TRANSCRIPT OF MEETING of STATE LANDS COMMISSION SACRAMENTO, CALIFORNIA July 25, 1963

PARTICIPANTS:

THE COMMISSION:
Honorable Hale Champion, Director of Finance, Chairman
Honorable Glenn M. Anderson, Lieutenant Governor
Mr. Charles S. Hurley, Administrative Assistant to Honorable Alan Cranston, State Controller

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:
Miriam E. Wolff, Deputy Attorney General

APPEARANCES:
In the order of their appearance:

Mr. Sidney S. Gorman, Chief Engineer
San Francisco Port Authority

Mr. David Joseph
Department of Fish and Game

Mr. Harold Lingle
Deputy City Attorney
City of Long Beach
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**NEXT MEETING**

LONG BEACH UNIT - WILMINGTON OIL FIELD

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MR. CHAMPION: The meeting will please come to order. I understand you want us to take first, out of order, item 3(j); we have people here from the San Francisco Port Authority, Mr. Gorman and Miss Wolff.

The item is: Permit to dredge approximately 3,500,000 cubic yards of material from four shoal areas within City and County of San Francisco and Marin County. Royalty of eight cents a cubic yard to apply only to material extracted from shoal areas not under the jurisdiction of the San Francisco Port Authority.

Now, I understand either Mr. Gorman or Miss Wolff want to make a presentation asking the Commission not to make that exception -- that the whole thing should be without payment of royalty, and that is the question before us. Would you care to speak to it, Miss Wolff?

MISS WOLFF: Yes. I have here a map which you gentlemen might like to see, of the shoal areas.

MR. HORTIG: They have one attached to their agenda.

MISS WOLFF: Thank you very much. Does it have the jurisdiction lines on it?

MR. HORTIG: Yes, it does. It follows immediately after page 19.

MISS WOLFF: Well, Mr. Chairman, Governor, and Mr. Hurley, I feel that I wish to explain first that Mr. Magnin, the president of the San Francisco Port Authority, wished to be here and make this presentation himself this morning, but
the press of other business kept him from the meeting and I am afraid we are relying on a very weak reed here.

We have up here on your podium a picture of what we propose to use this thing for, so you may see very clearly it is to be used for purposes of commerce and navigation.

I am not ordinarily so modest, but I always feel when you come before a Commission such as this and urge the Commission to go contrary to an experienced staff's recommendation, you have a great uphill battle. I am urging you to do that and I feel quite justified in doing so, because the staff's recommendation really has never had to our knowledge the benefit of any presentation of the State interests actually involved.

I think I should explain to you gentlemen first that under the Code section, 6303, which the staff has reprinted in their calendar item summary, it is very clear that the question before you is a question of discretion -- that in the event you find it is in the best interests of the State of California to permit the San Francisco Port Authority to have sand and gravel free from Point Knox Shoal, which is the only one of the shoals located outside the jurisdiction of the San Francisco Port Authority -- and even that shoal, gentlemen, is partly within the jurisdiction of the San Francisco Port Authority and partly outside -- if in your discretion you find it is in the best interests of the State of California, then you will, I am sure, also find that the position taken by the
staff is unfortunately contrary to those interests.

Now, the problem is simply this: The State of California holds all of these shoals in trust for commerce and navigation, and it holds the whole Bay of San Francisco in trust for commerce and navigation. What the Port Authority proposes to do with the sand and gravel which it wishes to extract is to use it to build a terminal, and the terminal is the one substantially as depicted.

Now, the Port Authority has not arrived at this conclusion carelessly or thoughtlessly. When the present Port Commission was first appointed by Governor Brown, it sought outside expert assistance. It first got some reports from Stanford Research and it then got some experts to make a long, detailed study of what was needed for the Port Authority. The Port Authority is a State agency; the State agency holds it in trust for commerce and navigation. So the advance study has led inevitably to the terminal you see before you.

The present terminal buildings are very old. The study concluded that with very few exceptions they were not worth rebuilding; that the character of shipping has changed and it requires the type terminal structure you see. Now, that sort of terminal structure requires a great deal of fill in order to bring it to deep water, and it is that fill material which is the calendar item on your agenda.

I think you will regard this as you would regard any other trust which you administer. You administer this
particular trust primarily for purposes of commerce and navigation. The purpose for which the Port Authority wants the property is solely, entirely and completely for commerce and navigation. Roughly, the State Lands Commission has jurisdiction over minerals generally, but there is an exception of the property within the jurisdiction -- of the State property within the jurisdiction of the San Francisco Port Authority. There are, of course, exceptions to already granted State lands.

Now, for purposes of convenience, in 1947 -- I must say I go back that far -- the State Lands Commission was granted jurisdiction by the Legislature to make mineral leases on property within the Port Authority jurisdiction, with the consent and approval of the San Francisco Port Authority, the proceeds of such mineral leases to be divided fifty per cent to the Lands Commission and fifty per cent to the Port Authority. Now, this is the Commission's sole jurisdiction within the land presently under the jurisdiction of the San Francisco Port Authority, within the mineral lands or any other lands.

Apparently leases have been entered into. Now, I say "apparently." It's a rather peculiar situation. We have written the Lands Commission to get a list of valid leases existing on San Francisco Port Authority property of this nature. This is a rather ancillary problem.

MR. CHAMPION: You mean mineral leases?

MISS WOLFF: Mineral leases, yes. I have a
recollection myself that there have been some approved leases, at least one approved lease, maybe more. There are some unapproved leases. Nevertheless, those leases have been consistently paying something like 4.6 cents, of which 2.3 cents accrues to the San Francisco Port Authority. Your staff's recommendation with reference to Point Knox is that the San Francisco Port Authority pay eight cents -- all of which, of course, will accrue to the general fund.

Now, I think this is rather strange that in property in the Port's jurisdiction, the Port is recovering either 4.6 or 2.3, however you want to look at it, and property just immediately outside their jurisdiction they will be requested to pay eight cents.

I direct your attention first to the fact -- I think the discretion of this Commission should be so exercised that the Port Authority pays nothing and that this Commission determine it is in the best interests of the State of California to permit this construction to go forward without the payment of fee; but that even if you were to exercise your discretion unfavorably to this request, I think it really quite astonishing that on one hand we lease property for 4.6, on the other hand we pay for the very same property eight cents.

Now, there are some things, too, that should go into your conclusion before you exercise your discretion. One is that the San Francisco Port Authority, while a State agency, is nevertheless a self-supporting State agency and it receives
no payments from the general fund and never has. It has been
in existence now for a hundred years without any payments, as
you, Mr. Hurley and Mr. Champion, know.

