TRANSCRIPT OF MEETING of

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
June 24, 1964

PARTICIPANTS:

THE STATE LANDS COMMISSION:

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

Mr. F. J. Hortig, Executive Officer

APPEARANCES:

(In the order of their appearance)

Mr. Harold Lingle, Deputy City Attorney,
City of Long Beach

Mr. Sheldon E. Medall, representing
Doctor Richard Merriam

Mr. Richard H. Davidson, Game Management
Supervisor, California Department
of Fish and Game

Mrs. George D. La Moree

Mr. Arthur O. Spaulding, Petroleum Administrator,
City of Los Angeles
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<td>APPEARANCE OF Mr. Arthur O. Spaulding, Petroleum Administrator of the City of Los Angeles re leasing in Santa Monica Bay by City of Los Angeles</td>
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Next Meeting: 34

Uncalendared:

Appearance of Arthur O. Spaulding - 34
MR. CHAMPION: Call the meeting to order, please.
What we will try to do is to run through the regular calendar, dispose of that, and then hopefully we can get on to the pricing matter immediately; and we will have to make our plans on that depending on how much industry testimony there is to be on the subject.

First item on the agenda today is permits, easements, and rights-of-way:

(a) Shell Oil Company -- Temporary right-of-way permit for a dredge pipeline easement, 13.74 acres tide and submerged lands in Carquinez Strait, Contra Costa County, vicinity of Martinez, for transporting dredged material to a spoils area on land of the Utah Construction Company.

(b) State of California, Department of Water Resources -- Extension to June 30, 1969 of term of Permit P.R.C. 2585.9, tide and submerged lands, Sacramento River, Contra Costa and Solano counties. (For current metering equipment.)

MR. CRANSTON: Move approval.
GOV. ANDERSON: Second.
MR. CHAMPION: No further questions, stand approved.

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

(a) Alamitos Bay Yacht Club -- 5-year minor-structure permit for eight yacht racing course marker buoys in San Pedro Bay, Los Angeles and Orange counties.
(b) Lake County Board of Supervisors -- Acceptance of quitclaim deed, effective May 4, 1964, covering leasehold interest in Lease P.R.C. 341.1, submerged lands of Clear Lake, Lake County.

(c) Pacific Gas and Electric Company -- Ten-year renewal of Lease P.R.C. 407.1, submerged lands of San Joaquin River, San Joaquin County; annual rental $59.85.

(d) Margie and Ben Rizzio -- Rescission of Commission action of June 28, 1962, authorizing issuance of a ten-year lease of school lands, Lot 16, Fish Canyon Cabin Sites, Los Angeles County. Parties have been unable to reach an agreement regarding the proposed leasehold.

(e) Frances M. Smith -- Five-year grazing lease, 560 acres school lands, Monterey County. Annual Rental, $56. Renewal of Lease P.R.C. 2269.2.

(f) Grant W. Squire -- Five-year grazing lease, 187.41 acres school lands, Fresno County, annual rental $46.85.

(g) United States of America -- One-year extension of Lease P.R.C. 3018.2 effective July 1, 1963 through June 30, 1964, 21,120 acres school lands within Fort Irwin near Barstow, San Bernardino county; annual rental $21,120.

(h) Phillips Petroleum Company -- Deferment of drilling requirements under Oil and Gas Lease P.R.C. 2205.1, Santa Barbara County, through January 21, 1965, to allow time for geological and geophysical data and reservoir engineering studies to be coordinated in order to determine what further
development and exploration work is justified.

(i) Richfield Oil Corporation -- Deferment of drilling requirements under Oil and Gas Lease P.R.C. 1466.1, Rincon Field, Ventura County, through December 31, 1964, to determine feasibility of proposing a water-flood program in order to increase ultimate recovery.

GOV. ANDERSON: Could I just ask a couple questions on the deferments here?

MR. CHAMPION: Yes.

GOV. ANDERSON: On both of these deferments, are these the first deferments in each case?

MR. HORTIG: No, sir; these are follow-up deferments.

GOV. ANDERSON: Is this the second one to determine the feasibility of water-flood programs?

MR. HORTIG: There have been prior deferments on the lease, but for programming additional development, or to determine the feasibility of drilling additional wells. This is the first time that a deferment has been requested on the specific ground that in order to evaluate all the data available in terms of determining the feasibility of the water-flood program -- this is the economic program -- that a deferment has been requested for this purpose.

GOV. ANDERSON: On this one, now, when were the first deferments?

MR. HORTIG: By "his one" you are referring to the Richfield lease, P.R.C. 1466.1?
MR. HORTIG: The first deferment was on December 22, 1960. There have been a series of deferments since. There have been exploration activities; there have been full development activities completed, and continuing operation activities at the present time consist of forty-seven producing wells, including one oil well which has been completed on the ocean floor off the area of the island, which is the principal center and location for the other forty-six wells that have been drilled under this lease.

GOV. ANDERSON: How long would you feel we would be continuing our deferments on these -- on this particular one?

MR. HORTIG: The anticipation is that the determination of the feasibility of a water-flood program should be programed within the period of the six-month deferment.

GOV. ANDERSON: Yes, but that was a continuation of previous deferments for other reasons...

MR. HORTIG: Yes, sir.

GOV. ANDERSON: Can we assume when they come in for similar reasons, isn't it giving the impression of a delay for some time?

