TRANSCRIPT OF MEETING of

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA

May 27, 1965

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PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Glenn M. Anderson, Lieutenant Governor, Chairman

Hon. Alan Cranston, Controller

Hon. Hale Champion, Director of Finance, not present, represented by Mr. John P. Sheehan, Chief Deputy 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

Mr. Paul M. Joseph, Deputy Attorney General

APPEARANCE:

Mr. S. A. Young, District Engineer, Standard Oil Company, Santa Barbara

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MAY 27, 1965 - 10:13 A.M.

GOV. ANDERSON: The State Lands Commission will come to order.

First item will be the confirmation of minutes of the meetings of January 28, February 25, and March 2, 1965.

MR. CRANSTON: Move approval.

GOV. ANDERSON: Moved ....

MR. SHEEHAN: Second.

GOV. ANDERSON: ... and seconded; carried unanimously.

Item 3 is permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statutes:

Applicant (a) is County of Lassen -- 49-year life-of-structure permit, 6.89 acres submerged lands of Eagle Lake, Lassen County (for construction of rock breakwater to protect a public recreational area).

Applicant (b) is the Pacific Telephone and Telegraph Company -- Approval of telephone and telegraph lines over ungranted submerged lands of Clear Lake, Lake County.

Applicant (c) is the Department of Parks & Recreation, Division of Beaches and Parks -- Permit to dredge approximately 500 cubic yards of material from 0.11 acre tide and submerged lands underlying Ayala Cove, Angel Island, Marin County.

Applicant (d) is the Reclamation Board -- 49-year

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permit to occupy 10.37 acres swamp and overflowed land of Hogback Island in Steamboat Slough, Sacramento County.

Applicant (e) is Department of Water Resources -- Permit to extract approximately 2,810 cubic yards material from bed of Sacramento River, Sacramento County.

Applicant (f) is U. S. Department of the Army, Corps of Engineers -- One-year permit for drilling of a test hole in 1,629-acre area of Corte Madera Creek, Marin County (for purpose of examining subsurface earth structure).

MR. CRANSTON: I move approval of those items.

MR. SHEEHAN: I'll second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

I think at this time I want to ask Frank a question, not on one of the items specifically, but it reminded me of this and that is (b), the approval of telephone and telegraph lines over ungranted submerged lands of Clear Lake. I wasn't thinking of that specifically, but I wanted to ask the status of the request we had made of you to do what we could to encourage companies to change their policies as much as we could, to put their lines underground or under water, rather than these overhanging lines.

One of the things that brought this to my mind was the announcement in the press that Bill Bennett of our California Public Utilities Commission was back in Washington, trying to get national legislation, national policy of the

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national Public Utilities Commission moving in this direction; and he was urging a tax incentive be offered, to be utilized to do the same thing we have been talking about here. He made several points, and I haven't had a chance to actually study his tax incentive proposal, but I wanted to go on record that I am pleased to find that this is being approached on a national scale; and that what we are doing and what can be done in other parts of the country toward getting this policy developed is something that I want to try to encourage.

I am going into the tax incentive policy he suggests and possibly will have a later statement on that.

That was the reason I wanted to ask you the question, Frank, as to where we are on our own policy, our own program.

MR. HORTIG: Mr. Chairman, as you will recall, there was a very brief staff report at the last meeting about the undertaking of a study which would serve as a basis for reporting to the Lands Commission on programs that might be supported by the Lands Commission, as well as establishing future policy of the Lands Commission in connection with approval of easements for purposes of installation, particularly, of electrical transmission lines.

An inventory of the status of the acquisition of this information that is being compiled and is being used as a basis for this report probably would be most revealing to the Commission today.

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First -- and these are not necessarily in the order in which they were started in the analysis by the staff, but as I have the records before me -- the Federal Power Commission issued an order on May 10, 1965, entitled "Order Establishing National Power Survey Industry Advisory Committee on Underground Transmission" for the purpose of investigating the state of the art of underground transmission, both by alternate and direct current, and that they wich prepared a report thereon:

"Such report shall be prepared and submitted as soon as practicable and if possible no later than September 1, 1965."

It was the intent of staff to include as much of the material as was appropriate that was offered in these hearings, which includes such presentations as those Commissioner Bennet t of the Public Utilities Commission made in Washington, without necessarily waiting until September 1, 1965 -- unless it is indicated that particularly valuable data, as well as conclusions, will be included in this Federal report that should be considered by the Lands Commission in connection with the total staff report on this matter.

GOV. ANDERSON: This is the report on the Federal Power Commission that we can expect some time in September or October of this year?

MR. HORTIG: This is the request, as announced in the order establishing this committee to make this study for

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the Federal Power Commission. They are under a directive to submit a report as soon as practicable and, if possible, no later than September 1, 1965; and we are following the proceedings of the hearings. The first meeting of the series for this particular study was conducted last week.

Additionally, in view of the Commission's directive to undertake this study, we have the problem of interests of other State agencies and, particularly, the State agencies who have the combination problem, as the State Lands Commission has, of furnishing both the underlying lands to support the transmission line as well as the relationship of this transmission line to their land operations.

The expressions and recommendations of the following agencies have all been requested by letter: The Public Utilities Commission of the State of California; the Wildlife Conservation Board; the Department of Parks and Recreation; and the U. S. Bureau of Reclamation -- who represent all of the governmental agencies in California who have the majority of the parallel problems with respect to this matter.

