TRANSCRIPT OF MEETING of
STATE LANDS COMMISSION
LOS ANGELES, CALIFORNIA
May 28, 1964

PARTICIPANTS:

THE COMMISSION:

Hon. Alan Cranston, Controller, Chairman (first portion of meeting)

Hon. Glenn M. Anderson, Lieutenant Governor, Chairman, (second portion of meeting)

Mr. Charles S. Hurley, Deputy Controller represented Mr. Cranston during second portion of meeting.

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Howard S. Goldin, Assistant Attorney General

APPEARANCES:

Mr. J. R. Jackson, Area Manager
Humble Oil & Refining Company

Mr. John F. Janssen, Regional Manager
California Department of Fish and Game

Mrs. George D. La Moree

Mr. Arthur O. Spaulding, Petroleum Administrator
City of Los Angeles
<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON PAGE OF CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Call to order</td>
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<td>(c) Los Angeles County Flood Control District</td>
<td>25</td>
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<tr>
<td>(d) State of California, Division of Highways</td>
<td>22</td>
<td>5</td>
<td>3</td>
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<td>3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE</td>
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<td>(a) R. W. Cypher</td>
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<td>(b) Decon Corporation</td>
<td>27</td>
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<td>(c) Leo D. Fialkoff</td>
<td>7</td>
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<td>(d) G. K. Whitney, et al</td>
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<td>(e) Leslie Salt Company</td>
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<td>(f) Delta Marina Yacht Harbor, Inc.</td>
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<td>(g) Oil Terminals Company</td>
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<td>(h) Signal Oil &amp; Gas Co.</td>
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<td>(i) Signal Oil &amp; Gas Co.</td>
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<td>(j) Standard Oil Co. of Cal. Western Operations, Inc.</td>
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<td>(k) Standard Oil Co. of Cal.</td>
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<th>ITEM CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
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</thead>
<tbody>
<tr>
<td>3 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE continued</td>
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<td>(l) Standard Oil Co. of Calif.</td>
<td>37</td>
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<td>(m) Humble Oil &amp; Ref. Co. and Texaco Inc.</td>
<td>10</td>
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<td>(n) Phillips Petroleum Co.</td>
<td>2</td>
<td>43</td>
<td>16</td>
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<td>(o) Texaco Inc.</td>
<td>11</td>
<td>45</td>
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<tr>
<td>4 CITY OF LONG BEACH</td>
<td></td>
<td></td>
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<tr>
<td>(a) Earth Fill Berths 83-87</td>
<td>28</td>
<td>46</td>
<td>17</td>
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<tr>
<td>(b) Raise Oil Facilities &quot;</td>
<td></td>
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<td>5 LAND SALES AND EXCHANGES</td>
<td></td>
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<td>(a) Molybdenum Corp. of Amer.</td>
<td>1</td>
<td>49</td>
<td>19</td>
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<tr>
<td>(b) George D LaMoree</td>
<td>23</td>
<td>51</td>
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<tr>
<td>6 OIL &amp; GAS, AND MINERAL EXTR. LEASES</td>
<td></td>
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<tr>
<td>(a) Pacific Cement &amp; Aggreg.</td>
<td>24</td>
<td>56</td>
<td>48</td>
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<td>(b) R. W. Cypher</td>
<td>34</td>
<td>58</td>
<td>49</td>
</tr>
<tr>
<td>(c) Authorization publish notice re offering for oil &amp; gas lease 74,000 acres T &amp; S lands Ventura Co.</td>
<td>12</td>
<td>67</td>
<td>49</td>
</tr>
<tr>
<td>(d) Issuance Oil &amp; Gas Lease Parcel 19, Santa Barbara County, Humble Oil &amp; Ref.</td>
<td>26</td>
<td>68</td>
<td>1</td>
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<tr>
<td>7 APPROVAL OF BOUNDARY AGREEMENTS</td>
<td></td>
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<td></td>
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<td>(a) Willis A. Laine</td>
<td>13</td>
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<td>(b) Alviso Marina Corp.</td>
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<td>73</td>
<td>50</td>
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<td>(c) MacDonald and Dorsa</td>
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<td>(d) City of Alviso</td>
<td>21</td>
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<th>ITEM CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Dismissal Without Prejudice, City of Hermosa Beach vs. State of Calif., et al</td>
<td>29</td>
<td>90</td>
<td>50</td>
</tr>
<tr>
<td>9 SERVICE AGREEMENTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Metropolitan Blueprint</td>
<td>3</td>
<td>92</td>
<td>51</td>
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<tr>
<td>(b) Control Data Corp.</td>
<td>35</td>
<td>93</td>
<td>52</td>
</tr>
<tr>
<td>(c) International Bus. Mach. and Control Data Corp.</td>
<td>15</td>
<td>95</td>
<td>52</td>
</tr>
<tr>
<td>10 INFORMATIVE - LITIGATION</td>
<td>38</td>
<td>97</td>
<td>53</td>
</tr>
<tr>
<td>11 NEXT MEETING</td>
<td></td>
<td></td>
<td>64</td>
</tr>
<tr>
<td>SUPPLEMENTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Withdrawal of offers Parcels 20 and 22; Proposed oil and gas leases 20A and 22A</td>
<td>39</td>
<td>100</td>
<td>53</td>
</tr>
<tr>
<td>13 Approval of resolution, Oil and Gas Lease, City of Los Angeles, Santa Monica Bay</td>
<td>40</td>
<td>103</td>
<td>54</td>
</tr>
<tr>
<td>14 LEGISLATION</td>
<td>41</td>
<td>105</td>
<td>64</td>
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**SUPPLEMENTAL:**

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**NEXT MEETING:**  64
MR. CRANSTON: The meeting will please come to order. We will go first, if there is no objection, to Classification 6, item (d), which is: Authorization for issuance of an Oil and Gas Lease, Parcel 19, 5,535 acres of tide and submerged lands in Santa Barbara County, to Humble Oil & Refining Company, as highest bidder, with cash bonus payment of $22,002,500. Frank, do you have any comments to make on this?

MR. HORTIG: The bid received, as just announced by the Chairman, is of course pursuant to prior authorization by the State Lands Commission to offer the specific parcel of tide and submerged lands for lease. The bid has been reviewed by the Office of the Attorney General as to legal compliance with the specified bid terms and conditions, and has been reviewed by the technical staff of the State Lands Commission as to technical sufficiency and accuracy; and, therefore, acceptance of the bid and award of the lease is recommended.

MR. CRANSTON: Motion is in order.

GOV. ANDERSON: I move it.

MR. CRANSTON: Approval is moved, seconded by myself, and therefore adopted unanimously by those present. Mr. Hale Champion was unable to be here today. Is Mr. Jackson of Humble here with a nice big check for the State?

MR. JACKSON: It's a pleasure to give you the remainder of our twenty-two million. Here is a check for $17,600,000.
MR. CRANSTON: Thank you very, very much. I'd like to say that this is the largest single cash bonus bid ever received by this Lands Commission, $22,000,000. It is the second largest in the history of this leasing history of the State. It brings income in this fiscal year to $57,500,000, which is more than $11,000,000 in excess of what was anticipated for the fiscal year in the original budget estimates.

I think this is evidence that the leasing program that we have undertaken is working very effectively and it is certainly a very pleasant way to get money for the State other than taking it from the taxpayers' pockets. Every dollar, every million dollars, we get this way is money we don't have to take from the taxpayers. I hope all of those companies who are represented here will take part in this program for leasing in the future.

Frank, let me give you the money.

(Television and other photos taken, and motion repeated for their benefit)

MR. CRANSTON: (continuing) Now, we will return to the regular order of business.

Item 2 -- Permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute:

(a) American Telephone and Telegraph Company -- Approval of location of submarine coaxial telephone and telegraph cable, with necessary appurtenances, across 80,818 acres
tide and submerged lands of Estero Bay and the Pacific Ocean, San Luis Obispo County.

Item (b) State of California, Department of Fish and Game -- Permit for construction of an underwater reef for fish propagation purposes, 4,304 acres submerged land in Gulf of Santa Catalina, 1 1/2 miles southwest of pier at Oceanside, San Diego County.

Item (c) Los Angeles County Flood Control District -- Life-of-structure permit for period of thirty years, two parcels of tide and submerged lands of Santa Monica Bay, Los Angeles County, for construction and maintenance of Storm Drain Project No. 507, Electric Avenue.

Item (d) State of California, Division of Highways -- Reservation for a bridge right-of-way of a 2.153-acre parcel of State sovereign lands of the San Joaquin River, Fresno and Madera counties, as shown on State Highway Map VI-FRE, MAD-126(145)-A.

That concludes that item. Motion is in order.

GOV. ANDERSON: I so move.

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

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

Item (a) R. W. Cypher -- One-year extension of Prospecting Permits, Imperial County, through June 3, 1965.
Mineral components of the mineral waters being tested; if wells prove relatively constant in productivity, pilot chemical plant will be constructed to recover minerals, and electric generating plant will be built. Exploration and geophysical work has cost approximately $900,000 to date; additional $1 million to be spent during 1964 for drilling and testing wells.

Item (b) Decon Corporation -- 49-year subjacent permit, 0.268 acre strip of submerged land in Anaheim Bay, Orange County, for installation and maintenance of pilings for support of a bulkhead on applicant's property. Total consideration, $4,900.

Item (c) Leo D. Fialkoff -- Assignment to Sycamore Properties of Lease P.R.C. 719.1, tide and submerged lands offshore Ventura County.

