TRANSCRIPT OF MEETING of
STATE LANDS COMMISSION
LOS ANGELES, CALIFORNIA
JUNE 22, 1961

PARTICIPANTS:

THE COMMISSION:

Hon. Alan Cranston, Controller, Chairman
Hon. Glenn M. Anderson, Lieutenant Governor
Hon. John E. Carr, Director of Finance

Mr. F. J. Hortig, Executive Officer
Mr. Don Rose, Executive Secretary to Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Howard S. Goldin, Assistant Attorney General

APPEARANCES:

Mr. Gerald Desmond, City Attorney of the City of Long Beach
<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON PAGE OF CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) U.S. Army, Corps of Engineers</td>
<td>12</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>2 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Calif. Minerals Corp. and S. A. Tanner</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>(b) Phillips Petroleum Co.</td>
<td>22</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>(c) Richard B. &amp; Constance Shelley</td>
<td>19</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>(d) Carl Hemmeter</td>
<td>18</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>(e) Arthur &amp; Beatrice Olson</td>
<td>21</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>(f) Docal, Inc.</td>
<td>25</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>(g) M &amp; H Oil Corp.</td>
<td>17</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>(h) Milton Oil Corp.</td>
<td>15</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>(i) Reading Oil Corp.</td>
<td>16</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>(j) R. E. Oliver</td>
<td>20</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>(k) Union Offshore Corp.</td>
<td>10</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>(l) Union Offshore Corp.</td>
<td>11</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>(m) Utah Const. &amp; Mining Co.</td>
<td>13</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td><strong>MOTION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 CITY OF LONG BEACH PROJECTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Maintenance and operation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of tideland beaches and facilities 1961-62 Fiscal yr. 3</td>
<td></td>
<td>19</td>
<td>4</td>
</tr>
</tbody>
</table>

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON PAGE OF CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 CITY OF LONG BEACH PROJECTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Pier F, Wharf Constr.</td>
<td>2</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>6 and 7</td>
</tr>
<tr>
<td>4 SALES OF VACANT STATE SCHOOL LAND</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Andrew Dalman</td>
<td>4</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>5 Authorization to issue permit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Pacific Co. for deposition fill</td>
<td>27</td>
<td>30</td>
<td>17</td>
</tr>
<tr>
<td>on 5.45 acres T&amp;S lands Carquinez Strait</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>6 Authorization to execute service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>agreement City of Oakland</td>
<td>1</td>
<td>34</td>
<td>20</td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>7 Authorization to approve plat</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portion Sec. 23 and 24, San Joaquin</td>
<td>24</td>
<td>35</td>
<td>21</td>
</tr>
<tr>
<td>County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>8 DATA PROCESSING PROGRAM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Authorization to request</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>deficiency authorization</td>
<td>7</td>
<td>36</td>
<td>23</td>
</tr>
<tr>
<td>$19,360 - G15 Bendix Computer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorization to request</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) deficiency authorization</td>
<td>8</td>
<td>39</td>
<td>23</td>
</tr>
<tr>
<td>$10,465 for completion of installation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and continue operation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in Sacramento Office 1961-62</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>ITEM CLASSIFICATION</td>
<td>ITEM ON CALENDAR</td>
<td>PAGE OF CALENDAR</td>
<td>PAGE OF TRANSCRIPT</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------</td>
<td>------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>9 Authorization for deficiency authorization $3,320 covering cost unbudgeted relocation expenses L. A. office</td>
<td>9</td>
<td>41</td>
<td>29</td>
</tr>
<tr>
<td>10 Confirmation of transactions of Executive Officer:</td>
<td>6</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Roy Hunter</td>
<td></td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Kern County Land Co.</td>
<td></td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>11 INFORMATIVE ONLY:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Report on proposed ocean-floor oil well completion Standard Oil, Santa Barbara County</td>
<td>14</td>
<td>45</td>
<td>30</td>
</tr>
<tr>
<td>(b) Status of legislation, 1961 Session</td>
<td>23</td>
<td>46</td>
<td>41</td>
</tr>
<tr>
<td>(c) Status of major litigation</td>
<td>26</td>
<td>47</td>
<td>42</td>
</tr>
<tr>
<td>12 NEXT MEETING</td>
<td></td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>13 SUPPLEMENTAL CALENDAR:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application City of Long Beach for expenditure of tideland oil revenues for maritime and commerce museum site construction phase of shoreline development project</td>
<td>28</td>
<td>49</td>
<td>1</td>
</tr>
<tr>
<td>MOTION</td>
<td></td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

****
<table>
<thead>
<tr>
<th>ITEM</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
<th>ITEM</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>34</td>
<td>20</td>
<td>19</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>26</td>
<td>5</td>
<td>20</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>19</td>
<td>4</td>
<td>21</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>28</td>
<td>15</td>
<td>22</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
<td>8</td>
<td>23</td>
<td>46</td>
<td>41</td>
</tr>
<tr>
<td>6</td>
<td>43</td>
<td>30</td>
<td>24</td>
<td>35</td>
<td>21</td>
</tr>
<tr>
<td>7</td>
<td>36</td>
<td>23</td>
<td>25</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>39</td>
<td>23</td>
<td>26</td>
<td>47</td>
<td>42</td>
</tr>
<tr>
<td>9</td>
<td>41</td>
<td>29</td>
<td>27</td>
<td>30</td>
<td>17</td>
</tr>
<tr>
<td>10</td>
<td>13</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>15</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>1</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>17</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>45</td>
<td>30</td>
<td></td>
<td></td>
<td>NEXT MEETING</td>
</tr>
<tr>
<td>15</td>
<td>10</td>
<td>12</td>
<td></td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>16</td>
<td>11</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>9</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>6</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MR. CRANSTON: The meeting will please come to order.

The Chair would like to announce one new policy which we will seek to follow on the Lands Commission -- which will be to take up matters first where there are people in the room who want to testify or have a particular interest, so they don't have to sit through matters where nobody has bothered to come or they have no interest; and in accordance with that procedure we will now take up Supplemental Calendar Item 28 and if anybody else has anything they would like to have handled early, if they will send up word to the desk we will take care of those items after this item.

Supplemental Calendar Item 28 is an application of the City of Long Beach for expenditure of tideland oil revenues for maritime and commerce museum site construction phase of shoreline development project - LBWO 10,138. Frank?