MR. HORTIG: Not necessarily, Governor, because of the form of the resolution on page 14, in which it is recommended on the bases for this deferment through the period December 31, 1964, that during this period of deferment the lessee will perfom one of the following actions: Initiate a
renewed development program, which would include the water- 
flood program; or quitclaim the undeveloped lease area; or 
present adequate bases for consideration as to further defer- 
ment. In other words, this is not an automatic notice of 
deferment and continued deferment, unless adequate bases can 
be presented for any further deferment, which bases can be 
recommended by the staff.

GOV. ANDERSON: Now, aside from this well that they 
drilled off the island position, have they done any drilling 
since December 1960 -- any new wells at all since that time?

MR. HORTIG: There has been continuing recompletion 
work in the forty-six wells that are on the island.

GOV. ANDERSON: Continuing recompletion? 
MR. HORTIG: That is right -- repairs.

GOV. ANDERSON: Repairs of existing wells? 
MR. HORTIG: And replacement of production -- 
production on wells that were not capable of making maximum 
production under the circumstances.

GOV. ANDERSON: But no new wells?

MR. HORTIG: No, sir; but because the lessee has 
not been able to justify economically that there is any other 
portion of the lease which has not been drilled which should 
have a well drilled into it, and the evaluation of this pro-
gram as to whether additional wells should be drilled was 
carried on during the prior period of deferment of drilling 
and operating requirements as specified under the lease, the
point of course is that as to the undeveloped area under the lease, the lessee could relieve himself of the requirement of getting deferment by simply proffering to the Lands Commission under his own option a quitclaim of the undeveloped area; but the problem now is: how much of the undeveloped area should be quitclaimed, not knowing how much of the undeveloped area is to be repressured with water flooding.

GOV. ANDERSON: If they did quitclaim it, then we could offer it for lease?

MR. HORTIG: We could offer it if we had any bidders; but by the very nature of the fact that a producing operator has explored the area and developed it, at least to his evaluation, to its potential productivity, it is very doubtful of any bids being received by the Commission if the quitclaimed area would be again offered for lease.

GOV. ANDERSON: You don't think the alternative would be that if they didn't think we would defer this, they would go out and develop it?

MR. HORTIG: No, sir.

GOV. ANDERSON: You don't?

MR. HORTIG: No, sir; and in the interim we do still collect annual rental on the undeveloped area, which is not the case in the majority of the tide and submerged lands under the Commission's jurisdiction.

MR. CHAMPION: If there is nothing further, I will continue:
(j) Shell Oil Company -- Permit to dredge approximately 75,000 cubic yards of material from bed of Carquinez Strait, in vicinity of Shell Oil Wharf at Martinez, Contra Costa County, at three cents per cubic yard, for spoils deposition on privately owned lands. Reference: Summary Item 2(a).

(k) Shell Oil Company -- Amendment of four submarine flow-line easements in Santa Barbara Channel, Santa Barbara County, as follows: (1) P.R.C. 3014.1, to decrease acreage to 10.201½ acres, and to reduce rental from $322.93 to $289.78; (2) P.R.C. 3015.1, to decrease acreage to 8.337½ acres, and to reduce rental from $252.25 to $236.82; (3) P.R.C. 3016.1, to increase acreage to 6.927½ acres, and to increase rental from $187.54 to $196.78; (4) P.R.C. 3017.1, to increase acreage to 8.209½ acres, and to increase rental from $204.39 to $233.16.

(1) Standard Oil Company of California -- Ten-year renewal of Lease P.R.C. 413.1, covering 100' by 750' right-of-way easement, tide and submerged lands, Estero Bay, San Luis Obispo County; annual rental $54.18.

(m) Tidewater Oil Company -- Ten-year renewal of Lease P.R.C. 388.1, 0.48 acre tide and submerged lands in bed of Sacramento River, Sacramento County; annual rental $302.40.

(n) Tidewater Oil Company -- Rescission of action of March 26, 1964, authorizing Executive Officer to approve assignment of Leases P.R.C.s 153.1, 187.1, 272.1, 331.1, 388.1, 419.1, 502.1, 2102.1, and 2869.1 to Humble Oil & Refining
Company. Proposed sale of properties cancelled due to opposition of U. S. Department of Justice.

MR. CRANSTON: I move approval of all items under Class 3.

GOV. ANDERSON: Second.

MR. CHAMPION: If there are no further comments, stand unanimously approved.

4 -- City of Long Beach approvals required pursuant to Chapter 29/56, First Extra. Session. (a) General Subsidence Maintenance, 2nd phase, estimated expenditures July 1, 1964 to June 30, 1965, of $25,000, with 100% estimated as subsidence costs.

(b) Repairs to Terminal Facilities (2nd Phase) -- Estimated expenditures from July 1, 1964 to June 30, 1965 of $30,000 with 100% estimated as subsidence costs;

(c) Repairs to Other Facilities (2nd Phase) -- Estimated expenditures from July 1, 1964 to June 30, 1965 of $35,000, with 100% estimated as subsidence costs;

(d) Subsidence Studies, 1964-65 (2nd Phase) -- Estimated expenditures from July 1, 1964 to June 30, 1965, of $170,000, with 100% estimated as subsidence costs;

(e) Prior approval for expenditure of $1,129,870 of the City's share of tideland revenues for the maintenance and operation of tideland beach areas and facilities during the 1964-65 fiscal year, which includes work by the Public Service, Park, Engineering, Marine, Police, Health and Stadium Departments.
MR. CRANSTON: Move Approval.

GOV. ANDERSON: I'd like to have Frank explain a little bit on item (e) -- the approval for expenditure of the City's share of tidelands revenue. Particularly, I am thinking of that portion which applies to the stadium, the maintenance of that; and in reference to that, the use is about ninety percent for municipal use and about ten percent actually meets the recommendation of the trust. I think you know what I am talking about.