Item (d) G. K. Whitney, et al. -- Assignment to Cliff House Properties of Lease P.R.C. 742.1, tide and submerged lands, Pacific Ocean, City and County of San Francisco.

Item (e) Leslie Salt Company -- Permit to dredge approximately 7,000 cubic yards of material at royalty of five cents per cubic yard from portion of bed of the Napa River, Napa County, and to redeposit the material on adjacent property owned by applicant.

Item (f) Delta Marina Yacht Harbor, Inc. -- 15-year lease, 0.290 acre tide and submerged land in Sacramento River.
City of Rio Vista, Solano County, for construction and operation of a floating wharf and walkway. Annual rental $191.98.

Item (g) Oil Terminals Company -- 15-year lease, 0.222 acre tide and submerged land, Petaluma Creek, Sonoma County, for construction of pier and four dolphins, for use in conjunction with petroleum products storage and distribution plant on upland property of applicant. Annual rental $150, which is the minimum.

Item (h) Signal Oil and Gas Company -- 10-year renewal of Lease P.R.C. 701.1, 0.55 acre tide and submerged lands of Sacramento River, Yolo County, used for maintenance of pier for unloading petroleum products. Annual Rental, $693.

Item (i) Signal ....

MR. HORTIG: Mr. Chairman, the Office of the Lieutenant Governor has requested that item (i) relative to Signal Oil and Gas Company be withheld to permit further study of the proposal.

MR. CRANSTON: Item (i) will be stricken.

Item (j) Standard Oil Company of California, Western Operations, Inc. -- Modification of State's participating percentage under Compensatory Royalty Agreement P.R.C. 255.1, Kirby Hill, Solano County -- with appropriate figures.

Item (k) Standard Oil Company of California -- approval of location and construction of a rubble-mound drilling and production island approximately 1.2 miles from shore within area of Oil and Gas Lease P.R.C. 3095.1, Orange County.
to be located thirty-five feet below mean lower low water, with top elevation of twenty-four feet above mean lower low tide, to provide drill sites from which forty wells may be drilled into the leased lands.

GOV. ANDERSON: Can we talk about this a little? Frank, will you explain this?

MR. HORTIG: Yes, sir. The Standard Oil Company of California is proposing to develop State Lease P.R.C. 3095.1 which was issued pursuant to competitive public bidding, on an authorization by the State Lands Commission, offshore from the City of Seal Beach by means of erecting an offshore drilling island adjacent, but seaward, of the entrance channel to Anaheim Bay and the Naval Weapons Station at Seal Beach.

The Corps of Engineers, on approval by the Lands Commission of the present proposed location of an offshore drilling island, will hold public hearing to determine to the satisfaction of all the navigation interests concerned that the location of the island will not constitute a hazard to navigation, or permit to construct the island will not be granted.

The island or an offshore platform is necessary to permit the development of the lease as it was issued by the State Lands Commission and was authorized by the lease as issued, and as authorized by the statutes pursuant to which such leases are awarded.

Are there any other specifics you would like to have, Governor?
GOV. ANDERSON: I think maybe the best thing I can do is ask questions. How many of these do we have now out in that area?

MR. HORTIG: In Orange County, one.

GOV. ANDERSON: That was the one we granted here about three or four months ago? At the time I raised a question on it.

MR. HORTIG: No, sir. That was for location of an offshore drilling platform. This is an island-type operation. That was on an adjoining lease, which was issued approximately 1945.

GOV. ANDERSON: That result would be the same, except this would be more permanent than that one?

MR. HORTIG: This is correct.

GOV. ANDERSON: At that time you told about a temporary derrick that would be up for a period of time...

MR. HORTIG: Yes, sir.

GOV. ANDERSON: ... and then you would have a floating platform for the length of time they would be using it, which would be twenty, thirty, forty years, perhaps.

MR. HORTIG: Correct.

GOV. ANDERSON: This one, instead of being a temporary platform, will be a permanent island?

MR. HORTIG: However, with the condition of removal if desired at the termination of the production -- a maximum of twenty-four feet over the water, and drilling specifications
for the island include removal on completion of development.

GOV. ANDERSON: You are going to have a derrick or rig up there for drilling. How high will that be?

MR. HORTIG: One hundred sixty feet.

GOV. ANDERSON: One hundred sixty feet above the surface of the water?

MR. HORTIG: Above mean lower low water.

GOV. ANDERSON: And then when the derrick is taken down, there is a mast or something that will be put up or down probably a few times a week, depending on the drilling?

MR. HORTIG: This is right -- depending on how much development and maintenance work is required. It could require as little as once every several months; on the other hand, it could be a maximum of two or three times a week.

GOV. ANDERSON: How high will that be, when they work on it?

MR. HORTIG: Eighty feet.

GOV. ANDERSON: Eighty feet on top of the permanent island?

MR. HORTIG: Yes, sir; on top of the island.

GOV. ANDERSON: So, eighty feet from there up, and the island itself will be twenty feet above...

MR. HORTIG: Twenty-four.

GOV. ANDERSON: So when this is up, which could be two or three times a week, we will have something one hundred four feet up in the air...
MR. HORTIG: That is correct.

GOV. ANDERSON: ... and this will be as long as we are getting oil out of the area?

MR. HORTIG: That is correct.

GOV. ANDERSON: How many of these islands are we contemplating in this area?

MR. HORTIG: This, as I say, since 1945 is the second island in Orange county and only the third proposed offshore California. There is an island similar to this in place in the Rincon Field.

GOV. ANDERSON: How many of these do you think we will have in the next twenty years? I am a little concerned about having an orchard of these wells sticking up there. Now we are coming up with another one; we don't know how many there are going to be. My feeling is there ought to be some sort of plan, so we can tell the people when they express concern that there is only going to be ten or twenty, or whatever it is going to be. We do not have this kind of plan?

MR. HORTIG: We do not have a specific plan at this time. As you will recall, Governor, the staff has been told to report to the Commission on this and this is in progress.

GOV. ANDERSON: That was several months ago?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: How long will this kind of thing take? I had hoped we would have a plan before another one came in.
MR. HORTIG: As you know, the legislative session came in.

GOV. ANDERSON: Who is preparing this? You are not doing this yourself?

MR. HORTIG: No, sir -- a staff engineer.

GOV. ANDERSON: Is this someone who understands esthetics?

MR. HORTIG: Very definitely. The report will include all aspects of estimated maximum density; the esthetic factors; photographs of actual installations; photographs of actual installations of other types of commercial activity which have been found to be more objectionable, if anything, or could be found to be more objectionable; plus things such as the results of development factors, such as removal of drilling derricks from platforms and the resultant diminution of objections on esthetic grounds.

Parenthetically, we can report with respect to one drilling platform in the Santa Barbara area that the drilling has been completed, and the drilling equipment has been removed, which it was anticipated would minimize objections to the platform. We have had only one objection -- and that is there aren't the colorful string of lights that used to be there. This is the only thing we have received on this operation.

GOV. ANDERSON: You apparently have different communications than I have, because I have had several inquiries
following the last one -- what was that three or four months ago?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: And I had to explain why we were allowing this kind of thing off their shore and not Santa Monica; and I said there was a law prohibiting this off of Santa Monica. I had to answer the questions and I answered that the law prohibited them off Santa Monica and we are going to try to do this with the best degree of safety for the people of Orange County.

I am not going to object to this, but before we authorize another island I would like to see a report and we should have some kind of goal -- whether there will be ten, twenty -- that we are going to do something about the beautification of these things. I would hate to see twenty of these things sticking up one hundred sixty feet.

MR. HORTIG: This is completely right, Governor. You will recall the particular lease under discussion here is pursuant to clearance under the Public Resources Code, whereunder the State Lands Commission did hold a public hearing in Orange County with respect to the entire proposed program. As a matter of fact, that public hearing was chaired by Mr. Cranston at the time, and none of the proposed operations -- the placement of the platforms, the placement of additional islands, et cetera -- were objected to.

GOV. ANDERSON: Frank, nobody knows we do these
things until we do them. Now that the people are becoming aware we are doing this, it gets to them. Now we are getting some objection to the idea. When you hold a public hearing in an area, the average person does not know about it and does not come and protest.

How many of these do we have ahead of us now?

MR. HORTIG: I believe there are two additional leases that we have now in the immediate offing that are going to require some type of offshore development structure.

GOV. ANDERSON: When will they be coming up for this same kind of permit we have here today?

MR. HORTIG: Within the next few months, just as fast as the operators on the lease have developed their engineering economics as to the type of structure to be utilized.

GOV. ANDERSON: Could we have our report back before we pass on the next one?

MR. HORTIG: We will, sir.

GOV. ANDERSON: I am not going to object to this because I realize there has been a great deal of work and planning that has gone into this. Before I vote on another of these islands, I would like to have the State Lands Commission have some kind of goal as to what we are going to have. I think the people should know what to look for.

MR. CRANSTON: I would like to say I share your concern and I would like to concur in that request.
MR. HORTIG: Mr. Chairman, in connection with the proposed action of the Commission, the proposed location of the island is now contemplated to be eight hundred eighty feet farther seaward from the coast than as reported in the calendar item before you. It is this farther seaward location that will be considered by the U. S. Army Corps of Engineers and it is this farther seaward location that would be approved and authorized by the State Lands Commission.

