TRANSCRIPT OF MEETING
of
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA
MARCH 7, 1961

PARTICIPANTS:
THE COMMISSION:
Mesrs. Alan Cranston, Controller, Chairman
Glenn M. Anderson, Lieutenant Governor
John E. Carr, Director of Finance

F. J. Hortig, Executive Officer

APPEARANCE:

Mr. K. M. Cook, Richfield Oil Corporation

Reporter: Louise H. Lillico
Division of Administrative Procedure
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DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
MR. CRANSTON: The meeting will please come to order. The first item before us is Item Classification 1 -- Permits, easements, and rights-of-way to be granted to public and other agencies at no fee: (a) is County of Sonoma, applicant, proposed authorization -- Dredging permit for approximately 85,000 cubic yards of material from tide and submerged lands in Bodega Bay. Do you want to take each one separately or go through the classification before acting?

MR. CARR: I think we should do them separately.

MR. CRANSTON: Is there any information on this or is a motion in order on (a)?

IORTIG: A motion would be in order unless there are questions. As outlined in the calendar, complete with maps, the nature of the operation proposed to be authorized is a proposed tideland development which constitutes improvement in Sonoma County.

MR. CARR: I move.

MR. CRANSTON: Moved, seconded and approved unanimously. (b) State Division of Beaches and Parks -- 15-year permit to install and maintain floating wharf, 0.115 acre tide and submerged lands of Sacramento River at Colusa-Sacramento River State Park, Colusa County.

MR. CARR: Move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval is moved, seconded and made unanimously.
MR. CRANSTON (continuing) (c) State Division of Highways -- Right-of-way agreement, 1.5 acres tide and submerged lands, Goleta Slough, Santa Barbara County, for protection, etc. of State Highway Route V-SB-236-A.

MR. CARR: Move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval is moved, seconded and made unanimously.

Item Classification 2 -- Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental and fee policies of the Commission:

(a) California Electric Power Company -- 49-year right-of-way easement for pole line across 4.85 acres school lands, five miles northeast of Trona, Inyo County, total rental $1,127.

MR. CARR: Move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval moved, seconded, and made unanimously.

(b) Calnev Pipe Line Company -- 49-year pipe line easements across school lands, San Bernardino County -- (1) 3.07 acres; total rental $496.33; (2) 1.35 acres; total rental $125.44.

GOV. ANDERSON: What kind of a pipe line is this?

MR. HORTIG: Mr. Chairman, in response to the Governor's question, it is a fuel pipe line for fuel to a
facility to serve initially and primarily George Air Force Base and Nellis Air Force in California and Nevada respectively.

GOV. ANDERSON: Move it.

MR. CARR: Second.

MR. CRANSTON: Approval moved, seconded and made unanimously. (d) R. W. Cypher, four ....

GOV. ANDERSON: Didn't you skip (c)?

MR. CRANSTON: (c) Crown Zellerbach Corporation -- five-year minor structure permit, tide and submerged lands in San Joaquin River, Contra Costa County, for four day beacon sites; total rental $50.

MR. CARR: Move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval moved, seconded and made unanimously. (d) R. W. Cypher -- four two-year prospecting permits, all in Imperial County, for geothermal steam, mineral waters, and all minerals other than oil and gas and carbon dioxide gas, at standard royalty rates: (1) 55 acres proprietary land, (2) 160 acres proprietary land, (3) 160 acres proprietary land, (4) 160 acres proprietary land.

MR. HORTIG: Mr. Chairman, the Commission will recall that prospecting permits have been issued heretofore to the same applicant for the same purposes on vacant State school lands in Imperial County. As a result of the development of that project, it was determined that there were certain lands under the jurisdiction of the Fish and Game Commission, the
Department of Fish and Game, which could be prospected in conjunction with the State Lands Commission prospecting permits as far as the time schedule is concerned. Fish and Game have given approval to the conduct of this operation and the jurisdiction over minerals in these lands is in the State Lands Commission, so this is being recommended in augmentation of a project previously approved by the State Lands Commission.

MR. CARR: Has there been any report on his exploration up to date?

MR. HORTIG: There has been no drilling, Mr. Carr, in anticipation of securing the permits for these lands, in order that there would be a minimum of move-in and move-out costs of taking drilling equipment into the general area.

MR. CARR: I move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval is moved, seconded, made unanimously.

(e) Eleventh Naval District -- two five-year leases of school lands: (1) 4215.40 acres in San Bernardino County for an aerial gunnery range; annual rental $3,775; (2) 10,700 acres in the Chocolate Mountains, Imperial County, for an air-to-air gunnery range; annual rental $5,274.

GOV. ANDERSON: Are these new leases or continuation of present ones?

MR. HORTIG: No sir, they are leases replacing previously existing leases, which actually had their origin
during the period of World War II; and I call to the Commission's attention, on the first rental of $3,775, under the present rental policies of the Commission this rental is being proposed as an increase from the previously charged land rental of $126.63; and similarly on the second parcel, prior rental under the previously existing lease was $319.20 a year, which is to be increased to $5,274 annually.

MR. CARR: They are presently using this for a gunnery range, aren't they?

MR. HORTIG: Yes sir.

MR. CARR: Are they actually using it?

MR. HORTIG: Yes, particularly out of El Centro, and the Marine Corps are using it ....

GOV. ANDERSON: In other words, they are using this area free now?

MR. HORTIG: No sir, they have heretofore used these areas under leases from the Lands Commission.

GOV. ANDERSON: They are under lease now?

MR. HORTIG: They are, but at a much lower rental than on the issuance of these new leases.

MR. CRANSTON: Motion is in order.

GOV. ANDERSON: So move.

MR. CARR: Second.

MR. CRANSTON: Approval is moved, seconded and made unanimously.

I'd like to suggest that in view of the fact that
the Governor has a budget hearing which he must leave for
before too long, that we pass these items and move to others
more important, that need his presence, and come back to
these later. I guess Item 3, Long Beach, might be the
appropriate one to take up at this moment.