MR. HORTIG: Mr. Chairman, as you and Commissioner Carr are aware, there have been pending before the State Lands Commission an application by the City of Long Beach for authorization to expend a portion of its share of the tideland revenues of the City of Long Beach for the development of a shore line project authorized in general by charter amendment of the electorate of the City of Long Beach, and as to a specific portion thereof for which application has been filed with the State Lands Commission, have proposed a maritime and commerce museum, which in turn would be located upon a filled area in currently water-bearing tide and submerged lands fronting on
the City of Long Beach -- the filled area to serve initially basically as the foundation area for the proposed maritime and commerce museum. The stated primary purpose of the museum is the promotion of interest and understanding of maritime affairs, including commerce, transportation, shipping, navigation and naval operations, with the objective of promoting the development of the Port of Long Beach; and the additional facilities which would be proposed to be installed on fill areas include a new public beach, a lagoon, parking areas; and this is analyzed in the opinion of the Office of the Attorney General as being within the express trust purposes of the previous State grant of tide and submerged lands to the City of Long Beach.

At this point, then, it is stated in the opinion that the State Lands Commission may properly approve the requested expenditure provided the Commission is satisfied in its own independent judgment that the City has reasonably determined that such a museum is necessary or convenient for the promotion of commerce and navigation -- and it is submitted that the record shows that the City has reasonably determined such necessity and convenience; secondly, that the Commission must also be satisfied that the technical plans submitted by the City are reasonable and adequate, and it is stated specifically that the Commission should not approve expenditures for actual construction prior to independent Commission review as to adequacy and feasibility of these specific construction plans.

*Governor Anderson came in at this point.
Inasmuch as such construction plans have not yet been prepared by the City, they of course have not as yet been submitted to the State Lands Commission. The opinion of the Office of the Attorney General suggests that there is no objection to authorizing the City to spend a designated amount of money to hire professional help to prepare the descriptions of the proposed structure.

On these bases, then, it is the staff recommendation that the Commission approve in principle the application of the City of Long Beach, pursuant to the authority of Chapter 29, Statutes of 1956, First Extra Session, to construct a site for a proposed maritime and commerce museum, and specifically to approve an expenditure subsequent to June 22, 1961 of not more than $500,000 from the City's share of the tideland oil revenues for engineering site investigations, design, contract administration and advertising, and similar preconstruction work necessary for the construction of the first phase of the shoreline development project, which is primarily a site for a proposed maritime and commerce museum.

This approval would be subject to the condition that the work would conform in essential details to the plans and background material heretofore submitted to the Commission for approval and that all costs herein considered are for expenditures on tide and submerged lands.

MR. CRANSTON: You have heard the staff recommendation. Is there a motion?
GOV. ANDERSON: So move.

MR. CARR: Second.

MR. HORTIG: Mr. Chairman, the representatives of the City of Long Beach, as you are aware, are present here today if there is any amplification that the Commission desires on this matter.

MR. CRANSTON: There doesn't appear to be any controversy on the matter, but does anyone wish to speak to it?

MR. DESMOND: We have nothing unless there are questions.

MR. CRANSTON: If not, we are ready for the question and the motion has been made, duly seconded, and without objection it is carried unanimously.

Have any requests come to you, Frank, for any other items to be taken ahead of time?

MR. HORTIG: No -- unless that piece of paper you have .......

MR. CRANSTON: We may as well take up the other items for Long Beach under Classification 3. Pages 19 to 25 on the calendar: Project (a) is maintenance and operation of tideland beaches and facilities during 1961-'62 fiscal year. Frank?

MR. HORTIG: Mr. Chairman, the two items just referenced are the normal monthly applications which are necessary for prior approval for disbursement of funds from the City's share of tideland revenues for maintenance, operation and
construction of facilities within the City of Long Beach for which specific provision is made in Chapter 29 of the Statutes of 1956 -- requiring, for the expenditure of tideland funds, advance approval by the State Lands Commission; and, as to subsidence elements which may be included in these operations, State participation of twenty-five per cent in the cost of those elements which are, in fact, subsidence elements.

It will be noted from the calendar item appearing on pages 19 to 25 the requested approval is for an amount of $654,000, with a potential or prospective approval of $107,000 for items on which the Office of the Attorney General has yet to inform the State Lands Commission as to the legal applicability for approval under Chapter 29. The items proposed within the total amount of $107,000 are items for which application is being made by the City of Long Beach for the first time and are of such a nature they have not been studied as to whether or not they are within legal approval by the State Lands Commission. However, since these expenditures will start—whether they are to come ultimately from City tideland funds or from the City's general municipal funds, they are to start July 1 and hence if it should be determined in the future that the Commission can legally approve them, it is desirable that the City have this advance approval at this meeting in order that all funds expended after July 1 will have been approved.

The calendar item appearing on pages 26 and 27 relates to wharf construction, as noted, on Pier F -- of which it is
estimated that approximately eight per cent of the construction costs are additional elements included as subsidence costs and it is in that eight per cent that the State would participate. The approval, again, is in the heretofore standard form that the amount ultimately to be allowed will be determined upon final audit and engineering review after the work is actually completed.

Approval of both items is recommended in accordance with the listed staff recommendations.

MR. CRANSTON: Motion is in order.

MR. CARR: Mr. Chairman, I move the approval of items (a) and (b), Long Beach projects.

GOV. ANDERSON: Second.

MR. CRANSTON: Is there any comment from anyone present?

MR. GOLDIN: Mr. Cranston, Mr. Desmond, the City Attorney of Long Beach, has authorized me to advise the Commission that it will not use the Commission's conditional approval of this $107,000 requested expenditure against the State in any manner should the Office of the Attorney General subsequently disapprove the propriety of its spending tidelands moneys for any requested item or items covered by that. Have I accurately stated that, Mr. Desmond?

MR. DESMOND: Gerald Desmond, City Attorney, City of Long Beach. That is correct. Mr. Chairman and members of the Commission, as Mr. Goldin stated, we understand the action
proposed by the Commission this morning.

So I will not have to take your time later, we do appreciate your taking these matters up earlier. We particularly want to thank the staff and Attorney General's Office for having the supplemental item on the calendar; and, lastly, because we know this is Mr. Carr's last meeting and we of Long Beach are, of course, very proud of the record he set in State government, we wish him well in the future.

MR. CRANSTON: Do you have any comments, Mr. Carr?

MR. CARR: No comment.

MR. CRANSTON: Thank you very much.

MR. CARR: Thank you, Jerry.

MR. CRANSTON: We will now proceed to the regular order: Item Classification 1 is permits, easements, rights-of-way to be granted.

MR. HORTIG: Mr. Chairman, may I suggest there is no specific vote on record by the Commission of these last two items.