Additionally, the matter of considerations, bases for recommending replacement of utilities underground, was an agenda subject on the National Beautification Conference held at the beginning of this week in Washington, D.C. We are aware that as a minimum Senator Z'berg, Senator Fart, and Director of Conservation Nelson attended this conference; and we will be in contact with their offices for copies of the

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1 proceedings, particularly with respect to this element of
2 underground utility installation as it was discussed at that
3 conference.
4 GOV. ANDERSON: You have also contacted some of
5 the power companies for their views on that, because we
6 want to get all sides of it?
7 MR. HORTIG: I am glad you have reminded me.
8 Northern and Southern California public utility companies
9 have been contacted. Data has been received from some and
10 data is expected from others. So we will have the private
11 utility viewpoint as well as differences because of geo-
12 graphic location, both north and south.
13 MR. SHEEHAN: Hasn't there been a bill in the
14 Legislature on this?
15 MR. HORTIG: There was a bill that these considera-
16 tions be taken up by the Public Utilities Commission. This
17 bill has gone to interim committee, I believe.
18 GOV. ANDERSON: Along this line as to what we can
19 or can't do, it was brought to my attention the other day
20 that there are even many things we do that in a sense work
21 against it. I am thinking now of the appraisals.
22 When one of these companies applies to us for a
23 permit to go across or to acquire right-of-way through our
24 land and we tell them how much we are going to charge them,
25 it is my understanding that we charge them less to go up in
26 the air than we do to go underground; is that right?

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MR. HORTIG: No, sir.

GOV. ANDERSON: I was under that impression -- that when they get a right-of-way through the ground and put it underground, we have an appraisal fee that costs them more than if we allow them to go up in the air. If I am wrong - -

Alan, isn't this what we were told?

MR. SIEROTY: Maybe I can clarify this. It is my understanding, Mr. Chairman and Mr. Hortig, in discussing this with Mr. Picard, doing the staff study we are involved in on the question of pricing, that our appraisals are based upon a theory that we take only half value of the surface rights when we determine the price that we are going to charge for going over land; whereas when we go underground, we take full value of the land into consideration.

This is my understanding.

MR. HORTIG: I see the problem now, Governor, and I have the answer which I believe goes to the fact that nominally the desired amount of area involved with respect to underground installation and desired buffer strips on both sides, costs more because of the greater area proposed to be occupied in the buffer strips and insulation being furnished by the space between the State lands.

The overhead works to accomplish this same result are more economical to install transmission lines overhead.

However, particularly in line with some incentives of tax benefits which you reported Commissioner Bennett

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recommended, in respect to power lines and with respect to rental rates for all easements, this is a new subject for study -- so there will not be a premium that wasn't designed to be a premium to go overhead. It is purely a matter of economics as to the amount of area.

GOV. ANDERSON: I am fully aware of the study that is being made and I want to say something about that later; but I wanted to raise that at this time because even though we, as a Commission, have tried to encourage ways of getting these lin[illegible]nderground, we are in our right-of-way appraisal policies working against it. I wanted to bring it up, so when the study comes to us they would take into consideration the fact that maybe there was a little different thinking today, maybe there was a little different economic condition, than when these policies were made.

I believe, in talking to the people, they say, "This is the policy and the policy was made years ago."

MR. HORTIG: That is true.

GOV. ANDERSON: Today, with the growth of our State, the growth of residents and the growth of everything in our State, up above might have values that we did not have a few years ago. So I wanted to point this out, because these are things we can do in California.

Going on with the calendar -- I hope you will excuse me on that, but one thing I want to do is to get our State and public thinking as much as we can along this line;

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1 and every so often, I probably will interrupt our agenda on
2 this subject.
3 Item 4 is permits, easements, leases, and rights-of-
4 way issued pursuant to statutes and established rental poli-
5 cies of the Commission:
6 (a) is Crown Simpson Pulp Company -- 15-year lease
7 of two parcels of tide and submerged land in Humboldt Bay
8 near City of Eureka, Humboldt County, totaling 7.1 acres;
9 annual rental $2,144.88.
10 (b) is R. W. Kelsey -- Amendment of Grazing and
11 Agricultural Lease P.R.C. 3006.2, Inyo County, extending term
12 thereof from original five-year period to maximum term of ten
13 years, effective 5/23/63.
14 (c) is R. W. Kelsey -- Amendment of Grazing and
15 Agricultural Lease P.R.C. 3046.2, Inyo County, extending term
16 thereof from original five-year period to maximum term of ten
17 years, effective 11/1/63.
18 (d) is R. W. and Alice M. Kelsey -- Amendment of
19 Grazing and Agricultural Lease P.R.C. 3111.2, Inyo County, ex-
20 tending term thereof from original five-year period to maxi-
21 mum term of ten years, effective 3/26/64.
22 (e) is George and Hazel Dutton -- Acceptance of
23 quitclaim deeds from George Ruggles and William Carson, d.b.a.
24 Grimes Boat Landing, dated 2/24/65, and from Davis S. Hart,
25 dated 3/23/65; and issuance of 11-year lease to George and
26 Hazel Dutton for 1.03 acres tide and submerged lands, Sacramento

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River, Colusa County, for floating boat dock; annual rental $150.

(f) is U. S. Department of Agriculture, Forest Service -- 49-year easement over 6.98 acres school lands, Plumas County (for construction of a road). Total consideration $1,650. Road shall not be exclusive to either grantee or grantor.

(g) is American Smelting and Refining Company -- Two-year prospecting permit, for minerals other than oil and gas, 18.31 acres vacant school land, San Bernardino County.

(h) is Clear Lake Power Company -- Two-year prospecting permit for geothermal energy, 394 acres of Clear Lake, Lake County.

MR. CRANSTON: I want to ask about that one. What effect, if any, would there be on recreational uses?