MR. CRANSTON: O. K. We will turn to item (1) --

Standard Oil Company of California: Determine that the entering into and performance of the Rio Vista Gas Unit Agreement for Easement 415.1, Sacramento, San Joaquin and Solano counties, is in the public interest; approve Unit Agreement and Unit Operating Agreement, in accordance with Section 3301 of the Public Resources Code.

Item (m) Humble Oil & Refining Company, and Texaco Inc. -- Deferment of drilling requirements under Oil and Gas Lease P. R. C. 186.1, Belmont Offshore Field, Orange County, through December 31, 1964. New activities to be undertaken should be consistent and compatible with operations in proposed Long Beach Unit.

GOV. ANDERSON: Are these next three deferments somewhat related?

MR. HORTIG: No, sir -- only in point of time of issuance and the time on the development program that has gone into these leases, which are in the same general area and,
consequently, the same difficulties have been experienced and
the necessity for developing the engineering and geologic
studies to make the economic optimum selection for future
drilling programs.

GOV. ANDERSON: Are these the first deferments in
these cases, or have there been prior deferments?

MR. HORTIG: I believe there have been prior defer-
ments. If I may refer to the whole calendar item, where
these are listed -- With respect to the request for defer-
ment for Phillips Petroleum, there have been prior deferments
as listed in paragraph two, based on the fact that the addi-
tional wells that have been drilled by the lessee actually
essentially completed the required lease drilling requirements
to date. There are operating wells on the lease to the maxi-
mum extent that it has been possible to develop operating
wells and, therefore, prior to drilling any additional wells,
the geologic information on areas adjacent to the lease are
desired to be reviewed in order to determine optimum location
for new wells.

On page 41 of the agenda, there is reflected that
the Commission has also previously granted deferments of
drilling requirements on this lease through June 30, 1964;
and this lease, which has actually fifty-two wells producing
from the first offshore island that was erected on a Cali-
ifornia lease, adjoins the area which is going to be considered
for development under a unit plan by the City of Long Beach
and the so-called Alamitos State Beach Park parcel; and therefore, further development program in connection with this lease should preferably include a study of this new development program of Long Beach as to compatibility and possible unitization of operations under this existing lease prior to going ahead on an independent drilling program.

GOV. ANDERSON: Well, I am looking at the last paragraph on page 1, those first five lines:

"The lands covered by State Lease P.R.C. 186.1 are not far removed from the large offshore area in which the City of Long Beach plans to conduct oil and gas development operations in the immediate future, and for which it proposes unitization with other nearby areas. It is conceivable that under certain conditions such expansion would include State Lease P.R.C. 186.1 in the proposed unit."

MR. HORTIG: Yes, sir.

GOV. ANDERSON: What would that do to this particular lease if it was brought in?

MR. HORTIG: If it was brought into a unit, it would mean that the additional development drilling under Lease P.R.C. 186.1.....

GOV. ANDERSON: A new lease would have to be drawn up?

MR. HORTIG: No, sir -- simply that the lease, on approval of the Lands Commission, be included within the program for unit operations of the entire area -- which at a maximum, as it is envisioned now, would consist of tide and
submerged lands granted to the City of Long Beach by the Legislature; tide and submerged lands under the jurisdiction of the State Lands Commission, known as the Alamitos Beach Park; the lands under Lease 186.1.

GOV. ANDERSON: Would that be to the State's advantage to bring this into unitization?

MR. HORTIG: There will be no staff recommendation unless it is to the State's advantage. It would be dependent upon and optional upon whether it would be to the State's advantage and to the lessee's advantage to bring it into a unitization program.

MR. CRANSTON: Item (n) Phillips Petroleum Company -- Deferment of drilling requirements under Oil and Gas Lease P.R.C. 2207.1, Santa Barbara County, through December 21, 1964, to permit lessee to integrate geological information from an adjacent area into current engineering and geological studies.

Item (o) Texaco Inc. -- Deferment of drilling requirements under Oil and Gas Lease P.R.C. 2725.1, Santa Barbara County, through January 24, 1965, to enable applicant to obtain production data that will indicate whether an extensive program of development of other sands is economically feasible.

Motion is in order to approve all items in this classification, excluding (i) and (k) which have been taken off the calendar.

GOV. ANDERSON: No. (k) wasn't taken off. We
MR. HORTIG: Mr. Chairman, if the Commissioners can refer to item (1), Standard Oil Company of California, and particularly to page 40, to the proposed form of recommendation for approval, it is recommended by counsel that item (1) of the recommendation should be amplified to read:

"It is recommended that the Commission (1) determine that the entering into and the performance of the Rio Vista Gas Unit Agreement is in the public interest and will promote conservation and prevent unreasonable waste of natural gas, condensate and associated hydrocarbons in the Rio Vista Field; and ***"

The balance of the recommendation should be as it is before you on page 40.

MR. CRANSTON: With that exception, motion is in order to approve item classification 3.

GOV. ANDERSON: I make the motion.

MR. CRANSTON: Second. Unanimously approved.

(Mr. Cranston left the meeting at this point and Lieutenant Governor Anderson took over as Chairman; Mr. Charles S. Hurley sat in for Mr. Cranston.)

GOV. ANDERSON: This takes us, then, down to Item 4 -- City of Long Beach approvals required pursuant to Chapter 29, 1956, First Extraordinary Session:

Project (a) Earth Fill, Berths 83-87, Back Area,
(2nd Phase) -- Estimated subproject expenditures from 5/28/64 to termination of $1,320,000, with $897,600 (68%) estimated as subsidence costs.

Project (b) Raise Oil Facilities, Berths 83-87, Back Area. (2nd Phase) -- Estimated subproject expenditures from 5/28/64 to termination of $85,000, with 100% estimated as subsidence costs.

Any comment on that?

MR. HORTIG: Governor Anderson, these items are the continuing repair of subsidence-damaged areas in the Long Beach Harbor District, which require advance approval by the Lands Commission prior to expenditure of any funds by the City, in order that the Harbor Commission may be compensated up to twenty-five percent of the cost of such subsidence elements from the State's share of the tideland revenues, as provided under Chapter 29 of the Statutes of 1956. This is a continuation of the program on which the Commission since 1956 has had items for action of the same general nature at virtually every meeting of the Commission.

Specifically, the recommendation again limits the amounts that will ultimately be allowed to the City to those amounts that are determined to have qualified, after the work has actually been completed. Therefore, there is no commitment or guarantee that the estimated amount as approved in advance will ever be paid to the City; and, as a matter of fact, in general there are rebates in the accounting procedure
when these projects are completed, as a result of being able
to conduct accurate engineering, economic and audit reviews
after the project has been completed much more precisely than
on any estimated basis.

MR. HURLEY: I move approval.

GOV. ANDERSON: Second. I think the secretary
should make note that Mr. Hurley is sitting in for Mr.
Cranston.

Item 5 -- Land Sales and Exchanges. All items here
presented have been reviewed by all State agencies having a
land-acquisition program, and, unless otherwise indicated, no
interest has been reported by those agencies in the lands pro-
posed for sale or exchange.

(a) Selection and sale to Molybdenum Corporation of
America, of 190 acres vacant Federal land in San Bernardino
County, at appraised price of $9,690.

(b) Find that the Department of Fish and Game has
adequately supported its objections to the sale to George D.
La Moree of Fractional Section 36, Township 7 North, Range 1
West, S.B.M., San Bernardino County, by showing substantial
public need and greater benefit to the public; reject applica-
tion of George D. La Moree to purchase said land, with all
funds submitted by him except the $5 filing fee to be re-
turned; land to be held for two-year period from April 3, 1964,
for purchase or lease by Department of Fish and Game;

Or if the Commission finds otherwise: (1) Determine
that the land is unsuitable for cultivation without artificial irrigation; and (2) Authorize the sale of the land to George D. La Moree at the October 3, 1961, staff appraisal of $26,287.10.

MR. HORTIG: Governor Anderson, on the second item, (b), you will recall the then Chairman Champion of the last meeting of the State Lands Commission, at which this item was presented, suggested deferment and full hearing at the next meeting of the Lands Commission to be held in the Los Angeles area, at which time Mr. La Moree could be presented and also at which time specific presentations could be made by the Department of Fish and Game with respect to the position of that Department in desiring to acquire these lands over the prior application of Mr. La Moree. This was the purpose of recalendar ing this item here today.

Representatives of the Department of Fish and Game are in the audience, as well as Mrs. La Moree, and the proposal at the last Sacramento meeting was to the effect that the Commission would hear from the State's original applicant for purchase, from either Mr. or Mrs. La Moree, and then consider the proposals by the Department of Fish and Game in order to determine the disposition of these lands.

Under the circumstances, it appears that the presentations of both parties should now be heard.

GOV. ANDERSON: Which one should come first -- Mrs. La Moree or the Department of Fish and Game?
MR. HORTIG: In view of the fact that Mrs. La Moree reported at the last meeting of the Lands Commission but there was no specific proposal made by representatives of Fish and Game -- although the Commission has received letter reports to this effect since -- possibly Fish and Game should be called on first.

GOV. ANDERSON: Who is representing Fish and Game? Would you identify yourself?

MR. JANSSEN: My name is John Janssen. I am representing the California Department of Fish and Game in this matter.

A number of years ago we engaged in a cooperative program with the Bureau of Land Management of selecting lands with unique wildlife values to be included in their Resource Management areas. We have requested that a considerable block of Bureau of Land Management lands east and north of Victorville be withdrawn from public sale, to be included in one of these Resource Management areas.