MR. HORTIG: Mr. Chairman, if I might suggest item
(1) on page III, subdivision 2, is a policy matter.

MR. CRANSTON: I agree, Frank. Item (1) under the
same classification ....

MR. HORTIG: Pages 34 to 36.

MR. CRANSTON: ... Shell Oil Company -- Modification
of geophysical exploration permits, Outer Continental Shelf
lands not claimed by California, waiving State inspection re-
quirements, subject to approval of Director of U. S. Geological
Survey. Frank, would you comment briefly?

MR. HORTIG: Yes sir. As the Commission will recall,
the State of California, prior to the Submerged Lands Act in
1953, which returned all -- or quitclaimed all Federal claims
to tide and submerged lands within the historic limits of
California at least to three miles offshore, and subsequent to
that Act also, the State of California has claimed that the
marginal belt of the State outside -- out to the State's
boundary, lies on the seaward side of the channel islands off
Southern California and outside of off-lying islands, rocks
and reefs proceeding northward and north of Point Conception,
and particularly lies three miles seaward from lines drawn from
headlands of actual bays.

With the quitclaim by the United States, there was adopted subsequently an Outer Continental Shelf Lands Act, under which the United States claims jurisdiction, and exercises jurisdiction, on the Outer Continental Shelf, being those lands outside the State's boundary. At that time, the Secretary of Interior, the State Lands Commission of the State of California, and the Department of Fish and Game entered into a joint agreement that for future geophysical and geological exploration on offshore lands, in order to eliminate the need for duplicate inspection or permit or supervisory facilities off the shore of California, that California would issue permits under California law which would be acceptable to the Secretary of the Interior; and that operations would be supervised offshore California as to geological and geophysical exploration irrespective of the distance offshore and without the necessity of determining any dividing line between California tide and submerged lands and Federal Outer Continental Shelf lands.

At that time technologies had not been developed for drilling in deep water, as is now possible -- might be possible to do -- on the Outer Continental Shelf; nor was there any interest in exploring, even geophysically, the lands in the Outer Continental Shelf, so far off the lands of California. However, technology has now been developed and certainly the State's permitees, and particularly the Shell
Oil Company, are interested in conducting such operations --
I should say, primarily geophysical exploration operations --
in the Outer Continental Shelf lands outside the lands of the
State of California, and are desirous of having a permit under
the joint agreement with the Secretary of the Interior -- which,
however, does not require, as in the case of California lands
(California claimed lands) the making of data available from
the exploration to the State Lands Commission.

This request appears to be equitable inasmuch as
these lands have never been claimed by the State of California,
and the U. S. Geological Survey, as the designated representative
of the Secretary of the Interior in the administration of this
act, have stated it is not policy nor required that these data
be made available to the State of California.

Therefore, it is recommended that the Commission
issue a modified exploration permit which is in the form of
the exhibit attached, for the conduct of exploration operations
on Outer Continental Shelf lands not claimed by the State of
California. Such permit will not require State Lands Commis-
sion inspection of operations or State access to exploration
data from lands not claimed by the State.

The second stage of the authorization would be the
modification of existing Shell Oil Company geophysical explora-
tion permits to conform with the foregoing insofar as operations
would be involved on Outer Continental Shelf lands not claimed
by the State of California; and these modifications would be
subject to the approval of the Director of the U. S. Geological Survey -- the regional Oil and Gas Supervisor of the U. S. Geological Survey in Los Angeles having referred and recommended this approval to the Director of the U. S. Geological Survey in Washington, D.C.

MR. CRANSTON: Fine; and, John, I may say I have kept very close to this development through Frank and other ways, and I very strongly urge that we approve this request and go along with Mr. Hortig's request to so authorize. I believe this development can be of very great historic and financial development to the State by reason of making available lands which have not been available to the State and may result in money becoming available to support Beaches and Parks.......

GOV. ANDERSON: Why have they not been available?

MR. CRANSTON: This is a new procedure. This is only the third.......

MR. HORTIG: We are not on that item yet.

MR. CARR: I would like to ask the question, Mr. Chairman --why isn't it advantageous for the State to know what the results of this exploration might be? What advantage do we gain by renouncing our right to know? On all State tidelands the State Lands Commission has reports as to what the results of the exploration are. Now, are we proposing not to ask for that information in this case?

MR. HORTIG: No sir, I think you have touched on the
point right there. There would be no renouncing or waiver of
any rights of the State or claims of the State with respect to
any tide and submerged lands that have ever been claimed by the
State of California.

GOV. ANDERSON: What about those outside?

MR. CARR: One might be contiguous to the other.
Why isn't it advantageous to the State Lands Commission to
know what's across this boundary, wherever it might be? As I
take it, this exploration permit would give the Shell Oil Com-
pany an exploration permit to explore both State tidelands and
those that are not claimed by the State. Why should we not be
interested in knowing what is going on on the United States'
lands as well as the State land?

MR. HORTIG: We could, of course, be extremely
interested academically; but legally and equitably, the State
has no claim to data that are developed on Outer Continental
Shelf lands of the United States that are outside the terri-
torial limits and outside the claims of State of California
ownership.

GOV. ANDERSON: Who would be getting the report?

MR. HORTIG: No one, on the Outer Continental Shelf
lands, because this is the way the Department of Interior,
who have jurisdiction, want it.

I hasten to point out there is a small element of
confusion. It is not recommended that this permit supersede
all permits. There would be two types or permits issued if
this modified plan is adopted: one on the tide and submerged lands of the State of California, which would require all the data, as it exists today; and the relinquishment as to access to data would only relate as to those lands claimed only by the United States of America and not claimed by the State of California.

GOV. ANDERSON: Why are we going out of our way, though, to waive our inspection requirements? Has someone asked us to do this?

MR. HORTIG: Yes.

GOV. ANDERSON: Who?

MR. HORTIG: Both the Shell Oil Company and the regional supervisor of the U.S. Geological Survey on the part of the Federal Government.

