------</td>
<td>----------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>1</td>
<td>45</td>
<td>61</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>11</td>
<td>7, 29</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>19</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>5</td>
<td>20</td>
<td>8, 33</td>
<td>23</td>
</tr>
<tr>
<td>6</td>
<td>21</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>7</td>
<td>22</td>
<td>8, 33</td>
<td>25</td>
</tr>
<tr>
<td>8</td>
<td>13</td>
<td>7, 30</td>
<td>26</td>
</tr>
<tr>
<td>9</td>
<td>14</td>
<td>7, 30</td>
<td>27</td>
</tr>
<tr>
<td>10</td>
<td>15</td>
<td>7, 30</td>
<td>28</td>
</tr>
<tr>
<td>11</td>
<td>16</td>
<td>7, 30</td>
<td>29</td>
</tr>
<tr>
<td>12</td>
<td>5</td>
<td>7</td>
<td>30</td>
</tr>
<tr>
<td>13</td>
<td>17</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>14</td>
<td>2</td>
<td>1</td>
<td>32</td>
</tr>
<tr>
<td>15</td>
<td>3</td>
<td>2</td>
<td>33</td>
</tr>
<tr>
<td>16</td>
<td>7</td>
<td>7</td>
<td>34</td>
</tr>
<tr>
<td>17</td>
<td>8</td>
<td>7, 25</td>
<td>35</td>
</tr>
<tr>
<td>18</td>
<td>10</td>
<td>7, 17</td>
<td>36</td>
</tr>
</tbody>
</table>

INDEX (By Item Numbers)

DETERMINATION OF DATE, TIME AND PLACE OF NEXT MEETING - 63
MR. CRANSTON: The meeting will please come to order. First item is confirmation of minutes of the meeting of October 27th.

MR. CARR: I move approval.

MR. CRANSTON: It has been moved and seconded to approve the minutes.

I think it might be appropriate to read into the record at this point a very pleasant letter from the Governor of Oregon addressed to the Governor of California:

"Dear Governor:

Please accept my deep appreciation to you and to the State of California for making the services of Mr. Frank J. Hortig, Executive Officer of the State Lands Commission, available to the State of Oregon on its preparation of legislation to allow us to lease our offshore lands.

The great experience which Mr. Hortig brought to the meeting has proved invaluable and his advice to our Department of Geology and Mineral Industries was extremely helpful. California is certainly fortunate to have department heads of the caliber of Mr. Hortig.

Best personal regards."

Frank, thank you very much.

Item 2 -- Permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute: (a) State of California, Division of Highways -- right-of-way easement, 4.8 acres submerged lands of Sacramento River, Tehama County, for bridge serving Highway No. 1; (b) Division of Highways -- additional rights-of-way totaling 9.07
acres, over sovereign lands of Colorado River, Riverside County, for bridge protection; (c) Montecito Sanitary District 49-year sewer outfall easement, 2.07 acres tide and submerged lands of Pacific Ocean, Santa Barbara County.

GOV. ANDERSON: So move.

MR. CARR: Mr. Chairman, I think this is very fine. It gives the Highway Department these lands at no fee, pursuant to statute. I wonder if we should take a look at this because in other cases, for instance down in Berkeley, we have a very interesting situation coming up where the Highway Department is putting a freeway grade separation complex in where the school is (it isn't exactly a school; it is a rehabilitation installation for the blind, a workshop). We were having a session with the Highway people yesterday as to what they were going to pay the State of California where they put the grade separation in Berkeley at Telegraph and 36th Avenue, and I don't know what our responsibility is here in this matter but as these funds are shifted back and forth, and inasmuch as we seem to always have plenty of money in the Highway fund but not in other funds, whether the public interest is properly being served in turning these properties over to the Highway Department without any consideration from one fund to the other.

I don't recommend that we turn this particular one down, but it seems to me an area that we should take a look at, because these rights-of-way are undoubtedly valuable and when we deal with the Highway people for a right-of-way, actually
it is a condemnation, if they want to make it that way, of State property, this being used for another purpose. We don't always get what it is worth. To what extent is the general fund supposed to subsidize the Highway fund is the question. Is it a good question or not? I am not sure.

MR. CRANSTON: Frank, do you have a comment?

MR. HORTIG: Yes, Mr. Chairman. For the information of the Commissioners, the statutory authorization for this type approval is an inheritance of the State Lands Commission, having succeeded to the former duties of the Division of State Lands. Under "State Highways", Section 101.5 of the Streets and Highways Code, the Legislature provided that the Division of Highways, by filing a plat for lands for highway purposes, would be given authorization to occupy such lands as were needed for highway purposes. This relates only to submerged lands, tide and submerged lands, of the State and is not a blanket authorization for the uplands or vacant school lands and such. Right-of-way easements at fees are negotiated with Division of Highways for crossing State school lands.

MR. CARR: In this place, the cost of replacing this facility is being much more than what the State Highway Commission is paying the State, so it is a very unprofitable deal except for Highways.

MR. HORTIG: This can happen. The Commission itself had, in the not too distant past, a similar situation -- where the freeway expansion through the City of Santa Barbara resulted
in running the freeway through the center of our Santa Barbara field office and we did not benefit monetarily or by facilities from the result of the relocation which we were forced into as a result of the freeway expansion.

MR. CARR: Mr. Chairman, I think we should look into the equities of this situation, because it is obvious that any rights-of-way that the Highway Department gets are going to be used continuously and the income from the gas tax from these areas is continuous, whereas we have to turn to the general fund for very expensive facilities. Maybe this isn't worth something, but maybe we would get back some of this money from other areas.

MR. CRANSTON: What action do you wish on this?

MR. CARR: I move we authorize these and take a look at the situation again.

MR. HORTIG: Mr. Chairman, may I inquire: Would taking a look at the situation be satisfied by staff inventory of the types of authorizations or the number of authorizations and approximate assessment of value of these authorizations granted in the recent past to Division of Highways, in order to get some feeling for the magnitude of the problem?

MR. CARR: Yes, and what is projected in the future. These proposals are coming up from time to time. Do you have a list of those?

MR. HORTIG: No sir. I think on the specific problem the best we can do is extrapolate from our past experience.
MR. CARR: Maybe you can take a look at the Highway Department to see what they are going to do. Don't they have a projected plan in Highways until about 1980?

MR. HORTIG: That is correct.

MR. CARR: Maybe we can look at that.

MR. HORTIG: We can include that in the analysis.

MR. CARR: There is a possibility that where they cross these rivers and places that are suitable for recreation -- and we know in the past we have granted leases on river bank and what not for commercial purposes, which are not fantastically profitable but do have a value -- and where the highway crosses a river or an estuary that provides access to it or destroys access to it, we should know about it.

MR. CARR: There is another situation I should like to call to the attention of the Commission that seems to be a part of this imbalance in the program outlined by Mr. Carr; and that is in connection with removal of sand and gravel for construction purposes, which is authorized for a fee to private contractors. Division of Highways also has statutory authority currently for removal of sand by permits at no cost, which means removal of sand and gravel with considerable commercial value over the years.

MR. CARR: Mr. Chairman, I'd like to move that we instruct the staff to give us a review of this situation that has presently been covered in this conversation, plus anything that might occur to them. I think now that Mr. Hatfield has
Indicated to us what a competent staff we have, we should put him on the spot and see how about getting some ideas out for the State of California.

MR. CRANSTON: Insofar as action goes on Item 2, the motion was made by Governor Anderson, seconded by Director Carr, and unanimously approved. Then Mr. Carr's motion is to study, with Mr. Hortig's able assistance ...

GOV. ANDERSON: Second.

MR. CRANSTON: Mr. Carr's motion is seconded by Governor Anderson and unanimously passed.

GOV. ANDERSON: Just to explore your thought a little bit, in all of these things we are now giving to the State Highway Department due to statutes, it is possible funds should be paid to the State Lands Commission or to the general fund for this; and if this were the case it would mean the changing of the present statute. Is that what you are thinking?

MR. CARR: Yes, if so.

MR. CRANSTON: Going now to Item 3 -- Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental and fee policies of the Commission.

Item (a) Kenneth E. Anderson -- 49-year easement for water pipe and power pole lines, State school lands San Bernardino County, total rental $556 plus.

MR. CARR: Mr. Chairman, may I beg your indulgence just to give a more complete answer to Governor Anderson's question? What this would result in would be the shifting of...
the tax basis from one place to another. Maybe that is indicated.

