TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA

December 20, 1962

PARTICIPANTS:

THE COMMISSION:

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

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Paul Joseph, Deputy Attorney General

APPEARANCE:

Mr. Forrest E. Macomber, Attorney for Teachers Beach Association
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NEXT MEETING

15
MR. CRANSTON: The meeting will come to order.

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

Applicant (a) Humble Oil & Refining Company -- Deferment to June 21, 1983 of operating requirements under Oil and Gas Lease PRC 186.1, Belmont Offshore Field, Orange County, in order that the operator may continue to make studies of geologic data before deciding whether drilling of additional wells is desirable.

Item (b) Teachers Beach Association -- Rejection of application for recreational pier permit for use of tide and submerged lands at Tomales Bay, Marin County, on the grounds that such permit is not authorized by Section 6503 of the Public Resources Code under the circumstances specified in the application.

MR. HORTIG: Mr. Chairman, at this point I should like to call to the attention of the Commission that later on consideration will be given to proposed legislation on the ambiguity that led to the discussion and the proposed rejection of the Teachers Beach Association application and recommendation in this instance. Amendatory legislation will be sought in the forthcoming session to rectify this ambiguity and clarify applications in the future.

MR. CRANSTON: Do you wish to address the Commission?

MR. MACOMBER: Yes, Mr. Chairman. Members of the
Commission, my name is Forrest Macomber, attorney for the applicant. I am willing to submit the application on the documents on file unless the Commissioners have any question.

Mr. Champion: There are no new circumstances since we last discussed this?

Mr. Macomber: No. I would like to call attention to my letter of October 11, 1962. It has resolved itself into a very narrow point.

Mr. Cranston: You have no further comments to make?

Mr. Macomber: No.

Mr. Cranston: And no questions?

Mr. Macomber: No.

Mr. Cranston: Thank you very much. Item (c)

Connolly-Pacific Company -- One-year renewal of Lease PRC 582.1, tide and submerged lands Santa Catalina Island, Los Angeles County, as site for two mooring buoys; annual rental, $50. Motion is in order.


Mr. Champion: Second.

Mr. Cranston: Approval is moved, seconded and made unanimously.

Item 3 -- Authorization for Executive Officer, in accordance with the informal opinion of the Office of the Attorney General dated November 13, 1962, to delete from form of patent previously authorized to be issued to Leslie
Salt Company (Minute Item 28 of March 25, 1959, Exhibit A) the reservation of public fishing rights covering the exchange of land, Alameda County, between the State of California and Leslie Salt Company.

MR. HORTIG: Mr. Chairman, in brief summary, the Commission has previously authorized, pursuant to law, exchange of these certain lands with the Flood Control District rather, with Leslie Salt Company and the Flood Control District for a flood control channel. The normal procedure at the time was felt to require the constitutional reservation to the people of the State of California of the right to fish. In the form of patent reviewed by the title companies the question was raised as to the necessity for this inclusion. This question was referred to the Office of the Attorney General.

We are now advised this is not required in the form of patent, therefore the recommendation here today is that the prior authorization of the Commission be amended to delete from the form of patent previously authorized to be issued to Leslie Salt Company the right to fish, and on page 4 there is a formal resolution with technical corrections, so that the resolution should read:

It is recommended that the Commission re-adopt its resolution of March 25, 1959, identified as Minute Item 28, pages 4681-94, and: (1) Authorize the Executive Officer to delete from the form of patent previously authorized to be
issued to Leslie Salt Co. the reservation of public fishing rights in accordance with the informal opinion of the Office of the Attorney General dated November 13, 1962; (2) Modify the form of deed previously authorized to be accepted by the Executive Officer from Leslie Salt Co., known as Exhibit B, by adding the following clause thereto: "Provided, however, that the exercise of any rights hereunder shall not interfere with the primary use of the property as a water course, flood control channel, or flood control and water conservation channel by the State, its successors, assigns, licensees, permittees, or agents."

MR. CRANSTON: Motion is in order.

MR. CHAMPION: So move.

GOV. ANDERSON: Second.

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

Item 4 -- Authorization for Executive Officer to issue a deed, at established fee of $10, to Charles M. Cooke and Mary L. Cooke, for the mineral reservation made by the Governor of California on June 22, 1944, in the conveyance of a parcel of State property in Sonoma County which was sold pursuant to Chapter 213, Statutes 1943. The deed shall grant the reserved mineral rights to a depth of five hundred feet only below the surface.

GOV. ANDERSON: Why is this?