MR. HORTIG: If I may refer to the calendar item, Mr. Cranston, appearing on pages 19 to 22, I believe we have already reported a review therein; and that the Department of Fish and Game and Water Pollution Control Board have each requested that certain provisions be included in the prospecting permit form to insure protection of marine life, as well as water clarity; and the Division of Beaches and Parks after review has submitted a letter of nonobjection based on the fact that there will be, in the manner of the operations conducted, nothing detrimental to recreational activities in Clear Lake.

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MR. CRANSTON: No problems with boats?

MR. HORTIG: Well, the structure, the drilling platform, whenever it is in place will be clearly marked, buoyed, lighted at night. It is contemplated, and Exhibit A to the proposed permit provides, that any wells drilled into the submerged lands of Clear Lake shall be directionally drilled from approved upland drillsites. This is the initial operating method to which the permittee will be restricted during the initial prospecting. If a lease is offered for geothermal steam production, then the lease terms will be again reviewed by this Commission.

MR. CRANSTON: What will be the appearance aspect of it?

MR. HORTIG: It looks like an oil well. Basically, standard oil well equipment is used to drill holes into the ground.

MR. CRANSTON: How many of these might be going on at once?

MR. HORTIG: At the present time under this permit, one.

MR. CRANSTON: Have adjacent cities and counties been apprised?

MR. HORTIG: And the legislators who have the Clear Lake district in the Assembly and Senate, yes.

MR. CRANSTON: And there have been no questions raised by local government?

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MR. HORTIG: No, sir. I might also point out -- in the adjoining County of Sonoma, of course, the development of geothermal energy as it is being used by the Pacific Gas and Electric Company in the Geyser area is considered an economic asset to the county; and Lake County also considers it an economic asset.

MR. CRANSTON: There has been no local resident who protested this?

MR. HORTIG: No, sir.

MR. CRANSTON: Has there been any advice to local residents?

MR. HORTIG: There have been local press reports.

MR. CRANSTON: There have been? Describing what would be done?

MR. HORTIG: Very brief in general, yes sir.

GOV. ANDERSON: Applicant (i) is Don C. Hibbert -- Assignment to M. A. Lindner of Prospecting Permit P.R.C. 3100.2, San Bernardino County.

(j) is S. I. Corporation -- Two-year prospecting permit for geothermal energy, for mineral waters, and for all minerals other than oil and gas, 600 acres submerged land underlying Clear Lake, Lake County.

MR. HORTIG: Same comments, Mr. Cranston -- upland drillsites.

GOV. ANDERSON: (k)Humble Oil & Refining Company and Texaco Inc. -- Deferment of drilling requirements, Oil & Gas

Lease P.R.C. 186.1, Belmont Offshore Field, Orange County, through 12/31/65.

Frank, maybe before I read on, this might be a time for you to identify why we are deferring some of these.

MR. HORTIG: The first one you have just read, Mr. Chai n, with respect to Lease P.R.C. 186, is a proposed deferment on a basis that is different than all of the others. It is predicated on the recommendation that no additional drilling or modification of operating procedures be undertaken at the present time under this lease -- where there are upwards of fifty wells producing and paying royalties to the State every month.

The reason for deferring any new development programs is in order to permit the Lands Commission to proceed with a basis for development of the area immediately to the west of this existing lease, which in turn will be in the Long Beach Unit which is being developed under the Field Operator Contract approved by the State Lands Commission.

Even though all of the operations on the three parcels I have enumerated might not be conducted under one unit agreement, they at least would be conducted under one unit and one cooperative agreement, so the total operations and the total reservoir would be conducted under compatible operation -- so you don't have water put into one place and the oil being forced into the next property, and so there is maximum effective development of the oil from the entire

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1 reservoir which underlies these separate parcels, which are
2 under three separate administrative jurisdictions.
3 GOV. ANDERSON: This is the one where they are not
4 unitized, but they do have their own repressurization program
5 and operation.
6 MR. HORTIG: And it is impossible to predict what
7 modification should be made until the operation on the west
8 is under way and we know, under the controls that the Lands
9 Commission has under this lease and because of the desires of
10 the lessee to cooperate with the maximum effective development
11 program, that their operations would be modified and imple-
12 mented however it may be necessary in order to be compatible
13 with the new unit operations adjoining immediately to the
14 west.
15 Under these circumstances, it is recommended that
16 we permit them to simply produce, as they have been doing
17 since 1947 and that modifications and the elimination of the
18 necessary other further deferments will come as of the time
19 that the complete operating plans are available, which can be
20 as early as by the end of this year, because there is a later
21 agenda item under which we are recommending that the Commis-
22 sion authorize a development plan for the intervening area of
23 State-owned lands that is unleased, undeveloped, and lies be-
24 tween the subject lease and the Long Beach Unit which is al-
25 ready under development plans.
26 GOV. ANDERSON: While you are explaining this same

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thing, you might as well take up the ones, say, at Santa Barbara, where we have this new court ruling -- why we are deferring them.

The next one is Applicant (l) Phillips Petroleum Company, et al. -- Deferment of drilling requirements, Oil & Gas Lease P.R.C. 2207.1, Santa Barbara County, through 12/21/65. (To obtain needed additional reservoir performance data.)

I understand your explanation applies to the other two, at least, in the Santa Barbara County area.

MR. HORTIG: Basiesally, items (l), (m), (n), and (o) all have the same problem of necessary technological evaluation of exploration data derived from sources other than the drilling of the wells that have been drilled on the respective leases, in order to determine whether it would be economic to drill additional wells.

Additionally, on the seaward side of these leases there is a strip of varying width, the exact width of which we will not know until the Supreme Court has issued its decree in connection with the decision rendered a week ago last Monday on the offshore tide and submerged lands.