GOV. ANDERSON: Why do they ask us to do this if we have no control over it and have not been asked for it up to now?

MR. HORTIG: We have been asked for it and it is a requirement that we give it if they go out in this area. This was of no importance when they were unable to explore. Now they are able to go out and explore these areas and realize from their own data the hazard of a liability to furnish this data to the State of California for lands over which the State of California has no jurisdiction; therefore, are asking that this point be clarified at this time before they get into real difficulty with it -- a point which was of no import before
the time this exploration was feasible.

GOV. ANDERSON: Suppose they go out and make these explorations out beyond our limit; would you be asking for our reports?

MR. HORTIG: If we maintained our present permits we would have to, because our present permits require that under the law of California.

GOV. ANDERSON: But they are not in California.

MR. HORTIG: But they are operating under a California permit and this is the idiosyncrasy of the statute.

MR. CARR: Mr. Chairman and Mr. Anderson, it seems to me that while our interest might be defined as purely academic, I think academic interest is important and I would certainly hesitate to go along with this particular request because I think academically we are very much interested in the Outer Continental Shelf, because they are our next-door neighbors and I would be for granting an exploration permit providing we get the same information we do on State tidelands. Is it the contention that this is not legal -- we have no right to do that?

MR. HORTIG: I believe it can be summarized, Mr. Carr, that any claim to such data would be legally unenforceable; and, number two, that the next step on continuing of such a program would be the rescission of the agreement between the Department of the Interior and the State of California, indicating that the Department of Interior is henceforth going to write its own permits for the same area and, therefore, no
additional data would become available to California and the
hitherto cooperative relationships we have had with the Depart-
ment of Interior would have at least been upset.

GOV. ANDERSON: Why would the Department of Interior
not want us to know what the exploration was discovering out
there?

MR. HORTIG: Because they don't want to know.

MR. CARR: Why don't they want to know? As a citizen
of the United States, I want to know -- whether it's California
or the Department of Interior.

MR. CRANSTON: Do we have an opinion from the Attorney
General on this?

MR. HORTIG: No sir.

MR. CRANSTON: I think we might well get one.

GOV. ANDERSON: Do we have a statement from the
Department of Interior why they don't want this?

MR. HORTIG: Because this is not Federal practice
with respect to Federal lands.

MR. CARR: I wonder if the new Secretary of Interior
knows this?

MR. CRANSTON: Has this been reviewed by him?

MR. HORTIG: I don't know.

MR. CRANSTON: Let's do two things -- let's ask the
Attorney General for an opinion and communicate with Clair
Engle and see if the new Secretary of the Interior will review
this.
MR. HORTIG: Mr. Chairman, if I may in compliance with that instruction suggest that the Commission authorize the Executive Officer to modify existing permits only to the extent necessary to be made compatible operably with explosive permits heretofore authorized by the Department of Fish and Game. As of January 27th, Fish and Game did authorize the use of certain explosives at certain locations to our existing permittees which have larger limits on powder than the Lands Commission had adopted (again in concurrence with Fish and Game). So, in order to permit these operations to continue without in any way releasing or waiving any rights to data, whatever they may be, I would recommend that the Commission authorize the modification of the permits to be compatible with Fish and Game authorization insofar as explosive usage is concerned.

MR. CRANSTON: This will have no effect on the information?

MR. HORTIG: No sir. It would change no other term or condition of the permit.

MR. CRANSTON: Do you wish to make a motion?

MR. HORTIG: Otherwise, we have our operators ground to a halt.

MR. CARR: Is the Shell Oil Company now exploring on California tidelands using explosives, or planning to immediately? Is that the reason for the modification?

MR. HORTIG: Yes sir.

GOV. ANDERSON: And they want to use a heavier
MR. HORTIG: Yes sir, and the Fish and Game have approved it; and the prior limits of the Lands Commission were only in there because they were the limits of Fish and Game.

GOV. ANDERSON: These are the only modifications?

MR. HORTIG: Yes.

MR. CARR: I move.

MR. CRANSTON: Moved, seconded, carried unanimously.

In regard to your communication to the Attorney General and the Secretary of the Interior and Clair Engle, I would ask that you prepare a letter that would state why we are interested in such areas, where we have responsibilities, namely, the tidelands areas; and raise the question why the United States Government might not be interested in similar information where they have lands.

GOV. ANDERSON: I would think they should be.

MR. CRANSTON: Would you tell me the item I thought you were on?

MR. HORTIG: It is the last supplementary item of your calendar.

MR. CARR: Where is that?

MR. HORTIG: Page 57, the very bottom of your calendar.

MR. CRANSTON: It doesn't appear in the index.

Supplementary calendar item ....

MR. HORTIG: 57.
MR. CRANSTON: Page 57, number 36 at the top —

Proposed ocean-floor oil well completion, Richfield Oil Corporation, Rincon Field. Frank, would you briefly explain this?

MR. HORTIG: If I may, because it is already summarized, I will read the calendar item. The Richfield Oil Corporation, lessee under specified lease at Rincon Field, Ventura County, has drilled a well into the leased area at a location approximately 3,000 feet westerly of the existing production island, in a water depth of sixty-six feet. This is the production island all you Commissioners have visited heretofore. This well was drilled using mobile marine equipment and will be completed for production using ocean floor production equipment designed and fabricated under the direction of the operator and approved by the Commission's technical staff.

This is literally ocean floor equipment in the sense that no part thereof will project over about ten feet above the ocean floor.

Because the known production zones in this area lie at a comparatively shallow depth, the structural — (and this refers to this lease in particular) — the structural area that may be developed from slant drilling from one island location is relatively small. In consideration of the cost of the present centralized drilling from production islands, individual ocean floor completion methods appear to offer economic advantages in the development of this particular lease. The operator, through the use of equipment and well-head control
components similar to those proposed here for use at Rincon, has successfully completed and is now producing an offshore oil well in Peru in a water depth of one hundred thirty-two feet.

Pursuant to recommendations by the Commission's technical staff, Richfield has incorporated additional monitoring and safety control features in the equipment to be used in California.

