TRANSCRIPT OF MEETING of

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA
February 25, 1956

PARTICIPANTS:

THE STATE LANDS COMMISSION:

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

Mr. F. J. Hortig, Executive Officer
Mr. Alan Sieroty, Executive Secretary to Lieutenant Governor Anderson

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson, Assistant Attorney General

snow
<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON PAGE</th>
<th>PAGE OF</th>
<th>CALENDAR</th>
<th>CALENDAR</th>
<th>TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Call to order</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2. Confirmation of minutes meeting of 12/4/64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>PERMITS, EASEMENTS, RIGHTS-OF-WAY, NO FEE:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) National Aeronautics &amp; Space Administration</td>
<td>10</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Dana Point Sanitary Dist.</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Richfield Oil Corp.</td>
<td>11</td>
<td>4</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Standard Oil Co., of Cal.</td>
<td>7</td>
<td>6</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Tidewater Oil Company</td>
<td>18</td>
<td>7</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Windmill Cove Corp.</td>
<td>8</td>
<td>9</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e) San Diego Gas &amp; Elec., Co.</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) Standard Oil Co., of Calif., Western Operations, Inc.</td>
<td>3</td>
<td>11</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(g) Thomas Lee &amp; Betty Jane Stuart</td>
<td>9</td>
<td>12</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CITY OF LONG BEACH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) (Ressind item under Minute Item 27-D 3/26/64; Find revised cooperative agreement for water injection operations (East Boundary Middle Section Fault Block V Ranger Zone Unit) in public interest; Approve said agreement</td>
<td>14</td>
<td>13</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAND ITEM: (a) Cancellation application Herman H., Hobi, etc</td>
<td>13</td>
<td>16</td>
<td>7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

continued
# INDEX
(In accordance with Calendar Summary)
continued

<table>
<thead>
<tr>
<th>ITEM CLASSIFICATION</th>
<th>ITEM ON CALENDAR</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MINERAL &amp; OIL AND GAS LEASES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Mineral Extraction lease Owens Lake, Inyo County</td>
<td>12</td>
<td>19</td>
<td>8</td>
</tr>
<tr>
<td>(b) Compensatory royalty agreement Reserve Oil &amp; Gas Company, Solano County</td>
<td>15</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>(c) Oil and Gas Lease, Parcel 25, Ventura County</td>
<td>16</td>
<td>24</td>
<td>9</td>
</tr>
<tr>
<td><strong>APPROVAL OF MAPS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) &quot;Map of Grant to City and County of San Francisco&quot; December 1964</td>
<td>2</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td><strong>TRANSACTIONS CONSUMMATED BY EXECUTIVE OFFICER:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phillips Petroleum Co.</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Richfield Oil Corp.</td>
<td>29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shell Oil Co.</td>
<td>27-28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texaco Inc.</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INFORMATIVE ONLY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Report on public hearing 1/14/65 - LESLIE SALT</td>
<td>4</td>
<td>31</td>
<td>10</td>
</tr>
<tr>
<td>(b) Major Litigation</td>
<td>17</td>
<td>32</td>
<td>11</td>
</tr>
<tr>
<td><strong>NEXT MEETINGS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UNCALENDARED:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tideland Grants</td>
<td></td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Long Beach East Wilmington Field - Bids - Taxation legis.</td>
<td>14</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Los Alamitos Parcel</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In memoriam Frank Joseph Belosio</td>
<td>18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

OFFICE OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
<table>
<thead>
<tr>
<th>CALENDAR ITEM</th>
<th>PAGE OF CALENDAR</th>
<th>PAGE OF TRANSCRIPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>31</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>27</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>19</td>
<td>8</td>
</tr>
<tr>
<td>13</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>14</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>15</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>16</td>
<td>24</td>
<td>9</td>
</tr>
<tr>
<td>17</td>
<td>32</td>
<td>11</td>
</tr>
<tr>
<td>18</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>19</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
GOV. ANDERSON: The meeting of the State Lands Commission will come to order.

First item would be a motion confirming the minutes of the meeting of December 4, 1964.

MR. CHAMPION: So move.