GOV. ANDERSON: It would probably average about a hundred yards, wouldn't it?

MR. HORTIG: In some cases, and half a mile in others -- depending upon where this strip is offshore from leases that were issued with an outer limit of three statute miles rather than three geographic miles.

36820-4C4 12-64 140M △T OGP

GOV. ANDERSON: I think this should be poin-- that the Supreme Court did set back California, but the limit was to one hundred yards further out.

MR. HORTIG: No. They gave up the hundred-yard strip probably as a result of the Supreme Court decision, but in some areas we had not leased out to, or the lease in its earlier form had not leased out to three geographic miles from the high water mark.

The difference between a statute mile and a geographic mile is the difference between 5,280 and 6,020; but the Supreme Court decision, where there are no permanent harbor works along the shore, does state that the setting of the State's outer limit is measured from a baseline which is the average of all the lower tides rather than the average of all the high tides.

GOV. ANDERSON: Which is what we used before.

MR. HORTIG: This is correct. Now, in round numbers, our best estimate is that the difference between measuring low water and lower low water, which is really the difference, the width that the Supreme Court has added to the jurisdiction of California which we did not feel was included, is a long, narrow strip along the entire coast of California containing probably a thousand acres in the aggregate; and conversely-- and still in context as to your statement as to a loss, the State of California did not lose any of the basic tide and submerged lands.

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GOV. ANDERSON: We actually gained on this.

MR. HORTIG: Gained modestly.

GOV. ANDERSON: Do you feel it is to the State's benefit to defer these, or to the oil companies' benefit? Why are we deferring them in this connection?

MR. HORTIG: First, the deferments are objectively necessary in order to permit the lessee to make a real economic evaluation of what should be an effective additional operating program, and they need this time in order to make these technical studies to determine whether it is worthwhile to go out and drill additional wells because the probabilities are that these will be productive.

GOV. ANDERSON: This deferment is for this reason, rather than because of the decision of the Supreme Court?

MR. HORTIG: Absolutely; but a corollary issue probably is the fact that it would probably not be advantageous to consider suggestion of quitclaiming undeveloped areas in these existing leases at this time because we do not really have the full picture of what would become re-leasable by that process until the decree of the Supreme Court is issued.

Therefore, it is recommended that there be a deferment and there not be a forcing of any quitclaims at this time because we can't make an objective measurement of what the effect of forcing a quitclaim at this time would be.

GOV. ANDERSON: When would the Supreme Court decree be issued?

26826-40A 12-66 140M △T OBP

MR. NORTIG: Might I suggest, Mr. Chairman, that this might be best included in the report of the decision and the prognosis of the decree and the effect of the decree by Assistant Attorney General Shavelson, who labored long and hard in this battle.

GOV. ANDERSON: Mr. Shavelson?

MR. SHAVELSON: Would you like that right now, Mr. Chairman?

Of course, we were disappointed. The most extensive area in controversy between the State and the United States involved the question as to whether or not the outer boundary of the State for purposes of the Submerged Lands Act would go around the outermost islands or, in the alternative, in Southern California, across Santa Monica and San Pedro bays, and also in middle California across Monterey Bay.

The basic position of California in the law suit was that it was the intention of Congress to uphold California's historical expectations as to what constituted its boundaries and to grant the lands within those historic boundaries.

The Court denied that contention and stated that it was the foreign policy of the United States and the international law which were determined and adopted as the most convenient and most definite criterion. The 1958 Geneva Convention, which has been ratified by the United States and as of September last year became fully effective since it was ratified by the required number of countries, was applying the

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principles of the Geneva Conference to the California Coast.

Many of our major claims were denied; but, on the other hand, the State is in a better position than it was under the Special Master's Report that was rendered in 1958.

First of all, Monterey Bay is established as inland waters of the State, so that the State will own the subsoil out three geographical miles drawn from a line headland to headland in front of Monterey Bay.

Secondly, the Supreme Court upheld California's contention that artificial structures, even those erected subsequent to the effective date of the Submerged Lands Act, will have the effect of extending - - when I say "structures," I mean harbor works - - will have the effect of extending California's margin out an equivalent distance.

An example of that, I understand, is Half Moon Bay, where the harbor works go out as far as a half mile, and those were erected about 1960. This will extend the State's boundaries an equivalent distance in that area, and there are probably other harbors on the California coastline that will advance.

GOV. ANDERSON: Is this something that will advance our boundary in the future, or is this on anything prior to this?

MR. SHAVELSON: Literally, under the Court's decree, any structure at any time will extend the line out. However, the Court dropped a broad hint, stating that the United States

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could protect itself by conditions. We have to get a permit from the Corps of Engineers, so we have to expect that before granting that permission they will require that we agree this will not go beyond the boundaries set by the decree.

So for practical purposes, then, it is affecting structures from 1953 to the present date and that will affect some things in certain areas.

Finally, as Frank pointed out, we previously in our contentions felt that rather than using the line of ordinary low water, we use the line of lower low water. As of the actual shoreline, that is going to add, as Mr. Hortig pointed out, a thousand acres up and down the coast.

However, a great portion of our lines are going to be from offlying rocks -- an area that is emergent at lower low tide. Now, the difference between low tide and lower low tide can be expected, in some instances, to turn rocks into lower low tide elevations, which wouldn't be so were the ordinary low water mark criterion adopted; and since these rocks are, say, a quarter mile off the coast, that would have the effect of extending the line out a quarter mile in those areas.

We haven't made a minute examination in those areas, but I am told this will be significant in rather substantial areas.

GOV. ANDERSON: Any further comments?