A final Department of the Army permit, authorizing the placement of the production head on the ocean floor as a non-interference with navigation, was issued by the Corps of Engineers on February 13th this year. The Coast Guard have reported that the placement of the equipment at the selected location will not require their approval. The only indication on the surface of the existence of the well (this is on the ocean floor) will be a marker buoy -- which, parenthetically, will require Coast Guard approval for placement. The production from the well will be transported to onshore storage facilities through an ocean-floor pipeline.

This item does not require specific resolution of the State Lands Commission for implementation. However, being significant in terms of being the first of its type in California and something you may wish to comment on further, Mr. Chairman, it was felt desirable from an information standpoint that everyone be fully informed, that this item be reported to the Lands Commission before operations from this unit are actually undertaken.
MR. CRANSTON: Even though approval is not formally required by the Commission, I think it would perhaps be advisable to give approval simply to indicate our affirmative support of this program. The staff has carefully followed this and has kept me closely in touch with this development, and I believe this new approach to getting oil will lead to development of fields we have not been able to develop in the past and probably bring into the State oil and gas for Beaches and Parks support that we have not had before.

MR. CARR: Mr. Hortig, is this the construction that you went down to see some weeks ago?

MR. HORTIG: Yes. As a matter of fact, you are sitting on the floor of the Pacific Ocean. It is ready to be turned on. We have had final tests of it, as mentioned earlier. The operator has cooperated with additional monitoring, safety and measuring facilities. It has been tested as to its structural safety and it is by all possible measurements completely adequate.

MR. CARR: Do I understand there was also a similar installation in the Gulf of Mexico somewhere by some other oil company?

MR. HORTIG: Yes sir. It is reported in press releases by Shell Oil Company that an ocean floor completion was made in a well offshore from Louisiana, with the additional unique feature that it is reported that that placement was made entirely by remote control from surface floating facilities.
The present installation which we have under consideration here today, and the prior units and the subsequent ones programmed by Richfield Oil Corporation, while they incorporate undersea television monitoring to observe the operations, the final connections and the final safety controls are under the control of divers.

MR. CARR: Were these two installations accomplished and operated with full control, so that there was no escape of oil so that it washed ashore and caused trouble of that kind?

MR. HORTIG: I cannot say from our own independent supervision with respect to the well off Peru. I believe this is the case. This is the case with respect to this well at the Rincon Oil Field.

MR. CARR: I think that's the only reservation.......

MR. HORTIG: The head is in place....

MR. CARR: ... the only reservation I ever had was the hope this would be accomplished with complete security as far as contamination to the beaches and that sort of thing.

MR. CRANSTON: They were also safety factors that had to be considered by them.

GOV. ANDERSON: That's the concern I had. I think we are all in favor of this new approach, but I represented the districts of Hermosa and El Segundo in the Legislature several years; and in El Segundo, just piping the oil out to the tankers, every so often we would see spillage or leakage, whatever they call it, and we would see oil on the beaches for
some time following; and there were all sort of explanation as to what caused this. I would be concerned as to how much oil is going to be able to escape during its production and drilling stages; and in the building of the pipe line, how much danger there would be to the existing communities for oil getting along the beaches. Those would be my concern.

MR. HORTIG: Under this present installation the opportunity for escape of any oil in the drilling completion and connection of the pipe lines is and has been zero. It would take a major cataclysm, truly an Act of God, against which we mortal engineers still can't design, to produce any disruption in connection with the transport line from the well head itself to the onshore location.

GOV. ANDERSON: In other words, the tide, littoral drifts, things like that, wouldn't affect this pipe line?

MR. HORTIG: Can have no effect. The pipe lines are safeguarded. There are three lines of defense to shut down the well -- the first manual, the first automatic and the second automatic series to shut the well off.

MR. CARR: Now, this marker buoy that is part of the installation -- I assume -- you say it requires Coast Guard approval?

MR. HORTIG: That's right, only as to placing the buoy in accordance with Coast Guard requirements.

MR. CARR: Now, if you had a number of such installations, you would have a number of Coast Guard buoys. I take it
to protect the installation, you wouldn't want anyone anchor-
ing around there?

MR. HORTIG: That is correct, although I can report that by one of the additional safety features designed by the operator and modified at the recommendation of the Commission's technical staff, it is not feasible to do anything even with an anchor or anchor chain with respect to becoming snarled in this operation.

GOV. ANDERSON: Is this pipe underground?

MR. HORTIG: Yes sir.

GOV. ANDERSON: How far?

MR. HORTIG: It is on the ocean floor in varying depths depending on the littoral drift, but it is completely encased from where it goes underground and cannot possibly be snagged at that location. Additionally, if there should be a break in the pipe as a result of my upheaval, or possibly someone -- I now have to get into the realm of the fantastic -- someone deciding to dig a trench along here and intersecting the pipe line (as happens on the uplands) there are automatic shutoffs and the pipe would be shut off immediately, and there would only be a limited amount of the pipe that would be rup-
tured.

MR. CARR: Specifically, what is the size of the pipe and what is the distance between these safeguards, so what would be the precise amount of oil that would be let loose at any one particular section?
MR. HORTIG: A matter of a relatively few barrels, but for a specific answer, if I may put the Richfield representative on the spot ....

MR. CARR: It would be interesting to know.

MR. COOK: I can't quite hear you, Mr. Carr.

MR. CRANSTON: The question is how much oil would be in the two cut-off points if the pipe was ruptured.

MR. HORTIG: Before it was cut off.

MR. CARR: About how far apart are the check valves?

MR. COOK: Three thousand feet.

MR. CARR: What is the size of the line?

MR. COOK: Two inches.

MR. CARR: Now, somebody quick at figures could tell us how much oil would be in three thousand feet of two-inch pipe line. It would take more than a quart of kerosene to wipe this off your feet?

MR. COOK: Yes.

MR. CARR: What is the specific amount?