We are now proposing a bond issue for this very
construction. The bonds will have to be serviced from these
very revenues and, obviously, the cost of the sand and gravel
which goes into this construction has an effect on the over-
all payment. So it seems it is a case of taking the money out
of one pocket and putting it into another.

MR. CHAMPION: May I ask this -- We were assured in
approving that bond issue that this was feasible and that was
not contingent on any general fund contribution; in other
words, the bonds would be self-supporting -- the situation
with the Port Authority was such that there would be no con-
tribution from the general fund.

MISS WOLFF: That is correct, but undoubtedly the
character and nature of the construction will be dependent
upon its total cost, or maybe on its primary feasibility. I
frankly confess that in figuring the cost, the cost of the
fill material would be only the cost of removal and setting it
in place.

I'd like to go into an ancillary matter. I have
heard it expressed that the staff of this Commission might be
fearful of setting a precedent. I want to remind you that,
first of all, the situation, I think, is unique; but even
assuming it were not, you have had a precedent for many years
in that the State highways have free access for borrow fills.

While in my personal opinion no special code is necessary, that is made possible because there is a special code section. This particular code section is based on the premise that it is of greater benefit to give it to the people of State of California than selling it to private industry, and this is exactly the same situation you are faced with here today:

Is it of greater benefit to the people of the State of California to permit the Port Authority to use this for construction purposes for the public's benefit, or is it of greater benefit to hold it for sale to private industry?

There is one matter that I did not catch until I saw the complete calendar item. The shoals within the San Francisco Port Authority area are solely within the jurisdiction of the Port Authority. They are of interest to the State Lands Commission only when a private lease is made of those mineral rights and those shoals should be deleted from this calendar item because the Attorney General's Office has ruled, and I think without any question, that the jurisdiction of this Commission over those shoals is only for the very limited purpose of leasing them to outsiders with the approval of the San Francisco Port Authority.

Now, obviously, if valid leases exist on those shoals, the Port Authority will be under a duty to protect the rights which may be in the lessee, but that is a duty which now devolves on the San Francisco Port Authority in the event it
uses the property within its jurisdiction.

Now, there is one further matter and that is -- if you gentlemen have that map, you will see that while there are three shoals with usable sand, that sand within the Port Authority jurisdiction -- Let me put it more positively: We know the shoal outside the Port Authority jurisdiction is very good sand; the shoal in Marin County is a very good shoal. I do not know whether your map is numbered like mine. Shoal Number 4 we might be able to use, but there is some problem of interference right off the end of the piers. We might have some interference with use for commerce; we might have some difficulties with the use of that shoal.

Mr. Gorman, the Chief Engineer, is here. I think he can answer any of the technical questions you might be interested in asking with reference to the materials and the extent.

Before I leave you gentlemen, I'd like to say this: I'd like you to remember that the San Francisco Port Authority is not a wealthy State agency. At the Port meeting yesterday, there was considerable discussion about whether to spend on maintenance two items amounting to three thousand dollars each. So while, in the kind of figures that most State agencies are used to, this might seem like a relatively small amount -- although it should be in excess of $280,000, which is not a large amount for too many State agencies -- but assuming we took only a small portion from the Marin County
shoal, it is to the Port Authority a substantial item. And I think this is one of the items that you will consider also -- whether it is to the State's best interests to permit the Port Authority to extract this without payment of royalty.

Would you gentlemen care to hear from Mr. Gorman?

MR. CHAMPION: I think that as of the moment it is really not a technical question that is involved here, and I'd like to hear the staff comment on this before we proceed.

MR. HORTIG: Mr. Chairman, in the same order in which the points were presented to you by Miss Wolff, first, with respect to the possibility of a charge of eight cents per cubic yard as against other quoted figures for existing leases in San Francisco Bay, the prior royalty payments and prior royalty collections by the Commission result from leases issued up to fifteen years ago in San Francisco Bay; and in view of the need of the Port Authority for fill material and the limited supply, which impinges even further upon the commercial availability of this sand, result is that the latest bid offer for the latest lease -- which has not yet been brought to the Lands Commission for award -- starts at a minimum eight-cent payment,

There is also under consideration a sublease of an existing lease, which would increase the sand value from the lower average value that has been experienced heretofore to somewhere on the order of ten to twelve cents per cubic yard.

So in consonance with the current economic value of
these sand deposits, the staff recommendation of eight cents was based on what was actually probably at this time a minimum, in order to not overload the cost to the Port Authority if a value is to be charged. Actually, it is the economic commercial minimum as of today, whereas it is true the figures quoted by Miss Wolff are correct, unfortunately, because of long-term leases which have been in existence for a considerable number of years and date back to a time when there wasn't the tremendous need for nor the increase of the economic value of the sand deposits in San Francisco Bay.

Again, as to the precedent with the Lands Commission under 101.5 of the State Highways Code, which provides for use of areas of State lands for construction by the State Division of Highways, this is a statutory directive which, by approval of the Lands Commission as successor in interest to the Surveyor General's Office, can be carried out. While the argument in principle is undoubtedly sound and the analogy on State agencies and State navigation interests is completely correct as Miss Wolff stated it, nevertheless the only State agency that has statutory authorization by the State Lands Commission with respect to removal of fill from State lands is the Department of Public Works.

MR. CHAMPION: Are there any other State agencies that go the other way? Have we actually sold anything to other than the Division of Highways?

MR. HORTIG: I don't recall any at the same political
level. Special subdivisions, harbor divisions and so forth, have in some instances paid royalty for material for development of that harbor where they had a legislative grant, but subject to mineral rights of the State. There, again, we have a difficult analogy because, as Miss Wolff pointed out, these lands are still owned by the State with an original trust for commerce and navigation; so the analogy is not complete with respect to a political subdivision.

MR. CHAMPION: With all due respect to the Port Authority, it is an unusual State agency.

MISS WOLFF: Only because the State allowed the rest of the lands to get out of its jurisdiction.

MR. HORTIG: Then, concentrating for the moment on only those shoal areas which are defined within the jurisdiction of the San Francisco Port Authority in the Attorney General's opinion which you have before you, it is Miss Wolff's position that the Authority will determine what it will remove, and how the operations will be controlled is in the Port Authority and does not require a permit from the State Lands Commission as such. This is, I think, a highly technical mechanical problem and while in principle the staff will agree -- some documentation of some type, whether it is a letter of understanding or a report from the Port Authority back to the Lands Commission, or the Lands Commission says, "This is what we have agreed you are going to do," however we classify the document, I am sure can be worked out without
suggesting that anyone is impinging on anyone else's jurisdiction.