MR. HORTIG: Yes, Governor. The Long Beach arena construction by the City of Long Beach as a tidelands trust asset was approved by the State Lands Commission in the first instance pursuant to an opinion of the Office of the Attorney General that the expenditure of tidelands trust funds for the erection of the arena and operation of the arena in the manner proposed by the City of Long Beach was a proper trust purpose under Chapter 29, Statutes of 1956, and could be approved as to its legality by the State Lands Commission; and this was done.

GOV. ANDERSON: Was there a reference at that time or a suggestion as to how much of the usage of that auditorium would be for things that apply to the trust?

MR. HORTIG: Not specifically in percentages -- although the Attorney General's Office did reply on prior court decisions in California with respect to similar operations, where it was held that this would be a proper trust
purpose if it was contemplated that the majority utilization of the structure would be for the housing, display and demonstration of trust-connected events — marine-oriented, commerce-oriented, et cetera.

GOV. ANDERSON: If it was a majority of it, it would apply and you could use it for general maintenance and charge that amount?

MR. HORTIG: This is correct, and would comply under the trust requirements under the statutory grants; and, of course, it must be recognized that the portion of tidelands funds proposed to be expended and which has been expended in connection with both the erection and maintenance of this facility has been from the City of Long Beach's share of tidelands oil revenues, and has not included any State tidelands revenue.

GOV. ANDERSON: But it is all tidelands oil revenues under the trust?

MR. HORTIG: This is correct, as a matter of fact, to the extent that the City and the Attorney General approved that if any revenues were derived as a result of the housing of non-trust events in the arena facility, such revenues — even though the non-trust event was financed by the City out of its general municipal revenues — any profits or proceeds from such operation would go into the tidelands trust funds for future operation and defrayment of the costs of the auditorium. In other words, no profit can be made on the use
of this tidelands facility for the benefit of the general city revenues. Any profits go to the tidelands trust, even though the basic operating costs for maintenance and personnel costs that are assessed for a particular event may have been actually financed by general city revenues.

GOV. ANDERSON: Now, in the past year -- am I right in the information I have? -- approximately ninety percent of the events that have been held have not been in compliance with the trust requirements and recommendations?

MR. HORTIG: In the first year, very probably the ninety percent possibly might be low in classification of non-trust events -- which, again, did not result in the utilization of any substantial amount of tideland revenues out of the city's share of tidelands revenues to operate the auditorium, in that the total operation for the fiscal year '62-'63 represented a net revenue loss of $44,000 for the entire year for all events that were conducted.

It is now estimated, both because of more events and denser scheduling of usage of the arena, the revenue loss for the '63-'64 fiscal year will be on the order of $17,000 for the year; and it is anticipated on this program that, therefore, there should be a net revenue gain for the City and for their tideland revenues by reason of events scheduled for the next fiscal year.

Additionally, to decrease the operating loss in starting this facility -- and in the first fiscal year
incidentally, it wasn't operated for a full fiscal year --
more trust classification events are being scheduled as
rapidly as they can be; so that the '63-'64 fiscal year, more
trust events will have been held in proportion to the total
than was the case in the opening '62-'63 year.

GOV. ANDERSON: What year was it that they had
about fifty events and I think about five of them fell under
the trust?

MR. HORTIG: This is about the order of magnitude
of the opening year, '62-'63, Governor.

GOV. ANDERSON: Had we told the Attorney General
at that time that it was not going to be a majority, but
perhaps ninety percent of them would not fall within the
trust, would they have given us the same ruling that we
could have spent that money at that time and O.K., 'd it?

MR. HORTIG: We have discussed this matter with the
Attorney General exactly in that context, and the informal
opinion has been that as long as the operation, and in the
near future, will probably result in a net income to the
trust and an asset to the trust by reason of the construction
of this arena, and there is obviously a determined program on
the part of the City of Long Beach to schedule as many trust
events as they possibly can -- In other words, no trust
event has ever been refused scheduling; the non-trust events
have been scheduled in order to bring in funds and keep the
thing maintained on a year-round basis -- That as long as

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the program is for eventual maximum utilization on trust
events and with preference to the trust events as against the
non-trust events, that this type of operation is still within
the scope of justification for expenditure of the City's share
of tideland trust funds, if this is what the City of Long
Beach wishes to do.

GOV. ANDERSON: If they haven't discouraged any of
their trust events, how did they come to the original estimate
that more of a majority would be trust events when we got
the Attorney General's opinion at that time?

MR. HORTIG: This was only an announced intent.
It was not predicated on an actual schedule of the events
that were available in the immediate future,

GOV. ANDERSON: We had nothing to go on?

MR. HORTIG: None whatsoever. The question was:
If we proceed toward a goal of getting maximum trust event
usage for such a facility, then can it be approved under
Chapter 29? And the answer was yes.

MR. CHAMPION: Well, if I follow this discussion,
what the Attorney General has informally told you is that as
long as the thrust of the activity there is toward substan-
tial compliance with their original statements -- in other
words, they are trying to get over the fifty percent -- that
they have given priority in their scheduling to trust events;
and as long as there is no financial penalty to the State,
but actually benefit to the trust, their ruling would be that
we should continue with this arrangement, that there isn't any change. Is that the answer?

MR. HORTIG: That is a correct summary.

MR. CHAMPION: How does this affect our relationship so far as what we pay for, or what we are being asked to participate in, in item (e) before us today? There is no State money, but this is a matter of our approval and that approval is guided totally by this opinion. There isn't anything outside that involved?