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

Item Classification 1 -- Permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute: Application (a) is U. S. Army, Corps of Engineers -- approval of revision of legal description in Lease P.R.C. 2677.9 covering north and south jetties at Bodega Bay Harbor, Sonoma County.
MR. HORTIG: This item, Mr. Chairman, is exactly as stated. They desire to move the legal description of the authorized area of tide and submerged lands under the jetties where the Army Engineers have actually constructed them. They didn't construct them where the Commission originally authorized them by a matter of a few feet.

MR. CARR: So move.

GOV. ANDERSON: Second.

MR. CRANSTON: Any comment? (No response) If not, that item is approved unanimously.

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

(a) California Minerals Corporation and S. A. Tanner -- deferment of operating requirements under Mineral Extraction Leases P.R.C. 1511.2 and P.R.C. 1512.2, Fresno County, for lease year ending April 27, 1961. Is there any comment on that item? (No response) If not ...

item (b) Phillips Petroleum Company -- deferment of drilling requirements under Oil and Gas Lease P.R.C. 2205.1, Naples Field, Santa Barbara County, to February 10, 1962. Any comment on that?

MR. HORTIG: Yes, particularly to Governor Anderson, because the application was for a deferment for one year, and in compatibility with your prior analyses of deferment requests on oil and gas leases, the staff recommendation is that this
deferment be granted only for a period of six months — with the obvious understanding that if there are factors which are developed during that six-month period which would justify an application for further deferment, that this would again be heard by the State Lands Commission.

Actually, under the basic terms of this lease, the Phillips Petroleum Company is ahead of total development schedule, having started development earlier, in fact, than required by the lease; but there is a minimum amount of time specified between drilling successive wells, which would be exceeded at the present time if no further well is initiated; and rather than proceeding to drill an additional well at this time, it is preferred and has been requested that an opportunity be given to complete analyses of all exploration work from core drilling operations on adjoining areas, as well as the development work which has already been completed under this lease, in order to select an optimum location for the next well to be drilled under the lease. Wells that have actually been drilled are in operation and are producing and, as I stated, from a required time schedule basis, the lessee, Phillips Petroleum Company, as of this date is actually ahead of the required minimum time schedule required by the lease.

GOV. ANDERSON: You don't feel this is just an attempt to delay?

MR. HORTIG: No sir. It is a justifiable study period and the recommendation of the staff is to permit selecting...
what may be a more optimum location for the next well, rather
than having to select one arbitrarily to comply with the time
schedule -- which time schedule, when it was issued in 1958,
couldn't be set with precision as against geological factors
which were then unknown.

MR. CRANSTON: Any further comment? (No response)

If not ....

Item (c) -- Richard B. and Constance J. Shelley -
ten-year renewal of recreational ark site lease, tide and
submerged lands of Petaluma Creek at Black Point, Marin County,
effective October 1, 1960; annual rental, $65.

MR. HORTIG: Mr. Chairman, may I offer an amendment
in the resolution as stated on page 5 for this item, which
should read:

"It is recommended that the Executive Officer be
authorized to issue a new recreational type lease of certain
tide and submerged lands of Petaluma Creek at Black Point,
Marin County, to Richard B. and Constance J. Shelley for a
ten-year period beginning October 1, 1960, at an annual rental
of $65, without any option to renew. The lease area is
described as follows ..."

and the lease area is still as described on page 5.

The reason for the amendment is, as the Attorney
General's office called it to our attention yesterday, despite
the fact that a prior lease was issued for ten years with
ostensibly two renewal periods of ten years each, back in 1950,
this is contrary to the basic statutory authorization, which limits recreational leases to a maximum ten-year period — therefore the amended recommendation on this item.

GOV. ANDERSON: What is the difference between a recreational lease and an ark site lease? I see in this one you call it a "recreational ark site lease" and the next two you simply call them "ark site" leases.

MR. HORTIG: This is simply a non-uniformity.

GOV. ANDERSON: We are talking about the same item?

MR. HORTIG: We are talking about the same item — except, peculiarly, the next two items that you note were for a ten-year period and in their initial issuance they did not have this ten-year option to renew.

GOV. ANDERSON: I was wondering if we gave any special compensation or rate for a recreational site?

MR. HORTIG: The only statute we have limits it to the ten-year period — which, however, is subject to a bill in the last Legislature not yet signed by the Governor, in which the terms may be increased to fifty years.

MR. CRANSTON: If there is no comment, the item will be considered in its amended form.

Item (d) Carl Hemmeter — ten-year ark site lease, tide and submerged lands, Petaluma Creek, Black Point, Marin County; annual rental, $65. If there is no comment on that...

Item (e) Arthur S. and Beatrice E. Olson — ten-year ark site lease, tide and submerged lands, Petaluma Creek, Black
Point, Marin County; annual rental, $65;

And item (f) Docal, Inc. -- Approval of assignment....

MR. HORTIG: Excuse me, Mr. Chairman, but with reference to items (c), (d) and (e) which you just read, and with particular reference to the question raised previously by Commissioner Carr, these are all recommended after a definite statement of nonobjection on the part of the Marin County Planning Department.

MR. CRANSTON: Item (f) -- Docal, Inc. -- Approval of assignment to Douglas Oil Company of California of Oil and Gas Lease P.R.C. 1524.1, Huntington Beach Oil Field, Orange County. Any comment on that? (No response) If not ..

Item (g) M & H Oil Corporation -- Approval of assignment to Hammil Oil Corporation of Oil and Gas Lease P.R.C. 986.1, Huntington Beach Oil Field, Orange County.

Item (h) Milton Oil Corporation -- Approval of assignment to Hammil Oil Corporation of Oil and Gas Lease P.R.C. 985.1, Huntington Beach Oil Field, Orange County.

Item (i) Reading Oil Corporation -- Approval of assignment to Hammil Oil Corporation of Oil and Gas Lease P.R.C. 977.1, Huntington Beach Oil Field, Orange County.

GOV. ANDERSON: Why are these being assigned at this time? There must be some reason.

MR. HORTIG: Yes sir. It is the intent of the Hammil Oil Corporation, who will receive these wells for operation, to consolidate all their operations and possibly dispose of the
other remaining paper corporations after their only asset, these individual wells, have been transferred. Actually, the corporate ownership of all of these wells is one corporation...

GOV. ANDERSON: In fact, the Hamill Corporation has been the controlling element at all times?

MR. CARR: Is that a California corporation?

MR. HORTIG: Yes.

MR. CRANSTON: Item (j) R. E. Oliver — "approval of assignment from Rose I. Moore of Corte Madera Ark Site Lease No. 9, Corte Madera Canal, Marin County.