MR. CRANSTON: Second.

GOV. ANDERSON: No objection, so ordered.

I do want to make just a little statement on the bids on the Long Beach East Wilmington Field. I know when I was down at Long Beach at the bid openings, I stated that we were very pleased with the bids. The bids averaged 96.25%, meaning that that percentage of the net profits from the production of this oil will go to the City of Long Beach and the State of California, and I am informed it is the highest bid ever received by a public agency for the operation of an oil and gas field.

Nine companies are included in the highest bidders, and the Long Beach City Council awarded the bids to these nine companies.

On next Tuesday, the Commission will meet to review these bids and hopefully to confirm the awarding of these bids. We hope to receive from our consultants, DeGolyer and MacNaughton, a recommendation as to the acceptability of the bids, and we expect to receive later specifications as to the size and qualifications of the staff we need for the operation. I wanted to get that matter into the record.
Classification Number 3 is permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statute:

Applicant (a) is National Aeronautics and Space Administration -- Fifteen-year permit to use 0.016-acre parcel in bed of Sacramento River, Sacramento County, for four dolphins for mooring barges.

Applicant (b) is Dana Point Sanitary District -- Amendment of Easement P.R.C. 2237.9, Gulf of Santa Catalina, Orange County, to incorporate new legal description increasing length of sewer outfall easement by two thousand feet.

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON; Moved and seconded, approved unanimously.

Classification 4 is Permits, easements, leases, and rights-of-way issued pursuant to statutes and established rental policies of the Commission:

Applicant (a) is Richfield Oil Corporation -- Approval of amendment to Gas Sales Agreement, dated June 11, 1962, between Richfield Oil Corporation and Pacific Lighting Gas Supply Company, for State's royalty share of dry gas produced under Oil and Gas Leases P.R.C.'s 308.1, 309.1, and 2793.1, Santa Barbara Channel, Santa Barbara County.

Applicant (b) is Standard Oil Company of California -- Ten-year renewal of Lease P.R.C. 389.1, 0.29 acre tide and
submerged lands of Sacramento River, Yolo County, used as
loading dock for petroleum products and for necessary pro-
tective dolphins. Annual rental, $150.

MR. CRANSTON: Mr. Chairman, on Item (b), I under-
stand the rental is increased from what it was before but I
would like to inquire on what basis that figure of $150 is
arrived at. It seems quite low. How do we go about that?

MR. HORTIG: The land values are established pursu-
ant to established policies of the State Lands Commission and
the rent value is based on the value of the land. Where the
rent does not, as calculated, come up to the minimum value,
the Commission has established a minimum rental -- in this
case a minimum of $150.

The previous rental for this same portion was $50,
but increases in value and actual application under this Com-
mission policy of actual appraised values and specified rental
rates and minima which have been determined by the Commission
bring this value up to $150 for the recommended rental.

MR. CRANSTON: I don't want to delay this particu-
lar application, since it is carrying out a policy that existed
at the time they applied as related to the rental payment;
but it seems to me that the opportunity to have that facility
is probably worth a good deal more than $150 for that period
to Standard Oil Company and, therefore, it is worth a good
deal more to the State.

I wonder if we shouldn't go into the policy.
MR. FORTIG: This is one of the rare occasions which we anticipated in discussion with the Chairman and we do have under way and in progress and in study a review of the entire rental structure for commercial leases, for review of the Commission when it is completed, in the light of all economic considerations.

MR. CRANSTON: All right.

GOV. ANDERSON: Applicant (c) is Tidewater Oil Company -- Permit to proceed with construction of wharf improvements within area of Lease P.R.C. 187-1 at Martinez, Contra Costa County, prior to signing of renewal lease (which has been delayed while determining appraised value and rental). Permit to be given without consideration and without any obligation being assumed by the State.

Applicant (d) is Windmill Cove Corporation — Approval of sublease to Thomas E. Moody under Lease P.R.C. 2856-1, tide and submerged lands in the old bed of San Joaquin River, San Joaquin County, for boat-repair facility.