MR. CHAMPION: Has there been any legal examination of this contention by our counsel?

MR. HORTIG: No sir, not to this moment -- because the legal examination went to the point of, one, may the Port Authority remove sand or move sand within the area of its jurisdiction at no cost -- answer, "Yes." Number two, may they do it likewise from areas in San Francisco Bay but outside their jurisdiction, outside the City and County of San Francisco. The answer is automatically "no," but in the discretion of the Lands Commission this might be approved. So it is the last question that is really before the Commission now, to wit, whether or not to approve the staff recommendation that there be a charge for such material as might be removed from Marin County.

MR. CHAMPION: If we acted on the staff recommendation, we could do it with a stipulation of no prejudice to the claim of Miss Wolff that this is really unnecessary for the Port Authority. There is not any reason why that couldn't be done.

MR. HORTIG: And at staff level the appropriate documentary record could be established to cover the situation; that is correct.

MR. CHAMPION: Is there anything further?

MR. HORTIG: No, sir.

MR. CHAMPION: Is there anything further you
MISS WOLFF: Just one thing, on the amount. I hate to get off on the ancillary question of the amount because I think the matter of principle is the more important one; but I think it is not two months ago that the San Francisco Port Authority had submitted to them by the staff of the Lands Commission for tentative approval a lease in Southampton Shoal for five cents, and it seems to me to be a case where we are pulling ourselves up by our own bootstraps by making it eight cents. It may not seem very much to you, but considering all the sand that has been extracted in San Francisco Bay, this is a tremendous amount commercially, so obviously we are raising the price, in effect, for usable sand probably all over the area. Nevertheless, only two months ago we rejected the possibility of releasing Southampton at five cents because we knew we needed it. The first time we saw the eight cents was on the agenda item.

I don't quarrel with Mr. Hortig; I don't think eight cents is a high figure, and I wish all the leases were that way, but I do say that you will consider the benefit to the State. The entire essence of the problem -- you really get back to this fundamentally -- is: Does the State hold its property for the production of revenue, or does the State hold its property for the general public good.

MR. CHAMPION: Of course, the problem here presented is the one frequently presented where the San Francisco Port
authority or some local interest, where there may be an interest to the State of California and there is also a greater interest, when going into the matter there is the problem of whether or not there is a call on the general fund to support that agency. Now, the way that agency has been kept in its present position is as a self-supporting agency. There has been no call upon general revenues of any kind to support it and, in effect, this would become a general fund subsidy because the revenues to be received in any lease of this kind do flow to the general fund. So we are saying, in effect -- the argument would have to be, and I admit to me it is not persuasive, that the whole State benefits, and benefits about equally with the local area. It seems to me in this case this is not true.

The State has gone a long way in lending its bond authority to the Port Authority for this development and now to go further and subsidize the development itself out of potential general fund money goes too far. Of course, I am wearing my other hat. Of course, I am supposed to be the protector of the general fund and it is in severe need of protecting, as the Port Authority is of protecting its interest in this new venture. If you have any comment on this general fund relationship, I'd like to hear it.

MISS WOLFF: I have just this comment. Other port areas have been more fortunate. Let's take Long Beach, for example, which secured a grant and now obtains oil revenues.
Correction
Authority or some local interest, where there may be an interest to the State of California and there is also a greater local interest, when going into the matter there is the problem of whether or not there is a call on the general fund to support that agency. Now, the way that agency has been kept in its present position is as a self-supporting agency. There has been no call upon general revenues of any kind to support it and, in effect, this would become a general fund subsidy because the revenues to be received in any lease of this kind do flow to the general fund. So we are saying, in effect — the argument would have to be, and I admit to me it is not persuasive, that the whole State benefits, and benefits about equally with the local area. It seems to me in this case this is not true.

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MISS WOLFF: I have just this comment. Other port areas have been more fortunate. Let's take Long Beach, for example, which secured a grant and now obtains oil revenues.
That is oil revenue that would have been able to go to the general fund. Long Beach and San Francisco are, of course, generally competitive. There are other areas, including Stockton, in which the State spent a great deal of money to help bring the channel up to the Port of Stockton; that is general fund money, gentlemen. You had some matching funds in Sacramento -- that's general fund money. I don't think you can name a single port development that hasn't had some help from the general fund, except probably the San Francisco Port Authority, the only area which the State retained for itself.

Now, Mr. Champion, you and I have a wholly different approach on this. I think the State kept the San Francisco Port because it was a great port, because it was a natural resource for the State of California and the Legislature was not going to let the City get the benefit of it because it was of benefit to the whole State of California. Of course, it is a utility and I think you have to look at a port that way. I admit we are at a point of conflicting philosophy on port structures, generally.

GOV. ANDERSON: Just a couple elementary questions. It is my understanding, according to this map, they will not be expected to pay anything for Southampton or Telegraph because they are within the Port Authority's jurisdiction, and for Presidio?

MR. HORTIG: That's correct.

GOV. ANDERSON: The only one is Port Knox?
MR. HORTIG: Designated as Shoal Number 2, Port Knox Shoal, and only that portion of Port Knox Shoal that lies in Marin County. It lies principally in Marin County, but there is a small portion that lies in San Francisco County, and as to that portion it would be recommended that there be no charge for the fill removed.

GOV. ANDERSON: Some of that is on the San Francisco side?

MR. HORTIG: It is so small that it is in the cross-hatching. This is defined in 1770 of the Harbor and Navigation Code.

GOV. ANDERSON: So what we are actually talking about, is something likely belonging to Marin County. Is there any advantage to that area to take this material out of there?

MR. HORTIG: Well, Marin County as such has no authority over the shoal area. It lines within the County of Marin, but as to mineral resources, it is under the jurisdiction of the State Lands Commission of the State of California.

GOV. ANDERSON: There is no benefit or need for navigation to get that shoal cleaned out or anything?

MR. HORTIG: Well, all shoal areas that can be removed in San Francisco Bay normally, without upsetting the tidal bore and tidal currents, are an asset to navigation by their removal; and, indeed, for many years before construction-type sand and gravel became a valuable and short-supply commodity
in San Francisco Bay, the U. S. Army Engineers expended Federal funds to dig up some of these shoals to keep the navigation channels clear and actually barged the sand out in the ocean in order to get rid of it. The shoals are still a navigation hazard and they continue to reform in part. Because much of this material is brought down from the Sacramento and San Joaquin Delta, at the point where the waters lose enough velocity in tide, they cannot carry this material in suspension. So there is a gradual decrease and the anticipated need of supply is going to be greater.