Item (k) — Union Offshore Corporation — Approval of assignment to Runnels Gas Products Corporation of partial interest in Oil and Gas Lease P.R.C. 2205.1, Santa Barbara County.

Item (l) Union Offshore Corporation — Approval of assignment to Runnels Gas Products Corporation of partial interest in Oil and Gas Lease P.R.C. 2207.1, Santa Barbara County.

GOV. ANDERSON: Is this the same story with Union Offshore and the Runnels Corporation?

MR. HORTIG: They acquired an interest in connection with the issuance of the lease initially and they are simply selling their interests. They are a minority interest holder in the operation. Actually, these are leases operated by Phillips Petroleum and Mr. Edwin W. Pauley.

GOV. ANDERSON: Assigning to the Runnels Gas Products Corporation?
MR. HORTIG: That's right -- from Union Offshore Oil, who were included in the original group of lessees, which are listed, for example, on page 14. As you will see, originally there were some forty-two joint bidders that were involved and the interest which was acquired at that time by Union Offshore, Union Offshore now desires to dispose of to Runnels Gas Products Corporation; and the statutes provide that any of these leases may be assigned in whole or in part.

GOV. ANDERSON: I just wanted to inquire why they were making these transfers.

MR. HORTIG: As you will appreciate, Governor, a great majority, it probably can safely be said, of these types of transfers are related to the tax position of various companies.

MR. CRANSTON: Item (1) Union Offshore Corporation -- Approval of assignment to Runnels Gas Products Corporation of partial interest in Oil and Gas Lease P.R.C. 2207.1, Santa Barbara County.

Item (m) Utah Construction and Mining Company -- Approval of termination and cancellation of Lease P.R.C. 1689.1 and acceptance of quitclaim deed, and authorization for refund of $8,841.75 representing performance surety deposit, pursuant to request of lessee and in conformance with terms of the lease.

MR. HORTIG: Mr. Chairman, as outlined on pages 17 and 18, Utah Construction had leased from the State Lands Commission in 1956, 379 acres of tide and submerged lands in Carquinez Strait, adjacent to Martinez, in anticipation of
filling and developing industrial sites. The corporation has
now decided not to proceed with that operation, having paid,
however, all the intervening rentals; and under the terms of
the lease as authorized in 1956 at their option it may be
terminated, having paid all rentals up to the date of termina-
tion.

They have furnished, in connection with the issuance
of the lease, as a guarantee amount against future payments of
rent and any damages that might have been suffered by the State,
$8,841.75 as a performance bond. They have now elected to
terminate and not proceed with this project and, therefore, it
is proper -- all rentals having been collected, the State hav-
ing suffered no damage, the State lands remaining in the condi-
tion they were when they were first leased, Utah Construction
having paid the rentals, the lease being terminated -- it is
proper there be acceptance of the termination and authorization
for the refund of the guarantee deposit.

MR. CRANSTON: If there is no question or comment,
motion is in order to approve all items under Item Classification
2.

GOV. ANDERSON: I so move.

MR. CARR: Second.

MR. CRANSTON: Moved, seconded, as recommended --
one item having been amended.

Item Classification 4 -- Sales of vacant State school
lands: Item (a) Andrew Dalman -- appraised value and bid $2,280.
MR. HORTIG: Mr. Chairman, if the Commission will bear with me, you gentlemen do not have before you the amended calendar item -- an amendment I will explain, this having resulted from the last conference before the meeting on this calendar item having been completed yesterday with the Office of the Attorney General and Mr. Goldin. Despite the earlier opinion of the Attorney General attached, it appears this opinion does not apply directly to the facts that are here applicable and, therefore, it is felt that in view of the record -- Mr. Dalman having previously offered or met a high bid of $2,568, that by meeting that high bid the second bid has been rendered a nullity. Mr. Dalman, having met the high bid, may be authorized to acquire these lands at the high bid of $2,568, only inasmuch as this revision had not yet been transmitted to Mr. Dalman it is suggested that the Commission authorize the sale to Mr. Dalman if he is willing to accept the land at $2,568 and with the understanding that the Commission will consider cancellation and withdrawal of his application if he desires not to complete this transaction.

MR. CRANSTON: I am glad you have done that. I was going to object to this particular item. Motion is in order to approve the revised recommendation of the staff.

MR. CARR: I move approval of the revised recommendation of the staff.

GOV. ANDERSON: Second.

MR. CRANSTON: Is there any discussion? (No response)
If not, the matter is approved unanimously.

Frank, I would like to ask that we review the policy that permits withdrawal of bids. It seems to me there is some opportunity for collusion. I don't think it happened here, but it could occur. It seems to me we should review it -- as to whether we ever want that to happen.

MR. HORTIG: Of course, we are processing to completion only a limited number of applications; and in establishing any new policies of the Commission this will be a definite recommendation.

MR. CRANSTON: Let's review that particular matter.

Item 5 -- Authorization for Executive Officer to issue permit to Southern Pacific Company for deposition of approximately 125,000 cubic yards of fill material on 5.45 acres State submerged lands in Carquinez Strait near Selby, Contra Costa County.

MR. HORTIG: Mr. Chairman, this is an unusual situation, where the Southern Pacific Railroad Company, with a railroad track going through a tunnel immediately adjoining tide and submerged land, finds it desirable to eliminate the tunnel by cutting away the mountainside in order to provide greater clearance for freight loads than can now be handled through the tunnel. The material that would be cut away from the tunnel is excellent fill material and could and would be used, if approved by the State Lands Commission, by the Southern Pacific Company on tide and submerged lands in such a manner as to
result in a filled area, which has a higher lease market value for an industrial site or development sites than unfilled lands; and in these circumstances it is recommended the Southern Pacific Company be given authorization, a permit, to fill approximately 5.45 acres of tide and submerged land -- which, after being filled, would of course still be under the jurisdiction of the State Lands Commission and would be leasable by the State Lands Commission -- subject to the conditions that the permit shall provide the area limits within which the material would be deposited, as outlined on page 31; that no material shall be deposited outside the established United States bulkhead line, which is necessary to comply with the requirements of the U. S. Corps of Engineers.....

MR. CARR: How far is the bulkhead line from this railroad track?

MR. HORTIG: It is waterward of the railroad track.

MR. CARR: But how far out has the bulkhead line been established by the U. S. Army?

MR. HORTIG: This is shown on the second map following the item. It is Exhibit 27(b) and if I read the dimensions correctly, 2,000 feet out.