MR. HORTIG: That is correct, and that approval is required under the statutes in order that the City may, pursuant to Chapter 29, expend such funds -- because Chapter 29 requires advance approval on even the City's share of funds in certain specific instances, such approval to be obtained from the State Lands Commission.

Now, I have summarized goals and intents on the part of the City, in response to Governor Anderson's question. I should like to bring the Chairman's attention to the fact that the Deputy City Attorney who has had most to do with the legal phases of this operation on behalf of the City of Long Beach is with us, if Governor Anderson desires an expression from the City on this.

GOV. ANDERSON: I am more interested in our position. I would be more interested in your statement or the Attorney General's opinion as to how we are living up to the trust. I don't know how much of this $350,000 we are talking
about, but we are talking about an expenditure of money.

True, it is the share of the City in the tidelands trust, but we are responsible for it. But ninety percent of the general maintenance of this place -- ninety percent of that -- is brought about by non-trust events, and yet the people who are running the operation on a month-around basis are taking care of an auditorium ninety percent of which is used for non-trust events and we are charging all of it against the trust, all except those that can be charged to the specific event at the time; but the general month in and month out operation is being charged to the trust.

MR. HORTIG: This is correct -- the City's share; but this is from all revenues, non-trust and trust.

MR. CHAMPION: If I understand this correctly, if the City were to say arbitrarily "We can't do more than fifty percent" -- in other words, if they could only schedule trust events and were held to fifty percent, the cost would probably be even greater.

MR. HORTIG: This would be correct; as, for example, taking the figures in the year Governor Anderson cited, where there were approximately five trust-qualified events as against fifty non-trust events, then in that year if the City in abiding completely by the trust were limited in the utilization of the arena to the trust events, the result would have been that the arena would have been vacant the rest of the year.

MR. CHAMPION: I think what the Governor and I are
both trying to get, and probably we don’t know -- What ratio
of these are overhead expenses which would go on, regardless
of which are expenses incurred because of specific events?
And, really, the judgment of this thing as to the benefit
depends on those figures.

GOV. ANDERSON: If some other city builds such an
arena as this, they have to go to bond issue in their com-
munity; they have to pay solely from the events they run or
take dip into their own funds. We are expecting cities like
Sacramento, Bakersfield and others to compete with this. I
have a feeling this isn’t quite as tight as it should be.
I feel there is something wrong when we see what we are pay-
ing from a trust fund that should be paying for itself a lot
more than it is, unless I am incorrect in reading the figures.

MR. HORTIG: I believe you are correct in reading
the figures and the Division is presently auditing the entire
operation, and I think we can give you at the July meeting
a specific numerical reply as to what overhead expenses
would continue.

GOV. ANDERSON: If this were the Bakersfield arena,
this $359,000 or a good portion of that would be stood by
the events put on or by the taxpayer or their bond issue;
but here we are taking money out of their oil fund to pay
for this operation. It just doesn’t look right.

MR. HORTIG: The problem is a question of municipal
determination -- of having this oil fund and this share of
revenues available to the City of Long Beach. The City of Long Beach has elected to use these funds for this purpose as long as it can be legally qualified, in preference to a bond issue or supporting this out of the tax base. The advantages of having this tideland revenue have been decried in other instances, too. Los Angeles Harbor feels they are possibly at a disadvantage because the City of Long Beach has harbor revenue...

GOV. ANDERSON: It would seem without oil funds it could operate itself, particularly when ninety percent is non-trust items, on a paying basis -- without going into the trust. This is the question I want answered.

MR. HORTIG: This question we are going to answer specifically as a result of the audit.

GOV. ANDERSON: I am not going to object to the item, but it bothered me.

MR. CHAMPION: I think it would be useful to know on an accounting basis how this breaks down. Is there anything further? The Controller has moved. I don't believe I have a second.

GOV. ANDERSON: I'll second it -- with a little something or other.

MR. CHAMPION: Any further comments? (No response)

It will stand unanimously approved.

GOV. ANDERSON: You will look into that?

MR. HORTIG: The audit is in process, Governor.
GOV. ANDERSON: When would we have that?

MR. HORTIG: We would expect to have the report to you at the July meeting. It will be on an estimated basis for the last fiscal year because we will be a month in arrears.

GOV. ANDERSON: I'd like to have you look into how much of that $359,000 goes for general operation.

MR. HORTIG: This will be specifically identified in the audit report.

MR. CHAMPION: I might add that while we did not issue any specific invitation to the City of Long Beach to comment on this, they are perfectly welcome to do so.

MR. LINGLE: There are a few points I could take an hour or two of your time to clear up. If you are going to go into it at the next meeting, just a couple points:

The $390,000 does go to total overhead. The actual cost of any specific performance, the bill that is rendered to that man is enough to pay for it. If there is any loss because of a non-trust activity, the City pays for it out of its own pocket.

I might say we could make this thing mighty self-supporting if we weren't trying to meet the trust aspect. We could book all kinds of athletic things in that arena but under the trust we are doing our level best to carry this on as it was intended. As Mr. Hortig said, we could make it one hundred percent trust activities and we would lose
$359,000 a year. As it is, I think it lost $17,000 last year. This $359,000 is enough money to run the hall; but if we don't spend it, we don't transfer it.

GOV. ANDERSON: But you have to call $359,000 a loss?

MR. LINGLE: No, sir. We recouped $342,000 of that last year, and we could recoup much more of this if we did not put the stress on the trust purposes, because we won't book something in here a year ahead of time because of the possibility that we could get something in that was more of a trust purpose.