MR. COOK: That could be calculated, Mr. Carr. I don't have the table with me. In a two-inch pipe at three thousand feet it probably wouldn't be over two or three barrels.

MR. HORTIG: A barrel, of course, has forty-two gallons in it.

MR. CARR: Is it forty-five gallons or forty-two?

MR. HORTIG: Forty-two.

MR. COOK: You mustn't assume that the pressure is
going to be on the line and force the oil out because the
pressure at both ends will be immediately cut off. Your actual
loss would perhaps be a bucketful.

(Question by Mr. Cranston unintelligible to reporter)

MR. HORTIG: Any operation involving this line would
necessarily be within the limits of the exclusive lease of
Richfield Oil Corporation.

GOV. ANDERSON: If this pipe is laid along the ocean
floor — I understand it's cased in, but from then on it's
pretty much along the floor?

MR. HORTIG: Yes sir.

GOV. ANDERSON: And your littoral drifts change and
you might have your pipes sticking up four feet in the air
where they had been dug under — an anchor coming along there
could cause trouble.

MR. HORTIG: This isn't quite the result, Governor,
for the reason these lines are anchored with concrete and
steel weights and otherwise so they always stay on the ocean
floor. They are even sufficiently flexible that they assume
the contour of the ocean floor and stay at the bottom.

MR. CARR: I move we indicate our approval of this
technique, if that's what they call for.

GOV. ANDERSON: And concern for ..... 

MR. CARR: ... and concern for their success.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved unanimously. I believe we can
GOV. ANDERSON: I would like to have the staff make a specific check on this and bring it back to us later. I would like to know what precautions are being taken.

MR. CRANSTON: ... Could you summarize that?

MR. HORTIG: Yes sir.

MR. CRANSTON: Item 8 -- Report on proposed oil and gas lease, Parcel 1. No Commission action required. Frank?

MR. HORTIG: On February 3, 1961, which was the designated date for receipt of bids on Parcel 1, previously authorized for lease offer by the State Lands Commission, no bids were received. This area included in Parcel 1, as shown on Exhibit A attached to your maps, indicates that this parcel was the westernmost of the series of parcels that the Commission has had under consideration in Santa Barbara County.

Since the preparation of this calendar item as an informative matter, I can more happily offset this negative report with the fact that Parcel 2, immediately to the east of the westernmost existing lease as shown on the attached map, did produce a series of three bids last Friday, ranging from a low of $851,500 to a high of $9,550,000. These bids have been referred to the Commission's staff and to the Office of the Attorney General for review to determine technical, economic and legal sufficiency, and the results of these reviews will be reported to the Commission for consideration of an award of lease at the meeting of the Commission which is currently
scheduled for ten a.m. April 12, 1961 in this room.

MR. CRANSTON: Frank, may I ask under this heading — do you have under a separate heading the consideration of when we will act on the parcels which we have not yet set for bidding, if we take such action?

MR. HORTIG: There is a recommendation on a succeeding parcel on page 56 of your calendar.

MR. CRANSTON: Let's take that up in conjunction with this other.

MR. HORTIG: Proceeding from west to east, as shown on the attached map, bids having been received on Parcel 2, bids on Parcel 3 to be received April 7th, the next parcel (proceeding in an easterly direction) available for lease offer would be Parcel 4; the recommendation for advertising this parcel for lease being the subject of the discussion on page 56.

With all these dates, I again refer to the Commission the fact that the due date for bids on Parcel 3 is April 7th and the next scheduled Commission meeting is April 12th, so that at the April 12th meeting we can report results to the Commission, even as we have today on the results of last Friday's bid receipt on Parcel 2.

MR. CARR: Mr. Chairman, I'd like to suggest that we consider the deferment of Parcel Number 4, and defer that to the 12th before we set it; because then we will have time to see what the bids are on the 7th and we will have a meeting on the 12th and I see no particular rush about setting it. We
could defer that for another month.

GOV. ANDERSON: Second that.

MR. CRANSTON: Consideration of setting action on Parcel 4 is unanimously deferred to the April 12th meeting. Mr. Carr, in regard to Parcel 1, I think it might be wise to set consideration and discussion of that parcel and what further action, if any, the board would like to take, for the same date.

MR. CARR: Yes, Mr. Chairman, I think that would be a good idea. We put that through the merry-go-round once and we could start it around again.

GOV. ANDERSON: Do you think that should be the same date or subsequent?

MR. CARR: Let’s have it a subsequent date. We can consider Parcel 1 on the 12th, whether we set it then or some other time.

GOV. ANDERSON: My offhand opinion would be that Parcel 1 would be better on a separate date.

MR. CRANSTON: We will consider Parcel 1 hanging in air.

MR. HORTIG: Do you wish it calendared for discussion April 12th or subsequent?

MR. CRANSTON: Apparently subsequent to that would be all right. Do you feel any other item should be taken up before Glenn leaves the hearing? What is the next important item?

MR. HORTIG: With extreme reluctance, because of the
difficulty of soothsaying, I believe the balance of the items on the agenda are noncontroversial.

MR. CRANSTON: We will then return to where we broke off, to item (m) under Classification 2. This is an application of Lindsey Spight -- approval of sublease Contra Costa County, to Dunlap Wholesale Radio Company, for operation of a two-way microwave relay station.

GOV. ANDERSON: We took that previous item out of turn.

MR. CRANSTON: (f) -- Edith C. Knight -- Amendment of Grazing Lease PRC 2442.2, San Bernardino County, reducing area to 3,760 acres and annual rental to $56.40.

GOV. ANDERSON: No objection.

MR. HORTIG: This is a standard action required in view of the fact the Commission has heretofore authorized the sale to another purchaser of a portion of the lands previously contained in the grazing lease, therefore decreasing the amount of land left for the grazing lease.

GOV. ANDERSON: I move it.

MR. CARR: Second.