MR. SHAVELSON: The Court has ordered the parties

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to submit a proposed decree by September first. The Court did not reconvene until October of this year. It will adjourn about the first of June and won't reconvene until October of this year, so it wouldn't have an opportunity to adopt, reject, or reconcile differences between California and the United States until some period after October first of this year.

GOV. ANDERSON: I see most of these deferments are to December of this year. Would that be an appropriate time?

MR. SHAVELSON: I would say so; yes, Mr. Chairman.

GOV. ANDERSON: Applicant (m) Richfield Oil Corporation -- Deferment of drilling requirements, Oil & Gas Lease P.R.C. 1466.1, Ventura County, through 12/31/65.

Applicant (n) Standard Oil Company of California, Western Operations, Inc., and Shell Oil Company -- Deferment of drilling requirements, Oil and Gas Lease P.R.C. 2894.1, Santa Barbara County, through 12/27/65.

Applicant (o) is Texaco Inc. -- Deferment of drilling requirements, Oil & Gas Lease P.R.C. 2206.1, Santa Barbara County, through 12/13/65.

Applicant (p) is Standard Oil Company of California -- Approval of location and construction of a pylon-supported "Outrigger Type" drilling and production platform approximately 16,150 feet offshore and southerly of Sand Point, Santa Barbara County, within area of Oil & Gas Lease P.R.C. 3150.1.

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I am not going to object to this, but just raise a point of what we are doing along this line. This is another structure we are putting out in the harbor that will be one hundred eighty-five feet high; the general platform is some fifty feet high, and the drilling structure will go another hundred thirty-two feet; and if things are successful, and we expect them to be, they will be up there for probably five years.

I just want to raise this because I know some time back we hoped there could be more progress toward the ocean floor drilling method that we have witnessed and viewed at different times, rather than putting these up all along the harbor.

I had asked the question as to what this outrigger type was. Frank, you might explain it -- rather than there being an outrigger from the top that I assumed when I saw the explanation, it is a pylon-supported structure?

MR. HORTIG: This is correct. The essential difference is one of engineering design; and rather than extending the bearing over four pylons, considerable bearing and fastening to the ocean floor is accomplished by two large legs and cantilevering the deck out, and supporting the four corners by two smaller pylons -- hence, the outrigger terminology, which, however, is not to be confused with an outrigger as, for example, an outrigger canoe. There is no additional occupancy of the surface of the water or

projections above the surface of the water; and, as a matter of fact, without a close approach and a detailed study of some of these platforms, it is extremely difficult to tell, because of the protective coatings and the guards they put around the leg sections, whether it is one of the standard original platforms or pylon-supported platforms.

This is a technical distinction, without a real visual difference added to the structure.

GOV. ANDERSON: About two years ago -- time escapes me, but it seems to me at least two years ago, we had a motion picture shown to us of this new method of ocean floor drilling and how this was going to probably be the way it was going to be done in the future; at least, this is the impression many of us drew. What has happened to this?

MR. HORTIG: We have in California more ocean-floor-completed tideland oil wells than anywhere else in the world as a result of the continued application of this technology. However ....

GOV. ANDERSON: How many do we have?

MR. HORTIG: Thirty.

GOV. ANDERSON: We have thirty of them -- thirty ocean floor operations?

MR. HORTIG: That is correct -- individual wells that have been completed on the ocean floor, sitting their silently, without pollution, and sending oil to the shore without anything projecting over the surface of the water.

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However, as was originally announced and, apparently was not sufficiently stressed at the time of the presentation of the film, this was a new technology that was being added and could be used in areas where it was both economically and mechanically feasible and desirable to do so; but that it would not be the panacea and the absolute replacement for all other types of operation, and that the optimum type of operation of maximum benefit both to the State and the lessee would still depend on engineering selection of the best engineering, economic method of accomplishing the operation.

In some borderline, deep waters -- and particularly some rough bottom locations, in areas where it is necessary to provide for considerable holding and storage capacity because of the extreme distances for transmittal of the oil to shore, the economic cost still calculates out that there is a place where the platform operation, in the sense of an engineering operation, is the best type of operation and, in some instances, the only type of operation because of the type of the oil.

GOV. ANDERSON: Just for example, the one we are approving here -- why could not the ocean floor type be used instead of this? Is it the fact they want to go in so many times from one platform?

MR. HORTIG: No, sir. I think that ocean floor completions located at this distance offshore and over the distances that will be explored and would be developed from the

38628-404 12-64 143M △T OSP

platform would be many times more costly in operation than can be conducted from this platform.

Incidentally, I have a note: "How come platform is more than three miles out, for example 16,150 feet?" It is this distance offshore and is not in a harbor area, incidentally, as the Supreme Court has told us, but is out in the open seas in the Santa Barbara channel. This is apparently on one of those leases that are out three geographic or nautical miles, which is 18,060 feet; so it is more than three statute miles offshore, but still within the lease, Mr. Cranston.

MR. CRANSTON: I think it might be appropriate if we had reports from the oil companies as to the considerations involved and why they seek a platform instead of underwater, so we would know what figures are involved.

MR. HORTIG: If the Chairman pleases, a representative of the applicant is in the audience and I think he just volunteered.

GOV. ANDERSON: Is this Standard Oil? First, I want to make it clear I am personally not objecting to this particular application, but I am concerned in why we are continually having these things before us and I don't see the other type. Maybe I am not aware of them because I don't see a derrick there. How many companies are using the ocean floor? Are most of the companies doing some of this?