MR. CRANSTON: Item (b) -- F. C. Anton, et al. -- two-year prospecting permit for minerals other than oil or gas, 100 acres of land in which State reserved minerals, San Bernardino County; (c) California Electric Power Company -- 49-year pole line right-of-way easement crossing vacant State school lands, Inyo County, total rental $1,127; item (d) Connolly-Pacific Co. -- one-year renewal of Lease PRC 582.1 covering site for two mooring buoys, Los Angeles County, annual rental $50; (e) Construction Aggregates Corporation -- Waiver of operating requirements for lease year ending February 13, 1961, Mineral Extraction Lease PRC 709.1, San Francisco Bay, San Francisco and Marin Counties; item (f) R. W. Hanna -- 15-year renewal of Lease PRC 206.1, right-of-way easement for sea wall, tide and submerged lands of San Pablo Bay, Marin County, annual rental $10; item (g) Honolulu Oil Corporation -- approval of crude oil sales contract, Oil and Gas Lease PRC 429.1, Rincon Field, Ventura County, between lessee and Standard Oil Company of California, Western Operations, Inc.; item (h) Pacific Gas and Electric Company -- four 49-year tower line right-of-way easements, San Mateo County; item (i) -- Pacific Gas and Electric Company -- Dredging permit to extract not more than 2,000 cubic yards of material from bed of Fisherman's Channel at Buhne Point, Humboldt Bay, Humboldt County, at royalty of three cents per cubic yard; item

Motion is in order on these items.

MR. CARR: Mr. Chairman, I'd like to ask a similar question in connection with this type of business. Now, a 49-year easement for water pipe and power pole line, San Bernardino County, total rental -- is this $556 for 49 years?

MR. HORTIG: Yes sir.

MR. CARR: Now, these are State school lands. Conceivably we might be selling these at some time?

MR. HORTIG: That is correct -- subject to the existence of the easement.

MR. CARR: Yes. Now, on this basis, has it been calculated by the staff as to what benefit or reverse benefit there might be to these lands by putting this power pole complex over there? I once bought a piece of land that had an easement over the top of it and I was very sorry later on because it definitely depressed the value of that land because of an easement which had been practically given away -- I think ran five thousand or some two thousand -- I don't know; anyway, a high tension line over it and you couldn't even play the radio without it driving you crazy. It has a definite depression on the marketability. I think we give these easements
entirely too cheap. The same with this sea wall, where a fellow wants a 15-year renewal of this lease for ten bucks, and if I am not mistaken this sea wall is used for development of the shore residential sites, which are the most valuable property in California today. Do you want to take a look at something like it? Go to Moonside Beach, where they went in to get a condemnation. They started out wanting to pay $2,500 and paid 29,000. It brings us to the fact that anything on the water or any prospect of water has fantastic value in the State of California.

I think these things should be reviewed definitely as to what are they worth. I think people are getting fantastic bargains here and while I am not too concerned over this subject of unjust enrichment, I don't think this is a type of unjust enrichment or moving in on the deal, where we have an unsophisticated Lands Commission (pardon me, Mr. Chairman) and we give these away for ten dollars and they are worth ten thousand. Scrounging around, trying to run the State of California, I think we ought to receive value for what we sell and I don't think we are getting it.

MR. HORTIC: Mr. Chairman, may I comment on the two questions Mr. Carr raised, and in order: First, as to the proposed easement for water pipe and power pole lines to Kenneth E. Anderson, the depreciation or appreciation of values resulting from the installation of these facilities was considered in the appraisal and it has been determined that the
passage of these municipal facilities along one edge of the existing remaining parcel of land, remaining vacant school land, to serve the adjoining privately owned parcel now owned by Mr. Kenneth E. Anderson (but which was originally purchased from the State of California also as vacant State school land) will not only not depreciate the remaining part to be sold, but actually there will be an appreciation in value because there would be municipal facilities available to the land in a form in which it won't detract from the surface usage, which municipal facilities would not otherwise be available.

MR. CARR: Then my question would be, what are we going to do? Are we going to pass a resolution "not suitable for farming" because there is no water, and we sell it for a nominal fee -- and he has the water across the street? How do we determine these things, Mr. Hortig? You say it has been determined. What was the measure used in determining it? For instance, if he has land across the street which he bought from the State, I'd like some history on that. What did he pay for it and what has he done with it since?

MR. HORTIG: It was bought by a predecessor in interest; nothing was done with it. Mr. Anderson has acquired it and he wants to develop a home site. He has no water facilities and can bring them from an adjoining State highway, but there is an intervening parcel of unsold State school land. At the time the intervening parcel goes on sale, the staff determines the suitability of the lands for agriculture with
ur without artificial irrigation depending on natural water
supplies, the existence of water at that time, power facilities.
Now, a highway frontage, which previously did not exist along
the State school land, will all go into the determination of
the fair market value of that parcel if it is offered for sale
and it will also be subject to competitive public bidding.
The competitive public bidding certainly is also going to
recognize the existence at that time, if this be a fact, of
power and water facilities which are not in existence today.

GOV. ANDERSON: How much property are we talking
about here today? How big is this easement?

MR. HORTIG: The easement proper would cover a strip
of land approximately twenty feet wide, containing a sum total
of 0.606 acres.

GOV. ANDERSON: Point what?

MR. HORTIG: Six-tenths of an acre along the easterly
margin of the existing vacant State school land parcel.

MR. CARR: How big is the existing State school land
parcel?

MR. HORTIG: Ken, do you recall? Forty acres?

MR. SMITH: Probably forty acres.

MR. CARR: Well, the reason for my concern, Mr.
Chairman, is this: That we sell this land for the fair market
value, but I can't recall buying any land for fair market
value lately and I'd just like to know what "fair market value"
is. In the condemnations that we have in the Public Works Board
we find out that our idea of fair market value is not the idea of the court of condemnation and we pay through the nose for the stuff; and I wonder if it would be in order if, in considering these things, maybe we had a map and would know something more about the area around there, the topography -- whether it is in the path of progress or isn't, and what is going on. Certainly we can't afford to buy and sell on the same market at such a wide difference in price as we seem to be doing in some cases.

MR. HORTIG: If I may, Mr. Chairman, (indicating on map) the green cross-hatched strip is the strip across the vacant State school land to reach the private property as proposed., and approximately one-half or more of the strip actually is across a large existing dry wash.

MR. CARR: This is two miles from Needles and a mile and a half from 66?

MR. HORTIG: Yes.

MR. CARR: And where is this vacant State school land? Which piece is that? (Mr. Hortig indicating on map) Now, this is how many acres? Is this forty acres?

MR. HORTIG: Yes sir.

MR. CARR: This forty acres is a half mile from Needles across the dry wash?

MR. HORTIG: The dry wash runs through the center of the forty acres.

MR. CARR: What would you consider the fair market
value of the forty acres if you had to appraise it? Have any appraisals been made?

MR. HORTIG: Appraisals have been made recently immediately to the south of the dry wash. Eighty acres of it has been appraised at $530 and 320 acres appraised at $25 an acre as of October 1960.

MR. KREFT: Adding the devaluation because it is in the center of the wash.

MR. CARR: Where does the right-of-way run? (Mr. Hortig indicated on map)

MR. KREFT: It will be a roadway as well as a right-of-way.

MR. CARR: Which way is the power coming?

MR. KREFT: Right here (indicating)

MR. HORTIG: (Indicating on map throughout) This is the existing road, existing power line, existing water line, that will be tapped and brought across.

MR. CARR: Now, which is his property -- this piece down here or this piece?

MR. HORTIG: This piece.

MR. CARR: And where is the State piece?

MR. HORTIG: This one.

MR. CARR: And this is his piece?

MR. HORTIG: Yes.

MR. CARR: Mr. Chairman, I think that our problem here is this: The staff does a very good job on these things.
However, I think for our information, certainly for mine, I'd like to have more specific information about these parcels before we sell them, to give a little more background on this. I think the State needs property for various things -- institutions such as corrections and mental hospitals and what not. This might be a good location for those. This inventory that we are going to establish, Mr. Hortig -- when are we going to have this inventory of lands? How is your doodlebug doing?

MR. HORTIG: At the present moment, your Budget Division in consultation with the Bureau of Purchases are studying the purchase request for installation recommended by the Organization and Cost Control Division.

MR. CARR: Maybe I better put the doodlebug on Organization and Cost Control.

MR. HORTIG: Organization and Cost Control have made the recommendation.

MR. CARR: Who is the other one?

MR. HORTIG: The Budget Division. In terms of approval of the expenditure by State lands, it is being considered, and until that is approved we do not have approval for a purchase request, which has a sixty- or ninety-day delivery date.

MR. CARR: I will follow that up. In the meantime, I would be in favor of holding up any more State school lands until we have that -- which was the original intention. I would like to discontinue the policy of selling when we don't
know what we own.

MR. HORTIG: Number one, may I point out this is not a proposal for a sale.....

MR. CARR: I am not talking about this particular case, but the whole policy on the remaining State school lands.

MR. HORTIG: .....and we are not selling any remaining State school lands or even recommending them to the Commission except as to those transactions on which bonafide applications had been filed and funds deposited by the date of the moratorium, after May 24, 1960.

MR. CRANSTON: And then only after review.

MR. HORTIG: And then only after review by all State agencies having a land acquisition program.

MR. CRANSTON: Your policy was clear and I believe we have followed it.

MR. CARR: The thing is, I don't think we are bound to accept these things.

MR. CRANSTON: No.

MR. CARR: We don't have to approve them.

MR. CRANSTON: No, those that have deposits....

MR. CARR: ...those are the ones brought to the Commission for consideration?