GOV. ANDERSON: So of the $359,000, over $300,000 will go back into the trust fund?

MR. LINGLE: I'd wager almost $350,000 will go back and almost all of that comes from the non-trust activities. As long as we have the hall down there, we think there is no point in having the thing dark if we can get somebody to pay to use it.

GOV. ANDERSON: That would have answered my question. If this money comes back in, we are not going to worry about it.

MR. LINGLE: It is very complicated.

GOV. ANDERSON: It doesn't have it on here.

MR. HORTIG: As you will recall, Governor, in my answering your opening question, for the 1963-'64 year we have estimated their total expenses were to be $330,000 with
estimated revenues of $313,000, which have gone back to defray these costs; so they will end up with a $17,000 loss for the year, which is less than the $44,000 of last year.

MR. CHAMPION: And the audit will show the breakdown.

GOV. ANDERSON: So they lost $44,000 the first year, the second year was $17,000, and if we move that way we will come out plus?

MR. HORTIG: On the plus side the next fiscal year.

MR. CHAMPION: 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 proposed for sale or exchange:

(a) Authorization for sale to Jean L. Sainsevain of 120 acres vacant State school lands, Imperial County, at cash price of $16,500; appraised value $6,000.

(b) Approve Executive Officer's action canceling application of Margrette A. MacAulay to purchase 37.84 acres vacant Federal lands, San Bernardino County, for failure to meet deposit requirements; approve selection of said land on behalf of the State.

(c) Find that the Department of Fish and Game has adequately supported its objections to the sale of Section 16, Township 17 North, Range 13 East, S.B.M. containing 640 acres in San Bernardino County, by showing substantial public need and greater benefit to the State, and reject Applications Nos.
11676 and 11677, L.A.L.D., and refund all deposits except $5 filing fees; hold said land for two-year period, or for such further period as is required to resolve the matter of title, for purchase or lease by the State Department of Fish and Game;

And we have an alternative recommendation: If the Commission finds otherwise, continue pending purchase applications in good standing for so long as the applicants desire, pending clarification of title.

Mr. Hortig?

MR. HORTIG: Mr. Chairman, the recommendations you just read were those that were considered by the Commission at the last meeting in May and the entire item was deferred for further hearing before the full Commission today. In the interim, it had been the request that the applicant and Fish and Game explore the possibility, and the applicant in particular, of selecting other State land in lieu of the contested lands here listed; and this further exploration resulted in what I have had finally confirmed to me verbally this morning—an alternative solution on behalf of the applicant and the Department of Fish and Game, both of whom are present here today for a procedure under which it would be suggested, and the staff would recommend, that the land be conveyed to the applicant, Mr. George D. LaMoree, on the understanding that rights-of-way ..... I am sorry. I have the wrong one.

What you have read is the question before the Commission.
The Supervisor of Game Management for the Department of Fish and Game does want to comment on the item you have just read.

MR. CHAMPION: Let me find out the history of the item we just read. I have recollection of only one such item and it is the same one you just discussed with me. What is the history of this one, and how does it happen to come before us in this particular form? Did we also raise questions about this one and whether Fish and Game had made a supporting case?

MR. HORTIG: Both applications have had parallel paths. However, the item now under consideration, item (c) - this is the first time this item has been before the Commission and it is before the Commission in this form because on announcing availability of this land for public sale, the Department of Fish and Game indicated a substantially greater public need and benefit to the State if the Department of Fish and Game were to acquire it for a program which Mr. Richard H. Davidson, Game Management Supervisor of the California Department of Fish and Game wants to present to the Commission.

MR. CHAMPION: The reason I want to ask this question is: Does anybody maintain Fish and Game's position in this case is wrong; and if no one has protested or made any such claim, what is the reason for going behind the Fish and Game position?

MR. HORTIG: In order to establish the record in the
Commission that Fish and Game has by this method officially asserted its desire to have the Commission action to withhold the land from public sale.

MR. CHAMPION: This is a thing which ordinarily on a staff recommendation, in the absence of complaint or protest, we would simply accept the staff's finding that they had made. Is there any reason for us to go beyond that at this time?

MR. HORTIG: No, sir; unless, and if the Chair will recognize whether there is any representation by the applicant, who as recently as yesterday telephoned our office and had not yet concluded whether or not he would be here to protest today. Lacking such protest, your position would be correct.

MR. CHAMPION: Is there anyone who is in opposition? Yes, sir. Would you come forward? Are you the applicant?

MR. MEDALL: No, sir. There are four of us involved and I am representing the applicant of register, Doctor Richard Merriam. My name is Sheldon E. Medall. I am a geologist and a representative up here today for Doctor Richard Merriam.

MR. CHAMPION: He is the applicant of record?

MR. MEDALL: The four of us intended to involve in this parcel, put up equal shares of money in order to obtain this parcel. Two of the people that are involved are professors of geology at U.S.C. I am the other person, a graduate student working in private industry. We wanted this
Land in order to utilize it, although we don't get any mineral rights. We wanted this land to put up some permanent structure. After this time, the University of California would be able to utilize this land in summer training, which they accomplish every summer, and mostly that's it.

I talked to Mr. Davidson yesterday and I think he has something to say on the matter.

MR. CHAMPION: Why don't we hear from him? Under our rules, the Fish and Game declaration that they are interested in it puts a hold on the land for a given period of time. That really is the fundamental question on which this has to turn. Then if you have further comment, we can hear from you.