MR. CARR: Does that mean a possibility, then, of accretion to the State of that area in there between the bulkhead line and ....

MR. HORTIG: Well, the area between the present shore line and the bulkhead line .....
MR. CARR: ... is already State land?

MR. HORTIG: It is State-owned land and would be filled State land after filling.

GOV. ANDERSON: Is that the shaded area?

MR. HORTIG: That's the shaded area.

GOV. ANDERSON: In both Parcel 1 and 2?

MR. HORTIG: Both in Parcel 1 and 2. (continuing with recommendation) ... that the permit would require that all material deposited below water level shall be reasonably hard, stable and free from silt. All silty, decomposed or soft material shall only be deposited above water level.

Material deposited shall have a finished elevation consistent with adjacent property (which is a sewage treatment plant, incidentally, of the adjoining City of Crockett); and then a revision of permit condition 5 requested and agreed to by the Department of Fish and Game for whom this was first made, that the fill shall be deposited in such manner that pollution or turbidity shall not be evident a distance of one-half mile above or below the fill area, and the contractor shall cooperate with the State agencies which have jurisdiction to require compliance with this condition.

And, as a condition of the permit, the Southern Pacific Company would grant roadway and utility easements over its land to the filled State lands, upon such reasonable terms and conditions as the prevailing market warrants at the time of application by the State or its lessee. 
And this would result, therefore, in a filled parcel of land and submerged land with railroad tracks on one side and deep, navigable water on the other — which, of course, would make it potentially high appraised value industrial or commercial site.

GOV. ANDERSON: There is no proposed disposition of the filled lands at this time?

MR. HORTIG: No sir. That's right.

GOV. ANDERSON: It is under the control ....

MR. HORTIG: ... of the Commission to lease under such terms and conditions as the Commission wants to approve.

GOV. ANDERSON: Is there access in addition to over the railroad?

MR. HORTIG: No sir. As it is now, actually the State tidelands are accessible only from the water side because between privately owned uplands and the water there is no road, but access to this location would be granted by the Southern Pacific as a condition of this arrangement.

MR. CARR: Move approval.

GOV. ANDERSON: Second.

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

Item 6 -- Authorization for Executive Officer to execute service agreement with City of Oakland, Alameda County, providing for surveying services to be rendered pursuant to provisions of Statutes of 1960, Chapter 15, at Commission's
actual costs but not to exceed $2,000.

MR. HORTIG: As the Commission will recall, there have been periodic grants of tide and submerged lands or amendments to prior grants of tide and submerged lands by the Legislature to various municipalities, which, under current statutes, require a survey by the State Lands Commission at the cost of the grantee. This item recommended would provide for such a survey in connection with a grant to the City of Oakland that was provided in the statutes of 1960. Parenthetically, and for future forecast, there are potentially upwards of a dozen of this type of situation which will result from the Governor's signature of tide and submerged land grants which have been passed by the last session of the Legislature, which will have to be surveyed in the future by the State Lands Division.

MR. CRANSTON: Motion is in order.

GOV. ANDERSON: So move.

MR. CARR: Second.

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


MR. HORTIG: Under Section 27564 of the Government Code -- and this comes as a surprise to the land surveyors --
it is required that all surveys which cross or adjoin lands
owned by the State shall be submitted to the State Lands Com-
mission for approval. In the subject instance an area of
privately owned lands adjoining the Stanislaus River was sur-
veyed and the bed of the Stanislaus River, which is here
navigable, is under the jurisdiction of the State Lands Com-
mision. Therefore, prior to acceptance for recordation of
the survey, it is recommended that the Lands Commission approve
the proposed survey as reflecting correctly the area which is
under the jurisdiction of the Lands Commission.

This survey has been reviewed as to technical suf-
ficiency by the State Lands Division and it is pointed out
that this is only a survey of the Stanislaus River as it existed
at the time of the survey and it is not a survey which fixes
the boundary of State lands for all times on this portion of
the Stanislaus River, because the Stanislaus River can still
move gradually and imperceptibly by natural means.

It is recommended that the Executive Officer be auth-
orized, pursuant to the Government Code, to approve the plat,
so that the plat can be recorded.

GOV. ANDERSON: You approve only the plat -- not
the survey?

MR. HORTIG: That's right.

GOV. ANDERSON: In other words, you don't have to go
cut in the field on a thing like this?

MR. HORTIG: No sir. This was an office check as
23
against the records of the Lands Commission.

GOV. ANDERSON: What does it cost you to do this each time?

MR. HORTIG: This, of course, is going to depend entirely on how much area, how many feet of survey line, are involved.

GOV. ANDERSON: For example, how much did this cost? This looked like quite a bit.

MR. HORTIG: Actually, from the standpoint of a fast office compilation and review, I have no specific amount.

GOV. ANDERSON: What do we charge for this?

MR. HORTIG: We do not. We have no basis for charging.

GOV. ANDERSON: There is no fee?

MR. HORTIG: There is no fee. It is a requirement of the Government Code and this is part of the operating costs of the State Lands Division Engineering Section, for which operating funds are approved in the budget.

MR. OTTOSON: We wanted that -- Government Code Section 27564, is that right?

GOV. ANDERSON: Move it.

MR. CARR: Second.

MR. CRANSTON: Moved, seconded and approved unanimously.

Item 8 -- (a) Authorization for Executive Officer to submit request to Department of Finance for deficiency authori-

zation in amount of $19,360, to provide funds, and to execute
a lease-rental agreement with the Bendix Corporation, Computer
Division, for rental of a C15 Bendix Computer for period July
1, 1961 through June 30, 1962, at rental of $1,530 per month.

Item (b) Authorization for Executive Officer to submit request to Department of Finance for deficiency authorization in amount of $10,485, to provide funds for completion of the installation, and to continue operation of data processing equipment in the Sacramento office during the fiscal year 1961-'62.

GOV. ANDERSON: Does that mean we spent more money than we should have?

MR. HORTIG: No sir.

GOV. ANDERSON: I thought that was only the Lieutenant Governor's office did that.

MR. HORTIG: Mr. Chairman, I will consider the items in reverse order from the manner in which they are listed. The Commission will recall, in connection with the moratorium on State lands adopted by the Commission May 24, 1960, it was suggested that there would probably be a necessity for the establishment of data processing equipment in the land title record section in Sacramento in order to make it mechanically feasible to develop the analyses, reports and indices of the State lands, in order that the Commission could determine a proper future policy with respect to disposal of vacant State lands.