If I may, Mr. Chairman, I would like to show you some maps to orientate you on the area. For the benefit of the audience, I am showing the Chairman a map of San Bernardino County with the general area of this proposed Wildlife Resource Management area outlined on the map in an area east and north of Victorville. This is for just orientation of the general area.

Now, here I have the topo map of this area.
circumscribed there. The light orange lands are Bureau of Land Management lands. These sections uncolored are private holdings within the Bureau of Land Management lands. The blue section here and this fractional section here are State lands. This is the land under consideration -- this section here.

Now, in our work with the Bureau of Land Management we are assisting the Bureau of Land Management and locating the owners of the private lands within this proposed Resource Management area and we are assisting them in negotiating land exchanges, so that we can have as solid a block of Government land here as possible and as convenient a boundary as possible. You will notice this exterior boundary is rather awkward.

Now, in similar negotiations with the Bureau of Land Management, the State of California has actually put up funds to assist the Federal Government in their program of developing roads, camp sites; we have developed water in these areas and the Bureau of Land Management has developed water in these areas to make these areas suitable for various types of public recreational use.

This section here under consideration is unique in that it has water available in two locations here and water isn't generally available in this area. We have developed some springs in a few areas and there is water at a few locations; but this is rather unique in that there are two sources of water in this general area and, as I pointed out, this is
a program we are carrying on in cooperation with the Bureau of Land Management. I believe in your folder is the letter that we submitted, in which we pointed out the lands that we are interested in, in working with the Bureau of Land Management, comprise approximately 131,000 acres.

I would be pleased to answer any questions.

GOV. ANDERSON: Why has the Department changed its mind from time to time on this piece of property?

MR. JANSSEN: Sir, the Department of Fish and Game has not changed its mind.

GOV. ANDERSON: I understood they had.

MR. JANSSEN: No, I think there is a misunderstanding on this point.

MR. HURLEY: I think Mrs. La Moree pursued this consistently.

MR. HORTIG: The problem is that while the Department of Fish and Game, as Mr. Janssen has said, has not changed its mind, it did not indicate a continued interest in these lands pursuant to requests from the State Lands Division as to expression of interest in lands that the Department specifically desired to have held for it against private sale, pursuant to the newly adopted and still being generated policy of the State Lands Commission; and the records of the State Lands Division indicate a period of time where there was a lapse of expression of interest by the Department with respect to the desired acquisition of these lands; and the statement
as to desire to acquire was renewed by the Department of Fish and Game only at the time that the staff recommendation came to the Commission proposing to sell these lands pursuant to the original private application.

GOV. ANDERSON: When did Fish and Game first express an interest?

MR. HORTIG: If I may refer to the historical resume starting on page 51 of the agenda before you, Governor, it was at least as early as February 27, 1962.

GOV. ANDERSON: That was the first time Fish and Game expressed an interest in this property?

MR. HORTIG: This was one of the earliest expressions.

GOV. ANDERSON: At any time since that time have they relinquished that interest?

MR. HORTIG: By at least indirection, Governor, in that upon circularizing all departments with respect to having a land acquisition program preceding the staff recommendation for private sale, Fish and Game did not include these specific lands.

GOV. ANDERSON: When was this?

MR. HORTIG: This was in the latter part of 1962, early 1963. We are scanning the files now to get the exact dates, Governor; and, consequently, it was assumed that, in view of the fact that the Department of Fish and Game did not again include these specific lands in a program for holding or acquisition from the State Lands Commission, everything was
clear for the sale of the lands pursuant to the application of Mr. La Moree, and this was the staff proposal at the meeting of April 29, 1964 -- that the lands should be so sold.

It was at that time, then, that Fish and Game interposed an objection -- renewing, in effect, their interest and stated their proposal of possible consideration of acquisition of these lands in connection with the wildlife development program as Mr. Janssen has outlined.

GOV. ANDERSON: When was this renewal, then, made? That's the one we are talking about right now?

MR. HORTIG: Apparently at the meeting of the last State Lands Commission, but it had been made by letter; and, as you will recall, Governor Anderson, there was no authorized representative of the Department of Fish and Game present at the Commission's last meeting to discuss the significance of the renewal and to validate the position and the strength of the interest of the Department in the acquisition of these lands; and, therefore, the matter was recalendared for this meeting today.

GOV. ANDERSON: When did the La Morees first make their application with the State Lands Division?


GOV. ANDERSON: Well, this then gets back to my question. The application was made by the La Morees in 1960. Fish and Game expressed their first interest in 1962 and then, when they were circularized when we circularized all the
different State people, they did not express an interest; and then in 1964, when we are ready to consummate the sale, Fish and Game comes in and renews their interest.

MR. JANSSEN: I believe when the original application was filed in February 1960 -- I am not sure, but I believe we were not aware of the application at that time. We were engaged at that time in a program with the Bureau of Land Management of investigating lands for withdrawal, but I do not believe that the Department of Fish and Game knew of this calendar item when it was on your calendar in February 1960.

GOV. ANDERSON: Frank, under our new method, do we have to wait for a private party to want to buy a piece of land before the State department comes in and chooses; or can't the State department come in and identify what they want before we find a buyer?

MR. HORTIG: Prior to the current year, there was no specified or orderly procedure for letting all State departments know as to what applications for sale to private ownership were being contemplated by the Commission. Under the new policy of the Commission, all State departments having a land acquisition program are informed of the proposed sale and are permitted to submit their application for holding of the land for the department's acquisition over and above a private application.

GOV. ANDERSON: Now, leaving this particular thing
aside, would Fish and Game have notified you what land they want that we have, so we don't embarrass a person who finds what they want, goes through all the red tape, filing fees, and everything, and after the lands are put up for sale they find out it isn't available? This isn't fair.

MR. HORTIG: The only improvement in the situation, if I can so characterize it, is that applicants for future purchases of State land will know that the application is subject to possible superseding by the application of a public agency to buy the land.

GOV. ANDERSON: Well, when the La Morees found this property in 1960 and decided they wanted to buy it, there wasn't anyone who knew that they were interested in it.

MR. HORTIG: Nor, when the La Morees did this, was it the policy of the Commission to have all pending applications reviewed for higher and better use.

GOV. ANDERSON: It is my thinking, Frank, that Fish and Game and all other State departments should come in before this time; they ought to be able to check the lands and tell us, "We don't want you to put it up for sale," instead of having somebody make all their plans and then have a department say, "We want it."

MR. HORTIG: This, of course, is the optimum program, Governor Anderson. We haven't been able to achieve it yet because these development programs of these departments do change. Additionally, it was felt undesirable to withdraw
from the State lands reservoir for potential sale all lands in
which all agencies indicated they might have, some time in the
nebulous future, some tenuous desire to have these lands.

A possible clarification and elimination of difficulty in the prior program was made in the new program --
which, unfortunately, does not apply to the La Morees, in
which full cash deposit was made. Future applications will
not require full cash deposit and applicants will not be sub-
jected to having to make the full cash deposit and then find
they can't have their application perfected.

GOV. ANDERSON: When did the La Morees put up their
cash?

MR. HORTIG: In 1960.

GOV. ANDERSON: And how much did they put up at
that time?

MR. JANSSEN: $12,401.93

GOV. ANDERSON: It has been sitting there for four
years?

MR. JANSSEN: I am reading from Exhibit B of
Calendar Item 20.

MR. HORTIG: Of the April meeting, I believe.

MR. JANSSEN: At a later date, it was re-appraised
and, in all fairness, they put up additional money at a later
date,

MR. HORTIG: For a total of $26,287.10.

GOV. ANDERSON: When did they put this balance up?

GOV. ANDERSON: In 1961 they put up another sixteen thousand?

MR. HORTIG: Roughly, the difference between $26,287 and $12,401.

GOV. ANDERSON: So they have had $26,287 up for almost four years?

MR. HORTIG: Right -- three, from '61 to '64.

GOV. ANDERSON: Now, let's go back here, when did the agency come in?

MR. JANSSEN: As soon as we were officially advised.

GOV. ANDERSON: That was in early '62?

MR. HORTIG: February 27, 1962.

MR. JANSSEN: As soon as we were officially advised that this land was being offered or considered for sale.

GOV. ANDERSON: You knew by that time that somebody had $26,000 up?

MR. JANSSEN: We were notified by the State Lands Commission and this was the first opportunity we had to express ourselves because it was the first knowledge we had that this land was possibly going to be sold.

GOV. ANDERSON: Then we came back about a year later....

MR. JANSSEN: We expressed our opposition at that time. Then, following that, a notice was sent around, apparently, to the State agencies, I am assuming; and since we had
already filed a protest, I am assuming that through administra-
tive oversight, since we had already filed a protest, that our Department did not file an additional protest until the matter came up recently on the calendar. When the matter came up on the calendar again, why, we re-protested, thinking that our previous protest had been on file and had been apparently overlooked.

GOV. ANDERSON: How can this kind of administrative oversight be made?

MR. JANSSEN: This was in our own Department -- this administrative oversight. When the list came out, listing this land, we already had a protest on file.

GOV. ANDERSON: Is this the sort of notification that would be overlooked?

MR. HORTIG: No, sir -- because this was specific notification.

GOV. ANDERSON: This would have been to someone who had expressed interest in 1962?

MR. HORTIG: That's right.

GOV. ANDERSON: On a piece of property that some has $26,000 on?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: Do you send them a mimeographed form? We would have assumed Fish and Game would have an interest.