Mr. Davidson?

MR. DAVIDSON: Mr. Chairman, members of the Commission, I am Richard H. Davidson. I am Game Management Supervisor for the California Department of Fish and Game, speaking for the Department.

These two items, items 5 (b) and (c), I believe they are -- (c) and (d), excuse me -- they are actually related in some ways from our standpoint and I don't want to confuse you by talking about both of them at once.

MR. CHAMPION: Decide which is less confusing. If they are both together, maybe you better talk about both of them together.

MR. DAVIDSON: If I might display a map, I really
would appreciate a little of your time, because this involves a little more than this isolated instance. I'd like to give you an idea of what the Department has been doing for fifteen years to try to help the Bureau of Land Management.

Up to fifteen years ago, they were a land disposal agency, and they were land managers only up to the point disposal took place. There is every indication the trend is going the other way. We like to think part of this is through our activity in withdrawal of lands for land management. This actually places the Bureau of Land Management as land managers; this gives them tenure; and it was done under executive order. We had a number of other areas proposed, but the whole machinery stopped because the Congress and the Secretary of Interior began taking a closer look; and right now in Washington there is a multiple use bill that everybody is fairly confident will pass, and this is to be considered the week of July 6th. The reason I bring this up, time is important. One of the main things we have been trying to fight is a holding action. They are going through much the same thing the United States Forest Service went through.

If I could have some assistance and take some of your time ....

MR. CHAMPION: I hope we can avoid a general exposition of land management in the State. I think we understand the problem.

MR. DAVIDSON: Certainly. We don't anticipate
taking too much time. The yellow indicates the Bureau of Land Management holdings in the State of California, and you can see in southern California they are quite extensive, and they are quite extensive up here. We had hoped that they would set aside some small areas, relatively small in relation to the total holdings now, and the other lands would be up for disposal or whatever they want to do with it; but certain key areas would be held. And the two items we are talking about today are key areas.

If we could possibly interest State Lands in some land exchange, if we accomplish this at all, then the little battle we lose is going to be well worth the loss.

We have a letter from the Bureau of Land Management; it is to me, and it indicates that: "The presentation of our public and State of California land tenure problem in connection with certain key State-owned sections in this area to the State Lands Commission should now be easier to present."

So this indicates that the Bureau of Land Management is interested in this and it took some time to get them interested, because this will be a complex problem.

What we have in mind -- In the mid-hills section near the Providence Mountains, Kingston, et cetera, say you own probably fifty to one hundred sections, scattered sections; whereas down here near Kramer Junction, right near 395 and main highways, there are extensive Bureau of Land Management holdings that could be exchanged. I think this would be of
mutual advantage to the Bureau and the State Lands Commission because this land would be much more salable and would appreciate much more rapidly than the real mountainous area.

There are some unique things about this. In both cases, these people have had fairly large deposits for quite a few years. In view of the stand of the Bureau of Land Management and in view of my discussion with the La Morees and Mr. Medall yesterday -- that they would be willing to guarantee public access if they were to acquire this; and also in connection with item 5(c), Mr. Medall would guarantee that wildlife would be allowed to use water in the area -- we would withdraw our protest, at the same time hoping that serious consideration would be given to a study of public lands. One of the people in Bureau of Land Management suggested this -- that a State lands examiner and the Bureau examiner should go out together and come up with exchange lands in a local area.

MR. CHAMPION: I don't think that policy is in any way different -- as a matter of fact, it conforms to our policy in this matter, and doesn't pose any difficulties that I know of. I don't see any reason why that assurance should not be given you.

Mr. Hortig, is there any further problem?

MR. HORTIG: No, sir. It would be suggested, in order that there be a complete understanding all the way around, that the Lands Division staff would write a conveyance
with such supplemental agreements, understandings or condi-
tions as to reflect what I feel is a statement of agreement
today between the applicants and the Department of Fish and
Game. This can be confirmed by the applicants. This was our
understanding of the latest position of the Department of
Fish and Game and, as you can see, this has just been culmin-
ated literally overnight.

GOV. ANDERSON: On this suggestion that you get to-
gether on exchange of these lands, we have always done that.

MR. HORTIG: We have always done so, and have held
extensive holdings for other agencies, as long as there has
been a need.

GOV. ANDERSON: Is there anything holding up your
Department?

MR. DAVIDSON: I don't think so.

GOV. ANDERSON: I had assumed this was being done
and I don't see why you raise the question of "if it can be." I
assumed this had been going on for several years.

MR. DAVIDSON: Governor, we are the middle men in
this and we are trying to get the two agencies together. It
won't be our program. It will be a Bureau of Land Management
program and we finally got a commitment from them; and also
if they do establish multiple use lands, there will be a real
sound proposal we can present to State Lands. What we were
trying to develop was State Lands' interest in this type of
activity.
MR. CHAMPION: On these two items before us today, really the situation is this: So far as Fish and Game is concerned you have no objection to our making conveyance to these two parties, subject to the conditions which you worked out in discussions with them; and we might take recommendations on both of these items today, without formal approval, and you can work out the conditions of conveyance.

So far as the other, you have the assurance we are very anxious to work toward this use of public lands and we will be glad to work out land exchange agreements with the Bureau of Land Management.

MR. DAVIDSON: Thank you very much.

GOV. ANDERSON: It is my understanding that both Merriam and the La Morees will go on with the sale subject to these conditions.

MR. HORTIG: And subject to the final approval or authorization of the documentation by the Commission at the July meeting.