MR. HORTIG: Well, there are principally four

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1 companies who are lessees who have used both -- who are using
2 both ocean floor completions and platforms.
3 GOV. ANDERSON: And how far out and how deep do
4 they put the ocean floor wells?
5 MR. HORTIG: The problem is there is no usual
6 practice. We have some in water that I recall now is two
7 hundred forty-five feet deep, which is deeper water than we
8 have erected any platform in; but the bottom condition, the
9 gravity of the oil, and the adjoining lease facilities which
10 had platforms which could also be used as an operating base
11 for assisting these, all played a part in the selection --
12 again, as I say, of the optimum technologic method.
13 GOV. ANDERSON: I had drawn from that movie that
14 the ocean floor wells would go out where it would be deeper
15 and where this type -- the island type, the pylon type --
16 wouldn't be able to reach down because of the depth. If
17 this is the case, maybe what we are doing is actually having
18 the platforms out there for servicing, for docking purposes,
19 more than for well purposes.
20 MR. HORTIG: No, they will be out there for servic-
21 ing in the sense of being a production platform, but I think
22 both for platforms used for the drilling or for drilling addi-
23 tional wells, as well as servicing other ocean floor comple-
24 tion wells.
25 While the forecast was in general, again, correct --
26 and this was subject to the usual problems of generalization --

06626-424 12-64 140N △T OSP

that in some instances it would be possible to develop an area by ocean floor completion only because the water was too deep for platforms that had been designed at that time, platform design and development has kept pace with and it is feasible today to put platforms in much deeper water than it was at the time that you saw the film with respect to the first of the so-called invisible oil wells placed offshore.

I would like to comment on your statement, Governor, that these ocean floor completion wells don't come before you, and say you are not aware of them because they are completely out of sight. They are a routine well operation where they are placed. These are approved by staff for placement and this is why we have accumulated thirty of them since that first one, of which you saw the film; but because of the Commission's interest and concern over the number and location of platforms, we have made it a practice to bring these individually to the Commission for individual scrutiny and approval, rather than what would normally be corollary problems to be approved by staff.

GOV. ANDERSON: Are most of these in deep water?

MR. HORTIG: No, sir. They range in anything from forty feet to two hundred forty-five feet of water, but many of them are in areas where a platform is prohibited by the lease, that is, closer than one mile of shore. Even though it had a mechanical feasibility of going out into deeper water, they are not out in deeper water because they are

38020-404 12-64 140M △T OSP

1 under the prohibition of not drilling wells within one mile
2 from shore. If there were no lease limitations, economics
3 would dictate that there be platforms there.
4 The county, in these instances, requested the
5 Lands Commission to provide that wells not be drilled closer
6 than one mile from shore and, therefore, the only way for
7 them to complete wells is to go ocean floor. It does not
8 give the State and the lessee optimum return.
9 GOV. ANDERSON: How much does it cost? Have you
10 ever figured the percentage? Are we talking about a very
11 small cost?
12 MR. HORTIG: Again, it is a difficult generaliza-
13 tion because the conditions vary so widely; but for an
14 equivalent number of wells, it could cost in the range of
15 two to four times as much to do it with ocean floor comple-
16 tions, and the four times may be conservative, as against
17 platform or island type, where just the engineering economics,
18 and other considerations aside, indicate the platform or
19 island type would be the most economic way to do it. Then,
20 replacing these with ocean floor completions, as I say, could
21 raise the cost of both initial development, as well as con-
22 tinuing operations, by many factors.
23 Do you wish to hear from Standard?
24 GOV. ANDERSON: I have no objection. Maybe I am
25 pushing this too far.
26 MR. CRANSTON: No. I would be interested in

30825 (404 12-64 140M △T OSP

1 hearing him.

2 GOV. ANDERSON: The gentlemen from Standard Oil,

3 would you like to comment? -- not necessarily commenting on

4 this item, because this item is not in question. My only

5 question is why aren't we using the ocean floor completion

6 method instead of platforms in many cases?

7 MR. YOUNG: Mr. Chairman, I am Stan Young, District

8 Engineer for Standard Oil Company in Santa Barbara.

9 I really can't add too much to what Frank has said.

10 He has covered it quite admirably, but I would like to point

11 out one or two additional items, one of them being that a

12 good number of completions are gas wells and the operational

13 problems are less severe.

14 I believe you know what happens to low gravity

15 crude, the viscose in it. This creates plugging problems in

16 your pipelines and the operational problems are huge.

17 Perhaps you recall in the last year or two - -

18 Frank, you would remember the time better than I do -- but

19 Texaco had a number of ocean floor completions up towards

20 Point Conception and the diving bills that came up, the fact

21 that they couldn't keep the wells on steady operation --

22 which is, of course, an operation cost to the operator and

23 the State -- resulted in putting in a production platform

24 so they could service them.

25 Drilling the wells is one problem; and Frank's

26 comments that they cost two to four or five times as much is

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1 certainly in line with what I would say, too; and, also, in
2 some cases maybe you couldn't drill the wells at all.
3 We are having extreme problems up in Oregon now
4 because of weather conditions. It is somewhat easier off the
5 coast of California, but not that much easier. It is a very
6 difficult thing to do.
7 In the case of the parcel next to Summerland, we
8 have this designed for two sixty-well platforms that will be
9 able to go in and quickly develop this particular lease. It
10 may be a little different in this case than we did in Summer-
11 land, in that we are going to have two rigs operating from a
12 single platform. We hope we can develop it that way and
13 have the lease developed in the minimum time. Naturally, we
14 are all anxious to get the oil as soon as possible.
15 GOV. ANDERSON: How many platforms do we have in
16 that general vicinity?
17 MR. YOUNG: Five, but they range all the way from
18 Point Conception past Santa Barbara.
19 MR. CRANSTON: Is progress being made toward making
20 this more economical, or are difficulties being run into that
21 indicate it can never become standard procedure?
22 MR. YOUNG: Progress is being made, certainly, all
23 the time. However, we can't overlook the economics. This
24 is certainly a large problem. We are drilling in deeper
25 water now than we ever have before. Our Oceano wells are
26 off the coast in almost six hundred feet of water. This

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hasn't been done before. We are putting platforms in somewhat deeper water than we have before.