MR. JANSSEN: We should have replied at that time.
MR. HORTIG: We did, in effect, by stating: "The following lands are going to be recommended to be sold by the Lands Commission pursuant to private application. Does your department (and this is as to all departments) have an interest?"

GOV. ANDERSON: But this Department had already expressed interest in 1962. Fish and Game had already notified you by letter, so I think this is different from a hundred other agencies.

MR. HORTIG: This is correct. So, as a follow-up, you will note on page 53 that the Commission on February 27, 1962 adopted a resolution relative to holding the land to give Fish and Game an opportunity to decide whether they wished to acquire the land, and giving Mr. La Moree the option of either canceling his application and receiving a refund of the moneys which he had on deposit ....

GOV. ANDERSON: That's the initial interest. That's the first time Fish and Game expressed an interest.....

MR. HORTIG: That's correct.

GOV. ANDERSON: ... in February 1962.

MR. HORTIG: Now, when the Commission's policy of circularizing all agencies specifically, with respect to all lands that are going to be offered to be sold, was adopted -- pursuant to that policy, then, a specific notification again went to all departments including the proposal to sell this particular land on which Fish and Game had previously expressed
an interest and on which there was an application by the
La Morees; and all departments were specifically circularized
as to whether they still had or have an interest and desire to
make any presentation with respect to the proposed sale of
the lands by the Commission under the new policy.

GOV. ANDERSON: But, Frank, the thing I am trying to
clear up here, because I am not sure we are right -- You are
notifying all agencies, but this one specific agency had in
February 1962 written you a letter and expressed interest.
If they didn't answer back, it would seem to me you wouldn't
regard them as any agency but would have called them up and
asked them, "Have you dropped your interest?" instead of assum-
ing they dropped it. It seems to me you have a little responsi-
bility instead of a notification like this.

MR. HORTIG: This circularization was made by the
Lands Division in a specific letter dated October 24, 1963;
and pursuant thereto, we did receive a response from the
Resources Agency on December 23, 1963, which included a report
of all lands in which, it said, the Department of Fish and
Game was then interested and by omission did not specifically
describe the fractional of Section 36 as a section in which
the Department was interested.

GOV. ANDERSON: Then how can they call it "admini-
strative oversight"?

MR. JANSSEN: I used this expression of "admini-
strative oversight." We were interested in this. Our people
in Sacramento did not list this at this time because we had already applied to have this piece withdrawn. We should have listed it at this time. We assumed too much in assuming that, since we already had a letter on file two years previous, it wasn't necessary; but we should have protected ourselves by listing this parcel again. When we discovered our error, then we submitted another letter to the State Lands Commission.

GOV. ANDERSON: Now, Frank, don't you also think that on this particular piece of property, where you circularized all the other agencies and Fish and Game had previously expressed interest and now did not express one -- don't you think our department should have followed up on that one to make sure they had dropped their interest before we again put it up for sale and carried this thing on?

MR. HORTIG: There is probably a difference of interpretation as to what the reason for the last circularization was. In view of the passage of time and the adoption of the new policy by the Lands Commission, the purpose of the circularization by the Lands Division was to determine what the current status of interest of any agency was in all the lands of the State of California; and when we received from the Resources Agency, department by department, a listing showing "The following departments are interested in the following lands" and a complete and specific list on the part of Fish and Game which did not include this particular parcel, I feel that the logical conclusion was that they were no longer
interested in this particular parcel because they did give a
specific listing, saying "These are the parcels in which Fish
and Game is now interested."

GOV. ANDERSON: I don't know how wealthy the La Morees
are, but if I had $26,000 sitting there for four years and got
this kind of treatment, I'd be sore. I have nothing further.

MR. HURLEY: What has Fish and Game done out here,
if anything? What kind of wildlife is on this property?

MR. JANSSEN: This area is fine quail habitat, both
for desert quail and mountain quail. We have chucker par-
ridges in this area -- and I am speaking widely of this area,
the general area I showed you on that map -- and there is fine
chucker partridge hunting in this area. We feel this is a
fine area to reserve for the public, for people who like to
watch, observe, other wildlife species -- species other than
game species. For instance, our desert tortoise is gradually
disappearing and this is a fine area for the desert tortoise.
Our burrowing owl, quite interesting little creatures, are
found in this area; mourning doves are found in this area; and
there is considerable hunting of them in this area and there
is considerable nesting in this vicinity.

Outside of wildlife, there is considerable scenic
area and the fact that there is water for wildlife in this
particular section makes it quite unique and very valuable for
wildlife.

GOV. ANDERSON: In this area, everything in a kind
of orange -- where do we stand on that?

MR. JANSSEN: The orange land?

GOV. ANDERSON: That's all in the national land reserve?

MR. JANSSEN: This orange land is all Federal land. It is all now in the national land reserve.

GOV. ANDERSON: So far as we are concerned, we won't have any problem. The white in here is the property now owned by private people?

MR. JANSSEN: The white is now owned by private people.

GOV. ANDERSON: And the only two parcels we will be concerned with are Section 36 and this half of Section 16?

MR. JANSSEN: That is right.

GOV. ANDERSON: I notice both sides of Section 36 are owned by private parties.

MR. HURLEY: Is the Bureau of Land Management making acquisition attempts?

MR. JANSSEN: They have plans to. We are working with the Bureau of Land Management, getting the descriptions of these parcels in private ownership. Eventually, with our assistance, the Bureau of Land Management is going to contact the owners and endeavor to make property exchanges to make this as solid a block of Federal land as they can make it.

GOV. ANDERSON: Have you tried to work out something with the La Morees?
MR. JANSSEN: No.

GOV. ANDERSON: Isn't that something we had hoped might be worked out?

MR. HORTIG: Not specifically with respect to this application because at the last meeting there was no representative of Fish and Game who was in a position to comment whether Fish and Game could or would desire to contemplate a program of that type.

MR. JANSSEN: Thank you.

MRS. LA MOREE: You have heard most of our objections and complications in regard to this land, but I just wanted to say that in your statement of the morning, in your agenda, the Fish and Game Commission was supposed to show substantial public need and greater benefit to the public; and we submit that this Section 36 was given to the State of California for school land, either to build a school or the proceeds of which to go for schools in the very beginning, in the establishment of our country, and we feel the money spent here would possibly be of greater benefit to the State of California than those items listed by the Fish and Game representative.

Also, in the policy which the State Lands Commission adopted in 1962, it was stated that this would establish a firm policy allowing withdrawal of such lands -- that is, land selected for sale -- by a public agency for a reasonable period; and we have a feeling in our case that this period has been unreasonable -- the length of time we have been asked to wait.
In 1963, in the circularization, the City of Victorville applied and they waived and defaulted three months later; but nothing was heard from the Department of Fish and Game in reply to that circularization; nothing has been heard except in February 1962, at which time they initially objected.

We feel, also, that possibly the representative of Fish and Game has not visited this land. There is no cover on it -- a little bit of greasewood. It is very shaley and rocky. There is no water developed. That seems to mean a lot to his office, but we have investigated and there is no water; it will have to be developed.

We also feel this little corner on the road would hardly be satisfactory for a wildlife area, with the cars and traffic going by, and so forth.

Also, we have been accused this last month that whatever we had in mind would make the desert unbeautiful and it would be an unplanned desert site. This is far from our plan. We had hoped to divide it, possibly, into forty-acre plots in the future, or some such large size, for the raising of horses or livestock, as the horse in California is being pushed into the background. Places in Los Angeles are having to close daily because of the press of population.

We feel that having our land on the tax roll, having it still in the public domain of the State of California -- in private hands but in the domain of the State of California taxwise -- and because we plan to develop it so it won't be
offensive to the eye, and perhaps because of the bureaucratic errors that have taken place, we would like to appeal to the Commission the right to close on this particular piece of property for which we have been applying for four years.

GOV. ANDERSON: Do you own any of the property adjacent to this?

MRS. LA MOREE: No, we do not.

GOV. ANDERSON: Why this specific piece?

MRS. LA MOREE: We saw it in 1960 on a map and went visiting it and saw it and felt it was one we would like to bid on.

GOV. ANDERSON: What are on the two properties north and south of you there?

MRS. LA MOREE: It is undulating desert land. The particular piece we are talking about, 36, starts in a gentle upgrade and then goes upward on a rather steep hill. There is very little cover. One can walk without touching brush through it. We saw one jackrabbit and two mice, and no water developed. On the contour maps, the geodetic survey maps, it shows places where springs possibly used to be. I think it was surveyed, the map was made in 1917.

GOV. ANDERSON: On the map it shows one well and on the edge of the property it shows "Taylor Springs."

MRS. LA MOREE: We couldn't locate anything of that sort. They were eroded, where possibly rain water runs down, but we could not locate them.
MR. HORTIG: Governor Anderson, the appraisal report shows: Well and spring reported on the quadrangle could not be located. However, a spring location, not flowing, was found; but the water was not located after a thorough search.

MR. HURLEY: You are making me wonder why you want to buy it.

GOV. ANDERSON: Where would you get your water? Your plan is to cut it into ranches for sale?

MRS. LA MOREE: Very vaguely; we haven't really worked it out.

GOV. ANDERSON: Where would you get your water for this?

MRS. LA MOREE: It would be a matter of chance.

GOV. ANDERSON: Where does water come from there?