MR. CHAMPION: There will be no formal action today. You will go ahead and we will consider them when you have the formal arrangements worked out. No formal action is required of the Commission today.

MR. HORTIG: No, sir; unless the other applicant wishes to be heard.

MRS. LA MOREE: I am Mrs. La Moree. I wonder if the public access -- if we need to define that further today, or
if that will be in the conveyance?

MR. HORTIG: Yes.

MR. CHAMPION: We will work that out in the documentation.

MR. HORTIG: Yes.

MR. CHAMPION: Thank you very much. We will, then, omit items (c) and (d) in our action.

MR. CRANSTON: I move approval of the other items, (a) and (b).

GOV. ANDERSON: Second.

MR. CHAMPION: It has been moved and seconded. Any further question? (No response) Stand approved.

6 -- Authorize Executive Officer to request the Attorney General to institute required action to fix boundaries between the privately owned lands of Boss and Wilson (d.b.a. B & W Boat Harbor), being a part of Andrus Island and the un-conveyed State sovereign lands in the bed of the Mokelumne River, with a view to requiring the operators of B & W Boat Harbor to enter into a lease for State land that they occupy.

MR. CRANSTON: Move approval.

GOV. ANDERSON: Second.

MR. CHAMPION: Any questions? (No response) Stand approved.

7 - Boundary Agreements: (a) Authorization for Executive Officer to execute an agreement with Bank of America Trust & Savings Association as Special Administrator with
general powers of the Estate of Sam Arvanitis, Deceased, fixing the Ordinary Low Water Mark as the Common Boundary along a tidal waterway in the vicinity of Surfside, Orange County, as described in the Boundary Agreement, W.O. 5171 (Exhibit A), as the permanent boundary between State submerged land and subject private lands along this tidal waterway.

(b) Authorize the Executive Officer to: (1) Approve Sheet One of map entitled "Contours, Marconi Cove, Proposed Harbor Site, Marina Developers," dated April 19, 1962; (2) record said map after completion of marina construction in Marconi Cove; (3) Execute an agreement with the upland owners, H. Morgan Noble, David L. Fraser, Norman A. Gamble, and Blair McDonald, fixing the common boundary in Marconi Cove as described in an agreement (Exhibit A), as the permanent boundary between the State submerged lands and the subject private lands along Tomales Bay, Marin County.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Second.

MR. CHAMPION: Any further question? (No response)

Stand approved.

Approval of Maps: Item (a) has been deleted.

(b) Authorization for Executive Officer to approve and have recorded Sheets 1 and 2 of maps entitled "Survey of the Mean High Tide Line Along the Shore of the Gulf of Santa Catalina, Vicinity of Dana Cove, Orange County, Calif." dated February 1964.
(c) Authorization for Executive Officer to approve and have recorded Sheets 1 through 7 of 7 of maps entitled "Map of the Grant to the Crescent City Harbor District, Vicinity of Crescent City, Del Norte County, Calif." dated March 1964.

(d) Authorization for Executive Officer: (1) To approve and have recorded Sheets 1 and 2 of 2 of maps entitled "Map of the Ordinary High Water Mark Along the Shore of Santa Monica Bay, Vicinity of El Segundo, Los Angeles County, California" dated March 1962; and (2) to execute an agreement with the upland owners fixing the common boundary along Santa Monica Bay as described in the agreement (Exhibit A) as the permanent boundary between the State tide and submerged lands and the subject private lands along Santa Monica Bay, vicinity of El Segundo, Los Angeles County.

(e) Authorization for Executive Officer to approve and have recorded Sheet 1 of 1 of map entitled "Map of the Grant to the City of Redwood City, Vicinity of Deepwater Slough, San Mateo County, Calif." dated April 1963.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Second.

MR. CHAMPION: Any further question? (No response)

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. CRANSTON: I move confirmation.

GOV. ANDERSON: Second.

MR. CHAMPION: Any question? (No response) Stand approved.

Next item on the agenda is "Election of Chairman."

GOV. ANDERSON: I would like to make a suggestion there. This was to have been our election date, but I know that our Chairman has been working very hard on the Long Beach contract project and we have hopes of clearing that up in the next, what -- sixty days perhaps? And I'd like to extend this election over so he can be the Chairman for the next ninety days.

MR. CRANSTON: I concur in that.

MR. CHAMPION: Thank you very much, gentlemen.

Shall I take that as formal approval?

MR. CRANSTON: Yes.

MR. CHAMPION: Then for ninety days I will continue as Chairman and then the regular rotation policy will in no way be disturbed by this action.

Another item, with which I am unfamiliar -- Salary Adjustment of Executive Officer.

GOV. ANDERSON: Do you recommend that, Mr. Director of Finance?

MR. CHAMPION: I do. Were I not in the chair, I would be glad to move it.

MR. CRANSTON: I so move.
GOV. ANDERSON: I'll second it.

MR. CHAMPION: There being no objection from the Executive Officer, stands approved.

We have next, informative only, the status of legislation. Is there anything special in that area?

MR. HORTIG: No, sir. In view of the fact, of course, that due to the timing and the bill signing period not having been over by the time this matter had to be completed, final report on those matters significant to the Commission will be on the July agenda.

MR. CHAMPION: All right. Then the only subject formally to come before this meeting is confirmation of the date, time and place of next Commission meeting, will be.....

MR. HORTIG: Tuesday, July 28th, in Los Angeles at ten a.m.

MR. CHAMPION: There was a matter before the Commission at the last meeting on the subject of leasing a portion of the submerged lands in Santa Monica Bay by the City of Los Angeles. The report that was called for is not prepared yet, will be ready by the July meeting, and Mr. Spaulding, who is Petroleum Administrator for the City would like to speak to the question.