MR. HORTIG: As you will recall, Governor, there
is an annual omnibus sale bill, authorizing the Department of Finance to dispose of surplus State property. The subject parcel was conveyed in 1944, pursuant to such a sales authorization in 1943, and at the time there was no evidence as to whether there were any commercial mineral value in the property and the Department of Finance, in an abundance of caution, reserved the mineral rights beneath the property in this sale.

This is analogous to sales of escheated lands by the Controller's Office -- which, up to a date approximately ten years ago, were made with a uniform mineral reservation. The Legislature subsequently amended the statute to provide that the Controller could sell without a mineral reservation, and, furthermore, on lands previously sold with this reservation, the State could sell these reservations to the owner.

This became particularly important when it became desirable to subdivide, as the finance companies which would finance apartment houses, and so forth, were loath to finance construction with the reservation of the minerals and possible surface access to those minerals on the particular land involved.

In this case, there has been an application to the Commission, and on staff review there are no known commercial mineral values on the surface. However, the subsurface oil and gas deposits have never been evaluated in the area. Therefore, it is suggested that these be retained below a
depth of five hundred feet to the State. This type of reservation is satisfactory to the party who wishes to purchase the mineral reservation above that depth, who in turn has had assurance it will be satisfactory to his underwriters.

GOV. ANDERSON: In other words, there are no known minerals down to five hundred feet.

MR. HORTIG: Of commercial value.

MR. CHAMPION: But I dare say $10 does not cover our cost.

MR. HORTIG: It is a $10 fee, plus costs.


MR. HORTIG: The fee for the deed is $10, but the costs of the inspection are borne separately by the applicant also.

MR. CHAMPION: Fine.

MR. CRANSTON: The Department of Finance having expressed its views, a motion is in order.

GOV. ANDERSON: I'll move it.

MR. CHAMPION: Second.

MR. CRANSTON: Motion has been made to approve the staff recommendation, seconded, and made unanimously.

Item 5 -- Approval of acceptance of sum of $15,544.50 from the U. S. Forest Service as full settlement for timber trespass on two parcels of State-owned land in Plumas County, containing 560 acres and 640 acres, with money to be deposited to credit of the School Land Fund; and
authorization to execute any agreement necessary to relieve
the Forest Service of any further liability in connection
with the trespass.

MR. HORTIG: Mr. Chairman, -- Do you wish to state
the question, Governor, or shall I report on this?

GOV. ANDERSON: You can answer it before I ask it.

Go ahead.

MR. HORTIG: I was going to open with the comment
that we did receive a question from the Lieutenant Governor's
Office with respect to this proposed settlement and its applic-
ability to the parcel in relation to any considerable portion
of desirable timber which had been taken out here on the
trespass.

I have a very complete staff report, which I will
summarize for the record in the interest of brevity:

A report of the staff investigators indicates that
the timber removed was based on a highly selective cutting
program. It was found that the trees that were removed fell
within the following categories: (1) fully mature; (2) defec-
tive; (3) infested. As a result, a substantial quantity of
young growth timber of commercial quality was allowed to re-
main on the land for natural reproduction purposes. This
is in keeping with the general practice of the Forest Service.

For further verification of this, Mr. M. M. Barnum,
Assistant Regional Forester of the United States Forest
Service, was contacted in San Francisco. He completely
confirmed the above and volunteered the information that in
their opinion no reforestation was necessary on the lands in
question or on the adjacent lands of the United States Forest
Service which were similarly cut at the same time. The only
situation requiring a program of reforestation in the opin-
on of the Forest Service is where an area has been completely
destroyed or where brush land is being converted to timber.

At the time of the discovery of trespass in 1951,
no authority existed for the Forest Service to pay cash sums
in settlement of such trespass. This brought about an agree-
ment to compensate the State through the exchange. Within
the last few years Congress has passed legislation appropri-
ating money and permitting cash payments.

It is interesting to note that the volume removed
as reported by the Forest Service is 1,627 million board
feet more than reported in our cruise. We feel that the
Forest Service cruise is extremely generous, and therefore
it is recommended that settlement for this trespass cutting
be accepted on the basis recommended in the agenda item.

GOV. ANDERSON: How often do they make this kind
of mistake? Is it very often?

MR. HORTIG: Not very often; it is fairly seldom.
This was a case of record confusion in the Forest Service.
The records they had available to them at the time they
entered the contract gave them every reason to believe they
were Forest Service lands. Actually, they were State lands
and therefore this offer to compensate is certainly equitable and extremely cooperative on the part of the Forest Service -- particularly in view of the fact there is a five-year statute of limitations which also applies against the State, which the Forest Service could have pleaded, and in view of the fact the discovery of the trespass wasn't made until at least five years after the last cutting and fifteen years after the first cutting.