MR. HORTIG: Those are the only ones brought to the Commission for consideration.

GOV. ANDERSON: When you give an easement, this may not be a sale -- but it is in effect a sale because you are
sure taking the property off the market and the use of it.

MR. HORTIG: Except in the instance of the proposed use -- not to the advantage, but also not to the detriment of the remaining vacant State school land and possibly to the advantage thereof by providing facilities and having facilities available at a time of a future sale -- facilities which would not otherwise be available and therefore should enhance the sales value at the time they do become available.

If I may suggest also, Mr. Chairman, in amplification of Mr. Carr's thought as to more information, inasmuch as we have been summarizing (and possibly too extremely) in connection with operations of this type the tremendous amount of data which are accumulated, the appraisal reports, etcetera, that are made -- in order that the staff may be fully informed before the recommendation is made to the Commission -- we might accomplish the purposes desired by Mr. Carr, if you so approve, that in the future in connection with land sales we amplify reasonably, not with the total file but amplify the agenda items to include at least the salient points of the appraisal reports, photographs of the area ....

MR. CARR: Do you have those photographs?

MR. HORTIG: ... and other pertinent information.

MR. CARR: Is it your practice to take photographs?

MR. HORTIG: It is our practice in connection with land parcels for sale, yes sir.

MR. CRANSTON: Can this be done without any undue
burdening of the staff?

MR. HORTIG: Yes sir.

MR. CRANSTON: It would be helpful. Let's do that.

MR. HORTIG: Essentially, we have almost one hundred percent of this material in the file. It's a case of not summarizing it as briefly as we have done heretofore, but to include more explanatory detail and factual data that may assist Mr. Carr.

MR. CRANSTON: Suppose you do that. Mr. Carr also asked you about item (f).

MR. HORTIG: Item (f) -- we will come to that. The situation there is that the prior erection of the sea wall on the original right-of-way easement granted by a State Lands Commission previously (not this Commission -- as a matter of fact, issued January 1, 1946) -- we had an undeveloped area along a slough bank, which has now been developed at private cost by the erection of the sea wall and filling behind it -- the sea wall and the filled lands adjoin the private property for whose initial benefit, of course, the sea wall was erected. Nevertheless, the sea wall and the filled area are located on the tide and submerged lands easement, owned in fee by the State of California; and any time the lease isn't renewed, we have a filled strip of tide and submerged land and a sea wall which were erected and developed without cost to the State. So there is that to consider in equitable determination as to whether the easement to maintain this sea wall and fill are
GOV. ANDERSON: How big a piece of property are we talking about?

MR. HORTIG: Twenty-six acres.

MR. CRANSTON: It isn't likely that would very eagerly be made available to the State.

MR. HORTIG: No, it isn't.

GOV. ANDERSON: So this is 26 acres at an annual rental of $10?

MR. HORTIG: But which 26 acres would not exist but for the sea wall and fill which were completed at private expense.

MR. CARR: How much did it add to the assessment rolls of Marin County?

MR. HORTIG: I don't know, but it certainly did add because this area is assessed and taxed to the holder of the easement. It must of necessity have added to the assessment rolls of Marin County.

GOV. ANDERSON: Except it isn't taxed...

MR. HORTIG: Yes sir, it is. The leasehold interest is taxed.

MR. CARR: What is the State receiving for it now, in addition to this annual rental?

MR. HORTIG: Nothing at all.

MR. CARR: Anything?

MR. HORTIG: No.
MR. CARR: I am a little bit confused, Mr. Chairman, as to just what the equities are in the public interest. Certainly it is in the public interest to develop these tide and submerged lands, to get them on the tax rolls.

GOV. ANDERSON: Here is one where it doesn't get on the tax rolls.

MR. CARR: Except the leasehold.

GOV. ANDERSON: That wouldn't be near the proportion of what the property would be taxed for.

MR. CARR: Instead of granting a 15-year lease, why don't we look into selling the land?

MR. HORTIG: It cannot be sold under the statute.

MR. CARR: That's a matter of going into the Legislature and changing the statute. These are the things that I think the Lands Commission should look into.

MR. CRANSTON: Certainly.

MR. HORTIG: May I suggest that action on this item be deferred today and that an augmented report be presented to the Commission answering, insofar as possible from the records, Mr. Carr's question and Governor Anderson's question as to the comparable.....

GOV. ANDERSON: I would be interested to find out what kind of taxes they are paying on the leasehold interest as compared to what they would be paying if they owned the property.

MR. CRANSTON: And photographs -- I would be interested
in that. Mr. Carr made such a motion, Governor Anderson seconded, unanimously approved. What action do you want to take on the other items?

MR. CARR: Does this indicate that we need to explore the status and the policy, with the possibility that we might want to change them?

GOV. ANDERSON: I should think so.

MR. HORTIG: At that point, Mr. Chairman, I would bring to the Commission's attention the following, Mr. Carr, before you move: Particularly item (e), on page 2 of the summary, is typical of the problem you raised already this morning with respect to Division of Highways and in which I pointed out the free materials to Division of Highways. Here we have a State lessee who pays annual rental on a sand pile on which he hopes to develop royalties, and the Division of Highways has a permit to remove sand from the same pile for free and use it in connection with highway contracts, which makes for very tough competition for the State lessee. So for years he has been unable to get a contract to sell the material for royalties because Highways can remove it at no cost.

MR. CARR: We ought to have a look at that, too.

MR. HORTIG: This would be included in authorizations to Division of Highways. Also, I might call attention that in the review there will be comment on the following factors: You will note from the calendar California Electric Power Company and Pacific Gas and Electric Company have requests for
rights-of-way at fees in accordance with established policies of the Commission. There is an ancient, comparatively ancient, statute in California providing for rights-of-way for telegraph lines; and by inheritance, the telephone and telegraph companies have inherited this and rights-of-way are granted under a section of the Public Utilities Code to the telephone company at no fee by authorizations similar to those which are available to the Division of Highways today; but electric transmission lines, gas pipe lines, and so forth, are paying fees to the Commission for use of State lands. So there is another distinction that possibly should be reconsidered -- as to whether the continued maintenance of that distinction is justified.

Probably have my telephone disconnected by tomorrow for this statement.

MR. CARR: The Pacific Telephone Company is one of the biggest taxpayers in the State of California. You brought up a good point -- whether this system of granting easements and rights-of-way is equitable and what shift in the tax base does it bring about. Would there be any great hardship to anyone if we didn't approve any of these things until we had a further report from the staff?

MR. HORTIG: I would say the first one, Mr. Kenneth E. Anderson, with whom we have had discussions for some period of time and who is awaiting actual construction of a residence on the piece of land which he owns, and which he can't undertake with proper building permits and so forth until it is obvious
that he can bring his municipal facilities in -- that he
would be undergoing a hardship with further delay.

MR. CARR: How long has that been pending?

MR. KREFT: Since October,

MR. HORTIG: Since October 11, 1960, when we received
his application.

MR. CARR: Do you know whether he is building a
single family residence there for himself, or is he planning
a development and building several other places?

MR. HORTIG: He doesn't so specify. His letter
states: "I have already started to build on our land and
anxious to get the power and water lines in on the easement.
Therefore, I am wondering why the long delay in the proceeding."

MR. CARR: Are there any other hardship cases in
here?

MR. HORTIG: May I suggest that item (b), which is
a prospecting permit, I don't believe falls in the category
of the type of operation that you had in mind.

MR. CRANSTON: I think it would be better to take
out a few....

MR. HORTIG: And the gas contract...

MR. CRANSTON: Let's take them item by item.

GOV. ANDERSON: I move we approve items (a) and (b).

MR. CARR: Second.

MR. CRANSTON: Items (a) and (b) unanimously approved.

MR. CARR: Now, is this pole line already there --
this 49-year easement on State school lands, Inyo County -- item (c)?

MR. HORTIG: I don't know. It might be in process. On the other hand, it's at the full rental rate established by policy.

MR. CARR: Of the Public Utilities Commission?

MR. HORTIG: No, State Lands Commission.

MR. CRANSTON: This is a total rental to the State Lands Commission of $1,127.

GOV. ANDERSON: How much property is involved in this?

MR. HORTIG: 4.85 acres.

MR. CARR: Are there other State school lands in this immediate vicinity there, Mr. Hortig?

MR. HORTIG: I don't believe so, not on the route of the proposed pole line easement, which comes up to the vacant State school land on private property and then takes off again to the north on a combination of private and U. S. Government property.

MR. CARR: Now, just following along this line of inquiry, if the State should decide to sell this -- how many acres did you say, twenty acres?

MR. HORTIG: Four acres out of probably a forty-acre parcel. In other words, the parcel would be sold subject to the easement. The fee on the easement area would revert to the purchaser at the end of the existing easement.

GOV. ANDERSON: What would you say acreage would be
worth there?

MR. HORTIG: Fifty dollars an acre.

MR. CARR: This is the first time that any public utilities have been brought into this particular vicinity? Where does this four acres lie with respect to any town?