Applicant (a) is San Diego Gas and Electric Company — Deferment of operating requirements for lease year ending March 9, 1965, Mineral Extraction Lease P.R.C. 2094-1, San Diego Bay, San Diego County. (Additional dredging will be necessary in the future to provide ample cooling water for five more generating units in addition to three already completed.)
Applicant (f) is Standard Oil Company of California, Western Operations, Inc. -- Deferment of drilling requirements under Oil and Gas Lease P.R.C. 2199, Santa Barbara County, through October 4, 1965. (Further time required to evaluate data obtained from well already completed and to conduct reservoir studies, which may lead to additional development in south half of lease area.)

Applicant (g) is Thomas Lee Stuart and Betty Jane Stuart -- Termination of Lease P.R.C. 2228, Sacramento River, Sacramento County, effective February 25, 1965. (Rent invoice returned by upland owner, who stated the lessees were evicted in August 1964.)

MR. SIEROTY: Mr. Chairman, may I ask Mr. Hortig about the item of Richfield Oil Corporation -- amending the Gas Sales Agreement between Richfield Oil Corporation and Pacific Lighting Gas Supply Company. It refers to a "border price" for dry gas. Is that going to give the State a higher revenue than the current situation?

MR. HORTIG: In general, yes; and this, again, is the reference price that is utilized in the calculations of allowable rates as determined by the Public Utilities Commission of California in connection with calculating the incomes of the various gas distributors, and so forth, extrapolating again from the border price; so this would result in a common base being utilized for both the determination of corporate revenues that are permissible under the rulings of the Public...
Utilities Commission, as well as having a consistent price base for that gas which is produced by lessors of the State of California, in this case by Richfield in Santa Barbara County, for delivery to the companies whose fiscal affairs, in turn, are related to the border price for import gas into California.

MR. SIEROTY: What are they using now? What is their standard?

MR. HORTIG: It is highly variable; but fundamentally and principally, it is the border price because this is an established fact -- the value of the gas at the border of California is the place where the Public Utilities Commission must start in their calculations because they have no direct regulatory control over the prices outside the border of California; but the moment it crosses the border of California and is into California, it arrives at a value which is used by the Public Utilities Commission in determining all the regulatory requirements for the distribution and sale of that imported gas in California.

So, therefore, using that same reference base for gas produced by gas lessors puts everyone on a reasonably comparable competitive base, without any penalties being assessed either to the imported gas or the domestic production in competition with the imported gas.

GOV. ANDERSON: Is there a motion?

MR. CHAMPION: Move approval.

MR. CRANSTON: Second.
GOV. ANDERSON: Moved and seconded all items be approved. No objection, so ordered.

Classification 5 -- City of Long Beach approvals required pursuant to Chapter 29/56, First Extraordinary Session and Chapter 138/64, First Extraordinary Session).

(a) (1) Rescind approval of cooperative agreement under Minute Item 27-D of March 26, 1964; (2) Find that "Revised Cooperative Agreement for Water Injection Operations (East Boundary Middle Section, Fault Block V Ranger Zone Unit)" between Standard Oil Company of California, the City of Long Beach and Socony Mobil Oil Company, Inc., provides that any impairment of the public trust for commerce, navigation or fisheries to which granted lands are subject is prohibited, and that the entering into and performance of such agreement is in the public interest; (3) Approve the aforesaid cooperative agreement on behalf of the State, pursuant to applicable law.

MR. CHAMPION: So move.

GOV. ANDERSON: It has been moved... 

MR. CRANSTON: Second.

GOV. ANDERSON: ... and seconded. No objection, so ordered unanimously.

6 -- Land items: (a) (1) Confirm cancellation of application of Herman H. Hobl to purchase 110.6 acres lieu lands in Humboldt County, for failure to meet appraised value; (2) Determine that it is to the advantage of the State to
(3) Approve the selection of said Federal land; (3) Approve the selection of said Federal land.

MR. CRANSTON: Move approval.

MR. CHAMPION: What kind of land is that?

MR. HORTIG: If I may refer back to the agenda item -- eleven miles northwesterly of Briceland and twenty miles northwesterly of Garberville.