GOV. ANDERSON: What they need -- can they get enough out of 1, 2, 3, and 4?

MR. HORTIG: This is not precisely known. We have discussed this with Mr. Gorman very briefly and the probability is that Shoal Number 2 might turn out to be the most desirable and the largest supplier of the material. Actually, until the material is dredged, sorted and separated from the mud and silt, how much of it is good fill sand for the type of construction there you cannot really tell until it is processed; and while you can estimate as to 1, 2, 3, and 4, the estimates are very optimistic for Shoal Number 2, Port Knox.

Incidentally, there would be a problem removing Telegraph Shoal Number 4 there; because of the possibility of shipping, and so forth, it would be a converse bonus, because of all the places not to have a shoal area, it would be Telegraph Shoal.
GOV. ANDERSON: It seems to me that would apply to Presidio and perhaps the one in front of the island there.

MR. HORTIG: Except as to their actual content, as to specification grade sand.

GOV. ANDERSON: And you haven't had a chance to determine that?

MR. HORTIG: And we do not have sufficient sand from boring tests to really know.

GOV. ANDERSON: One last thing, on a different matter. Do you feel, then, if we take the recommendation which your staff is making that this will not apply or affect any other State agency, any other public agency?

MR. HORTIG: That is the presumption on which this recommendation has been drafted.

MR. CHAMPION: Are there any further questions or comments? (No response) I want to ask one thing: Are there any adverse effects so far as the Bay, the whole full controversy of the Bay -- are there any foreseeable adverse results by removal from any of these shoals?

MR. HORTIG: In a very limited sense in terms of disturbing natural habitat of particular marine organisms who have grown up at that particular location. There are people who do protest any removal of any sand either from San Francisco Bay or along the ocean shore anywhere in the State of California; but again, it is a problem of balance, of supply and demand, as to all of the factors involved.
MR. CHAMPION: I recognize that not a stone shall turn in some cases; but I wanted to ask whether there were any specific foreseeable and serious, or at least significant, adverse effects.

MR. HORTIG: From studies, we are not aware of any potential disadvantage to removing a shoal area. Additionally, it must be pointed out, of course, that such operations would require a dredging permit based on maintenance and navigation interests from the U. S. Corps of Engineers.

MISS WOLFF: That permit can be obtained.

MR. HORTIG: Any possibility of damaging effect resulting from the dredging operation would be a consideration in the issuance of that permit by the Army.

MR. CHAMPION: And there were no objections?

MR. GORMAN: Yes, there were objections, but the permit has been granted.

MR. CHAMPION: Is there anything further? What is the pleasure of the Commission?

GOV. ANDERSON: I move the State's recommendation.

MR. HURLEY: I'll second it to bring it to a vote, but I am going to abstain from voting because I haven't had a chance to discuss it with Mr. Cranston.

MR. CHAMPION: To make the problem clear, I can second and there won't be any question of the record. I'll second, then, and there being no further objection that will be the order. The staff's recommendation is approved.
MR. CHAMPION: (continuing) Let's return to the calendar in order, then. Number 2 -- Permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute. Consideration is the public benefit. Applicant (a) State of California, Division of Highways -- Addition to right-of-way Easement P.R.C. 2923.9, sovereign lands of the Sacramento River, Sacramento and Yolo counties, of 1.037 acres for State Highway Route III Yol.Sac.-6-C, Sac.

GOV. ANDERSON: I move it.

MR. HURLEY: Second.

MR. CHAMPION: If there is no objection it will stand approved.

Number 3 -- Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission, (a) has been deleted from the agenda?

MR. HORTIG: That's right.

MR. CHAMPION: (b) Richfield Oil Corporation -- 6-month permit to conduct geophysical exploration operations from July 25, 1963 through January 24, 1964, tide and submerged lands Santa Barbara, San Luis Obispo, Monterey, Santa Cruz, San Mateo, San Francisco, Marin, Sonoma, and Mendocino counties, MR. HORTIG: All the counties as noted were notified of the consideration of this application and of those counties who acknowledged receipt of the notice, none stated any objection to the issuance of the permit.
GOV. ANDERSON: How many were they?

MR. HORTIG: Fully two-thirds of them -- Santa Barbara County, San Luis Obispo County come back to my recollection; Marin County. San Francisco County, as I recall, received the notice and directed that it be filed, and that was all; and the balance of the counties, I might add, have heretofore never objected to the issuance of this type of permit.

The application originally included Humboldt and Del Norte counties as submitted by the applicant, but in view of the fact that we are not clear with the Boards of Supervisors of Humboldt and Del Norte County as to the feasibility of this type of permit, the staff deleted those counties from this recommendation for permit until such time as we can have a clarified understanding with those counties.

MR. CHAMPION: And the applicant is satisfied to go ahead with the permit on this basis?

MR. HORTIG: That is correct.

MR. CHAMPION: (c) Holly Corporation -- Assignment from Lark Corporation of sublease of Lease P.R.C. 2408.1, tide and submerged lands of Carquinez Strait, Contra Costa County; (d) American Metal Climax, Inc. -- Two-year prospecting permit, 40 acres State sovereign land, Imperial County, for geothermal steam and energy, etc., at standard royalty rates; (e) Seaside Sand and Gravel Co., Inc. -- Waiver of minimum extraction requirements, Lease P.R.C. 2616.1, for lease years ending July 27, 1961, July 27, 1962, and July 27, 1963. Lessee
unable to meet requirements because of severe storm damage.

MR. HORTIG: Mr. Chairman, if I may amplify, the recommendation for this waiver is also conditioned on the requirement that the lessee fulfill during the next lease year the minimum lease operating requirements or the lease will be terminated. It is felt that if in four years he hasn't been able to get going, there is no advantage to the continuing existence of this lease and the bookkeeping problems involved and no economic benefit either to the lessee or the State resulting out of the existence of the contract.

GOV. ANDERSON: You are satisfied the delay was occasioned by the storm damage?

MR. HORTIG: Yes -- primary cause.