MR. CHAMPION: I'd accept it before the Department of Justice finds out about it.

MR. CRANSTON: You so move?

MR. CRANTON: I so move.

GOV. ANDERSON: Second.

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

Item 6 -- Proposed oil and gas lease, tide and submerged lands, Santa Barbara County - Parcel 10-A. Frank?

MR. HORTIG: Mr. Chairman, on October 18, 1962, as reported on your calendar item, page 11, one bid was received in response to a public notice of intention to enter into a lease for the extraction of oil and gas from a parcel which had been designated as 10-A, offshore in Santa Barbara County. The one bid submitted was reviewed by the staff as to technical sufficiency and economic factors; the Office of the Attorney General reviewed the bid, which was submitted by Texaco Inc., a Delaware corporation, and determined: (a) that
the Commission has complied with the procedural requirements of the law; and (b) that the bid submitted conforms with the bid requirements specified in the proposal of the Commission, the applicable provisions of law, and the rules and regulations of the Commission.

The cash bonus payment offered in the bid by Texaco Inc., a Delaware corporation, was $107,100, and it is recommended that, in accordance with the provisions of Division 6 of the Public Resources Code, the Commission accept the bid, which is a fully qualified bid made by Texaco Inc., a Delaware corporation, on October 18, 1962, and authorize the Executive Officer to issue an oil and gas lease to the aforesaid bidder for the 4.250.14-acre parcel of tide and submerged lands designated as Work Order 4510, Parcel 10-A, Santa Barbara County, as detailed in the notice of intention as published August 14 and August 21, 1962. The cash bonus payment in consideration of issuance of the lease is to be $107,100.

GOV. ANDERSON: I'll move it.

MR. CHAMPION: Second.

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

Item 7 -- Proposed Budget of the State Lands Division for the fiscal year 1963-64, in the total amount of $1,225,386.

MR. HORTIG: The details of the presentation -- and which have already been reviewed, of course, with the Department
of Finance and with the Director of Finance -- are outlined in pages 12 through 17 of your agenda. If there are any specific questions, rather than step by step review, Mr. Chairman, we would be very pleased to respond in whatever order the Commissioners desire.

MR. CRANSTON: There is no action required at this time, is there?

MR. HORTIG: Except ratification of the action, or concurrence in the action by the staff in having presented this budget to the Department of Finance for inclusion in the Governor's budget on behalf of the State Lands Commission, Mr. Chairman. The Department of Finance has not acted upon this.

MR. CRANSTON: Hale would prefer to abstain.

MR. CHAMPION: Our proposal will be governed by the Governor's budget. On any of these, I don't act.

GOV. ANDERSON: I'll move.

MR. CRANSTON: I'll second the motion, and it will be adopted by two votes, with one abstention.

MR. HORTIG: If I may, Mr. Chairman, for the Governor's benefit, in general the discussions with the Department of Finance have indicated almost a unanimity of desirability and approval and consideration for all of the items which are presented herein. These items which have not already received informal approval in the processing in the Department of Finance are involved in the matter of determining whether or not there will be financing available to cover
those items in connection with the total State budget and
and allocation thereto in principle. As to need, there have
been no disputes as to the presentation in this budget.

MR. CHAMPION: That is correct. We have accepted
budgets generally on the basis of what we considered to be
legitimate workload; but we reserve the right, on the level
of service, depending on financial availability, to cut off
and that could happen in any case, not even excluding the
Department of Finance.

MR. CRANSTON: Item 8 is proposed Legislative
program.

MR. HORTIG: Mr. Chairman, with the exception of
Item 6 on page 19, all other sections proposed for introduc-
tion as legislation of benefit to the State Lands Commission
represent proposals to delete from the codes statutes pre-
viously repealed by implication and to eliminate ambiguities
and uncertainties in the statutes, even as those which led
to our problem with respect to the application by Teachers
Beach Association.

As to Item 6, which is the only proposal for addi-
tion of a new section, it is the informal opinion of the
Office of the Attorney General that under proper factual
circumstances, in the exercise of judgment by the Commission,
unleased tide and submerged lands could be brought into an
existing operation. However, this is not com-
pletely certain, and the Attorney General's opinion has...
recommended that this authority in the Commission be made
certain by addition of the language proposed as an addition
to §6815 of the Public Resources Code.