The amount of equipment determined to be necessary
was determined by the Division of Organization and Cost Control in the Department of Finance and was recommended and previously approved by the State Lands Commission for installation in Sacramento, but the survey report from the Department of Finance wasn't received by the Commission until December 20, 1960 and as a consequence, with slow deliveries, a considerable portion of the funds as reflected on page 40 (as you will see, the starred items were items provided for previously, approved but not expended during 1960-'61 due to delay in starting the project) and the balance of the funds indicated thereon as necessary are necessary to run the completely installed system for 1961-1962 -- which could not be provided for in the prior budget because the cost estimates and the specifications for the equipment to be used were not received until December 20, 1960.

So what the recommendation is, is that there be an approval for a request for a deficiency allocation which, it had been suggested by Director Carr, would be considered for approval when these data were known; and they are known, and it is estimated that $10,485 will permit completion of the installation of the system in Sacramento and provide operating funds for the fiscal year 1961-'62. For 1962-'63, these comparable funds will be provided in the operating budget of the Commission.

The second phase -- The Organization and Cost Control Division had for two years under study the matter of whether
or what kind of processing equipment should be installed, primarily for processing engineering work of the State Lands Division at the Los Angeles headquarters, as well as ultimately adapting such equipment to other data processing for the Commission.

On May 26, 1961 a supplemental report was received from the Department of Finance, indicating the need for and specifying the type of equipment -- or recommending the type of equipment would be a Bendix G15 electronic computer with certain satellite equipment which could be installed and operated for 1961-'62 for a total cost of $19,360.

Both of these items (a) and (b) and in the amount specified having been unavailable to be included in budgets of the Lands Commission heretofore, are therefore recommended for approval for request to the Director of Finance for deficiency allocation to cover.

MR. CRANSTON: This motion should most appropriately come from Mr. Carr.

GOV. ANDERSON: Tell me the difference between a deficiency authorization and a deficiency allocation, because I see you are talking about a deficiency authorization in one part and a deficiency allocation here. Is this money we are spending in this fiscal year or money we are going to be spending in the next year? What is this?

MR. CARR: This is money that couldn't be spent.

This is an authorization to request the Department of Finance
for money to cover this installation.

GOV. ANDERSON: Have we spent it already?

MR. HORTIG: No sir.

GOV. ANDERSON: We have not spent it already?

MR. CARR: No.

GOV. ANDERSON: Then why do you call it a deficiency?

MR. CARR: Because this money has already reverted to the general fund because we didn't spend it.

MR. HORTIG: And, additionally, the new equipment is not regularly provided for in our operating budget and cannot be included in our operating budget until the year 1962-'63. Therefore, in order to have the funds available in 1961-'62, we need approval from the Director of Finance to expend money from the State Lands Fund for these items.

GOV. ANDERSON: This is money we could have spent this time but weren't able to spend it because the job wasn't completed and we are going into the next year?

MR. HORTIG: Yes sir.

GOV. ANDERSON: Why do you call it a deficiency?

It is not a deficiency. A deficiency is when you spend more money than you got.

MR. CARR: The deficiency here was that we didn't spend it.

GOV. ANDERSON: I am asking these questions because maybe I think I am going to learn something -- how to get money in my budget.
I have heard three terms here -- "deficiency appropriation," "deficiency allocation," "deficiency authorization" -- none of which seem to be deficiencies. I am a little confused.

MR. CARR: This is a bad time to start my new frontier speech. We have followed here what we would like to see followed in the future -- that is, when these appropriations for a certain project or program are not spent, that they be returned and permitted to be renewed; and we anticipated this would be operating long before now to keep an inventory of these State lands -- that was our point, so we could get control and inventory of these lands.

GOV. ANDERSON: I would have called this an unexpended allocation.

MR. CARR: That's the same thing -- probably your language is better than this. There are two phases of this. One of these refers to what has already been approved and not spent; and the other is not, which is in the 1961-'62 budget, which we hope to get out of the deficiency because it wasn't put in in '61-'62, but we hope to get it out of the other one. Then '62-'63 goes on....

MR. CRANSTON: Motion is in order.

MR. CARR: I so move.

GOV. ANDERSON: I'll second it.

MR. CRANSTON: Approval is moved, seconded, made unanimously.
MR. CRANSTON (continuing) Item 9 -- Authorization
for Executive Officer to submit request to Department of
Finance for deficiency authorization in amount of $3,320 to
provide funds to cover costs of the unbudgeted relocation ex-
penses to be incurred at the Los Angeles office.

MR. HORTIG: As the Commissioners are aware, and
the Governor in particular as he is also going to be relocated
as a result of new space assignments in this building, we have
just been informed that the contract for rehabilitating the
third floor currently occupied in part by the State Lands Com-
mission calls for removing temporarily all of the staff and
all of the equipment to another operating location while walls
are knocked down and reassembled, and that the Division will
have to move to the second floor of the building during the
period of rehabilitation, and then move back again.

The costs of this move to the second floor and back
again were, again, costs which could not be anticipated, were
not included in the operating budget of the Commission; and,
therefore, it is felt it is proper to ask the Department of
Finance for the additional funds previously not budgeted in
the amount of $3,320 to cover these costs of the Commission.

MR. CRANSTON: Motion is in order.

MR. CARR: So move.

GOV. ANDERSON: Second.

MR. CRANSTON: Approval is moved, seconded, made
unanimously.
Item 10 -- Confirmation of transactions consummated
by the Executive Officer, pursuant to authority confirmed by
the Commission at its meeting on October 5, 1959.

MR. CARR: So move.

GOV. ANDERSON: Second.

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

Item 11 -- Informative only, no Commission action
required: (a) Report on proposed ocean floor oil well completion,
Standard Oil Company of California, Western Operations, Inc.,
Santa Barbara County.

Since this is informative and no action required, I
am going to leave and catch a plane.

Before going I want to say goodbye to John and it
is wonderful to have been working with you. I feel a deep feel-
ing of loss at your departure.

(Governor Anderson assumed the Chairmanship)

GOV. ANDERSON: Item 11 -- Report on proposed ocean-
floor oil well completion, Standard Oil Company of California,
Western Operations, Inc., Santa Barbara County. Informative
only.

MR. HORTIG: If the Commissioners will refer to the
second exhibit following page 45 of the calendar, the unique
features of this underwater completion will be immediately
apparent. While it is an underwater completion, it is not an
ocean floor completion in the sense of completion that has been
made by a lessee of the State Lands Commission -- where all
operating valving, piping, everything, was located very close
to the ocean floor.