MR. CHAMPION: (f) Phillips Petroleum Company -- 49-year right-of-way easement 5,256 acres of tide and submerged lands of the Santa Barbara Channel, Santa Barbara County, for submarine flow line for movement of production from Well No. 1, Oil and Gas Lease P.R.C. 2933.1, annual rental $149.31;

(g) Phillips Petroleum Company -- 49-year right-of-way easement, 4,832 acres tide and submerged lands of Santa Barbara Channel, Santa Barbara County, for submarine flow line to provide for movement of production from Well No. 3 on Oil and Gas Lease P.R.C. 2933.1, annual rental $137.26;

(h) Phillips Petroleum Company -- 49-year right-of-way easement, 6,418 acres tide and submerged lands of
Santa Barbara Channel, Santa Barbara County, for submarine flow line to provide for movement of production from Well No. 2 on Oil and Gas Lease P.R.C. 2933.1, annual rental $182.32;

(i) Standard Oil Company of California -- Two 25-year easements for pipeline crossings of Middle River and Old River, San Joaquin County, one containing 0.222 acre, at total rental of $244, the other containing 0.136 acre at total rental of $150.

MR. HORTIG: Mr. Chairman, this results in a total rental of $394, as against pre-existing easements authorized by statutes in the 1920's pursuant to which the easements were issued at a total rental of $50.

MR. CHAMPION: It will help. I don't know that it will be significant.

MR. HORTIG: Percentagewise it is better.

MR. CHAMPION: Item (k) Santa Catalina ... .

MR. HORTIG: Mr. Chairman, it is requested that item (k) be deferred, to be rechecked at the request of the applicant.

MR. CHAMPION: Do you think we might get an increase?

MR. HORTIG: I don't know which way it will go.

GOV. ANDERSON: I move them, with the exception of (a), (j) and (k), I guess. We have already taken care of those.

MR. HURLEY: Second.
MR. CHAMPION: (To gentleman in audience) Is this on one of the items in question?

MR. JOSEPH: Yes, sir.

MR. CHAMPION: Which item?

MR. JOSEPH: Item (d). I am representing the Department of Fish and Game, and we would like more information if we can get it.

MR. CHAMPION: All right. Will you step forward for a moment? Item (d)?

MR. HORTIG: This is American Metal Climax, Inc.

MR. CHAMPION: All right. Would you identify yourself for the record?

MR. JOSEPH: Yes. I am David Joseph, Department of Fish and Game. We here in Sacramento have been unable to find out whether this particular proposed operation will entail a waste discharge that could enter the Salton Sea; and I am wondering if there is anybody here that could tell us.

One other question we have: Is this, in fact, a request for the production of steam, or is this to be a waste-receiving well? Now, we have heard two stories.

MR. CHAMPION: This is a prospecting permit at the moment.

MR. HORTIG: And it is a prospecting permit for the successors in interest to the same group who have previously been operating on the other prospecting permits in Imperial County for geothermal steam. This is all part of
a composite package, subject to the same limitations with respect to waste disposal, pollution control, et cetera, as all the prior prospecting permits that have been issued by the State Lands Commission.

This particular parcel is actually one under which there was a prospecting permit which expired and this is simply a new application to continue prospecting under the same controls and conditions, on a parcel on which there was a prior prospecting permit, with controls and conditions satisfactory to the State Water Pollution Control Board and to Fish and Game.

MR. JOSEPH: I am to understand that this would be the same sort of well as has been previously drilled?

MR. HORTIG: That is correct.

MR. JOSEPH: Now, one other question: If this well were to be simply a receptacle for waste from other wells, would the same conditions of the State Lands Commission apply?

MR. HORTIG: This permit would not authorize this well to be a receptacle for waste from other wells. What is authorized is prospecting for geothermal steam wells only.

MR. JOSEPH: And that alone?

MR. HORTIG: That alone.

GOV. ANDERSON: It's just a prospecting permit.

MR. JOSEPH: I understand.

MR. CHAMPION: Is there any further question or
comment? (No response) It has been moved and seconded that we approve the items, and without further objection they will stand approved.

4. City of Long Beach -- Approvals required pursuant to Chapter 29/1956: (a) Authorization for Executive Officer to certify approval of "Third Agreement Amending Contract for Sale of Natural Gas," between the Board of Harbor Commissioners of the City of Long Beach, as First Party; the Superior Oil Company and Humble Oil & Refining Company, as Second Parties; and Lomita Gasoline Company, as Third Party.

(b) Prior approval to expenditure of not to exceed $30,800, by City of Long Beach from its share of tideland oil revenue, for the purchase of a heavy-duty track-laying tractor for use in the operation and maintenance of Long Beach tideland beach areas, being 88% of total estimated cost of $35,000.

Is there any comment?

MR. HORTIG: Are there any questions?

MR. CHAMPION: I assume that 88% as being the percentage of the use of the tractor involved .......

MR. HORTIG: The estimated percentage of the use of the tractor on tidelands beaches versus upland beaches.

GOV. ANDERSON: This one on the sale of natural gas -- this is new?

MR. HORTIG: No, sir. This is one of a series which the Commission has had before it, and will have more of,
in view of the fact that these gas processing contracts were
entered into prior to the time that unit agreements were entered
into for fault blocks. As a fault block is finally consummated,
the original sales and processing contracts must be revised to
be compatible, and this is to reorganize the bookkeeping.

GOV. ANDERSON: Move.

MR. HURLEY: Second.

MR. CHAMPION: Moved and seconded, without objection
the items are approved.

5 -- Selection and sale of vacant Federal land:
(a) Suzannah S. Neighbour, appraised value $4,425, bid $4,425;
(b) Hugh M. Neighbour, appraised value $5,419,80, bid $5,419,80.

MR. HORTIG: As to the second item, Mr. Chairman,
if I can direct the Commissioners' attention to the photographs
on the second sheet following page 29 of the agenda, in the
upper left there is a photograph referring to the applicant's
home. This was intended by the appraiser to show what the area
off the land applied for looked like. The parcel that is ap-
plied for adjoins the area on which the applicant's home is
located and the applicant's home is not located on the land
that is sought on this application. The land that is sought,
and the quality of it, is shown in the other three photographs.
The citrus grove referred to in the second photograph is again
on the applicant's fee-owned land to the north, adjoining the
State parcel sought.

MR. CHAMPION: In what area are they?
MR. HORTIG: Approximately five miles from Blythe, northwest of Blythe.

GOV. ANDERSON: I'll move it.

MR. HURLEY: Second.

MR. CHAMPION: There being no further comments, it will stand approved.

GOV. ANDERSON: Selection on behalf of the State of 198.11 acres Federal land, San Bernardino County; authorization to cancel application of Minnie Eldora Brewer and to refund deposits less expenses incurred to date of cancellation.

GOV. ANDERSON: What was the reason for this?

MR. HORTIG: The applicant did not desire to pay the appraised value of the land after it was received.