MRS. LA MOREE: I suppose as in any other undeveloped area -- just get a water expert and hope you can make a successful well. Down below, at least indicated on this map, there is a dry lake bed. There are several farmers who have alfalfa fields and must have wells.

GOV. ANDERSON: So on this section below you there are active wells?

MRS. LA MOREE: No, no. It is miles down, Lucerne Valley.

GOV. ANDERSON: I know about Lucerne Valley. I was actually thinking about the two sections, because the representative of Fish and Game indicated they might also try to
get these other white sections, which would be "1" and "25".
I was wondering what was on "1" and "25" now. Is there any-
thing there?

MRS. LA MOREE: Not a thing -- just more shaley
greasewood property. They aren't game cover whatever. No
quail could live there because there is no water.

MR. HURLEY: I can express sympathy to Mrs. La Moree
for the slow treatment she has received, but I feel after 1962
as far as having the deposit tied up, this was done with her
eyes open. She knew from 1962 by experience that this might
not be decided tomorrow.

GOV. ANDERSON: What did Victorville want with this
piece of property?

MRS. LA MOREE: I don't know. We weren't informed.
Victorville is some twenty miles away. I don't know what they
had in mind.

GOV. ANDERSON: What kind of road is this? Is this
a pretty good road that skirts this property?

MRS. LA MOREE: Yes, it is paved by the county and
in good condition.

GOV. ANDERSON: That's the one from Lucerne to
Barstow. What is our legal position on this? Do we have to
sell this to Fish and Game?

MR. HORTIG: I believe it is under the control of
the Commission, as a matter of policy. We have a valid pend-
ing application from the La Morees. We also have a policy
base expressed by the Commission, where there is demonstrated higher and better public use value in the lands, and the power of the Commission to withhold such lands for such agency upon definite showing of active intent on the part of the public agency to acquire the lands within two years.

MR. HURLEY: What impresses me, Mrs. La Moree, is the program of the Bureau of Land Management, which is holding property all around three sections; and just looking at the map, it appears for us to sell this into private ownership could be a deterrent to their program.

MRS. LA MOREE: I just wonder is it your obligation to do so.

MR. HURLEY: Well, it is our obligation to determine whether or not there is a showing of substantial need or greater public benefit. This is what I am not entirely decided upon.

GOV. ANDERSON: Is there any other land that we have that the La Morees might want, that would be outside of this area? Is there any area that Fish and Game has, where something might be done?

MR. HORTIG: Well, offhand... .

GOV. ANDERSON: If there was something specific about this piece of property, why they would want it over some other section -- Apparently, just four miles south the land reserve stops and just five or six miles north.

MR. HURLEY: Did you look into any other property,
Mrs. La Moree?

MRS. LA MOREE: Not in this area.

GOV. ANDERSON: She hasn't got another $27,000.

MR. HURLEY: She had $27,000 to put here.

MRS. LA MOREE: Not in this area at this time. We have looked before and under the bidding system of the State of California we were not the highest bidder on another piece in Kern County, I believe. We were not the highest bidder; and although we raised the bid, the first people met it. On this particular piece, we were successful. These are the only two.

MR. HURLEY: Am I correct that what you have in mind is speculating on this property?

MRS. LA MOREE: Well, we thought it was a good investment, yes.

MR. HURLEY: So in your purpose, for speculation, you might look anywhere for property. There is nothing particularly significant about the physical characteristics of this property as distinguished from some other property?

MRS. LA MOREE: No, we don't expect to live there unless we develop it into a desirable piece, if there were water and so forth; but we are just taking that chance.

MR. HURLEY: I would like to talk to our legal counsel in our office again on this.

GOV. ANDERSON: Aren't we interested in finding out just what Fish and Game really intends to do if we do not
sell this to the La Morees and then we turn it over to Fish and Game? What happens, then, to this and some of these other blank pieces of property out there? Now, if they really had a program to develop this, then there wouldn't be any question in my mind; but if it is just a case to keep these people from having it because they feel they may want to do something in the area, I'd like to see something...

MR. HORTIG: The program would be, on rejection of the La Moree's purchase, based on recommendation "3" on page 55 -- that the land would be held for the two-year period from April 1964 for purchase or lease by the State Department of Fish and Game in implementing the program which Mr. Janssen outlined here this morning for Fish and Game. A possible alternative course, though I hesitate to mention this ....

GOV. ANDERSON: What happens if Fish and Game decides they don't want it in two years?

MR. HORTIG: Then the Lands Commission has a piece of vacant State school land available for sale.

MRS. LA MOREE: May I just say that under the policy adopted, it said it required that on or before the expiration of the withdrawal period, such agency must offer to purchase or lease the land. We feel they've had more than their two years' appropriate time. I would think it would be necessary to show they have the funds.

GOV. ANDERSON: Why do we have to wait until April 1966 to have Fish and Game make up their mind if they
MR. HORTIG: This was part of the policy adopted by the Commission.

GOV. ANDERSON: It seems to me there are some irregularities here. This isn't a brand new, fresh thing where we have to give them two years. It would seem if we take this off the list for Fish and Game, we should have some indication they want it.

MR. HORTIG: I agree with you, Governor Anderson. The application, the request of Fish and Game, the additional deposit by the La Morees, all spanned this transitional time of the adoption by the Commission of a policy of withdrawing lands for better and higher public use.

GOV. ANDERSON: What would prevent Fish and Game from telling us now? It isn't money?

MR. HORTIG: It probably is from a budgetary standpoint. Mr. Janssen might be able to tell us. In an undated memorandum from Fish and Game, in reply to our inquiry of May 5, 1964, Fish and Game reported over the signature of Director Shannon, and I quote:

"We feel that Section 36, T. 7 N., R. 1 W., S.B.M. has significant wildlife values in itself and it is an integral part of a very important part of a wildlife recreation area. We desire to purchase or lease this section within the next two years and we will plan for adequate funding for such purchase or lease."
GOV. ANDERSON: When they purchase or lease, what kind of money are they talking about? They are not talking about this kind of money?

MR. HORTIG: Yes, they must meet the appraised value as indicated on the agenda of the Commission, because these funds are put in the State School Fund, which is a trust fund.

GOV. ANDERSON: They would have to have it approved at the next budget session, an item of at least $26,287?

MR. HORTIG: That is correct.

GOV. ANDERSON: So they could not purchase this until the next budget session next September.

MR. JANSSEN: Mr. Chairman, I believe this land could be purchased by the Wildlife Conservation Board without having it a budget item in the Fish and Game Department. The Wildlife Conservation Board purchases land quite frequently.

GOV. ANDERSON: Then why do we have to wait two years?

MR. JANSSEN: The Director assured the Commission that the purchase would be made within two years. If the Commission does not sell this land to the applicant, then we will immediately take steps to fund the purchase ourselves and we will have to decide whether we want to fund through our regular budgetary process or through the Wildlife Conservation Board.

GOV. ANDERSON: If you use the former, it will take until next year?
MR. JANSSEN: Right.

GOV. ANDERSON: If you use the latter, you can do it immediately?

MR. JANSSEN: We can do it as soon as the Wildlife Conservation Board approves it.

GOV. ANDERSON: Then why do we have to wait two years?

MR. JANSSEN: It isn't necessary to wait two years. We are just guaranteeing we will do it in two years.

GOV. ANDERSON: I go along with Mr. Hurley -- maybe I shouldn't say this; maybe I don't know what you think. I don't want to disrupt a long range program of the national land reserve. In the other hand, I just don't want us to kick an applicant around that has come in with their money like this and say, after four years, "O. K. here is your money back and we don't want to go through with it," and after two years Fish and Game might not want it anyway.

If they want us to put off this sale and they want it put into reserve, they should take it right away. In the meantime, I think we should work out something as good as this land that she would want to buy, if it is as good as she described it ... 

MR. HORTIG: Summarizing on both of those factors, Governor Anderson, number one, we do have a letter of commitment by the Department of Fish and Game to buy the land as Mr. Janssen outlined.
MR. HURLEY: What is the date of that?

MR. HORTIG: Some time in May, because it is in response to a letter from our office of May 5th. Unfortunately, the copy Mr. Janssen has does not have a date.

MR. JANSSEN: This was quoted from my file copy. I prepared the letter and sent it to the Director for his signature. He signed it. The original is certainly in your files.

MR. HORTIG: I have just had the information that the original letter is dated May 26th, which is two days ago; so there is the commitment on the part of the Department of Fish and Game to buy the land if the Commission does not order its sale to Mrs. La Moree.

Secondly, of course, with the coming into effect in the immediate future of rules and regulations of the Lands Commission to provide for new private sale applications for the first time in four years -- new and separate applications that could be processed much more expeditiously than those which suffered through the entire transition period could be discussed with the La Morees as to other available land; whether desirable to them, of course, is the problem of their own evaluation.

GOV. ANDERSON: I think it is the feeling of Mr. Hurley and myself that we not take action today; that we do it at the next meeting. In the meantime, I'd like to see some effort made that there wouldn't be this kind of tie-up for the La Morees. I know we have a lot of land out there.
MR. HORTIG: We will certainly review the vacant land list with the La Morees and proceed with an inventory for that purpose immediately.

GOV. ANDERSON: Then we will take this under submission for one month.

MR. HURLEY: Yes.

GOV. ANDERSON: Item (b) in Classification 5 will be taken under submission for one month. The other item --

MR. HURLEY: I'll move.

GOV. ANDERSON: You make a motion on 5(a)?

MR. HURLEY: I move we sell that at the appraised price.