Therefore, it is recommended that the Commission
authorize the Executive Officer to submit the proposed legis-
lation for consideration during the 1963 Legislature to
provide for the repeal, amendment or addition of the speci-
fied sections, all in the Public Resources Code, Division 6;
that the formal legislation be drafted by the office of the
Legislative Counsel to accomplish the purposes herein pre-
sented and as detailed in Exhibits A through J.

MR. CHAMPION: I'll move authorization for the
Executive Officer to carry on this program.

GOV. ANDERSON: Second.

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

GOV. ANDERSON: May I ask Frank a question?
Some time back we were having problems on city annexations
where they were annexing by strata. Do you know if there
is any legislation being prepared to correct that?

MR. HORNIG: We are not aware of that. The ques-
tion whether or not stratified annexations are legally sup-
portable has never been legally resolved. However, we do
have with respect to stratified annexations item (2), which
would require at least that the Lands Commission get the
same notice that the Boards of Supervisors do, so we are not
always the last ones to know when someone wants to annex
tide and submerged land -- which will enable us to give
those communities real service without coming in in the last
moments of an annexation and pleading for an extension of
time.

However, as to the validity of stratified annexa-
tions, we are not aware that there has been anything pending
and we have been told that the matter of whether they are
valid or not valid has not been resolved.

MR. JOSEPH: Wasn't that what Santa Barbara did?

MR. HORTIG: Santa Barbara did, but whether or not
they have a valid annexation is still under discussion.
They did it -- but.

MR. JOSEPH: It seems like a crazy idea.

MR. CRANSTON: Item 9 -- Authorization for Execu-
tive Officer to execute a supplementary agreement to Agree-
ment No. LC 175, dated May 23, 1960, between Remington Rand
and the State Lands Commission, in the sum of $25,000, pro-
viding for research and systems services in connection with
compilation of data for purpose of establishing an "Index
of Lands Located in California Under the Jurisdiction of
the United States," required under Section 127, Government
Code.

MR. CHAMPION: Move approval.

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. HORTIG: As appears on page 43, Mr. Chairman, these actions consisted exclusively of two extensions of geological survey permits previously authorized by the Lands Commission. Ratification or confirmation of these actions by the Executive Officer is recommended.

MR. CHAMPION: So move.

GOV. ANDERSON: Second.

MR. CRANSTON: Moved, seconded, made unanimously.

Item 11, final item, confirmation of date, time and place of next Commission meeting -- Thursday, January 24, 1963, 10 a.m., Los Angeles.

MR. CHAMPION: I'd like to ask a question here -- whether during the legislative session it wouldn't generally be more convenient to meet in Sacramento, rather than rotating.

MR. HORTIG: Actually, this matter has been placed on the agenda in this form, Mr. Champion, in anticipation of discussion of that problem, as well as the fact that actually the suggested date is a departure from the rules and regulations, which provide for meeting on the last Thursday of the month; but there are many five-Thursday months during 1963 and it appeared that there would be more logical spacing
of Commission meetings if they were held on the fourth Thursday of the month. It was also the intent to bring about this discussion about location, particularly during the legislative session -- the practice having been followed by this Commission and previous commissions, just out of sheer necessity, to restrict meetings to Sacramento.

GOV. ANDERSON: I would think that the last week of January, even the last Thursday, would be better. I doubt if the session will be going during the latter part of January. They usually wind up a little bit early there and that would be better for Los Angeles than perhaps the third or fourth Thursday.

MR. CHAMPION: I don't care about the date, but I think it would be better -- you have to be here most of the time and I know I do, and it is extremely difficult to break away. I would anticipate this is just about the date or very close to the date ....

MR. CRANSTON: It seems to me during the Legislature it would be advantageous to all concerned ....

GOV. ANDERSON: All right, fine. I have no objection.

MR. CRANSTON: Shall we stick to this 24th date for January, since it will be here?

GOV. ANDERSON: Fine.

MR. CRANSTON: The next meeting will be January 24th, here. Frank, on the topic of meetings for next year,
could you send us your schedule for next year, so we can take into account the entire calendar for next year?

MR. HORTIG: We were awaiting this discussion in order to prepare a schedule for the entire year.

MR. CRANSTON: Please do that and get them to us well in advance of the next meeting.

MR. HORTIG: We will do that forthwith.

MR. CRANSTON: If there is no further business to discuss, we will adjourn to the January 24th meeting.

ADJOURNED 10:40 a.m.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLCICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing seventeen 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 December 20, 1962.

Dated: Los Angeles, California, January 3, 1963.

[Signature]

LOUISE H. LILLCICO