Mr. Spaulding.

MR. SPAULDING: Mr. Chairman, members of the Commission, at the last meeting you will recall the issue of leasing certain portions of the City's lands in Santa Monica
Bay was discussed and at that time there was a remark made by the Governor to the effect that it would be continued to this date.

Just to make the record complete, I would like to read a couple of letters which have been addressed to various Commissioners since the date of your last meeting. The first was addressed to the Honorable Glenn M. Anderson:

"We have read with interest several recent newspaper articles recounting the concern of the State Lands Commission over the aesthetic effects of marine oil well drilling and producing installations on the California seascape. In particular, we refer to the Los Angeles Times May 29, 1964 report that the Commission deferred action on the proposal of the City of Los Angeles to seek oil and gas leases in Santa Monica Bay until aesthetic considerations could be properly assessed.

"For your information we are enclosing a copy of City of Los Angeles Ordinance No. 126,825, passed by the City Council and approved by the Mayor in February of this year. The purpose of this ordinance is the imposition of planning controls over the submerged lands within the City of Los Angeles in order to preserve their natural attributes but in such a way as to permit their development for oil and gas. Implementing this purpose Ordinance No. 126,825 specifies the procedures and regulations to be followed in the conduct of oil operations on tide and submerged lands located within the City of Los Angeles.

"The adoption of the enclosed ordinance (which has been sent to the individual Commissioners) culminated a year-long period of deliberation by various agencies and officials of the City of Los Angeles. Throughout this period our prime concern was for the aesthetic impact of oil drilling on the marine and coastal environment. But it was our belief that the situation along the coastline does not differ greatly from that of the highly urbanized portions of the City where oil drilling has been carried on successfully for many years under the rigid restrictions of the Los Angeles Municipal Code ... "
and I refer particularly here to the area around Beverly Hills and Cheviot Hills and the La Cienega district and the vicinity of the whole oil field south of that primarily near an area of Western and Washington, without urban conflicts in the City of Los Angeles. These operations have been conducted since 1952 without any serious incident in the City.

(Continuing with letter):

"Basically, then, by extending these same drilling and producing controls to the offshore area, we believe we have devised a formula whereby a valuable resource may be recovered with little sacrifice of the scenic pleasures which are to be found in the seaside communities. Furthermore, the unique effort spent by the City of Los Angeles in planning for the exploration of its submerged lands could well serve as a model for other governmental agencies to follow in contemplating offshore drilling operations."

Now, consistent with the closing remarks made by the Lieutenant Governor, I have written a letter to the Honorable Hale Champion, dated June 19th, last Friday:

"At the regularly scheduled meeting of the State Lands Commission May 28, 1964, the proposal of the City of Los Angeles to seek oil and gas leases on approximately 7,000 acres of its submerged lands in Santa Monica Bay was discussed. In response to the motion of Lieutenant Governor Anderson, action upon the City's proposal was postponed until a later date. In concluding his remarks, Governor Anderson stated that the matter should be continued until the next meeting of the Commission...

And this is why I am here with you today, even though I realize we are not part of your agenda.

(Continuing with letter):

"On June 5, 1964, we wrote to Mr. Frank J. Hortig to request that our proposal again be placed upon the calendar for the June 24 meeting of the State
"Lands Commission. We have recently received a copy of the calendar summary for the June 24 meeting, and we note that our proposal is not due for consideration. We should be very grateful if you would again consider our request that our project be placed upon your agenda at the earliest opportunity in order to permit the City of Los Angeles to proceed with its plans to seek oil and gas leases on its granted lands in Santa Monica Bay. As you may have been informed, the City of Los Angeles wishes to offer these leases as the opening phase of an effort designed to protect our granted lands from drainage by upland oil producers."

This is the end of the letter.

MR. CHAMPION: I think telephone response was made to that letter to me by Mr. Hortig.

MR. SPAULDING: Yes, Mr. Hortig did call Mr. Piper, who did sign these letters.

MR. CHAMPION: I recognize the City's interest in having this thing move as quickly as possible. As I understand it, and I quite agree with the position Governor Anderson took -- which is that while so far it is a matter only for the City of Los Angeles -- the City of Los Angeles obviously after careful examination arrived at a conclusion his stated position went to the whole State policy, not only this land but our total policy in this area; and it is a report as to the whole of this, rather than specifically to the Los Angeles item, and as to where the Los Angeles item fits within our total policy. That is the reason for the deferment and the delay; and we are sorry for any inconvenience here, but I discussed with Mr. Hortig the problem of possible drainage. As I understand it, there is no new
drainage that would result by this kind of thirty-day delay
and in view of the importance of the whole policy considera-
tion of the State, we did want to put it over until we got
the report that Governor Anderson asked for. I feel all the
members of the Commission felt this should be before us,
before we do something.

MR. SPAULDING: May we get assurance that we will
have consideration at your next meeting?

MR. CHAMPION: I understand from Mr. Hortig you
will be on the agenda next meeting.

MR. SPAULDING: This will be entirely satisfactory
as far as our interests are concerned.

MR. CHAMPION: Is there anything more you would
like to say?

GOV. ANDERSON: No.

MR. CHAMPION: That concludes the business of the
regular meeting and I will declare that adjourned, and we
will adjourn to the meeting set forth in the notice of the
public review.

ADJOURNED 11:25 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 thirty-eight pages contain a full, true and correct transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Sacramento, California, on June 24, 1964.