MR. CHAMPION: I don't care where it is. I want to know what kind of land it is.

MR. HORTIG: With merchantable Douglas Fir, saw timber, and reproduction of poor to fair quality covering eighty percent of the area, twenty percent covered with hardwoods and brush.

MR. CHAMPION: Anybody looked at it since the flood?

MR. HORTIG: No, sir.

GOV. ANDERSON: Do you second?

MR. CHAMPION: I second.

GOV. ANDERSON: Moved and seconded, so ordered.

7. Mineral and oil and gas leases;

(a) Authorize Executive Officer to offer 91.11 acres of land in bed of Owens Lake, Inyo County, for mineral extraction lease at annual rental of $2.50 per acre and at minimum royalty of fifty cents per ton or two percent of average bulk value received f.o.b. the plant at Owens Lake, whichever is the greater.

(b) Authorize Executive Officer to execute
compensatory royalty agreement with Reserve Oil and Gas Company, et al., to protect State's interest in portions of beds of Cache Slough, Prospect Slough, Miner Slough, Shag Slough, and Lindsey Slough, Solano County, providing for royalty payments to State on 21% of value of all gas, gasoline, and other products sold or used from the wells within the South Pool of the Liberty Island Gas Field, in accordance with the following schedule:

(1) 16-2/3% of sale value of all gas allocated to State lands; or 15% royalty for all gas allocated to State lands in event it is necessary to compress the gas for delivery to transmission line; (2) 16-2/3% of sale or use value of all gasoline and other products extracted from the quantity of gas allocated to State lands.

(c) Authorize Executive Officer to offer 5,430 acres tide and submerged land in the Santa Barbara Channel westerly of the City of Oxnard, Ventura County, for oil and gas lease, designated as Parcel 25.

MR. CRANSTON: I move approval.

MR. CHAMPION: Second.

GOV. ANDERSON: It has been moved and seconded.

No objection, carried unanimously.

8 -- Approval of Maps. (a) Authorize Executive Officer to approve and have recorded Sheets 1 and 2 of 2 of maps entitled "Map of the Grant to City and County of San Francisco," dated December 1964.
MR. CRANSTON: Move approval.

MR. CHAMPION: I haven't had a chance to check that agenda item. Does this enter at all into the controversy over the report on status of our tidelands in San Francisco Bay?

MR. HORTIG: Not insofar as the Commission is concerned. This, of course, is one of the elements reported on by the Joint Tidelands Committee with respect to the City and County of San Francisco -- whether it does in fact have trust grants from the State of California. The statute that conveyed the particular lands to the City and County of San Francisco, adjoining the Marina area in this instance, required the survey of these lands by the State Lands Commission at the cost of the grantee before the grant could be finalized. This is one of our reimbursable contracts.

MR. CHAMPION: This was granted two years ago?

MR. HORTIG: Last regular session.

MR. CHAMPION: Second.

GOV. ANDERSON: Moved and seconded, approved unanimously.

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

MR. HORTIG: Yes, sir. This item is on the agenda particularly as a status report or a progress report—particularly in view of the questions raised at the last session by Controller Cranston as to what would be forthcoming; and, as indicated here, there can be no action by any public body in any way controverting any possible public interests prior to the Commission's consideration of the analysis and report, including recommendations, now under preparation by the staff, and will be considered for further action by the Lands Commission as soon as completed,

This was simply to bring to the Commission the fact that this summary and report and recommendations are in the process of preparation, and that there will be and can be no actions taken that will in any way encumber these lands prior to consideration by the Commission and action by the Commission on this staff report, which is still forthcoming.

GOV. ANDERSON: Any questions? (No response)

(b) is report on status of major litigation.

MR. HORTIG: Do you want to report on that?

MR. SHAVELSON: There have been no substantial changes from the last meeting in any of these items, except there was a meeting in Morro Bay, which involves the question as to whether the city has succeeded to the trust title of the county to the tidelands that are now located within the limits of the City of Morro Bay. The city and county are
meeting to try to work out a satisfactory settlement; and we have been attending these meetings and trying to encourage them to cooperate rather than litigate on this question, if at all possible.