In this proposal, which will be installed offshore
Santa Barbara County of a State oil and gas lease, the valving
is located above the ocean floor, still sufficiently deep to be
completely unseen; from the surface unseen, but sufficiently
deep to obviate any difficulty with shipping, anchor lines,
or any of the other hazards, and with an elevated platform, so
that divers can work for a longer period of time from an ele-
vated platform than they could in the 235 feet of water proposed
for this location. The well at which this will take place is
in the process of drilling currently.

GOV. ANDERSON: In other words, this well is actually
90 feet under water and 135 feet above the ocean.

MR. CARR: How does it avoid anchor lines?

MR. HORTIG: This is out of the shipping channels.
There will be a marker buoy and actually the cantilever mast
structure, as it is indicated, is smooth, cylindrical, and a
complete turn of a line would have to be taken; and in the
particular area the bottom conditions there are notoriously
poor for anchoring anyway.

GOV. ANDERSON: Isn't the working platform kept there?

MR. HORTIG: Yes sir.

GOV. ANDERSON: That's not smooth.

MR. HORTIG: However, it is circular in cross-section
and the probabilities for someone trying to anchor in 235 feet of water are estimated by the Coast Guard and by the Corps of Engineers to be absolutely minimum.

GOV. ANDERSON: This is a little different than what it was originally explained to us. I had understood we were going to be working pretty much on the floor of the ocean.

MR. HORTIG: The one installation in operation on a State lease definitely is within a matter of not more than ten feet above the ocean floor. However, this operation is in roughly fifty feet of water and, therefore, there is still only approximately forty feet of water clearance; whereas in this instance we have over ninety feet of clearance under the water.

GOV. ANDERSON: Is this the depth the divers can go to and work with relative safety? They can't go down ....

MR. HORTIG: They can go down to 235 feet, but they can only stay down there as a suit diver under pressure for a few minutes in twenty-four hours.

GOV. ANDERSON: Whereas here they can go down ....

MR. HORTIG: ... and work for extended periods of time. Recovering from a 235-foot dive either requires an ascent that can take three or four hours, or a rapid ascent and three or four hours of decompression in a decompression chamber just from making one dive, in addition to a limited period of time of operation on the bottom.

MR. CARR: Whose risk is this -- the oil company's risk?
MR. HORTIG: It is the oil company's risk. I may also point out, Mr. Carr, that all of the valving that could release production in connection with this operation is fail-safe, in the sense that if any line, pipe or otherwise does rupture that is connected to this cantilever mast structure, the valves automatically close; and, secondly, the last line of defense -- there is an automatic fail-safe device in the well itself below the surface of the ground below the ocean such as that if the worst possible condition could occur and this cantilever structure would carry away, the well would still be shut in completely, automatically, and immediately.

MR. CARR: From the looks of this structure and the lower end of the cantilever structure, it goes out to what would appear to be a six-foot platform and above that a marker buoy. I think you should put a sign on the marker buoy -- just tie on the cantilever structure, not bother. It's just ninety feet down. Is that contemplated?

MR. HORTIG: No sir.

MR. CARR: Because if they ever take a turn around, that working platform is going to be affected; but so long as it is the oil company's risk and they are not going to sue the State of California -- I have in mind this decision that you can now sue the State of California. The State no longer enjoys sovereign immunity, which means the State has to accept responsibility for things it is responsible for or carry pretty heavy insurance. Somebody comes along and ties on to this and
damages this, and the fail-safe safe fails. Did you ever have any fail-safe failures of these valves?

MR. HORTIG: No sir. Of course, neither have we had a large number of installations of this type. Of course, they have all been shop and laboratory-tested and similar mechanisms in other applications have been operated underwater and for other purposes.

However, in connection with the liability of the State in this instance, I do not have the State lease before me to quote; however, I can paraphrase it very accurately. As a matter of contract in connection with this specific lease and all leases issued by the State Lands Commission, there is a performance bond plus the lease condition that the lessee agrees to save the State free and harmless from any liability, damage, claims or other action arising from any operations under the lease.

MR. CARR: That is fine if they have the resources to do it. Suppose it is a very frail company, who couldn't stand it?

MR. HORTIG: At the price for this operation, it can't be a very frail oil company.

MR. CARR: I'd like to ask whether or not the A.G.'s Office under this decision .......

MR. GOLDIN: Muskopf?

MR. CARR: Under the Muskopf decision, what sort of position does that leave the State in in a case like this?
MR. GOLDIN: Mr. Carr, I have been out of the State for a short period of time, but it is my understanding that in my absence the Legislature has ....

MR. CARR: There is a moratorium, I know.

MR. GOLDIN: Yes, which reverted to the pre-Muskopf rule. It would seem to me, of course, that before the State would incur any liability there would have to be something more than damage. There would have to be negligence attributable to the State. I am not purporting to give a legal view....

GOV. ANDERSON: Couldn't he give one to us in a subsequent meeting?

MR. GOLDIN: It's a little bit difficult. I am not in any manner trying to duck the responsibility of giving you an answer, but it would seem that in any given instance whether or not the State would be negligent would depend upon the facts of a given transaction. Rather than purporting to give you an answer in a vacuum, if there is any specific factual situation that you would like me to express an opinion as to whether or not that might or might not involve negligence, I would be most happy to do so.

GOV. ANDERSON: Looking at this thing -- I am not an engineer, I do not know. -- it looks to me the higher they make this platform on a little thirty-inch deal going up a hundred thirty-five feet, this looks to me like it is not very strong; maybe it is. Where does negligence develop as far as the State is concerned by allowing this structure to be built?
What happens if the tides and various things affect this structure?

MR. HORTIG: Governor, if I may presume -- I think, this gets a little more into the realm of engineering rather than law.

GOV. ANDERSON: But I was questioning the matter of negligence. The last time we talked about this, I had assumed these structures were going to be on the ocean floor and I have talked about them being on the ocean floor. Now I find this being located more than half way from the ocean surface some way and I was going to ask you who allowed them to go this high. If they can go this high, why can't they go ten feet from the surface?

MR. HORTIG: Number one, they have not gone this high; they are proposing to go this high.

With respect to the strength -- and not going into the details of the engineering -- this is a cylinder thirty inches in diameter which is literally full of steel on the inside in addition; so despite the textbook criteria which indicate that this is physically completely sound and barring a cataclysm cannot be carried away, the design was reviewed -- in addition to by the design personnel, of course, of the company proposing to make this installation, the design was reviewed by a structural engineer of the State of California as an independent consultant, who has certified as to the structural adequacy and stability of this type of structure which
has been assembled and tested on dry land in addition, prior to its contemplated installation and operation on the ocean floor.