GOV. ANDERSON: Item 5(a) is moved and seconded, so ordered that we sell. Item (b) we will take off calendar for one month and make our decision at the next meeting.

MRS. LA MOREE: Thank you very much for hearing us. I appreciate it.

GOV. ANDERSON: Item Classification 6 -- Oil and Gas, and Mineral Extraction Leases:

(a) (1) Determine that extraction of limited amount of sand from area proposed in application of Pacific Cement and Aggregates, Inc. will not adversely affect the adjoining shoreline; (2) Authorize Executive Officer to offer for lease, pursuant to competitive bidding, for extraction of sand at minimum royalty of six cents per cubic yard, 10.00 acres tide and submerged lands in vicinity of Lapis, Monterey Bay,
Monterey County.

(b) Determine that valuable deposits of geothermal steam and mineral waters have been developed within limits of Prospecting Permits P.R.C. 2705.1, P.R.C. 2706.1, P.R.C. 2707.1, and P.R.C. 2708.1, covering approximately 535 acres of State land under jurisdiction of the Department of Fish and Game in Imperial County; (2) Authorize Executive Officer to issue four preferential mineral extraction leases to R. W. Cypher covering: P.R.C. 2705.1, 55 acres more or less; P.R.C. 2707.1, 160 acres more or less; P.R.C. 2706.1, 160 acres more or less; and P.R.C. 2708.1, 160 acres more or less, at rental of one dollar per acre per year, and at the royalty rates specified in the prospecting permits.

(c) Authorization for Executive Officer to publish notice that the Commission is considering the offering for oil and gas lease, pursuant to competitive public bidding under the Public Resources Code, of approximately 74,000 acres of tide and submerged lands offshore Ventura County, for bidding at such times and in such parcels as the Commission shall determine to be in the best interests of the State.

(d) we have taken care of.

MR. HURLEY: I'll move on (a), (b) and (c).

GOV. ANDERSON: (a), (b), and (c) have been moved, seconded, and so ordered.

Item 7 -- Approval of boundary agreements. Authorization for Executive Officer to execute agreements fixing the
Ordinary Low Water Mark along Steamboat Slough, a tidal waterway in the vicinity of Alviso, Santa Clara County, (a) With Willis A. Laine, as described in Boundary Agreement, W.O. 4667; (b) With Alviso Marina Corporation, as described in Boundary Agreement, W.O. 4668; (c) With MacDonald and Dorsa, as described in Boundary Agreement, W.O. 4669; (d) With the City of Alviso, as described in Boundary Agreement, W.O. 4672.

MR. HURLEY: I'll move that the Executive Officer be authorized.

GOV. ANDERSON: Moved and seconded; so ordered.

Classification 8 -- Authorization for Executive Officer to inform the Office of the Attorney General that a Dismissal Without Prejudice may be entered on behalf of the State in the matter of City of Hermosa Beach vs. State of California, et al., Los Angeles County Superior Court Case No. 757030.

Do you want to comment on that, Frank?

MR. HORTIG: Yes, sir. Since we have Assistant Attorney General Goldin here, whose office has been handling the action, the details of the report should properly come from him, Mr. Chairman.

MR. GOLDIN: Yes. Governor, in 1960 the City sued the State in declaratory relief to obtain a judicial declaration that it could expend two cash bonuses totaling about a half million dollars for the execution of a tidelands contract and an uplands contract, this money to be spent on general
municipal projects. The State filed an answer, stating that the entire bonus was impressed with the Tidelands Trust.

At the present time, the City has indicated its intention to expend the entire cash bonus on a proper tidelands trust purpose and, consequently, the City is desirous of dismissing its complaint for declaratory relief. However, since the State filed a cross-complaint seeking affirmative relief, in that we questioned the validity of the then City drilling ordinance, the case cannot be dismissed unilaterally by the City, but requires concurrence by the Attorney General's Office. Before we acquiesce in any such dismissal, we want the approval and permission of our client.

When we questioned the anti-drilling ordinance, it was predicated on the assumption that the tide and submerged lands off Hermosa Beach were being drained by drilling operations of Redondo Beach. Subsequent to that time, we have had an engineering expert study which convinces us that this is not a realistic danger and, consequently, the question of the anti-drilling ordinance is one which does not involve draining; and at the present time the State Lands Commission is being asked to authorize its attorney to dismiss an action in which the State was sued as a defendant.

MR. HURLEY: So move.

GOV. ANDERSON: Second; no objection, so ordered.

Item 9 -- Service Agreements: (a) Authorization for Executive Officer to enter into and execute an agreement
for reproduction services for the 1964-65 fiscal year with the Metropolitan Blueprint Company of Los Angeles, at a cost not to exceed $7500.

(b) Authorization for Executive Officer to enter into and execute a Supplementary Agreement to that certain agreement known as LC-34, dated July 1, 1961, as amended by Agreement LC-91, dated January 1, 1963, between Control Data Corporation and the State Lands Commission, to provide funds for the continued rental and maintenance of a G-15 general purpose computer, a flexowriter, and for systems analysis service for the period July 1, 1964 through June 30, 1965 at a cost not to exceed $11,940.

MR. HOFING: Mr. Chairman, items (b) and (c), both in accordance with the budget of the State Lands Commission, are for covering the service and rental of the electronic data processing equipment which is operated by the Lands Division. In item (c), the typewriter invented a new corporation, the Internal Business Machines, which should read "International Business Machines." With that correction, it is recommended.

GOV. ANDERSON: (c) Authorization for Executive Officer to enter into and execute contracts for the rental of peripheral computer equipment for the 1964-65 fiscal year, as follows: International Business Machines, not to exceed $9,510; Control Data Corporation, not to exceed $4,570.

MR. HURLEY: I move authorization of (a), (b) and (c).
GOV. ANDERSON: Seconded, so ordered.

Informative only, no Commission action required -- Report on the status of major litigation.

MR. HORTIG: As noted, informative; and the principal litigation item has already been outlined to you under Classification 8, the dismissal of the City of Hermosa Beach vs. California item. No action is required at this time.

GOV. ANDERSON: Is there any other matter to be brought before we settle the adjournment date?

MR. HORTIG: Yes. We have supplemental calendar items.

GOV. ANDERSON: Supplemental items -- Item 12: Withdrawal of offers to receive bids for proposed oil and gas leases - Parcel 20, Parcel 22; and proposed oil and gas lease, Orange County, Parcel 20A, and proposed oil and gas lease, Ventura County, Parcel 22A.

MR. HORTIG: Mr. Chairman, the Commission has previously authorized and had published three bid receipt dates for three separate parcels of tide and submerged lands, to be opened during the month of June 1964.

In view of the control desired by the Lands Commission on administration of the sequential bid lease offer program, to offer parcels at a location and at times which will optimize the entire operation, it is being recommended here that the bid offers for Parcels 20 and 22 be terminated and rescheduled in succeeding months, leaving the current
bid opening date for Parcel 21 for the 9th of June still available for industry to submit bids.

The situation becomes complicated mechanically only because, to comply with the statute, it is required that the Commission authorize the termination of the prior offer, to cancel the publication, and to re-authorize the offering at a later date of the same parcels which the Commission had previously authorized.

MR. HURLEY: That's what -- north of Huntington Beach?

MR. HORTIG: They are scattered. Actually, one is in Orange County and one in Ventura County.

MR. HURLEY: I'll move withdrawal of the offers.

GOV. ANDERSON: Second, and so ordered.

Item 13 -- Approval of resolution, oil and gas lease, City of Los Angeles, Santa Monica Bay, Los Angeles County. Frank?

MR. HORTIG: By Statutes of 1959 the Legislature required that any grantee of tide and submerged lands from the State of California, who thereafter wished to offer tide and submerged lands for oil and gas lease, would -- in addition to complying with their municipal code and their charter if a chartered city -- also be required to secure advance approval of the State Lands Commission as to the form and method under which it was proposed to lease such granted tide and submerged lands. Subsequently, after bids are received
on such an approved lease offer, the bids must also be approved by the State Lands Commission prior to issuance of a lease. Following this procedure, it is the desire of the City of Los Angeles to call for bids on two parcels of tide and submerged lands lying on lands previously granted primarily to the City of Venice, subsequently annexed to the City of Los Angeles, in the Santa Monica Bay area easterly of the City of Santa Monica.

In accordance with the statutory requirements, the City of Los Angeles has adopted a resolution setting forth the proposed requirements of the lease, the lease offer, and all matters required both by local ordinance and by the State statutes; and the request before the Lands Commission today -- and it is recommended by the staff -- is that the resolution as adopted by the City and the procedure to be carried on by the City of Los Angeles be approved and authorized by the State Lands Commission.

GOV. ANDERSON: How does this fit with the law prohibiting drilling offshore in Santa Monica Bay?

MR. HORTIG: Uniquely, Governor, the portions of Division 6 of the Public Resources Code prohibiting the offering of oil and gas leases by the State Lands Commission, except to protect State lands against drainage, apply only to State-owned tide and submerged lands; do not apply to granted tide and submerged lands. So we do have the anomaly that the City of Los Angeles and other grantees in Santa Monica Bay are
authorized to go forward in the development of tide and submerged lands in a manner which the State is not authorized to do.

GOV. ANDERSON: What lands are we talking about that are granted in this place? You have only shown Parcels 1 and 2 off Santa Monica and off El Segundo.