Otherwise, the other items, I believe, have had no changes since the last report.

GOV. ANDERSON: Any questions? (No response)

Mr. Champion, you have another item you want to bring up?

MR. CHAMPION: Yes. I wanted to inform the Commissioners of some discussions and also ask Mr. Hortig a question.

As you know, there has been, beginning with the action of this Commission some two years ago, substantial concern about the whole problem of tidelands, our grants -- attempting to regularize our relationship with grant holders, solve some of our boundary problems. We went first to Long Beach, because this was the major amount of money involved; but we wanted to apply uniform policy -- not only develop one with respect to new grants, but also regularize our relationship with all old grants.

We have, in the Department of Finance, been carrying on some discussions with the staff of the Joint Committee on Tidelands as to possibilities in this area. We have at the same time been discussing with them preliminarily not only the staffing requirements for budget augmentation in terms of the Long Beach operation, but the staffing requirements that
would be involved in this greater control of the tidelands and
ability to deal with problems; and I think the Legislature is
disposed to give the State Lands Commission considerably more
scope and control and, in fact, direction to do things about
it.

What I wanted to ask Frank is: How soon do you
think a report of these discussions and a proposal to the
Commission for Commission action and discussion could be
brought before the Commission? I think time is pressing and
I would not expect we could do anything at the March 2nd meet-
ing, but could we make it by the following meeting?

MR. HORTIG: It is feasible and we will consider it
a directive to staff to see that the material is before the
Commission at the meeting of March 24th.

MR. CHAMPION: If that is satisfactory to the other
Commissioners, or if the other Commissioners would have any-
things they would like to have included in the discussion, I
did want you to know this has been begun. It has been begun
partly as a budget problem. You can't separate the two
things -- what functions we are going to get and what staff
we are going to need to carry them out.

MR. HORTIG: Concurrently, if I might add, Governor
Anderson and Mr. Sieroty and I have been discussing the same
problem and keeping each other alerted on all the developments
in this matter.

MR. CHAMPION: Do you think we could look forward
to a proposal before the Commission at the March 24th meeting?

MR. HORTIG: Yes, sir. I think it is essential that we do have a proposed Lands Commission position on this matter.

MR. CRANSTON: I have one other question. I appreciate the reports we got on Long Beach. Do you have a written summary of the actual bids that we could have?

MR. HORTIG: We have, in the office. I do not have a copy with me. You can have it in your office by this afternoon, Mr. Cranston.

MR. CRANSTON: Thank you very much. Is all in order, with no apparent problems for our acting on them?

MR. HORTIG: As of Tuesday, the Long Beach City Council approved by a vote of seven to nothing the acceptance of all bids, except the high bid for the ten percent interest. The high bid for the ten percent interest was approved by a vote of six to one.

These materials are being sent to the Commission for consideration at the meeting next Tuesday. They have been under review by the Office of the Attorney General and I think possibly Mr. Shavelson could comment on whether there is anything in his mind at the moment, as a result of that review, that is not in order. As far as the staff of the State Lands Division and the Commission's consultants are concerned, we are ready to report on Tuesday, March 2nd, with respect to the bids and consideration for approval of award of contracts on all the percentage interests.
MR. SHAELSON: Our office has completed a very
minute examination of all of the bids submitted and we will
transmit our written opinions to the staff of the State Lands
Commission, I hope, on Friday; and these opinions will be to
the effect that all of the bids are legally satisfactory and
that they may be accepted by the Commission if they are deter-
mined to be adequate.

The one area requiring slightly more discussion was
the ten percent interest that Frank mentioned, and we have a
special opinion on that. Our opinion, along with that of the
City attorney, is that that is also legally acceptable.

GOV. ANDERSON: Anything further?

MR. CHAMPION: Yes. I'd like to ask two more ques-
tions, if I may. One partly goes on a dim memory of the long
discussion last year and what finally evolved. What is the
proposed procedure for dealing with the Los Alamitos parcel?
What is our timing and what is our situation with respect to
that?