Over and beyond that, as reported in our calendar item, it has been reviewed by the State Lands Division and on the basis of my own technical suggestion . . . .

GOV. ANDERSON: Is this a solid thirty inches?

MR. HORTIG: No sir. It is a series of pipes.

GOV. ANDERSON: So it is hollow to a certain extent -- there is a buoyancy?

MR. HORTIG: With the bulk weight of this, there is negative buoyancy.

GOV. ANDERSON: That far down in the water?

MR. HORTIG: Yes -- besides which, all of these pipe joints are either firmly screwed together or welded together and, in turn, extend thousands of feet into the ground -- with the interlocking pieces of pipe also cemented into the ground. This is only the upper protuberance; and, as reported on page 45, pursuant to suggestions by the Commission's technical staff, Standard will incorporate additional safety monitoring features in at least one of the units for environmental proofing after installation, so that we will have -- this simply means we are going to have actual measures of the stresses of the units when installed that will indicate that it is safe to operate, how safe it is to operate, and that we can either continue with complete assurance that it cannot be carried away or the
thing can be shut down and replaced if such is necessary.

Despite any theoretical design considerations, actual measurements will be made of these units when installed to assure the factor of safety and the degree of stability that actually occurs under real operating conditions.

GOV. ANDERSON: This thirty-inch structure -- how far down into the ocean does this go below the ocean floor?

MR. HORTIG: Actually, this in turn is assembled to the other piping, which is the piping for the oil well -- all of which are tied together by cement, which means you actually have a solid block of material which goes down thousands of feet to whatever depth the oil well is drilled.

MR. CARR: Are you informed now?

GOV. ANDERSON: I am more informed than ......

MR. CARR: This cement base indicated here -- what is the size and thickness of that?

MR. HORTIG: Oh, recalling it from the last time we saw it in the yard -- and, incidentally, if you gentlemen in the Commission want to see the specific drawings and the actual construction drawings, we have a copy which we can discuss and review with you -- it is on the order of ten feet in diameter and approximately four feet high and filled with concrete and again, it weighs thousands of pounds; and this is an incident function initially in order to line up the entire operation for a spot to which to drill a well. Impressive as it is, it is only a small amount of the weight and strength in the ent
GOV. ANDERSON: How are the currents down that deep? Are they pretty heavy?

MR. HORTIG: No sir, they are very light and also another reason for this depth; and I didn’t completely answer your question in that respect. As to navigation hazards at this depth, these have been reviewed and declared to be non-existent by the Corps of Engineers and by the Coast Guard.

There are approvals from those agencies as to this installation and the hydrographers, and the laboratory measurements made as to depth of wave action, say that on the Pacific Coast in particular, and at Santa Barbara County in particular where this operation is to be located, there are no wave forces acting on this structure or would be acting on this structure at this depth; and, additionally, neither will there be if even the most severe wave condition occurs -- which has occurred statistically about once every fifty years off the particular area according to the geographic records -- even under the most severe condition that has ever occurred or could be forecast, this structure would be outside of the range of force action. This is another reason why you don’t put the platform ten feet below the surface, as you suggested as a possibility.

GOV. ANDERSON: I didn’t suggest it.

MR. HORTIG: Or asked "why not?" and the last answer of course is ....

GOV. ANDERSON: Was this their decision and they
presented it to you? There was no choice on the staff's part?

MR. HORTIG: There would have been if there would have been a basis for suggesting the platform should be deeper, if there had been possibility of wave action acting on it, or if the Corps of Engineers had indicated there were navigation hazards which would be eliminated by going ten, fifty, or even a hundred thirty-five feet deeper.

MR. CARR: As a matter of fact, if the wave action was severe, the divers couldn't work on the platform?

MR. HORTIG: No sir.

MR. CARR: They had to design it so the divers could work on the platform.

MR. HORTIG: Actually, after it is completed the divers will be out there for nominal operations only, which it is hoped will be very infrequently.

MR. ROSE: What is the diameter of the well on the ocean floor?

MR. HORTIG: Well, it starts out as a thirty-inch hole and as it gets deeper to the total depth necessary to encounter production, it could be reasonably anticipated that it could probably not be less than seven and a half inches at the very bottom.

GOV. ANDERSON: The thirty-inch cylinder -- what would you feel it would go down -- a hundred feet?

MR. HORTIG: I believe there is probably approximately a twenty-four-inch pipe that comes inside this that goes down
several hundred feet; but the thirty-inch would be rather short. The twenty-four-inch, in turn, is surrounded by cement and cemented to the formation for several hundred feet of depth.

MR. ROSE: That would be a lot of difference in strength.

MR. CARR: I think it's strong enough so you could take abold of the world by this thing.

GOV. ANDERSON: There is no action on this -- just informative, anyway. We can ask a lot of questions when we learn a little more about it.

Status of Legislation, 1961 session.

MR. HORTIG: As reported on page 46, the bills which the Commission authorized for introduction on December 22, 1960 for the purpose of clarifying sections of the Public Resources Code were all passed by the Legislature and have been signed by the Governor, and chaptered, I am happy to report, as indicated in the tabulation. Also attached to the front of your calendars today is a copy of Joint Resolution 44, which the Commission asked in May be introduced to indicate support by the California Legislature for the House resolution which the Commission felt should be supported, with respect to clarifying and establishing limits of jurisdiction on tide and submerged lands for all coastal states. This Senate Joint Resolution is now Chapter 193 of Resolutions, was also passed by both houses of the Legislature subsequent to the preparation of this calendar, and I regret to report was one of the last bills

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
followed through to completion by Senator McBride.

GOV. ANDERSON: Item (c) -- Report on status of major litigation.

MR. HORTIG: Strictly informative, with no major changes in principal litigation since the last meeting of the Commission.

GOV. ANDERSON: Anything further anyone wishes to bring before the Commission before we adjourn? (No response) If not, a motion to adjourn to our next meeting on Friday, July 28, 1961, at 10:00 a.m. in Sacramento is in order.

MR. CARR: I so move, Mr. Chairman, and may I take this opportunity to express my gratitude to the other members of the Commission; the staff; the very capable, patient and durable verbatim reporter, who runs out of gas occasionally; and say that it is with regret that I will discontinue my association with this outfit officially, but not in spirit.

GOV. ANDERSON: Thank you, John. We hate to see you go.

MR. CARR: I move we adjourn.

GOV. ANDERSON: It has been moved and seconded, carried unanimously. Meeting is adjourned.

ADJOURNED 11:27 A.M.

******
CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing forty-two pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Los Angeles, California, June 22, 1961.


[Signature]

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA