TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION
LOS ANGELES, CALIFORNIA
JANUARY 22, 1962

PARTICIPANTS:

THE COMMISSION

Hon. Glenn M. Anderson, Lieutenant Governor, Chairman
Hon. Alan Cranston, Controller
Hon. Hale Champion, Director of Finance

Mr. F. J. Hortig, Executive Officer

Mr. Don Rose, Executive Secretary to
Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL

Mr. Jay L. Shavelson, Deputy Attorney General

APPEARANCE:

Mr. Gerald Desmond, City Attorney, City of Long Beach
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DIVISION OF ADMINISTRATIVE PROCEDURAL, STATE OF CALIFORNIA
GOV. ANDERSON: The meeting of the State Lands Commission will come to order.

The first item is the confirmation of the minutes of the meeting of October 26, 1961.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, so ordered.

At this time I would like to have our Executive Officer, Mr. Hortig, make a report on the San Clemente situation out of order, so that people in the audience might be so advised without waiting through a whole meeting. Mr. Hortig.

MR. HORTIG: Mr. Chairman, with respect to the agenda item appearing on pages 29 through 31 of the Commission's agenda relative to proposed annexation of tide and submerged lands by the City of San Clemente, we received as of 9:45 a.m. this morning, in confirmation of telephone notice late Friday afternoon, the following telegram:

"State Lands Commission
302 State Building
Los Angeles

City Council respectfully request continuance of your hearing on San Clemente Annexation Number 2 until the February meeting of Lands Commission for reason that City officials are engaged in trial in Superior Court Santa Ana and are unable to be present at your January 22 meeting.

Max L. Berg, City Clerk
San Clemente, California"
Pursuant to the telephone notification late Friday previously mentioned, all persons interested in opposing the annexation who were of record with the Lands Commission were sent the following telegram:

"Pursuant to request this afternoon from City of San Clemente, their proposed tide and submerged lands annexation being deferred for consideration by State Lands Commission at meeting of January 22 until February meeting."

We understand from people who have already called in this morning that some people did not receive their telegrams and, therefore, it appeared appropriate that this announcement be made at this point in the agenda that the consideration of the annexation of tide and submerged lands by the City of San Clemente is recommended to be deferred to the February meeting at the request of the City of San Clemente.

GOV. ANDERSON: Now, if we defer this item to the February meeting, is there any way that the City Council of San Clemente can go ahead with their annexation? or have we authorized you and given you sufficient authority to protest any annexation as now constituted in the interim?

MR. HORTIG: At the November meeting of the Lands Commission, prior to the receipt of any official notification from the City of San Clemente, the Lands Commission authorized the Executive Officer prospectively to oppose any proposal by the City of San Clemente to proceed with annexation proceedings.
prior to a hearing before the State Lands Commission and prior
to submittal by the Lands Commission of the valuation report
required by statute. The City of San Clemente subsequently
did apply for the valuation report, which has not yet been
acted upon by the State Lands Commission. Also, the City
Council has, by formal resolution, deferred further annexation
proceedings until such time as a hearing has been held by the
State Lands Commission and until such time as the State Lands
Commission has transmitted to the City the requisite valuation
report. So it appears that there would be no basis for action
by the City of San Clemente, nor is it the intent of the City
of San Clemente, to proceed in the interim.

GOV. ANDERSON: According to the statute, then, there
has to be a formal assessed valuation of the land?

MR. HORTIG: That is correct.

GOV. ANDERSON: Then, upon the recommendation of the
staff and with the concurrence of the other members, Calendar
Item Number 8, which was on ..... 

MR. HORTIG: Page 29.

GOV. ANDERSON: ... pages 29 to 31 of our calendar
will be put off calendar today and deferred to the February
meeting; and if there are any people here who wish to be
recorded on this, we would suggest they leave their name and
address with the staff so we can notify them of the February
meeting and the subsequent date.

Going on to Item Classification Number 2, which is
permits, easements, and rights-of-way to be granted to public
and other agencies at no fee pursuant to statute, the first
applicant is the County of Ventura -- a life-of-structure
permit for three groins and permit for deposition of fill
material on State tide and submerged lands, Pierpont Bay,
Ventura County.

MR. HORTIG: There are no objections. The permit
issuance is recommended by the staff, Mr. Chairman. I believe
Senator Lagomarsino has discussed this project with some mem-
ers of the Commission. This is the project the Senator
discussed.

MR. CRANSTON: I move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, so ordered.

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

Applicant (a) is J. O. Archibald in San Mateo County --
extension to December 31, 1963 of term of dredging permit to
provide entrance channel to a small craft marina; item (b) is
Bay Cities Building Materials Company, Inc. -- extension of
mineral extraction lease, tide and submerged lands of San Mateo
County; item (c) is Charles W. Camp -- approval of crude oil
sales contract between applicant and MacMillan Ring-Free Oil
Co., Inc. on oil produced from lease P.R.C. 969.1, Huntington
Beach Oil Field, Orange County; item (d) is the Hanley Lumber
Company -- termination of log reloading lease P.R.C. 1535.1, Klamath River, Del Norte County; rental default; item (e) is Floyd McDonald -- termination of log storage lease P.R.C. 1534.1, Klamath River, Del Norte County -- a rental default; item (f) is Humble Oil & Refining Company -- geological survey permit for period January 22, 1962 to July 21, 1962 on tide and submerged lands in San Luis Obispo, Santa Barbara, Ventura, Los Angeles, Orange, and San Diego counties; item (g) is Leo J. Nolan -- rescission of Commission action of Oct. 27, 1960 and issuance of ten-year ark-site lease effective October 1, 1960 at annual rental of $65, Petaluma River, Marin County; item (h) -- Phillips Petroleum Company, et al. -- assignment to Shell Oil Company of partial interest in State Oil and Gas Lease P.R.C. 2205.1, Santa Barbara County; item (i) is Richfield Oil Corporation -- Amend legal description of Lease P.R.C. 2739.1, tide and submerged lands, Pacific Ocean near Coal Oil Point, Santa Barbara County, to conform with the as-built location of the pipeline; item (j) is Al Scannavino -- 15-year lease, two parcels totaling 24.94 acres tide and submerged lands, Old Channel, San Joaquin River, adjoining Hog Island, San Joaquin County, for recreational purposes, at annual rental of $662; item (k) is Sierra Talc Company -- extension to February 24, 1972 of mineral extraction lease P.R.C. 11.2, Inyo County, at royalty of $.25 per ton; item (l) Standard Oil Company of California, Western Operations, Inc. -- acceptance of quit claim deed covering tide and submerged lands of Montezuma Slough,

Any comments or discussion of any one of the items?

(No response)

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: It has been moved the items under "3" be approved; seconded, so ordered.

Item 4 — City of Long Beach approvals required pursuant to Chapter 29, 1956, First Extraordinary Session:

Project (a) is Pier A, Berth 5 — wharf reconstruction and back area raising; estimated subproject expenditures from 1/22/62 to termination of $50,000, with 100 percent estimated as subsidence costs.

Do you want to comment on any of these, Mr. Hortig?

MR. HORTIG: The projects are all recommended by staff, Mr. Chairman. I wish to bring to your attention that City Attorney Desmond is with us this morning and he may conceivably wish to present a statement to the Commission.

GOV. ANDERSON: If City Attorney Desmond wishes to state something .......
MR. DESMOND: Mr. Chairman, members of the Commission, we have nothing to add. We notice the approval and that is very satisfactory to us.

GOV. ANDERSON: The secretary will please make note.

Item (b) is Pier A, Berths 208-209 -- partial paving, second phase; estimated subproject expenditures from 1/22/62 to termination of $132,000 with $36,000, which is 27 percent, estimated as subsidence costs.

Item (c) is Pier B -- warehouse relocation to Berth 17; estimated subproject expenditures from 1/22/62 to termination of $20,000, with 100 percent estimated as subsidence cost.

MR. CRANSTON: I move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, and so ordered.

Item 5 is land items -- sales, selections, etcetera.

All land sale items here presented have been reviewed by all State agencies having a land acquisition program, and no interest has been reported by those agencies in any of the lands proposed for sale.

Item (a) is the sale of vacant State school lands:

First applicant is Irving P. Austin -- appraised value $10,220, and that is the bid; item (b) Kenneth M. Claypool -- a bid of $8,600. I guess that's it.

MR. CRANSTON: Move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded and carried
Item 6 -- Authorization for compensatory royalty agreement with Great Basins Petroleum Co. for State's interest in lands in bed of San Joaquin River, and in swamp and overflowed lands, all in San Joaquin County. Any comment on that, Mr. Hertig?

MR. HORTIG: In a little further detail and in conformance with the agenda item as detailed on pages 26 and 27, the Public Resources Code authorizes the Lands Commission, in those instances where it generally may not be feasible or desirable because of land configuration to enter into an oil or gas lease for drilling on State lands, to nevertheless enter into an agreement for collection of royalty on such gas or oil as may be drained from the State lands by means of wells drilled on the adjoining lands; and this is an instance in a portion of the bed of the San Joaquin River, which is rather narrow and also does not provide adequate drillsite facilities, obviously, for the drilling of adjoining oil wells.

Great Basins Petroleum Co. has drilled gas wells on adjoining lands and will produce gas from these wells, and has agreed to enter into a compensatory royalty agreement to pay the State a royalty of 16-2/3 percent of the market value of the gas for the calculated State's share of the gas; that is, the gas that is calculated as being drained from the State lands whenever the operator produces on his adjoining fee lands.
MR. CRANSTON: I move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 7: Authorization to execute service agreement with County of Orange, providing for surveying services pursuant to Chapter 321/61, at the Commission's actual costs not to exceed $7,500.

MR. HORTIG: In comment, particularly for the phase of concern to the Director of Finance -- the type of survey here proposed to be performed under service contract is provided for and required by statute and has been for the last several years on all tide and submerged land grants which have been adopted by the State Legislature. Your Division of Audits, Mr. Director, heretofore has commented on the necessity for being certain that the Commission's estimates of actual costs be adequate, in order that in performing under these service contracts the Lands Commission does not bear any of the cost of the actual operation. The estimates herein proposed for this service contract have been reviewed and rechecked, and are felt to be adequate to assure that the Commission will be compensated for all service rendered to the grantee.

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: Moved and seconded -- carried
unanimously.

Item 8 is the one we took off calendar and deferred to the February meeting.

Item 9 is confirmation of transactions consummated by the Executive Officer pursuant to authority confirmed by the Commission at its meeting on October 5, 1959.

MR. HORTIG: As the Commissioners will note from pages 32 and 33 of the agenda, on page 32 two extensions of geological survey permits previously authorized by the Commission were granted under executive authority; and on page 33: Under long standing contract for compensatory royalty participation from the Kirby Hill Gas Field (analogous to the situation just authorized for Great Basin Petroleum in San Joaquin County) the Kirby Hill Gas Field operation provides for an annual review of percentage participation in the production of the field depending upon development -- either additional gas being produced or other previously existing wells having become non-productive; and the annual revision of percentage participation has been approved, as indicated under "Remarks" and which must be reviewed and approved as a condition of the existing contract.

GOV. ANDERSON: Motion to confirm the transactions?

MR. CRANSTON: So move.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously. Item 10 -- Informative only, no Commission action required -- report on status of major litigation.
MR. HORTIG: The staff has nothing further as of this morning as against the prepared reports on pages 34 and 35.

If I may, Mr. Chairman, I would like to call on Deputy Attorney General Shavelson for comment on whether there are any up-to-the-minute revisions that might be desirable to be reported to the Commission.

COY. ANDERSON: Mr. Shavelson.

MR. SHAVELSON: I believe that all of this is perfectly up-to-date with the exception that the City has filed an answer to the complaint in the Long Beach boundary litigation and that is presently being studied.

MR. HORTIG: This is item number 3 on page 35.

MR. SHAVELSON: Otherwise, I believe everything is up-to-date.

MR. CRANSTON: Frank, I'd like to ask for information on another matter. Where do you now stand on the oil parcels we are leasing. What schedule are we on?

MR. HORTIG: It is presently programmed that there be bases for recommendation to the Commission for proceeding with consideration of authorization for leasing additional parcels, or at least an additional parcel be presented at the February meeting of the Commission.

As the Commissioners will recall, among other items there are certain limitations included in present lease offers by the Commission for areas east of Santa Barbara County, which limitations were proposed by the County of Santa
Barbara. These will be discussed by the Santa Barbara staff with State lands staff tomorrow as a part of the program to place the Commission in the position of being again able to proceed with a reasonably normal schedule, as originally expected, for sequential offers of oil and gas leases.

MR. CRANSTON: Is it your belief that beginning with February we should be able to return to the step by step sequence?

MR. HORTIG: With one possible condition, Mr. Cranston. If the conditions which the Commission considered in connection with gas pipelines in the Gaviota area are still in existence in February which prompted the Commission to defer indefinitely the receipt of bids on Parcel 6, then such return to sequential bidding, at least in Santa Barbara County, would still have to consider those conditions in connection with establishment of any bid receipt dates.

However, if that is the case, then there are still other counties in which there are lands available for lease, in which the identical pipeline problem does not exist. However, in order to be able to consider lands for lease in counties other than Santa Barbara at the present moment, a public hearing would have to be scheduled and the specific county lands considered. The only lands that have been considered and are available for Commission offer for tide and submerged land leases at the present time are in Santa Barbara County.
MR. CRANSTON: I'd like to recommend we have the Santa Barbara matter on the agenda next meeting, so we can act if we wish to do so, and also that we take steps to pursue leads in other counties.

MR. HORTIG: That will be done.

GOV. ANDERSON: Any further items?

MR. CHAMPION: I understand we have two supplementary items.

GOV. ANDERSON: At this time we will take up two additional supplemental items. Item Number 24 -- Application for dredging permit, Healy Tibbits Construction Co., San Francisco Bay, City and County of San Francisco.

MR. HORTIG: The emergency for presenting this supplemental item to the Commission arises from the fact that a contractor for the State Division of Highways, in placing materials on the Posey Tube project between Oakland and Alameda, across the Oakland Estuary, has found, or feels, that the area of material deposit available to the Division of Highways at Fort Knox and Presidio Shoals authorized by the Commission is too dangerous to operate during the winter storm season. Therefore, an alternative site for immediate acquisition of materials has been found adjoining the pier area of certain piers under the jurisdiction of the San Francisco Port Authority. The San Francisco Port Authority is willing that the contractor remove the material from this location. The mineral jurisdiction for this material is in the State Lands...
Commission and, therefore, it is recommended that the Commission authorize the issuance to Healy Tibbits Construction Co. of a permit for the extraction of approximately 12,000 cubic yards of material without the payment of royalty for use in connection with the State Highway project described from the specific area adjoining piers under the jurisdiction of the San Francisco Port Authority also described. The issuance of the permit is to be subject to the submittal by the applicant of a Department of Defense Army permit for the proposed operations. The Army Engineers' office has reported to us informally that such a permit will be forthcoming.

MR. CRANSTON: I move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded. Any discussion or comments? (No response) If not, it is carried unanimously.

Supplemental Item Number 25 — Application for life-of-structure permit for harbor entrance facilities on tide and submerged lands in Monterey Bay at Woods Lagoon, Santa Cruz County by Santa Cruz Port District and United States of America jointly. Mr. Hortig?

MR. HORTIG: In inverse order as reported to the Commissioners on pages 38 and 39 of the supplemental item, the essential features of the application are that the Legislature has authorized the Small Craft Harbors Division to lend $915,000 to the Santa Cruz Harbor District for development of a harbor and harbor entrance facilities at a location known as...
Woods Lagoon in Santa Cruz County. The harbor entrance facilities proposed to be placed in this lagoon in expance of this operation would be on tide and submerged lands under the jurisdiction of the State Lands Commission.

Due to late application and need for expeditious processing of the permit application in order to qualify the project for Federal money now available (which requires the bid notice to be published February 5, 1962) the Commission staff has obtained oral assurance that the Division of Beaches and Parks, which has jurisdiction of the lands fronting the lands under the jurisdiction of the State Lands Commission, that they will very shortly work out their final approval of the project and will forward formal notification of this fact.

Under these circumstances, it is recommended that when final approval has been obtained from the State Division of Beaches and Parks, the Executive Officer be authorized to issue a life-of-structure permit to the Santa Cruz Port District and the United States of America, who are the primary financing agency, for small boat harbor entrance facilities as specified on the drawings.

Representatives of the Santa Cruz Port District and of the United States Army Engineers' Office are here with us this morning in case the Commission has any specific questions with respect to this operation.

MR. CHAMPION: I move approval.

MR. CHAMPION: Second.
GOV. ANDERSON: Moved and seconded. Any comments anyone wishes to make? (No response) If not, the matter will be carried unanimously.

Next item will be confirmation of the date, time and place of the next Commission meeting -- which, according to the calendar, is February 28th, 10 a.m. in Los Angeles.

MR. CHAMPION: That poses a difficulty for me.

GOV. ANDERSON: I didn't bring my calendar because I understood this had been cleared by everybody.

MR. CHAMPION: Didn't my secretary notify you?

MR. HORTIG: Yes sir, after it was on your calendar.

MR. CRANSTON: We ought to try to work out future dates. Did you go over these other scheduled dates?

MR. HORTIG: As of January 9th, you gentlemen received a full schedule proposed for the balance of the year.

MR. CRANSTON: Can we recess while you get your schedule?

MR. CHAMPION: I think we have cleared the rest of that schedule. It was only February 28th that I found would conflict...

MR. ROSE: Mr. Cranston, how about the rest of the schedule as far as you are concerned?

MR. CRANSTON: The rest is fine with me.

MR. ROSE: Governor Anderson has been away and if we can check those dates we can solve that.

GOV. ANDERSON: The original date which we had
scheduled was February 22nd, and for some reason the meeting couldn't be held that day. I thought we cleared this one.

MR. HORTIG: Mr. Champion's office notified us, after which we notified your office we had been informed by the Director's secretary that there appeared to be the conflict.

GOV. ANDERSON: How about the day before or the day after?

(Some inaudible discussion between Commissioners)

MR. HORTIG: That's still for Los Angeles, gentlemen.

GOV. ANDERSON: Confirmation of date, time and place of the next Commission meeting, then, will be (at least as of the present) Tuesday, February 27th, 10 a.m., here in Los Angeles. If there is no objection, that is so ordered.

Before we adjourn now, do you want to announce about the movie?

MR. HORTIG: Yes sir, I would like to; but may I ask the question: The staff will be informed by your respective offices as to the confirmation of the balance of the dates starting with March for Commission meetings?

MR. ROSE: Mr. Chairman, Mr. Cranston and Mr. Champion have indicated those dates have been cleared, so you will hear from Mr. Anderson.

MR. HORTIG: Mr. Chairman, you will recall that it had been proposed, for information purposes for the Commission to show a motion picture at the December meeting of the Commission, which has been postponed until today — being a review,
historical and also predicting what can be done, in connection
with tideland development and improvements in technology for
developing oil and gas from beneath tide and submerged lands,
possibly in rather extreme depths of water.

One of the State's lessees, in this instance Richfield
Oil, has produced a motion picture of the entire operations and
have cooperatively consented to present this picture here this
morning for the Commissioners' information and for everyone
else who is here in the audience. So if you gentlemen would
take seats out in the audience, we will raise the screen and
have it.

GOV. ANDERSON: Everyone is invited to observe this
film if they wish. If there is no discussion on further items
I will declare the meeting adjourned.

ADJOURNED 10:42 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing eighteen pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held in Los Angeles, California on January 22, 1962.