If you can drill and produce oil from platforms, it is quite similar to drilling from land. Any time we can drill from land, we would certainly prefer to do that, practically; but you also have problems with floating barges and tides.

To answer your question, certainly we are making progress; but I don't think we will ever come to the point where every well can be done by ocean floor completion.

MR. CRANSTON: Do you have any idea of what it would cost?

MR. YOUNG: I honestly do not. We haven't made such an estimate. The drilling costs would be two or three times as much; the operating cost would be several-fold; but I really don't have precise figures.

GOV. ANDERSON: Thank you very much.

Applicant (q) is Union Oil Company of California -- Amendment of Lease P.R.C. 3116.1 (covering submarine pipelines and power cable right-of-way easement, Santa Catalina Channel, Orange County), by deleting present legal description and substituting therefor a description increasing the acreage from 19.88 to 22.72, and increasing the annual rental from $658.03 to $752.03. Establish March 26, 1964 as effective date of amendment. Assess $282 additional rental for period 3/26/64 to 3/25/66, and for the last year; set annual

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rental at $752.03 from 3/26/66.

MR. CRANSTON: I move approval of those items.

MR. SHEEHAN: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

On this last one, Frank, this is a submarine pipeline from a platform?

MR. HORTIG: Pipelines and necessary cable.

GOV. ANDERSON: Approximately two and one-half miles off?

MR. HORTIG: That is correct, sir -- an existing platform on a lease issued by the Lands Commission.

GOV. ANDERSON: Item 5 -- City of Long Beach approvals required pursuant to Chapter 29/56, First Extraordinary Session and Chapter 138/64, First Extraordinary Session:

(a) Determine that following expenditures by City of Long Beach from its share of tideland oil revenues are in accordance with the provisions of Chapter 138/64, First Extraordinary Session:

(1) Approximately $4,464,000 for the construction of wharf and back-area development at Berths 232-233, Pier Y.

(2) is $2,837,000 for construction of division dike realignment at Pier A.

MR. CRANSTON: Move approval.

MR. SHEEHAN: Second.

GOV. ANDERSON: Carried unanimously.

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GOV. ANDERSON: Item 6 -- Land Sales and Exchanges:

(a) is authorize sale of eighty acres school land in Yolo County, without advertising, to County of Yolo, at appraised cash price of $1,396.

(b) (1) Direct the Executive Officer to withdraw the appeal now pending before the Secretary of the Interior under State Exchange Application No. 74; (2) reject the application of Warren Gilzean, filed 8/15/55; (3) direct the Executive Officer to return all deposits made under said application except the $5 filing fee.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Moved and seconded.

MR. HORTIG: I would have anticipated there might have been a presentation with respect to item (b).

GOV. ANDERSON: Is Mr. Gilzean or anyone representing Mr. Warren Gilzean in the audience? (No response). Moved and seconded, carried unanimously.

Item 7 -- Mineral Leases: (a) Authorize Executive Officer to issue a mineral extraction lease to Pittsburgh Plate Glass Company on 91.11 acres sovereign lands in Owens Lake, Inyo County, at royalty rate of $0.50 per ton or two percent of the weighted average sales price, whichever is greater, f.o.b. the extraction plant.

(b) (1) Approve in principle the offer for the development of oil and gas from the Alamitos Beach Park Lands, utilizing a net profits contract with a specified

1 minimum of 16-2/3 percent of the allocated gross production
2 and with provisions for advance payments; (2) authorize
3 Executive Officer to prepare notice inviting bids, bid form,
4 and the Tract No. 2 Contractors' Agreement covering the
5 Alamitos Beach Park Lands, Long Beach Unit, Wilmington Oil
6 Field, Los Angeles County; (3) direct the Executive Officer
7 to submit the documents in their proposed final form for
8 approval by the Commission.
9 (c) Pursuant to request received under provisions
10 of the Public Resources Code, authorize Executive Officer to
11 offer 810 acres tide and submerged lands underlying San
12 Joaquin River, Middle River, Connection Slough, and Whiskey
13 Slough, San Joaquin County, for oil and gas lease.
14 Frank, do you want to comment on the new offering
15 of the Alamitos Beach Park parcel?
16 MR. HORTIG: Yes, particularly to this extent --
17 that a draft form of a proposed method for contracting has
18 been prepared in the Office of the Attorney General. This is
19 not to indicate that this has been adopted by the State Lands
20 Commission and will not be until further report at the next
21 meeting of the Lands Commission; but copies will be available
22 to anyone interested in industry who would like to review it
23 and discuss it with State Lands and the Attorney General's
24 Office before it is recommended for final adoption by the
25 Commission at the June meeting.
26 GOV. ANDERSON: Any questions or comments?

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(No response)

MR. CRANSTON: Move approval.

MR. SHEEHAN: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 8 -- Administration.

I suppose this might be where I will make an announcement regarding Alan Sieroty, who has been in my administration, has been my executive secretary and with my office for over four years. This, I understand, is going to be his last meeting. He is leaving me to take another appointment, which I am not at liberty to divulge, but I understand a release is going to be put out on it.

I just want to say Alan has done a tremendous job as far as I am concerned -- not only attending these meetings but spending twenty, thirty, forty percent of his time helping with things and talking with Frank and trying to educate me on many of these very difficult subjects that come before the State Lands Commission.