MR. CRANSTON: Approval moved and seconded, and unanimously made. (g) - Moe Sand Company -- Deferment of operating requirements, Mineral Extraction Lease PRC 2036.1, for lease year ending 11/11/60. In the past the lessee has not been granted authority to dredge by Corps of Engineers on the grounds that proposed operations would endanger navigation;
they now have operational procedure which they hope will correct this.

MR. HORTIG: And in the interim are continuing to pay the minimum annual rental on the lease.

GOV. ANDERSON: I move it.

MR. CARR: Second.

MR. CRANSTON: Approval is moved, seconded, and made unanimously. Item (h) - Pacific Gas and Electric Company 49-year right-of-way easement, 1.5 acres submerged land of Newark Slough and Plummer Creek, Alameda County, for aerial transmission line. Total rental $487.06.

MR. CARR: Mr. Chairman, I wonder if in some of these easements, which are highly necessary and to which I think there is no objection whatsoever except the possibility that in the development of the rapidly growing area around the Bay it might be highly advantageous at some time in the future to move these transmission lines - - under some of the problems that we have now, where the State moves facilities of public utilities, such as railroad tracks or anything, they have, I understand, assumed or recognized a legal responsibility which hasn't been completely spelled out, as to what the extent is. This is a question that I am not qualified to pass on, except it seems to me we are sort of on notice that on a long-term easement such as this it becomes in the public interest to relocate these things and the State has its neck out quite a respectable distance.
Mr. Hortig, do you know anything about that? It has been brought to my attention but I have never run it down with the attorneys. It's pending -- it's a court action.

In all equity, certainly anyone who invests in a transmission line needs to be protected, but at the same time the State does also.

GOV. ANDERSON: This is an area where we are at least talking about occasionally filling in and dredging and developing. Where we put this in, what does it cost us?

MR. HORTIG: This is a 220-KV line and if you will refer to the page following 30, there is the illustration complete with location, altitude and all. The line is at a clearance at the central point of 147 feet above mean high water and it is an aerial transmission line, suspended from towers located on privately-owned lands on one side and swung over to privately-owned land on the other, and the crossing of the State lands consists of twelve wires, air high, above navigation requirements and in no wise altering or restricting any reasonable type of activity on the State lands beneath. As a matter of fact, they are put up so far so that navigation will not be impeded and there will be no safety hazard.

MR. CARR: What is the difference between these towers that are on private land?

MR. HORTIG: There are two spans of 822 and 1194 feet, for a total of 2016 feet.

MR. CARR: This is a 49-year......
GOV. ANDERSON: Fifty cents a month.

MR. CARR: ... right-of-way easement and this installation is already there, isn't that right?

MR. HORTIG: No sir.

MR. CARR: It is not there?

MR. HORTIG: No sir. It is perhaps in process.

However, I might also hasten to add that the rights-of-way over the private land on both sides of the State land are held by P. G. and E.

MR. CARR: What is the minimum distance between the surface of the water or tidelands?

MR. HORTIG: Minimum clearance is 108.3 feet — excuse me, 100 feet on the lowest line.

MR. CARR: Any more questions about it?

GOV. ANDERSON: I don't know what we can do. I hate to see it tied up for forty-nine years in an area that surely in the not too distant future we are going to be talking about somehow redeveloping that land; and I know, as you know, it is going to cost a lot more to get out of this than rent. On the other hand, I don't see how you can stop it.

MR. HORTIG: The normal expectation in this location there are absolutely no restrictions on further developments, of dredging or enhancement of navigation, even in the presence of this overhead transmission line.

MR. CARR: The only trouble with an overhead transmission line, if you ever got under one with your radio you
know it has a peculiar influence on the land under it; and it
might influence this land underneath on purposes for this land
still unknown; but in five years -- we know on the electronics
around, we know there is an influence with a 220-volt trans-
mission line.

I think we have to approve this, but I think we have
to recognize there have been proposals for development of some
of those tidelands for State and private purposes, and after all
a 220-volt transmission line isn't the best neighbor in the
world. However, I move approval.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval is moved, seconded, and made
unanimously.

GOV. ANDERSON: I am going to have to go.

MR. CRANSTON: Item (1) - E. W. Plummer -- amendment
of grazing lease, San Bernardino County, reducing area to
3.782.63 acres and annual rental to $56.74.

GOV. ANDERSON: Mr. Rose will be here representing me.
(Governor Anderson left meeting)

MR. CARR: Is this a year-to-year lease, Mr. Hortig?

MR. HORTIG: It's a five-year lease which was issued
on June 25, 1959, would run until 1964; but the reduction in
area is made necessary because a portion of the leased area
was, again, authorized to be sold and is no longer available
for lease. Therefore, ......

MR. CARR: Move approval.
MR. CRANSTON: Second the motion and it is approved unanimously.

Item (j) Burrell Reed -- cancellation of grazing lease and issuance of certificate of restitution for unearned rent in the amount of $35.33; Kern County; land sold.

MR. HORTIG: In this instance, instead of sale of a portion of land under lease, all of it was authorized to be sold, so there is nothing left to be leased; and these certificates of restitution are provided for in the statutes.

MR. CARR: Move approval.

MR. CRANSTON: Second the motion -- action is taken unanimously.

Item (k) San Diego Gas and Electric Company -- deferment of operating requirements on Mineral Extraction Lease PRC 2094.1 for lease year ending 3/9/61. Further dredging not contemplated at this time but will be necessary within a two or three-year period.

MR. CARR: What is this about, Mr. Hortig?

MR. HORTIG: Actually, the only way the operations proposed by San Diego Gas and Electric could be authorized under statutes existing at the time and currently -- which was for the dredging of a channel to provide cooling water and for discharge of cooling water, as well as for an entrance channel for bringing fuel barges to the power plant -- was to issue a mineral extraction permit for removal of "X" cubic yards of sand and mud at an "X" royalty rate. In using that provision,
this carried along with it the circumstances that were particularly designed to cover a normal mineral extraction lease, wherein there is annual operating requirements.

Apparently, these operating requirements are not reasonably continuously applicable to a more unusual type of operation such as authorized here. Whether or not there will be additional dredging depends on whether or not San Diego Gas and Electric find it necessary to expand their power plant.