MR. HORTIG: Northeast of Trona in Inyo County.

MR. CARR: How far from Trona?

MR. HORTIG: Five miles northeast.

MR. CARR: And how far from the highway? It runs right through Trona.

MR. HORTIG: Three-quarters of a mile northerly of Valley Wells.

MR. CARR: What is the purpose of this pole line? Is it running to some installation like American Potash or their successors, that own that Trona Soda Works there?

MR. HORTIG: Or an expansion of power for the general expansion of population into the desert area. If I may suggest, we can also by the next meeting augment with the full map and information in connection with these easements, if you prefer, gentlemen.

MR. CARR: I would feel much more comfortable if I had more detail on this, Mr. Chairman, because we are faced with this situation: We are not raising taxes but I think we ought to be sure we are not giving away any money.

MR. CRANSTON: Let's pass item (c). Then we come to item (c) - Connolly-Pacific Company -- one-year renewal of
Lease PRC 582.1, covering site for two mooring buoys, Los Angeles County, annual rental $50.

MR. HORTIG: Off the edge of Catalina Island and used to indicate the location of a loading dock, which will continue to be operated by Connolly-Pacific Co. as long as they have construction contracts. When they cease to have construction contracts, they will not need the easement.

MR. CARR: This is an aid to navigation. Move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Item (e) Construction Aggregates Corporation -- this is the unsuccessful bidder.

GOV. ANDERSON: How long has this been going on?

MR. HORTIG: Several years, since 1952 -- in other words, ever since the lessee bid for the lease he has been unable to get any contracts to deliver materials and, as I said, this is that sand pile from which the Division of Highways removes sand for free for construction purposes.

MR. CARR: Where is this?

MR. HORTIG: Point Knox and Presidio Shoals in San Francisco Bay, in the general vicinity of Alcatraz. Removal of the sand would be an aid to navigation and the U. S. Engineers would like to see it removed; and it could have value if it was ever paid for on a private construction project, but most of the projects in San Francisco Bay requiring a large amount of fill have been highway projects -- the Alameda, East...
Bay and freeway projects -- and on those projects free material was used.

MR. CARR: Did all those bidders on that particular project that used this material have access to that material? Was that part of the bid understanding, that they could get free material?

MR. HORTIG: From the Division of Highways, yes.

MR. CARR: Is that standard procedure -- that the Division of Highways have this convenient and available?

MR. HORTIG: The general practice is if there is free material to Division of Highways in quantity and of quality satisfactory to the Division of Highways, that this will be made available to the successful bidder on the construction project.

MR. CARR: Apparently this was satisfactory.

MR. HORTIG: Right.

MR. CARR: Is this sharp sand or light?

MR. HORTIG: This is sharp. It hasn't been rounded or carried out too far beyond the Golden Gate and is good fill material. When washed, this material can be used for low-grade aggregate.

MR. CARR: What is the value of this material? How much does the contractor save by using this material? He still has to get it out and transport it.

MR. HORTIG: That's right, but he saves at least 3¢ a yard.
MR. CARR: What is the alternate source of material to this that a contractor would use in this area?

MR. HORTIG: Any of the commercial quarries and sand and gravel material yards that are available, that work in Alameda County.

MR. CARR: Do you know what the relative price of this would be?

MR. HORTIG: Well, yes. It's just difficult to compare directly with on-shore, washed, of the same quality. It probably would be a cost of 25¢ a yard as against 30¢ a yard for quarry sand. The 3¢ a yard is deceptive because this is 3¢ a yard in place, under 60 feet of water in San Francisco Bay. You have to get it out, wash it, transport it.

MR. CARR: This would simply mean waiver of operating procedures.

MR. HORTIG: Performance required by statute -- one hundred shifts of work a year. In lieu thereof, the lessee continues to pay the annual rental, which is $900 a year, to hold the lease.

MR. CARR: Now, does this waive the $900 a year?

MR. HORTIG: No sir, it does not.

GOV. ANDERSON: Are there other concerns that would want to operate in there if this lease expires?

MR. HORTIG: Apparently not, because we had issued subsequently another series of leases on other shoal areas in San Francisco Bay and we have had similar inactivity; and we
have other shoal areas available for lease and have no applicants interested in leasing them.

GOV. ANDERSON: Does this company bid on the State highway projects?

MR. HORTIG: Yes sir.

GOV. ANDERSON: Or other projects?

MR. HORTIG: They bid all construction projects requiring fill or aggregate material coming along.

GOV. ANDERSON: Does this keep somebody else from coming in? I don't see why they would want to continue.

MR. HORTIG: No sir. As a matter of fact, the lease that was issued was issued as a non-exclusive lease because Highways already has permit to go in there and the lease could be offered to anyone else who wants to go in, but no one else wants to. Construction Aggregates is living in hope that someday they will be successful bidder and they would have the required sand pile.

MR. CARR: Where does he get the $900 a year?

MR. HORTIG: His lease calls for that.

MR. CARR: Does anyone else go in but Highways?

MR. HORTIG: At the moment no one else. They could.

GOV. ANDERSON: But they could go in.....

MR. CARR: ... even though he already has a lease?

MR. HORTIG: Yes. The point is, there is a vast - there is probably more than enough sand for everybody there and the San Joaquin and Sacramento Rivers are continually
bringing down more and, as a matter of fact, some of this has
to be dredged out by the Corps of Engineers and dumped out at
sea.

MR. CRANSTON: I think you should stop asking ques-
tions and approve this.

MR. CARR: Without understanding the man's motives,
and we are not supposed to go into that, I would say we approve
it.

GOV. ANDERSON: Second.

MR. CRANSTON: This item is moved, seconded, and
unanimously approved. I presume you want to pass over (f),
John?

MR. CARR: Yes.

MR. CRANSTON: It is moved, seconded, unanimously
passed that we pass over (f).

MR. CARR: Would you get the address, so I can examine
this. I might be able to go down -- This item (f), which one
of these improvements is this?

MR. HORTIG: This is the sea wall and fill.

MR. CARR: How would you go over there if I want to
do a little field work? How would I get there?

MR. HORTIG: We will give you a directional map and
address.

MR. CRANSTON: Item (g) -- Approval of crude oil
sales contract, Rincon Field, Ventura County, between lessee
and Standard Oil Company of California, Western Operations.
MR. SHAVELSON: Pardon me, Mr. Chairman, I'd like to get into the minutes a very slight modification of the resolution in order to conform....

MR. CRANSTON: Of this item?

MR. SHAVELSON: Yes, this item... in order to conform with the precise language of the lease. On page 12 of the calendar, line 3, it says "... fair market value." It should say "reasonable." I think that will avoid a little confusion.

MR. CARR: Which page is this on?

MR. HORTIG: Page 12.

MR. CRANSTON: Without objection it is so ordered that the minutes be revised in that way.

MR. SHAVELSON: Perhaps it should be noted in this case that we are approving this contract for the purpose of allowing the lessee to pass title to the oil but not for the purpose of establishing the reasonable market value for royalty purposes.

MR. CRANSTON: Motion is in order on this item.

MR. CARR: Move.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval of item (g) is moved, seconded, unanimously adopted. Item (h) is Pacific Gas and Electric Company application for four 49-year power line easements in San Mateo County. They are all in tide and submerged lands. Total rental of item 1 in the Belmont Slough is $19,000
plus; second one, Ravenswood Slough - $5,714-plus; item 3, Steinberger Slough, total rental $6,000-plus; item 4, Seal Slough, $9500-plus.

MR. HORTIG: These items, Mr. Chairman, fall in the same policy category on which Mr. Carr requested additional information as with respect to the California Electric Company transmission lines. I feel under those circumstances that the staff should report in more specific detail.

MR. CRANSTON: All right, they will be passed over.

Item (1) is Pacific Gas and Electric Company -- Dredging permit to extract not more than 2,000 cubic yards of material from bed of Fisherman's Channel at Buhno Point, Humboldt Bay, at royalty of 3¢ per cubic yard.

MR. HORTIG: Well, the total is $60 of value involved. I hasten to point out that actually the purpose of the dredging is to provide a clear channel for bringing in cooling water and the process of dredging the channel is removing material which is not good construction material, but which the Engineers would propose be carried far out to sea to be dumped; so it is proposed to dump it high on a dyke on the upland under minimum existing royalty of 3¢ a yard.

MR. CARR: This is the type of item that improves the area.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, unanimously carried.

Item (j) Karl Pierce, et al -- Deferment of operating requirement
year ending April 13, 1961, Mineral Extraction Lease, San Luis Obispo County.

MR. HORTIG: In this instance again, with termination of government price support on the chrome market, the same difficulty with respect to operating this mineral property is obvious, as it is with most California operations of mineral properties; and the lessee would like to continue to hold the lease in the hopes of improved market, paying the annual rental in advance which is required by statute but not being subject to being declared in default for failure to perform the work shifts at the mine during the year -- because the work shifts would only result in stockpiling more ore for which he already doesn't have a market.