GOV. ANDERSON: The appraised value was more than they originally felt it would be?

MR. HORTIG: That's right. I might note, on the two preceding selections and sales of Federal lands that the Commission has already approved -- and this is not by way of being critical, but simply to show that these transactions do take time -- the last two were the results of approval by the Federal Government after a period of eight years after received from the applicant.

GOV. ANDERSON: On this one here we are talking about, when they started this there was at that time some set price, estimated price of $5?

MR. HORTIG: No; there was a minimum deposit of $5,
but they were to pay the appraised value of the land whenever
the parcel was received.

GOV. ANDERSON: That wasn't what it was worth at
that time?

MR. HORTIG: There have been sales as far back as
that at that price, and this could very well have been the
thought of the applicant.

GOV. ANDERSON: When was that application received?

MR. HORTIG: This may well have been eight years
ago. The original application was made on April 1, 1954 and
was approved by the Bureau of Land Management on August 22,
1962, and only then could the State start the appraisal.

GOV. ANDERSON: Does it tell there that that was
the appraised value or the estimated value at that time?

MR. HORTIG: No, sir. That is simply the offer of
the applicant at the time. There are no appraisals made until
the State actually has title on the land.

GOV. ANDERSON: I know it isn't affirmed until we
get all through.

MR. HORTIG: That is correct.

MR. CHAMPION: What is the pleasure of the Commis-
sion on that item?

GOV. ANDERSON: I'll move it.

MR. HURLEY: Second.

MR. CHAMPION: It will stand approved.

7 -- Approval of amended description of original
field notes of Tideland Survey 48, Bolinas Bay, Marin County, decreasing area from 7 acres to 3.28 acres; and authorization for issuance of a patent in the name of the original applicant, Henry Hutton, upon compliance with applicable statutes.

MR. HORTIG: The original statutory authority for the sale of tidelands provided for sale of lands on application between high water mark and low water mark. At the time there was authority to sell in the 1870's, there had not been any judicial determinations in California as to how you identified a high water mark or a low water mark, so the pictures surveyors drew at that time for applications did not always necessarily coincide with the lands that should have actually been conveyed.

Also, the lands were sold on a certificate of purchase, following payment for which the applicant was entitled to a State patent. In a few instances State patents were not sought and in later conveyances of the land the title company insists, before insuring this conveyance, that the patent be purchased -- even at this late date.

This is one of these instances and a corrected survey description of the amount of area conveyed between the high and low water mark is 3.28 acres, rather than the seven acres that were described originally. This is satisfactory to the applicant and it is necessary to get this corrected description and approval and purchase of patent, in order that he can get the title insurance on the property, of which he is the successor in interest.
MR. HURLEY: Who is the applicant?

MR. CHAMPION: Henry Hutton.

MR. HURLEY: Not the Henry Hutton of 1865.

MR. HORTIG: Eugene Snow, the successor in interest.

On Page 31 -- Eugene Snow, successor in interest to the original applicant, who has applied for issuance of the patent. He has a complete chain of title down from Henry Hutton.

GOV. ANDERSON: I'll move it.

MR. HURLEY: Second.

MR. CHAMPION: It will stand approved.

8. Pursuant to provision of Sec. 7052 of the Public Resources Code, exemption from competitive public bidding procedures required for oil and gas leases under Sections 7052 and 7053 of the Public Resources Code, pursuant to application by Board of Education of the Downey Unified School District, Los Angeles County, in order to secure practical reservoir development of a part of the Gallatin School site.

MR. HORTIG: Political subdivisions of the State of California may lease their lands only for oil and gas pursuant to competitive public bidding, unless the State Lands Commission in its discretion exempts particular leases or operating agreements from the procedure required, that is, competitive public bidding (I am now paraphrasing Section 7052, Public Resources Code) where, by reason of small size of the property or drainage from offset wells, such procedure would in the judgment of the State Lands Commission in the particular case be impracticable.
The area proposed to be leased, and on which obviously no public bids could be secured, but which can be negotiated into an adjoining lease, consists of a strip of land one foot wide and one hundred eighty feet long. It is felt that this is an ideal example for using discretion in exempting from competitive public bidding.

MR. CHAMPION: Is there any objection?

GOV. ANDERSON: Approved.

MR. HURLEY: Second.

MR. CHAMPION: It will stand approved. 9, --

Authorization for Executive Officer to approve amendment of Paragraphs VII and VIII of Unit Agreement dated June 10, 1958, between the Dow Chemical Company, et al., to clarify the effective and due date of payment of shut-in royalty when gas is not being sold from the unitized area of Gas Leases P.R.C., 714.1 and P.R.C. 729.1, Sacramento County, pursuant to application from Brazos Oil and Gas Company on behalf of the Dow Chemical Company and Vistario Corporation.

MR. HORTIG: There is in existence in the river island field easterly of Rio Vista, California, a unit operation for the production of gas, in which the State-owned lands which are in the water bottoms, principally, of the Sacramento River and the Mokelumne River -- are included in the unit operation or held under leases originally issued to Brazos Oil and Gas and subsequently assigned to the other parties in interest as reflected in the calendar item.
Under the original unit agreement there is a serious question that if there are times when gas is not marketed due to lack of market or lack of quantity to interest a purchaser, that this might automatically terminate the leases in the unit agreement; and the participants to the unit agreement have prepared an amendment which they have offered, and which the staff recommends, that they be permitted to pay a shut-in royalty — that is, they will pay a royalty equal to one-twelfth of $5 per acre on a number of acres within the tract as a royalty in lieu of production royalty any time they are shut in, rather than lose their lease and have the leases terminated. This will carry them over until either the market develops or they can develop sufficient production so they can realize full market value from the gas production.

MR. CHAMPION: Any question on this?

GOV. ANDERSON: Move it.

MR. HURLEY: Second.

MR. CHAMPION: It will stand approved. 10.

Acceptance of highest qualified bid and approval for issuance of an oil and gas lease to Union Oil Company of California for 2,113 acres tide and submerged lands, Orange County, designated as Parcel 14.

MR. HORTIG: For which the high bid offer was $6,110,000 from the Union Oil Company of California and award of the lease is recommended. The lease has been reviewed as to technical compliance, legal compliance, by the Office of the
Attorney General, and as to adequacy by the staff of the
Lands Division.

GOV. ANDERSON: How was the access arranged to
bring this oil in?

MR. HORTIG: There is no access arranged.

GOV. ANDERSON: How will they bring it in?