MR. CARR: Would the deferment of these operating requirements allow them to resume these operations at their convenience, or would it require approval?

MR. HORTIG: Again it would require specific approval by the staff and in the interim the company is again paying the minimum annual rental for the lands and, in addition, if any material is removed would pay for the material at the royalty bid rate.

MR. CARR: I move approval.

MR. CRANSTON: Second the motion. The action is taken unanimously.

Item (1) we have acted on already, so we come to item (m) -- Lindsey H. Spight -- approval of sublease, Contra Costa County, to Dunlap Wholesale Radio Company for operation of a two-way microwave relay station.

MR. HORTIG: I would like to add in supplement only that this utilization has been approved by the Division of Communications of the Department of Finance as not being
detrimental to the operation of any other State radio facilities in the vicinity.

MR. CARR: Is this subject to approval by the Communications Commission?

MR. HORTIG: Cooperatively it is. We do refer these all to your Communications Division.

MR. CARR: I mean the Federal Communications Division.

MR. HORTIG: Yes sir, these are F.C.C. licensed.

MR. CARR: They already have their license?

MR. HORTIG: Yes sir.

MR. CARR: Now, what does this do specifically? Does this give them a location on Mount Diablo?

MR. HORTIG: It would permit Dunlap Wholesale to put an antenna on an existing tower, which is located under a lease from the State Lands Commission to Lindsey Spight.

MR. CARR: Move approval.

MR. CRANSTON: Second the motion -- action approved unanimously.

(n) - Standard Slag Company -- two 25-year right-of-way easements over vacant school lands, San Bernardino County to serve their mine operations -- (1) 9-plus acres, total rental $325.25; (2) 8-plus acres, total rental $223.22.

MR. CARR: What is this, actually? Is this a tailings dump for this slag operation?

MR. HORTIG: Actually, Standard Slag Company operates a mine and this is for a right-of-way for a roadway to an
iron ore mine.

Mr. Carr: This is just an easement....

Mr. Hortig: ... for a roadway ...

Mr. Carr: ... for a roadway, not for dumping the slag or anything like that?

Mr. Hortig: Only for conducting mining operations on the State land, and by referring to the map on the following page, page 38, the Commission will see the remote location and the astounding absence of even trails in the area, as indicated by a current geological quadrangle sheet.

Mr. Carr: Move approval.

Mr. Cranston: Second the motion -- approved unanimously.

Item (o) - S. A. Tanner -- assignment to California Minerals Corporation of undivided one-half interest in mineral extraction leases, Fresno and San Bernardino Counties, and then there is itemized three leases.

Mr. Hortig: These are all existing mineral extraction leases that have been assigned or have been issued pursuant to competitive public bidding before, and it is proposed that there be approval of an assignment, which approval is required by the Commission if assignment is to be allowed, of half interest in these operations by the present lessee.

Mr. Carr: I move approval.

Mr. Cranston: I second the motion -- approved unanimously.
The next is City of Long Beach -- Project (a) --
Pier A East, Oil Area Drainage, second phase; estimated sub-
project expenditure from 3/7/61 to termination of $50,000, all
estimated as subsidence cost.

MR. HORTIG: This item represents one of the continu-
ing necessary projects of the Harbor Department in the City of
Long Beach. The locale of the operation is shown on the map
following page 44 and it is, therefore, recommended that the
Commission approve the cost proposed to be expended, subject
to the standard reservations that the amount ultimately to be
allowed as subsidence cost, if any, will be determined by an
engineering review and final audit subsequent to the time when
the work on the particular project is completed.

MR. CARR: I so move.

MR. CRANSTON: I second the motion -- approved
unanimously. That finishes that item and establishes a
world's record of sixty seconds for items on Long Beach.

Item 4 -- Authorization for lease offers for extrac-
tion of sand and gravel at minimum royalty of six cents per
cubic yard: (a) 9-plus acres tide and submerged lands in bed
of Noyo River, near Fort Bragg, Mendocino County, pursuant to
application of Baxman Gravel Company; item (b) -- one-plus
acres of tide and submerged lands in bed of Noyo River near
Fort Bragg, Mendocino County, pursuant to application of
Clarence J. Ponts.

MR. HORTIG: As reflected on pages 45 through 48 and
the accompanying charts, it is proposed there be authorization for advertising for competitive bids for sand and gravel extraction in specified portions of the bed of the Noyo River—all having been reviewed with the Department of Natural Resources, the office of the Attorney General, the Fish and Game Commission, the Regional Water Pollution Control Board, and the Corps of Engineers.

MR. CARR: That is a very imposing recital, Mr. Hortig. Have the salmon and the steelhead been personally approached on whether this is a romantic spot that they would hate to give up for purposes of spawning?

MR. HORTIG: It is our report from Fish and Game that this is not the case. Whether Fish and Game received this information from the salmon directly, I don't know.

MR. CARR: Shall we take the word of Fish and Game, Mr. Chairman, and approve this?

MR. CRANSTON: Yes.

MR. CARR: Have it show on the record we had the salmon and steelhead in mind here, will you please, Mr. Hortig?

MR. CRANSTON: You still haven't made a motion.

MR. CARR: Yes, I move we approve on the basis.....

MR. CRANSTON: Second. Item 5 -- authorization for Executive Officer to approve and have recorded sheets 1 through 4 of maps entitled "Plas of the Grant to the San Mateo County Harbor District, Vicinity of Half Moon Bay, San Mateo County, California," dated September 1960.
MR. HORTIG: The copy of the indexed plat following page 48 of your agenda is the result of a survey conducted, as required by statute, by the State Lands Commission of the tideland grant to the San Mateo County Harbor District. Under current statutes, grants by the Legislature are not valid until the area conveyed has been surveyed, monumented, platted and recorded by the State Lands Commission; and it is recommended that authorization be given for such approval and recordation.

MR. CARR: I don't quite understand this, Mr. Chairman. Would you explain what this procedure is, Mr. Hortig?