MR. CARR: How much production does he have?
MR. HORTIG: It has never been large, sir.
MR. CARR: There has been some? It has been led?
MR. HORTIG: A thousand dollars' worth.
MR. KREFT: The State's share of the ....
MR. HORTIG: The State's share of the production received heretofore under this lease has been $1,046.
MR. CARR: What is the annual rental?
MR. HORTIG: One dollar per acre.
MR. CARR: How many acres?
MR. KREFT: Annual rental is $47.71 a year.
GOV. ANDERSON: When does the lease expire?
MR. HORTIG: In about fifteen years -- 1978.
MR. CARR: I move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval is moved, seconded, and unanimously adopted. Item (k) is Southern Pacific Pipe Lines. It's four 49-year pipe line right-of-way easements. Do you want to defer these too?

MR. HORTIG: I would feel they fall in the same category.

MR. CRANSTON: All right. That ends this classification.

We come to Item 4 -- City of Long Beach. Item (a) Approval of future capital cost expenditure for expanded waterflood program, Fault Blocks II, III, IV, V, and VI, Wilmington Oil Field, of sum not to exceed $3,250,000 plus any unexpended balance of $8,000,000 heretofore authorized.

MR. HORTIG: The Lands Commission previously, in 1957 and 1958, authorized amendments to existing operating contracts which the City of Long Beach had with Long Beach Oil Development to provide for water injection operations, the general nature of which this Commission has become very familiar with. At the time of approval, there was an authorization to expend not more than $8,000,000 from tideland funds as operating expenses, with the expectation that these operations would result in augmented oil production as well as corollary benefits to subsidence alleviation. To date the majority of the $8,000,000 have been expended. There is a small remaining balance.
MR. CARR: How much?

MR. HORTIG: Less than a million currently.

MR. KREFT: The September 30th balance was around 300,000.

MR. HORTIG: Well, as of September 30th last year $7,422,844 of the $8,000,000 had been expended. This has resulted to date in additional production which would not otherwise have been achieved of approximately 6,000,000 barrels, with a value in excess of the $8,000,000 invested and with more oil yet to come. It is now estimated, and in accordance with programs for additional expanded water flood projects also approved by the State Oil and Gas Supervisor and which have been reviewed for engineering feasibility by the Commission's staff, that with an additional expansion at a cost of approximately $3,250,000 there can be added an ultimate additional recovery of approximately 88,000,000 barrels of oil with a net value of, in round numbers, $96,000,000 -- which net value would be split fifty-fifty between the City and the State; and, therefore, it appears that it would be desirable to approve as a good economic venture the investment of $3,250,000 to achieve a return of approximately $96,000,000 over the long term. This $96,000,000 will not be available for expenditure, or half of it, by the State next year. This is the sum total of what will probably be recoverable in the next forty years.

Therefore, it is recommended that the Commission approve a future capital cost expenditure by the City of Long
Beach for an expanded water flood program in the designated sections of a sum not to exceed $3,250,000 plus any unexpended balance of the $8,000,000 heretofore authorized to be spent by the said City pursuant to prior resolutions of the Commission. The sums approved are to be authorized for water injection activities both within and outside existing Long Beach Oil Development parcels, because there are some tideland parcels in which there should, in test engineering practice, be water injection activities but they are not under any service contract to any operating company at this time. Operations on these special contracts would be undertaken by the Long Beach Oil Development individually, with each of these operations subject to technical approval by the State Lands Commission.

MR. CARR: Mr. Chairman, I am not familiar with the present situation down there as to the unitization of these various fault blocks now. Is there anything that could be reported along that line that we haven't had previously?

MR. HORTIG: Yes sir. We had scheduled it for report in connection with litigation, but this is an opportune moment and in connection with the status of the program and the predictions as to the program for unitization -- particularly in Fault Blocks II and III, which was in a delay period pending consideration of the legality of various phases, consideration of legality by the State Supreme Court -- the State Supreme Court has ruled, has issued a writ of mandate, and the
program will go forward. For a little more detail, which I believe the Commission would like to have, we are fortunate this morning in having with us City Attorney Gerald Desmond, who can report to the Commission on that matter specifically.

MR. DESMOND: Would this be an appropriate time?

Mr. Chairman, members of the Commission -- Thank you, Mr. Hortig, we did want to tell you how delighted the City of Long Beach is, and we know also the State because we were joined in this matter, in having now an answer from the Supreme Court of the State finding the unitization legal and proper.

In September, at your meeting of September 29, 1960, item 9 of the agenda was the approval by the Commission of amendatory agreements to six drilling and operating contracts, and I advised the Commission at that time that as soon as formalities following your approval were completed, including action by the Harbor Commission the following Monday and the City Council of Long Beach the following Tuesday, that there would be filed not later than Tuesday of the following week, October 4, 1960, a petition for writ of mandate. It was filed on October 4th and we were very happy, first, that the Supreme Court accepted original jurisdiction in the matter; that after the briefs were completed and argument was held, oral argument, on January 9th, just eleven days later on January 20, 1961 the Supreme Court filed its opinion ordering the issuance of a writ of mandate as prayed for by the City.

As I have stated, this was actually the case of City
of Long Beach versus Charles Vickers of the Harbor Department.
The real parties in interest included the State of California
and the Lands Commission (including the Office of the Attorney
General -- Mr. Jack Hassler and Mr. Howard Goldin) on the
amendatory agreement which you approved on September 29th.

As I stated then, as far as our office was concerned
this was given first priority. We had been waiting for this.
Actually, it was an urgent matter because all parties had
signed except the City of Long Beach, which we would have been
happy to do except there was an understanding with the other
parties there would be a test case. Under the agreements pre-
pared and executed by all parties, it would fail and be null
and void unless signed by the City not later than March 1st,
1961. We are now in a position to have it signed. The
General Manager is ordered to do so and it will probably be
signed on the last day of February 1961, which will make all
of the accounting procedures sufficient which we have authorized.

We had before you at your last meeting in Los Angeles
the sale of the dry gas which you gentlemen approved in form
then and which is, I think, before you later today. That was
necessary to be made effective because a charter amendment of
the City would have terminated that upon the day of signing
the agreement, or the day following, so all of the accounting
will be effective as of March the first. The Port manager
plans to sign the unit agreement on February 28th. That covers
units, Fault Blocks II and III.
Fault Block IV -- there has been tremendous progress on that. Mr. Lingle, Deputy City Attorney, who has had this as his principal assignment, is attending meetings some three or four times a week. He is here today, incidentally. He has indicated to me within the last week his complete happiness over the way that has developed.

We feel, of course, not only is this opinion important as to Fault Blocks II and III, but to the complete program of the unitization of the entire field.

We do want to thank, as I said, the staff, and the Attorney General's Office for their assistance. I know the State is pleased with this and I have written a letter, sending you a copy of the opinion. I have also transmitted the letter to Admiral James, the Chief of the Bureau of Ships in Washington, whose department has also been extremely interested in this.

Our time schedule is set up, is being met precisely, and we know though our job is not done that this is one of our biggest items to have finished.

MR. CRANSTON: Thank you very much. That's a very encouraging report. John, are you ready for action on (a)?

MR. CARR: Move item (a) be approved.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved and seconded and unanimously approved. Item (b) Approval of specifications and forms submitted by City of Long Beach for purpose of inviting bids in connection with well-site preparation and for drilling of
specified water-injection wells, Fault Blocks V and VI, Wilmington Oil Field.

MR. HORTIG: As part of the over-all program for repressurization of the Wilmington Oil Field, it has been determined -- and again on approval of the State Oil and Gas Supervisor as required by statute -- there is desirability for providing additional injection wells and injection of water in Fault Blocks V and VI of the Wilmington Oil Field.

Under Chapter 29, under which the State Lands Commission has certain supervisory responsibilities over Long Beach tideland oil operations, the City may not enter into any new contracts relating to oil and gas production without the advance approval of the State Lands Commission and may not even request legally, or with legal sufficiency, bids for operations to be performed under such new contracts.

Therefore, in order to permit proper advertising or invitation for bids for well-site preparation and drilling of required water injection wells for Fault Blocks V and VI, the City has made application for Lands Commission approval of the specifications and forms for invitation for bids -- which have been reviewed for technical sufficiency by the Commission's engineering staff and for legal sufficiency by the Office of the Attorney General. Therefore, requested approval by the State Lands Commission is recommended.

GOV. ANDERSON: I move.

MR. CARR: Second.
MR. CRANSTON: Moved, seconded, and unanimously approved. Item (c) -- Approval of proposed amendment to existing crude oil sales contract, Parcels W, X, Y, Z, Z-1, and J, Wilmington Oil Field.

MR. HORTIG: In connection with the final inclusion of Fault Blocks II and III in fully authorized unit agreements as just outlined by City Attorney Desmond, there will also be required amendments to existing crude oil sales contracts to provide for proper accounting of oil production in the particular fault block areas under the different contract requirements of the authorized unit plans. Amendments of oil contracts, again, by the City of Long Beach require prior approval from the State Lands Commission.