MR. HORTIG: By submarine pipeline back to the shore
when there is a development of that Parcel 14; just like the
earlier flow-line easements approved earlier on the calendar
today, the operator actually goes across adjoining lands of
the Signal leases which intervene between Parcel 14 and the
shore. We have a reservation to the Lands Commission to issue
other crossings not incompatible to their other uses.

GOV. ANDERSON: I move it.

MR. HURLEY: Second.

MR. CHAMPION: It will stand approved.

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

MR. HORTIG: Consisting of two extensions of the
period of an existing geological survey and geophysical explora-
tion survey permit.

MR. HURLEY: I'll move it.

GOV. ANDERSON: Second.

MR. CHAMPION: It will stand approved. Report on
status of major litigation -- Is there any further activity
that should be reported?

MR. HORTIG: No, sir -- only to bring to the attention of the Commission that there is a firm pretrial date now with respect to the subject matter of boundary determination on a tide and submerged lands grant in Long Beach, which has now been set for September 10, 1963.

MR. CHAMPION: What is the situation now on the Long Beach Unit at Wilmington Oil Field?

MR. HORTIG: As to the Long Beach Unit, Mr. Chairman, you will recall the Commission, at the meeting in June, on June 27th, adopted a directive setting out a series of principles that should be put into any contracts for development of the Long Beach Unit area. Report on these principles and the action of the Commission was presented by representatives of the City of Long Beach to the Long Beach City Council on, I believe, the 2nd of July. This was, I believe, the Tuesday following the Lands Commission meeting on Thursday. The City Council received the report of their representatives and referred it to the Oil Committee of the Long Beach City Council, and we are not aware that the Oil Committee has considered it. They have definitely not reported back to the City Council with respect to the proposals and recommendations by the State Lands Commission.

In the interim, as far as the staff of the State Lands Division and the Attorney General are concerned, in accordance with the Commissions directive -- I'll read a
letter for the record, which you gentlemen have received from the Office of the Attorney General:

"Pursuant to your instructions, our office (this is dated July 23rd) has taken every step possible to assure that there will be no unnecessary delays in the formulation and approval of agreements relating to the Long Beach Unit, once the necessary policy decisions have been made by both the Long Beach City Council and the Commission.

"To this end we have finished a first draft of a complete revision of the Field Contractor Agreement which incorporates the substantive changes suggested by the Commission at its June 27, 1963 meeting. This draft also attempts to meet some of the industry objections to the former Field Contractor Agreement which we felt to have some legitimate basis. Although further revisions in this draft will undoubtedly be necessary or desirable, we wish to let you know that such a draft is in existence and will be ready for submission to the City of Long Beach at any time the presently pending policy decisions are finalized."

(Parenthetically, I wish to insert that this has also been reviewed by the staff of the State Lands Commission.)

"If you should desire a copy of this draft, please let us know and one will be forwarded to you immediately."

(Such copies are in the files of the State Lands Division, again parenthetically.)

"In addition, we have, with the approval of the Executive Officer, taken steps to reconvene the Long Beach Unit Legal Committee for the purpose of considering the desirability of certain changes in language designed to eliminate possible misunderstandings as to the meaning and effect of the present documentation. Although further meetings of the Legal Committee will be necessary to make the unitization agreements consistent with any revisions of the Field Contractor Agreement, it was our belief that the Committee could utilize this period while major policy matters are still under consideration to consider changes of a non-controversial nature. A copy of our letter to the
"members of the Long Beach Unit Legal Committee, incorporating our own suggestions as to desirable clarifications, has been forwarded to you under separate cover.

"We have asked the Executive Officer to let us know if there are any other ways in which we can help assure that there will be no unnecessary delay concerning these matters."

MR. CHAMPION: I am hesitant to consult the Commission on this subject, to proceed with approving a draft according to the principles such as we authorized at the last meeting, without having comment from Long Beach; and I'd like to hear from the Long Beach representatives as to what the current status of their consideration of this is.

MR. LINGLE: I am Harold Lingle, Deputy City Attorney from Long Beach. I am here in the absence -- you gentlemen probably know that my boss has had major surgery and I don't expect that he will be back in the office for a matter of some weeks.

In partial explanation of what has been going on, we have had -- not a new City Council, but the Council has been reseated and our Oil Committee has been partially reconstituted, the Oil Committee of the Council since the time of your last hearing; and they have not yet considered the suggestions that were made by the Commission.

In the meantime, we have been working -- the Lieutenant Governor pointed out to us last time -- we are still dreadfully concerned about our problem of the other contract, which must go out on March 20th next year. I don't
know whether Frank got it, knowing that he drove up, but we
have delivered to the staff what we would describe as working
documents, a first draft -- which obviously needs your con-
sideration and needs your suggestions; and primarily because
of your suggestion that you gentlemen would like to know what
our thinking on these was at the earliest possible date, we
have gone forward with a drilling and operating contract for
the Long Beach Harbor tidelands parcel. They have been ap-
proved in principle by the Board of Harbor Commissioners,
approved in principle by the City Council.

One provision that our Office of the City Attorney
was told to prepare, which we did not because we wanted to
get it to you as soon as possible, was the suggestion that
one-eighth of the oil be made available to the small refiners.

Copies have not been distributed, but copies are
now available from the Petroleum Department of the Long Beach
Harbor Department.

So that brings us back, in summary: We have a new
Oil Committee; because we have a new Oil Committee I have
nothing to report from that Oil Committee on your suggestions.
The staffs have been studying your suggestions and I assume
you will get the feeling from Long Beach on your suggestions
as promptly as we can get them to you. We have no desire to
drag our feet.

I am aware of Mr. Shavelson's comments on the Unit
Agreement. He has consulted me personally and knows what we
think is meritorious. Obviously, nobody in Long Beach knows what is in the Attorney General's suggestion concerning the Field Contractor Agreement.

MR. CHAMPION: To take these things up serially, the first question: As I understand it, the staff is in receipt of your draft. I discussed the matter with Mr. Hortig and they have had no chance to review it at all but we will proceed to do so; and I have asked Mr. Hortig, subject to consultation with the other members of the Commission, that if there is a major question or something that needs early Commission attention in order to get this thing disposed of expeditiously, if there is a major question where some consultation is needed, I will consult with the other members of the Commission on a special meeting. At any time we can get that thing moving faster, we will be cooperative.

MR. LINGLE: You have been.

MR. CHAMPION: On the other question, would it be helpful to Long Beach if the Commission were to direct Mr. Shavelson to forward the draft to you of the new Field Contractor Agreement and report back to us a reaction to it at the next meeting?