MR. HORTIG: Yes sir. Chapter 68 of the Statutes of 1960 granted to the San Mateo County Harbor District certain specified tide and submerged lands in trust, for operation by the Harbor District, subject to the conveyance being valid only when the area specified had been surveyed, monumented, platted and recorded by the State Lands Commission at the cost of the grantee.

MR. CARR: Now, is this -- does this represent ....

(Mr. Hortig indicating on map)

MR. HORTIG: This represents the summary sheet. As you note, it is sheet 1 of 4, but it represents the entire area. There are three more detailed survey sheets that would be recorded, Mr. Carr, but they are larger scale details of the total area which is reflected on this diagram.

MR. CARR: Within this triangle here?

MR. HORTIG: Yes sir. That's right -- these are the
grant boundaries as the Legislature specified them in the Statutes of 1960; and this, again, is one of those grants that now requires within ten years of the grant the Lands Commission shall make an investigation and report to the Legislature whether the grantees developed adequately within the limits of the grant, failing in which the lands would revert to the State; otherwise they will be permanently in trust lands of the San Mateo County Harbor District.

We have approximately six or seven similar grant bills for the same purpose already introduced at this session of the Legislature for various areas up and down the California coast. We had about six during the 1960 session.

MR. CARR: What is the San Mateo Harbor District required to do? What is their obligation?

MR. HORTIG: To develop a harbor.

MR. CARR: Now, is this harbor that they are supposed to develop this breakwater outlined here -- the west breakwater and the east breakwater?

MR. HORTIG: The breakwater is actually a Federal project, which gave impetus to the Harbor District.

MR. CARR: What will they do -- dredge....

MR. HORTIG: They will dredge and put harbor facilities inside the breakwater, and develop as much of a commercial harbor as it is feasible to do.

MR. CARR: What is the current situation? Has anything been started by the Federal authorities on the breakwater?
MR. HORTIG: Oh, the breakwater is in.

MR. CARR: Is it all in?

MR. HORTIG: Yes sir.

MR. CARR: What remains is to dredge this out?

MR. HORTIG: And provide landing docks and other transport facilities. As you see, there is one old pier in existence, which would be utterly inadequate for any reasonable amount of commercial development.

MR. CARR: I don't seem to see what the depth of water is in there. What is it? Do you have any figures on that?

MR. HORTIG: No sir, I do not; but, of course, having been a gently sloping and, weather-permitting, recreational beach prior to the time it was fenced in, considerable dredging would have to be undertaken in order to provide deep water access to any reasonable length piers.

MR. CARR: Move approval.

MR. CRANSTON: Second the motion and action is unanimously taken.

Item 6 -- Authorization for Executive Officer to execute an interagency agreement with the Colorado River Boundary Commission, providing for rendering of engineering, administrative and other services to the Boundary Commission for the 1960-61 fiscal at a cost not to exceed $5,000.

MR. CARR: I move approval.

MR. CRANSTON: Second the motion. Action is
accepted as unanimous.

Item 7 -- Confirmation of transactions consummated by Executive Officer pursuant to authority confirmed by the Commission at its meeting on October 5, 1959.

MR. HORTIG: Pages 50 to 52 list the contracts entered into and extensions granted for permits previously authorized by the Commission and approval of assignments of previously existing grazing leases, which were approved by the Executive Officer under the delegation of authority -- for which actions confirmation is recommended.

MR. CARR: I move approval.

MR. CRANSTON: Second the motion. The action is thus taken unanimously.

We have acted on Item 8. So we go to Item 9 -- report on status of major litigation.

MR. HORTIG: ... which, as headed, is informative only and lists the continuing actions which have been filed and the principal actions in which the State Lands Commission is involved.

I wish to supplement the report on the U. S. versus Anchor, which is the first case listed, because, as stated, the United States has filed a motion to dismiss approximately 120 private defendants. At the time this report was prepared that was set for February 28th. On February 28th, this motion was presented, was granted; but the documentation by the United States reported to the court continued diligence by the
United States in bringing the balance of the defendants to trial and the press report hereon indicated that the special U. S. attorney indicated that the action might go to trial as to the remaining defendants by the end of this calendar year. Of particular interest, of course, is the fact that the State is one of those remaining defendants.

MR. CARR: But there has been no interrogatory served on the State?

MR. HORTIG: Not filed with the State of California, no sir.

MR. CARR: No action required ....

MR. HORTIG: ... because the gist of the report is to keep you informed.

MR. CRANSTON: Is there any action to take on Hermosa Beach?

MR. HORTIG: There is no action the Commission can take.

MR. CRANSTON: Do we have to make a determination one way or the other whether there can be a rescission of the Hermosa Beach contract?

MR. HORTIG: This is a possibility, but this requires further discussion with the Office of the Attorney General.

MR. CRANSTON: But there is no action on that on the basis of this?

MR. HORTIG: No sir.

MR. CRANSTON: Nothing else under Item 9?
MR. HORTIG: No sir.

MR. CRANSTON: Do you have any other supplemental calendar items?

MR. HORTIG: No sir.

MR. CRANSTON: I would like to suggest that we have on our agenda at the next session, if there is time, consideration and a brief review of our calendaring procedures, primarily along this line -- are we too inflexible in these procedures and can we be more flexible in regard to the time schedules and the deadlines of parties to get on our calendar? Can we be any more flexible with regard to the ability of the staff to consider the matters before us and advance notice needed for the Commission? I am not certain we are doing this exactly right and I'd like to have a discussion of it. So may we have that on the calendar?

MR. HORTIG: Yes sir.

MR. CRANSTON: Then we are ready for the decision on the next Commission meeting, which is presently scheduled for Wednesday, April 12th, at 10 a.m., in Sacramento. If there is no objection to that date, that will stand and that's when we will next meet.

The meeting now stands adjourned.

ADJOURNED 11:22 A.M.

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DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing forty-three pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Sacramento, California, on March 7, 1961.


[Signature]