Application has been made for approval of these necessary amendments. They have, again, been reviewed as to technical sufficiency by the staff of the State Lands Commission, approved by the Office of the Attorney General, and at the time of the preparation of this agenda item it was recommended that this approval be granted subject to three conditions: (1) Receipt of a letter of approval of the agreement from Signal Oil and Gas Company; (2) Approval of the contract amendment by the Harbor Department; and (3) Approval of the contract amendment by the Long Beach City Council.

The necessity for the last two conditions has now been eliminated because the contract has been approved and full documentation supplied as to approval by the Harbor.
Department and the Long Beach City Council; and, also, we have just received from the City Attorney copy of letter of intent from the Signal Oil and Gas Company, expressing their intent and willingness to execute the agreement in the contract.

So the resolution of the Commission, Mr. Chairman, if it may, should read:

"it is recommended that the Commission approve...."

and as detailed on the agenda item, page 27, down to and including ".... subject to receipt of a letter of approval of the agreement from Signal Oil and Gas Company." End of item.

GOV. ANDERSON: Knock off (2) and (3), then?

MR. HORTIG: That's right, sir.

MR. CRANSTON: Motion is in order.

MR. CARR: I so move.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval of item (c) moved, seconded and unanimously adopted.

Item (d) -- Back areas, Piers A-D, Coast Guard Building and Armed Forces Y.M.C.A. Building Removal, second phase. Estimated subproject expenditure from 1/26/61 to termination of $28,600, all estimated as subsidence costs.

MR. HORTIG: If I may -- a typographical error there -- that should be $28,700. This item, together with item (e), if I may, Mr. Chairman, are continuing subsidence alleviation projects by the Harbor Department, which require advance approval by the State Lands Commission; and, to the
extent that the costs actually do involve subsidence costs as defined in Chapter 29, provide for twenty-five percent participation by the State in the cost of the project. Hence, the estimated subsidence costs indicated in both -- in the first instance, it is estimated that the total project of $28,700 will be required for subsidence costs; and of the second project, Pico Avenue Service Road, Light Relocation, Replacement -- of a total of $36,000, it is estimated that $9,720 will be finally allocated as subsidence costs -- in both items, however, the actual amount to be allowed, if any, will finally be determined after the project is actually completed in order that precise engineering and auditing determinations may be made.

MR. CRANSTON: Motion is in order on items (d) and (e).

GOV. ANDERSON: I move them.

MR. CARR: Second.

MR. CRANSTON: Approval is moved, seconded, and unanimously adopted. That concludes Long Beach items.

We come now to Item Classification 4 -- Sales of vacant State school lands. All land sale items here presented have been reviewed by all State agencies having a land acquisition program and, unless otherwise indicated, no interest has been reported by those agencies in the lands proposed for sale.

Item (a) -- Donald K. Lee, appraised value $2,320; bid $2,320.
MR. CARR: Where is that?

MR. HORTIG: In Plumas County, sir.

MR. CARR: Where?

MR. SMITH: Southeastern portion of Plumas County, about half a mile from the small community of Chilcoot.

MR. CARR: How near is the public road?

MR. SMITH: No public access leading to it for about a mile.

MR. CRANSTON: What size is it?

MR. HORTIG: Eighty acres.

MR. SMITH: Right.

GOV. ANDERSON: Less than $30 an acre.

MR. CARR: Mr. Chairman....

MR. HORTIG: $29.

MR. SMITH: The evaluation has established forty acres at $50 and the other forty at $8 per acre.

MR. CRANSTON: Mr. Carr.

MR. CARR: In the last couple weeks we have been exploring the impact of programs which are in the offing and to meet the need of some of these older people, who can't find places to live within their ability to pay as they have no social security or restricted pension funds or private funds they have saved, and several things have been done. I do not know whether you noticed a piece in the paper -- the Douglas Fir Plywood Association has designed a house; some of the aircraft companies in connection with architects have designed...
houses -- all trying to provide decent and adequate housing for these older people. They are being foreclosed out of the regular housing market by inflation and the private industries have also been trying to do something about this. They have been pressed by the high cost of land, and there are two projects in Arizona. In Phoenix, one is run by Del Webb, known as Sun City, and a man who has some interest in this field and some money to put into it, went over to look at it and found a great many people there from California, strange as it seems.

The fact remains if we are going to have any such development by State funds or private industry with private funds -- and if the land could be made available at prices which are reasonable, I think private funds, private capital, could be induced to go into this -- I think there is quite a possibility of it. I think one of the big problems is the location. Where is an appropriate place, where can people live year round in comfort -- desert lands, mountain lands? Those lands are perhaps appropriate. I don't think we should sell any more land anywhere that might possibly be appropriate for such a development of such a project until we have this inventory -- which I will do my best to hurry up.

I don't know anything about this piece of land, but this is not a bad location so far as I know. Do you have a map showing anything about it? What is the topography?

MR. SMITH: Forty acres, fairly level and rolling; the other eight are steep. We have some pictures here.
MR. CARR: Where is it near?

MR. SMITH: Small community of Chilcoot in the southeastern portion of Plumas County. Would you like to see some pictures of it? This is sage brush.

MR. CARR: What kind of town is Chilcoot?

MR. SMITH: Very small community.

MR. CARR: How far is that from Quincy and Blairsden and Portola and that?

MR. SMITH: I couldn't say.

MR. CARR: You say this is forty acres which is flat and rolling? (Mr. Smith indicated area on map) Now, you say there is no access, there is no public road. This is the same kind of road you find all through that country. These are pretty good. I used to drive a hundred miles over one to where I had a ranch. What is the elevation?

MR. SMITH: 5,000 - 5,440.

MR. CARR: What is the water?

MR. SMITH: No water available. Well water in quantity would be encountered at a depth of fifty to a hundred feet.

MR. CARR: I'd like to hold up these things until we see what we are doing. Is there any objection to that? How far has this particular deal gone? What expense has Mr. Lee been to on this?

MR. SMITH: The expense incurred to this point has been for appraisal, which is roughly $200, plus publishing of
about $25 or $30.

MR. CARR: Was this all surveyed land or did he have to tie into a section corner?

MR. SMITH: To define boundaries he would have to have a private survey.

MR. CARR: Do you know what he spent on that?

MR. SMITH: At this point he wouldn't have accomplished that.

MR. HORTIG: It is locatable as to general title. Before he undertook any construction, or anyone undertook any construction, they would probably contract for a private survey. You can see from the general contour of the land there are one or two sage brushes to the right and in that open country ....

GOV. ANDERSON: How much of that land is in this county?

MR. HORTIG: This county is very limited, all the desirable State land in Plumas County having been sold many years ago.

MR. CARR: Now, this isn't near any of those areas where the title is all clouded up with previous mineral rights and all that sort of stuff, do you know?

MR. HORTIG: Well, there can be no previous mineral claims on vacant State school lands. There are contentions of such, but had there been any mineral claims or fees contended before the United States, these lands would not have
been listed to the State. Generally, the problem with respect
to mineral claims comes into focus at the time it is desired
to acquire a Federal parcel from which the title claims by
reason of mine locations must be removed before it can be
transferred.

MR. CARR: I forget -- how far did you say this
was from Chilcoot?

MR. SMITH: About three-quarters of a mile, roughly.

MR. CARR: Do you have any comments on this?

GOV. ANDERSON: My only feeling was that we ought
to look at these things before we get people into trouble.
I don't know how much trouble this fellow has gone to in antici-
pation of this.

MR. CARR: That's what I was thinking.

GOV. ANDERSON: If he makes a legitimate bid and he feels we are sincere about it and we pull it off, that's bad. On the other hand, these look like good buys to me and I wonder if we shouldn't look at this.

MR. CARR: How many of these sales are still pending?

MR. HORTIG: Approximately fifty?

MR. SMITH: Fifty to seventy-five, yes sir.

MR. HORTIG: So the Commission is faced, Mr. Chair-
man, with the policy determination whether the applications
that had been filed on which funds had been deposited and
which had full legal standing on May 24th, when the Commission
declared the moratorium — whether those applications are
equitably to be processed to completion or whether they, too,
are to be denied.

GOV. ANDERSON: This is one of those?

MR. HORTIG: This application was filed on March 10,
1960, two months before the moratorium, and the applicant's
funds have been on deposit with the State ever since.

GOV. ANDERSON: I kind of feel there is an obligation
to go through with it if it has been checked that much by the
staff.

MR. CARR: The only alternative, two alternatives,
would be to hold up ....

MR. CRANSTON: Until we get the inventory.

MR. CARR: Yes. The other would be to ask the staff
to bring in a list of all these pending and indicating gener-
ally on the map where they are; and if we did that, we might
decide under the circumstances to be as equitable as possible
and to serve the public interest. We might return these
deposits and tell the applicant that we would give him the
first crack at it if we later decided to sell it. It's rather
a hard decision to make. I feel in any case the State is en-
titled to reject any and all bids on anything they are either
buying or selling, aren't they?

MR. HORTIG: They are, and by statute so authorized.

MR. CARR: Is there any misunderstanding about that
and is there any reason why any applicant should believe that
he didn't know any better? It's a matter of statute, isn't it?