MR. LINGLE: Certainly, if we had it in detail it would be far better than having - - - Yes, is the short answer.

MR. CHAMPION: What is the staff's feeling?

MR. HORTIG: I would concur in that recommendation.

MR. CHAMPION: What is the feeling of the Commission?
GOV. ANDERSON: Fine.

MR. CHAMPION: All right. That will be the order. We will instruct Mr. Shavelson to immediately forward this. This does not give our final approval of this draft.

MR. LINGLE: I understand that.

MR. CHAMPION: It is another sort of arrangement such as you have on the draft on the L.B.O.D. thing, so it is before you and we can get your comments as soon as possible.

MR. LINGLE: I'd like to file these. They are three more copies of the new Harbor parcel contract for the Commissioners individually. Shall I file them with Mrs. Stahl?

MR. HORTIG: Right.

GOV. ANDERSON: You mentioned the Council Committee had a little change. There isn't any significant change, enough so that we can expect any significant change in policy? In other words, the present administrative policy we can expect to continue along?

MR. LINGLE: Lieutenant Governor, you have me talking for other people. Obviously, if I worked for you, you wouldn't want me committing you. Personally, I wouldn't think so. It is substantially the same committee. I am not sure -- either one or two of the five are new councilmen and I know in particular of a new councilman.

GOV. ANDERSON: That's what I understood. I thought we could carry on, assuming there would be no delay in this.

MR. LINGLE: I would hope not.
GOV. ANDERSON: How is cooperation between your staff and their staff in keeping up on that level?

MR. HORTIG: Staffwise, it is excellent. We have a problem from the standpoint of total policy implementation that Mr. Lingle pointed out, with respect to the Long Beach Unit. Until the Oil Committee reports to the Council and the Council adopts something in principle, we are not at a standstill but we are working concurrently on only that level that we can work on at staff level.

With respect to the L.B.O.D. contracts, we now have at least the City's position in principle since Tuesday afternoon and this we now have under review as to technical and economic features in the State Lands Division, and the Attorney General's Office is reviewing it as to legal feasibility -- although it is forecast there will be necessary changes in that document, even by Long Beach.

GOV. ANDERSON: Aside from that, there is a free and easy arrangement between your staff and their staff -- there is no withholding of information or anything?

MR. HORTIG: To my knowledge the answer to your first question is "yes."

MR. LINGLE: I concur. As I stated, I have been in conference with the Attorney General on some of his suggestions on the Field Contractor Agreement. From the letter, I am sure he is working on the staff position for you; but on things he wanted to talk to us about and was able to, I have
had conferences with him in his office. We are certainly cooperating.

MR. CHAMPION: Mr. Lingle, so we are clear, when this draft is presented to you of the Field Contractor's Agreement, then really we must consider that we couldn't take further action on this matter until we have some comment from Long Beach. It is really understood that any further action depends on the City of Long Beach.

MR. LINGLE: You are telling me the monkey is on our back.

MR. CHAMPION: I think that is a fair statement, although I don't think it is a monkey. I just want it understood that we are anxious to proceed, that we are ready to proceed, but that we really feel that Long Beach ought to give us some indication of its feelings before we can.

MR. LINGLE: I'll report that.

MR. CHAMPION: And Long Beach would properly be entitled to outrage if we were not prepared to wait for its comments.

MR. LINGLE: Excuse me, I didn't hear that.

MR. CHAMPION: Long Beach would properly be entitled to outrage if we were not prepared to wait for its comments.

Is there any further question on the Long Beach matters? I think that concludes the business before us.

MR. HORTIG: No, sir. There is a supplemental
agenda item, page 56, at the very end of the agenda you
gentlemen have before you today, and we had to bring this in
at the last moment.

In short form, if you gentlemen will refer to the
second map following page 56, dredging operations were author-
ized by permit to Associated Contractors in the Salt Works
Canal in Richardson Bay as early as 1961 by the State Lands
Commission; and toward the upper left, there is a small cross-
hatched area in the canal, there is a number "336" which
appears right alongside this little section. If I may point
to it, that small section of the canal which was not authorized
back in 1961 to be dredged now turns out to be too shal low to
permit public navigation to Richardson Bay. The project is
pretty well nearing, if not completion, at least public
dedication stage, and in order to get boats up and down the
entire canal, in effect an extension of the prior permit will
be required.

The material which will be removed, which is a
limited amount on the order of about 18,000 yards, is not
good fill material -- it is just plain mud.

The original permit authorized royalty of three
cents a cubic yard and in the inter of improving naviga-
tion, indeed to make it possible at all, it is recommended
that the Commission authorize this limited extension to the
original permit in order to make the canal workable. The
contractor felt he was going to have serious troubles if he
did not have this permit before the next Lands Commission meeting, therefore we made this supplemental item. It is unique and out of order, but necessary for this project.

MR. CHAMPION: What is your pleasure?

GOV. ANDERSON: There wouldn't be any opposition to this?

MR. HORTIG: No, sir.

GOV. ANDERSON: In other words, the local agencies are aware of it?

MR. HORTIG: As a matter of fact, they never anticipated having to dredge this particular part of the canal area, but when they got down this far on the Project they discovered it doesn't have as much water they thought it would have, so they are going to have to dredge it to make it practical.

GOV. ANDERSON: I'll move it.

MR. HURLEY: Second.

MR. CHAMPION: It will stand approved. The date, time and place of the next Commission meeting -- Thursday, August 29, at ten o'clock in Los Angeles.

MR. HORTIG: We have a problem there, Mr. Chairman. The Lieutenant Governor finds that his schedule will necessitate that he be in Sacramento on that day. This is another period where I believe it will be "Governor Anderson" -- not "Lieutenant Governor;" and the same date and time would be feasible if the meeting could be shifted to Sacramento
rather than Los Angeles.

MR. CHAMPION: I am more than happy to agree.

MR. HURLEY: I am sure I think it is probably all right with Alan, but I don't have his complete calendar here.

GOV. ANDERSON: When does he expect to return?

MR. HURLEY: He expects to be at this meeting in Los Angeles. I imagine he will be here in Sacramento.

MR. CHAMPION: Let's tentatively set it for Sacramento. We can make other arrangements if necessary.

GOV. ANDERSON: So move.

MR. CHAMPION: Thank you very much. Meeting adjourned.

ADJOURNED 11:37 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 forty-five pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Sacramento, California, on July 25, 1963.

Dated: Los Angeles, California, August 5, 1963.

[Signature]

LOUISE H. LILlico