MR. HORTIG: Actually, this comprises the entire grant to the City of Los Angeles, inasmuch as it is comprised of the tidelands between El Segundo and the City of Santa Monica.

GOV. ANDERSON: Then, the lands off Redondo, Paso Robles -- are they in the same situation?

MR. HORTIG: Yes, they have been granted to the municipalities.

GOV. ANDERSON: Are they in the same position as the City of Los Angeles? MR. HORTIG: Yes, sir.

GOV. ANDERSON: So the only one where the State law applies is El Segundo?

MR. HORTIG: Yes, this is correct -- because the tide and submerged lands are still under the jurisdiction of the State Lands Commission. In the case of the City of Santa Monica itself, there has been no proposed development of the tide and submerged lands because the City of Santa Monica, while it has a grant and has no State statutory prohibition against or limitation against leasing, does have a municipal ordinance -- an initiative ordinance prohibiting
drilling.

GOV. ANDERSON: This morning or some time, I read
somewhere that the courts had upheld the State law in Santa
Monica.

MR. HORTIG: That was the City's ordinance prohib-
iting drilling.

GOV. ANDERSON: Then the State law only applies to
the City of El Segundo in the whole bay?

MR. HORTIG: And westerly of Santa Monica, where
there are no tidelands grants; in other words, from the City
of Santa Monica westerly.

GOV. ANDERSON: Are we going to have development of
fields off all of these cities?

MR. HORTIG: This is possible at the option of the
cities.

GOV. ANDERSON: But it is also at our option if
there is a resolution for us to approve. What happens if we
don't approve this?

MR. HORTIG: Then there could be no legal procedure
and no legal lease offering by the cities on the granted
lands if the Lands Commission does not approve.

GOV. ANDERSON: This is something I'd like to have
another look at, Frank.

MR. HORTIG: I am looking for the representative of
the City of Los Angeles. The Petroleum Administrator for the
City of Los Angeles, Mr. Arthur Spaulding, is here, Mr.
Chairman, and I think the viewpoint and the proposals and the program of the City should be detailed for you by him.

MR. SPAULDING: Mr. Chairman, this program represents the first effort by the City of Los Angeles to initiate leasing in Santa Monica Bay on these lands granted by the State to the City. The program that we have devised involves lands seaward one mile from shore. We have divided the land into two parcels, each consisting of about 3,500 acres. This will be the first phase -- which will be from the city limits of the City of Santa Monica to the City of El Segundo. This effort is necessary to develop the lands in connection with upland leases at the present time.

We would be delighted to answer questions on this.

GOV. ANDERSON: Are there exploratory results that indicate there is oil off these shores? Haven't you been involved in this, Frank?

MR. HORTIG: No, sir -- not on this specific land because, again, these are granted lands that are administered by the City of Los Angeles and on which we have only such information as is relayed to the State Lands Commission by the City of Los Angeles.

GOV. ANDERSON: Did we not, though, approve some geodetic surveys off Santa Monica?

MR. HORTIG: No, sir -- never in connection with granted lands. The surveys in Santa Monica Bay are always for those lands under the State Lands Commission's jurisdiction.
GOV. ANDERSON: So this means El Segundo?

MR. HORTIG: El Segundo and west of the City of Santa Monica.

GOV. ANDERSON: When we granted those exploration permits I don't think it was ever clarified. I understood they were doing their exploration in Santa Monica Bay and it wasn't limited to El Segundo and the Malibu coast.

MR. HORTIG: It was limited to those lands under the Lands Commission's jurisdiction.

MR. SPAULDING: Concerning your question as to the prospective oil and gas accumulations in Santa Monica Bay, there is every reason to believe that there are such accumulations. It is not our plan to include these lands. We have other problems on which we have to think before offering the inshore mile. This is the reason we have offered the two parcels seaward one mile, the extent of the City's ownership, as the original offer.

As you may recall from that map before you, if I am not incorrect there is indicated the oil field at Venice itself. You will find that on the reference map. Perhaps you are familiar, Governor Anderson, with the oil field that is located on the Venice peninsula itself. That has been there since 1930. It is our effort at this time to commence a program which eventually would lead to the development of the region, so there will be no longer any drainage taking place from our lands lying offshore.
Subsequent to the development of the Venice oil field, other developments have taken place on the shoreline immediately north of the Venice peninsula. Where you see that small projection where the word "beach" appears -- "Beach Survey Control Line" -- that small projection seaward there are several operators who have taken very strong leasehold positions on shore, and it is our intent that the City of Los Angeles should place itself in a position to offset any development the onshore developers may propose. This is, again, why we urge your approval of our present proposal.

MR. GOLDIN: Mr. Chairman, may I make an observation? I don't purport to be dogmatic about this because this is a problem which has been raised by Governor Anderson as of this moment, but the action is this:

That where you have a grant of tide and submerged lands in trust to a city, it is a determination for that municipal grantee to decide for itself whether or not to proceed with oil exploitation. If it so decides to proceed with offers for lease, then certain statutory formalities have been prescribed by the Legislature. One of these formalities has been the declaration in the form of resolution of the notice of intention to offer for lease. The contents of that resolution are prescribed in Section 7058.5 of the Public Resources Code. Then, Section 7060 provides that "No such lease or agreement shall be effective unless prior to adopting the resolution provided for by Section 7058.5 the city
"shall have petitioned the State Lands Commission for approval of the proposed resolution, and the proposed resolution shall have been approved by the State Lands Commission."

I believe that it may well constitute an abuse of discretion on the part of the State Lands Commission to refuse to approve a resolution which meets the form of the statutory formalities. In other words, Governor, what I am saying is that in my opinion I believe the determination as to whether or not to proceed with the leasing of granted trust lands is one for the municipality to make, in which event it is incumbent upon the Lands Commission to see that certain statutory formalities and statutory safeguards are observed.

GOV. ANDERSON: With all regard to what he has said, I don't want to vote for this until I look it over. You may call it a formality but, in effect, when we approve it we are approving something I am not aware of and I am not sure other people were aware of it, either. I was under the impression that the State land covered Santa Monica Bay. I didn't think we were going to be faced with the same situation in the Santa Monica Bay, with the exception of El Segundo, that we have in Orange County and other places; and I am not sure the other Commissioners are aware of this because I am about as close to this as anyone can be.

MR. SPAULDING: May I say, Governor Anderson, we are trying to protect this against drainage.

GOV. ANDERSON: I know what you are trying to
You are trying to protect your lands from upland people who are starting drilling.

MR. SPAULDING: Yes.

GOV. ANDERSON: And I am in sympathy with you, but I want to know what is going to happen along that bay. If you start yours, it will start all along that bay; and I am not too sure we want this. This is a legislative thing and I thought the Legislature had spoken, but apparently no.

MR. SPAULDING: Also, Governor, the City has by Council action of September last year determined that these steps should be taken by the City.

GOV. ANDERSON: Why did this come to us as a supplemental item? This wasn't ready to be on the agenda you passed out to us?

MR. HORTIG: That is correct, Governor, for the reason that while the staff review as to the technical compliance with the statutes -- that is, as to the proposed technical phases of the procedures -- as outlined in the resolution had been completed; -- concurrently we had the Office of the Attorney General so loaded with work, particularly in connection with legislation, that we did not receive the Attorney General's Office opinion with respect to the legal compliance.

GOV. ANDERSON: But you knew of this in the last two or three weeks?

MR. HORTIG: Yes, sir.
GOV. ANDERSON: Then it would seem to me you should have notified the Commission something like this was coming up. This is not a little thing.

MR. HORTIG: Under the normal circumstances, we would have expected not having it ready for the regular calendar, because we did not have the Attorney General's opinion and we would have proposed this item fully in accordance with the regular procedure for the June meeting; but because of other deadlines and times that are desired to be met, or were desired to be met, by the City of Los Angeles and at the request of Mr. Spaulding, we indicated that if we did receive the Attorney General's opinion in time so that we could present this matter at this meeting we would present it as a supplemental item.

GOV. ANDERSON: According to the calendar you sent me a week ago, it was not on there and I was ready to adjourn. I am sure this is something that Alan and Mr. Champion would want to think about a little. In connection with Mr. Hurley and myself, I am not saying there is anything we can do but approve this, but I say when we approve this, maybe some of the people in the Legislature should be talked to, as to whether this was their intent. I did not know that that bill I thought applied to Santa Monica Bay applied only to El Segundo and offshore Malibu.

MR. SPAULDING: One further comment, Governor Anderson: In my letter which transmitted this proposal to
the State Lands Commission, I think copies were sent to members of the State Lands Commission.

MR. SIEROTY: That's true.

GOV. ANDERSON: Let's continue this until our next meeting.

Item 14 is the status of legislation.

MR. HORTIG: In view of the fact that the closing deadline for preparation of status is May 22nd, prior to the time of adjournment of the Legislature, this is informative only. A final status of legislation report, indicating those areas of additional assignment of responsibility to the Lands Commission or otherwise affecting the administration of the Lands Commission, a complete and final report, will appear as part of the June agenda of the Lands Commission.

GOV. ANDERSON: Reconfirmation of date, time and place of next Commission meeting -- Wednesday, June 24, 1964, ten a.m., Sacramento.

MR. HURLEY: Move.

GOV. ANDERSON: It has been moved and seconded, so ordered.

ADJOURNED 12:12 p.m.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing sixty-four 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 May 28, 1964.

Dated: Los Angeles, California, June 4, 1964.

[Signature]

LOUISE H. LILLICO