MR. HORTIG: The applicant has no legal right, as we understand it, where they could force the sale simply for having filed the application. The determination whether or not the land will be sold is solely at the discretion of the State Lands Commission. The statute does not require, in the case of vacant State school land, the sale. The statute provides that the Commission may sell.

On the other hand, we did discuss at length with you gentlemen, as you recall, on May 24th, whether there were equitable distinctions that justify processing the completion of already pending applications before the door was closed, and since which date no further applications have been accepted.

MR. CARR: Well, if we are going to be equitable about it, if we are not going to process all of them, we ought to stop now and hold them all up. We are getting these two or three at a time. How many still pending?

MR. HORTIG: Fifty or sixty.

MR. CARR: How long would it take to identify them in a sufficient way so we can go ahead and say "Yes, we will sell them" or not?

MR. HORTIG: Do you have appraisal reports on those?

MR. SMITH: Either completed or in process.

MR. CARR: What is the status?

MR. HORTIG: In other words, we could round up a report to the Commission parcel by parcel of what is still
pending within sixty days -- in other words, for presentation to the Commission for consideration in advance of the March meeting.

MR. CARR: If that could be specific enough, say, with the quantity, the area, size of the land and location ...

MR. HORTIG: Quantity, location, value, and photograph and appraisal report can be in it.

MR. CARR: Could you have that much?

MR. HORTIG: Yes sir.

MR. CARR: Mr. Chairman, I'd like to wait until we see that. I don't think the applicants would be too badly hurt if they had to wait another sixty days.

MR. HORTIG: If an applicant feels that way......

MR. CARR: Maybe we are doing them a favor.

MR. CRANSTON: Without prejudice, this item will be passed over until the report is available.

Item (b) -- William R. Dayson, appraised value $2,820, bid $3,020, with a note indicating that the Merced Irrigation District may in the future have to acquire some of the land to be flooded and the funds will not be available until 1962.

MR. HORTIG: Under the circumstance of developments, Mr. Chairman, on the preceding item, I believe this one should be similarly included in the report and consideration by the Commission as to disposition at the March meeting.

MR. CARR: I so move.
GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, so ordered, to pass over item (b). Item (c) -- John E. Bennett - appraised value $14,080, bid $14,080. Is there anything on that?

MR. HORTIG: No sir -- for the reason that despite the fact at the time of the preparation of the agenda item Mr. Bennett had indicated finally he desired to purchase the land, on January 22nd he wrote us asking that his application be cancelled. Therefore, it is recommended, in lieu of the recommendation indicated in the agenda item, that the Commission authorize the Executive Officer (1) to cancel Application Number 11606, Los Angeles Land District, San Bernardino County, John E. Bennett; and (2) refund to the applicant, John E. Bennett, all deposits placed in connection with the application less any costs incurred to date in processing such application.

MR. CARR: I move.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded and unanimously so ordered. That concludes that Item Classification. Classification 5......

MR. McSWAIN: Mr. Chairman, I am with the Merced Irrigation District and interested in this item which you moved over a moment ago. I just wondered if we could take a moment to state what our problem is. I am here with my entire Board of Directors.

MR. CRANSTON: Are you Mr. McSwain?
MR. McSWAIN: Yes. If I might take a moment, I think it would be of interest to you. I am Kenneth McSwain, Chief Engineer and Manager of the Merced Irrigation District. With me I have George Mack, the President of our Board; Mr. Sheesley, Vice President; Milton Reiman, E. B. Wood, I. P. Arnold, and Assistant Engineer Reuben Schmidt. The Merced Irrigation District, being a public entity operating under the State Water Code, is planning a development on the Merced River at a cost to exceed $90,000,000. A portion of that will probably come from flood control funds from the Federal Government. The time we get this done will depend greatly on whatever time that money is available.

What we are concerned with is, that the appraisal that is set on this property is evidently based upon the value of the land after we build the project. The cost itself of some fifteen hundred dollars for the land which we would have to flood is not a terrific item. However, that is probably four to five or maybe ten times of the value of this sort of thing for agricultural land, and once the sale is made, why, it sets some sort of standard for the acquisition of the rest of the property. Just, for instance, if we had a million dollars set aside for the acquisition of private lands and that was stepped up four or five times, you have a matter of several millions of dollars; and the State has found out in its California Water Plan none of these things are easy any more. We simply do not have the money. As a result of this case, you
can completely stop the project and then we don't enhance any values at all along the lakes that the project goes through; and if we can't acquire lands at the present going rate, there is no question of the adjacent lands being enhanced and bringing more money to the State and county insofar as taxes are concerned.

I think you see my point, Mr. Chairman. I just wanted to mention this in spite of the fact you have put this over to your March meeting. It is a very serious thing with us.

MR. CARR: Mr. Chairman, I took a look at this prior to the meeting. I would not be in favor of selling this land at all until the Merced Irrigation District gets through with its acquisition program. I had in mind turning it down at the end of the sixty days if it was still on the calendar. I think that this is the kind of whipsaw deal, actually, that if you establish a high value for this land now it makes it very difficult for the district. At the same time, if and when the reservoir is built, demand for land along reservoirs might be such that the State would realize much more out of it. I think this is a piece of land the State might afford to hold on to for quite a while.

MR. McSWAIN: That's our point exactly.

MR. CRANSTON: Thank you very much. John, I think I would concur in your thinking on that also.

MR. CARR: We can act on this separately.

MR. CRANSTON: We could indicate right now we are not
going to sell.

MR. CARR: I move we don't sell it or accept any more bids.

GOV. ANDERSON: Withdraw this one from sale.

MR. CRANSTON: Reject it. Motion is moved and seconded to reject this bid, so the action taken at this time will be to withdraw this from being for sale at the present time and that motion is unanimously adopted by the Lands Commission.

We did not deal with item (c), which is the John E. Bennett matter, although we had discussed it and you recommended....

MR. HORTIG: I announced a revised resolution with respect to that.

MR. CRANSTON: I don't think we took action on that.

MR. CARR: I move.

MR. CRANSTON: Approval of the revised resolution is moved, seconded and unanimously carried....

MR. CARR: With cancellation of his application and refund of deposit except for expenses.


MR. HORTIG: On his one I might point out to the Commission the distinction as against the sale of normal vacant State school land. This application and the sale would be a culmination of procedures established in law, whereby the State
may select for the benefit of an applicant -- and, incidentally, such applications have not been received since 1955 -- may select for the benefit of an applicant vacant Federal land, which, if conveyed to the State in satisfaction of losses to the school land grants or in lieu of other lands to which the State is entitled, such lands then may under the law only be sold to the applicant who made the original application.

In this instance, our applicant, Frances Kutras, first filed the application on September 20, 1952 and deposited all funds, which application was forwarded to the Bureau of Land Management of the Department of the Interior on the same date. The indication that the lands would be conveyed and were conveyed to the State pursuant to its application was received from the Bureau of Land Management on January 6, 1961, nine years later. So we have had this applicant's money on deposit for the nine years and under a statutory procedure which provided that if the State did get this land which was applied for it was to be sold to that applicant. Therefore, we recommend that this sale be consummated.

MR. CARR: You say you have had these funds on deposit for nine years? At $5 an acre or at the appraised value?

MR. HORTIG: Yes sir, at $5 per acre.

MR. CARR: But that's not the price at which it is proposed to sell?

MR. HORTIG: No sir. After notification by the Bureau
of Land Management that we finally had title to the land, the
additional funds were required to be deposited.

MR. CRANSTON: Governor Anderson moved approval.

MR. CARR: I want to ask one question about this.

How does this land differ generally from the land that we
bought up around Susanville for the Correction Authority up
there, for which we paid quite a price?

MR. HORTIG: It is the same general category except
in this instance the actual field appraisal has established a
value of $67 per acre.

MR. CARR: What did we pay for the Susanville land?
What was paid for the land where that conservation camp is
being built for the Department of Corrections?

MR. HORTIG: I believe your Property Acquisition
Division handled that transaction. I don't recall the dollars
per acre.

MR. CARR: The right hand doesn't know what the
left hand is doing and the Property Acquisition Division has
a short memory. I'd like to make a comparison of what this
land is appraised for now and the land which was used.

MR. SMITH: I might state that the applicant, Mrs.
Kutras, had an independent appraisal made. She was very dis-
satisfied by our value, so had an independent appraisal. I
believe the appraiser belongs to the American Institute of
Appraisers and he appraised it at $27,500. They did their
best to convince us that was the value and we did not go along
with them. About a million and a quarter board feet of timber; Douglas Fir, Ponderosa Pine, $10 to $15 a thousand. It is not first quality timber, second growth.

MR. CARR: It might be worth more for something else.

How far is this from the highway?

MR. SMITH: Access is, incidentally, closed off by lands of the applicant. She owns the lands. It's about a mile and a half from public access, principally over lands owned by Mrs. Kutras, the applicant.

MR. CARR: What highway is this?


MR. CARR: What is the nearest town?