MR. HORTIG: The staff and the Commission's consult-
ants have already conferred and initiated study programs for
determining the recommendation as to the optimum action that
the State Lands Commission should take, which will be before
the Commission either at the March or April meeting of the
Commission, with respect to the manner of commitment, encumber-
ing or leasing the Alamitos State Beach parcel.

MR. CHAMPION: We would like to get it into this
operation as soon as possible.

MR. HORTIG: Actually, there is a year permitted under the terms of the Unit Agreement, during which time this parcel could be committed at any time during that period without any penalties; but there are other problems, patently, with respect to planning the over-all development of the field that can be attacked much more simply with the firm knowledge that the parcel is committed at this particular time.

MR. CHAMPION: I don't want to raise this question prematurely, but I was concerned.

The other question I wanted to raise was taxation of the area. We are not faced with that at this time. We are awarding the contract the day after lien date for property taxes this year; but I understand we do face some problems and we may have to seek some legislation to prevent undue taxation, or what we consider undue taxation. What is the plan we have which we can submit with respect to that problem?

MR. HORTIG: We have asked the Office of the Attorney General for their assistance on the legal phases of this operation and for recommendations on possible drafts of legislation to accomplish the purposes or minimize the difficulties on which you commented, and for the purpose of reporting on this to you as Director of Finance and to the State Lands Commission for consideration as to a legislative program.

MR. CHAMPION: We have two problems. We've got a law suit. We don't know how this is going to come out.
We have to deal legislatively with the situation pending the outcome of that lawsuit.

MR. HORTIG: Mr. Shavelson is intimately involved in both of these things, so I would appreciate it if he would comment on this situation.

MR. SHAVELSON: I have been working, together with Mr. Warren Abbott of our office, on the study of legislation. The problem is one of a great deal of complexity because we are dealing in an area defined by the State Constitution, as well as legislation.

We do hope to have the outline of possible approaches in a very short time and when we have done that and gotten the instruction as to what direction the Commission and the Director of Finance want to go, then we will consult with our tax people and make sure that our approach is sound.

MR. CHAMPION: How soon do you expect to be able to provide this information?

MR. SHAVELSON: The preliminary stage I would hope to have ready within about two weeks from today, but that will not be in the form of final legislation.

MR. CHAMPION: Thank you very much.

GOV. ANDERSON: Mr. Hortig has a resolution in memoriam he would like to read at this time.

MR. HORTIG: Mr. Chairman and members of the Commission, with a real feeling of personal loss I would recommend consideration of the following resolution by the State Lands
It is with deep regret that the members of the State Lands Commission learn of the untimely passing on February 21, 1965 of Frank Joseph Belosic, engineering staff member of the State Lands Division.

Frank Belosic began his career with the State Lands Division as a Mining Geologic Aid on September 8, 1954. Through diligence and demonstrated ability he rose to the vital position of Associate Mineral Resources Engineer.

No memorial could soften the anguish nor lighten the weight that now rests so heavily upon the wife and son and daughter of this man. It may be of comfort to them to know, however, that Frank held the deepest respect and admiration of his associates both for being the kind of person he was and for the abilities and energies he brought to his work.

The Executive Officer is directed to prepare and forward copies of this expression of the State Lands Commission’s condolences to Mrs. Frank Belosic and to the members of the immediate family.

When this meeting adjourns, it will be adjourned in tribute to the memory of FRANK JOSEPH BELOSIC.

MR. CHAMPION: I so move.

MR. CRANSTON: Second.

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

Is there anything further to come before the meeting?
(No response)

If not, reconfirmation of the date, time and place of the March meetings of the Commission -- March 2, 1965, at ten a.m., Sacramento, and March 24, 1965, at ten a.m., in Sacramento.

If there is no further business, the meeting is adjourned.

ADJOURNED 10:55 A.M.
CERTIFICATE OF REPORTER

I, LOUISE H. LILlico, reporter for the Office of Administrative Procedure, hereby certify that the foregoing nineteen pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION at Sacramento, California, on February 25, 1965.

Dated: Los Angeles, California, March 9, 1965.

/s/ Louise H. Lillico