MR. SMITH: Weaverville, I believe, in Trinity County. It is right on the boundary of Trinity and Shasta County. Weaverville is about twenty miles west of this.

MR. CARR: Is it right down that 299 Highway that goes through Weaverville, twenty miles from that?

MR. SMITH: Yes.

MR. CARR: It is appraised at $67?

MR. SMITH: $67. It is on a small stream -- the only usable part. There is a small acreage lying along the streambed which is suitable for cabin sites. That was valued at $250 per acre -- the land suitable for cabin sites.

MR. CARR: Do you have any pictures of this?

(All members of Commission and Messrs. Hortig and Smith looked over pictures).
MR. SMITH: Incidentally, there are improvements placed on the land by the applicant under a mining title. She couldn't perfect her claim through the Bureau of Land Management and chose to go this route.

MR. CARR: We are putting more of these conservation camps in. We are putting one this side of Eureka.

MR. HORTIG: Mr. Chairman, particularly Mr. Carr, this situation is different than our consideration of offers of vacant State school land.

MR. CARR: If this is selected "in lieu" we are compelled to sell this applicant?

MR. HORTIG: That's right. At the time we accepted the application, the law provided and the Commission undertook as an obligation pursuant to law that if this land were listed by the Federal Government to the State, it would be sold to this applicant.

MR. CARR: I might ask another question. I understand that. Now, you told me one day, I think, that the Bureau of Land Management owed the State of California some 200,000 acres that they have not given us back in lieu of what they had taken from us for various purposes.

MR. HORTIG: And still come in terms of unsurveyed lands which we will get, as well as other reasons than loss to the school land grants.

MR. CARR: Do we have to wait until some applicant nominates some particular land and we sell it to them, or can
we tell the Bureau of Land Management we want some of our 290,000 acres and pick those out?

MR. HORTIG: The statutes have been revised since the filing of this particular application in recent years, so the Commission at its own option could make such a selection and this would be one of the elements in the program for policy decision by the Commission, to be recommended by the staff when we have our inventory complete, not only what to do with what we have but also what to pick out -- except that the Bureau of Land Management is also scrutinizing things and the desirable parcels that would be desirable for State selection almost always the Bureau of Land Management decides they would be desirable for the Federal Government, so there is an impasse.

MR. CARR: I think it is desirable that we get busy breaking the impasse.

GOV. ANDERSON: They are getting on the ball -- we should get on the ball.

MR. HORTIG: We have applications in, and we have one large one going through slowly which would be of interest to the Division of Forestry, which would give us a consolidated forest area which the Forestry Division would like to operate on a consolidated basis. This is in process by the State agency at the Commission's own option and this is where we started to run into the fact that the Bureau of Land Management decided that if the State can form management units to their
advantage, since they already have the land maybe they should hang on to it.

MR. CARR: Are there many pending applications like this?

MR. HORTIG: Yes.

MR. SMITH: Thirty to thirty-five.

MR. CARR: Could we have a review of this also?

MR. CRANSTON: In this case, however, it seems to me we have to approve this.

MR. CARR: In this one by law we are compelled to.

MR. HORTIG: We certainly have a strong moral responsibility.

MR. CARR: I have a very strong moral responsibility to the taxpayers and I am going to put that ahead of my strong moral responsibility to any of these others; and I'd like to have that made a policy of the Commission.

MR. CRANSTON: We do have a motion pending to approve this one.

GOV. ANDERSON: I so move.

MR. CRANSTON: Approval of this sale is moved by Governor Anderson, seconded by Mr. Carr, unanimously adopted.

We come now to:

Proposed Oil and Gas Lease, Santa Barbara County,

Parcel 3.

MR. HORTIG: Mr. Chairman, as the Commissioners will recall, upon establishment of the sequential bid offering
program last year. Parcel here designated as Number One, lying westerly of the westernmost existing gas lease in Santa Bar- bara County, was authorized to be offered for bid. Eid advertising is in process; bids will close on this parcel to be received February 3rd, which is a week from tomorrow.

At the succeeding meeting, the Commission authorized the offer of the second parcel, here designated as Parcel 2, on which bids will be received March 3rd; and it is here recom-mended, in conformance with the policy adopted and the con-tinuing program for continued offering of tideland oil and gas leases, that the blue parcel numbered "3" be authorized for publication of notice of intention to receive bids, on which bids would tentatively be received about April 7th;

GOV. ANDERSON: I'll move it.

MR. CARR: Second.

MR. CRANSTON: It is so moved, seconded and unanimously approved by the Commission. Frank, what time is the auction?

MR. HORTIG: Eleven o'clock.

MR. CRANSTON: Eleven o'clock -- State Lands Com-mission in Los Angeles on Friday?

MR. HORTIG: Yes, a week from tomorrow.

MR. CRANSTON: We come now to Item 7 -- Confirmation of transactions consummated by the Executive Officer, pursuant to authority confirmed by the Commission at its meeting on October 5, 1959.
Mr. HORTIG: Pages 45 and 46 contain a tabulation of the actions taken by the Executive Officer under delegation of authority from the Commission for approval of extensions, modifications, and issuances of minor recreational permits in conformance with statutes and rules and regulations. Confirmation of these actions is desired to complete the title record.

GOV. ANDERSON: I move it.

MR. CARR: These are these two actions on page 45...

MR. HORTIG: ... and 46.

MR. CARR: 45 and 46.

MR. HORTIG: And a series of recreational permits provided for by law, for primarily Lake Tahoe -- recreational permits adjoining property upland for the continued maintenance of piers and landing platforms.

MR. CARR: About these on 46, this just says "permit." I don't understand these descriptions. What is the one for Barney Lyford?

MR. HORTIG: For a pier in one of the Marin County waterways adjoining his privately owned uplands which adjoin the waterway.

MR. CARR: In these circumstances, what is the practice about the length of the pier and all that sort of mechanical business when he puts in a pier?

MR. HORTIG: His limitations on the pier length is dependent on his permit he can get from the Corps of Engineers.

MR. CARR: What do they do -- let him go out to the
bulkhead line?

MR. HORTIG: To the pier line; otherwise a minimum width of channel which cannot be infringed on.

MR. CARR: I'll second the motion.

MR. CRANSTON: Moved, seconded, unanimously adopted.

Item 8 -- report on major litigation.

MR. HORTIG: We are happy to be able to offer over and above the standard reading material available at the preparation of the agenda item, particularly on page 48 on the long pending suit of the County of Orange versus the State of California, in which the County of Orange had contested the State's title to tide and submerged lands, that we received on January 16th this year a duplicate original of the request for dismissal -- which has now been filed with the County Clerk in Orange County, and there no longer is any action pending between the County and the State with respect to questioning the State's title to tide and submerged land in Orange County.

MR. CARR: Good news.

MR. CRANSTON: Does that complete your report?

MR. HORTIG: Yes sir.

MR. CRANSTON: Final item is determination of the time and place and date of next meeting, which is Thursday, February 23rd, ten o'clock, Los Angeles.

MR. HORTIG: Which does not fit Mr. Carr's schedule, I am informed by his secretary. Therefore, the staff would like to suggest that inasmuch as the preceding day, February 22,
is a holiday, which wouldn't bother the staff — maybe we would have a Commission meeting without any people attending. If we go any farther toward the 21st, this shortens the time we have for evaluation of lease bids and related items and, therefore, it would be preferable to the staff, if feasible to the Commissioners, to have the meeting at a later date than the 23rd, since the 23rd won't work.

MR. CARR: Could it go back to the 20th or past the 24th?

MR. HORTIG: Preferably past the 24th for the staff.

MR. CARR: That would be better for me.

MR. HORTIG: I believe, sir, your calendar is also that you will be out of the city on the 24th.

MR. CARR: That's right.

(further discussion among Commissioners)

MR. CRANSTON: Our tentative time is March 2nd, ten o'clock, Los Angeles, and we will confirm that immediately.

GOV. ANDERSON: Does it have to be Los Angeles?

MR. CARR: Would it be better in the north? Couldn't we twist the calendar around in a case like this -- have one here and two there?

GOV. ANDERSON: Why don't you let me check it?

MR. CRANSTON: How inconvenient is this for the oil people who would be interested, in this session, if we move it up here?

MR. HORTIG: March 2nd, sir?
MR. ROSE: He is talking about right through the session.

MR. CRANSTON: Are there any comments from any of you present from the oil industry as to how inconvenient that would be?

MR. OTTINGER: Is there any objection to holding it the same day you open the bids?

MR. CRANSTON: Lacking better advice from the oil industry, we will consider March 2nd the date.

VOICE FROM AUDIENCE: When will you be in a position to know the definite date?

MR. CRANSTON: This afternoon we will advise Frank Hortig.

MR. HORTIG: The notice will be out as usual fifteen days prior to the meeting.

MR. CRANSTON: We stand adjourned.

ADJOURNED 12:10 P.M.
CERTIFICATE OF REPORTER

I, LOUISE H. LILlico, reporter for the Division of Administrative Procedure, hereby certify that the foregoing sixty-five pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Sacramento, California, on January 26, 1961.