I want to say I am very happy that Alan is getting a better position, but also unhappy he is leaving me because he has done such good service as far as I am concerned. This will be his last meeting.

I have asked another member of my staff to attend this meeting, Stephen Wagner. Do you want to stand up, so they know what you look like? Stephen will probably be

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attending these meetings to help me in the same manner Alan has been doing.

MR. CRANSTON: I'd like to join in the expression that we are sorry Alan is leaving. He has done a great job and been of help to all the Commissioners.

MR. SHEEHAN: I second the motion.

GOV. ANDERSON: That's one part of the administration item, then.

(a) Authorize Executive Officer to execute and have recorded a transfer agreement, transferring possession and control of 0.081 acre sovereign land in Marin County from Department of Public Works, Division of Highways, to the State Lands Commission.

(b) Execute service agreement with San Diego Unified Port District, San Diego County, pursuant to Chapter 67/62, as amended by Chapter 673/63, providing for surveying services to be rendered by the State Lands Commission, at Commission's actual costs not to exceed $15,000.

(c) Execute interagency agreement with Department of General Services, Office of Architecture and Construction, providing for delineating, drafting, and engineering services to the State Lands Commission for the 1964-65 fiscal year, at actual costs not to exceed $5,420. (There was a mistake in the original printing, and that has been corrected in mine.)

MR. HORTIG: Yes.

(d) Execute service agreement with City of Oceanside

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San Diego County, providing for surveying services to be rendered by the State Lands Commission as contractor, pursuant to Chapter 217/63, at Commission's actual costs but not to exceed $4500.

MR. CRANSTON: Move approval.

MR. SHEEHAN: I'll second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 9 -- Boundary Agreements: Authorize Executive Officer to execute Boundary Line Agreement No. 59 with Valeri Silacci, fixing the Ordinary Low Water Mark along the Petaluma River, Sonoma County, as the permanent boundary between State submerged lands and subject private lands along the tidal waterway.

MR. SHEEHAN: Move approval.

MR. CRANSTON: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 10 is to confirm transactions consummated by the Executive Officer pursuant to authority confirmed by the Commission at its meeting on October 5, 1959.

MR. SHEEHAN: So move.

MR. CRANSTON: Second.

GOV. ANDERSON: Seconded, carried unanimously.

Item 11 -- Informative only, no Commission action required: Report on status of major litigation.

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Frank or Mr. Shavelson, who wants to make the report?

MR. HORTIG: The first supplement to that, of course, was Mr. Shavelson's report on the Supreme Court tideland decision, which you have already had.

MR. SHAVELSON: That's right. There is one other report on which there has been a modification since the printing of the item and that is the Morro Bay situation; and Deputy Attorney General Paul Joseph is here and will give a brief updating on that.

MR. JOSEPH: The City of Morro Bay incorporated this county territory last June and a controversy arose between the city and county as to who would take over the tidelands in Morro Bay, inasmuch as there were twenty or thirty upland owners suing over the tidelands. There was a suit by the City of Morro Bay against the county when the city had to take over the administration of the trust.

They actually moved in and took over the administration on about May 17th and the law suit, as to which has to administer the trust from now on, is going to be settled. Certain differences between the city and county are still being litigated.

The State Lands Commission and the Office of the Attorney General are helping to smooth over the situation and see that the city administers the tidelands trust. So, effectively, the city has taken over the administration of

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the tidelands in Morro Bay.

GOV. ANDERSON: Any other report?

MR. HORTIG: Not with respect to that item.

If I may invite the attention of the Commissioners to the only supplemental item, entitled "Informative" with respect to legislation, which follows on pages 66 et seq. of your agenda -- this is intended, of course, to be the monthly status report forwarded to your respective offices; but I would like to invite the attention of the Commission to a small matter of personal satisfaction, appearing on page 66.

Three bills were authorized by the Lands Commission to be introduced. This authorization was on December 17, 1964, and these bills were intended to modify the Public Resources Code to improve the administrative efficiency of the State Lands Commission; and I am happy to report today that two of the bills have been signed by the Governor and chaptered, and the third one is under enrollment and will be in the Governor's office, which I feel is a pretty good box score.

GOV. ANDERSON: Frank, along the same line, I thought you might give us a report on the budget item that we had requested. I think in the administration of the Wilmington Long Beach Oil Field, we had requested in the budget some eighty-eight people, wasn't it, checking up on the program. Would you give us a report on that and where we are, so we might know what to do?

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1 MR. HORTIG: The State Lands Commission, at the
2 April meeting, considered approval of a proposed budget aug-
3 mentation by the Department of Finance, which would have
4 provided eighty-five new positions in the State Lands Divi-
5 sion for the purpose of administering the Lands Commission's
6 responsibilities under Chapter 138 in Long Beach, and three
7 workload staff positions to be assigned to Sacramento.
8 The Assembly Subcommittee on Ways and Means re-
9 ported to the full committee, and the full committee adopted
10 a report a week ago yesterday, recommending that funds be
11 appropriated only for the establishment of eight new posi-
12 tions at Long Beach -- these to be all at upper level super-
13 visory levels, with the intent of having these eight posi-
14 tions monitor the operations for the first year and to return
15 next year at the budget session with a recommendation as to
16 augmentations that were felt to be necessary, in fact, based
17 on measurement of the workload during the fiscal year.
18 On last Friday morning, the Assembly Subcommittee
19 proposed an amendment to that augmentation, to add the three
20 staff positions for State Lands Division, Sacramento, on the
21 understanding that these had been omitted inadvertently from
22 the original recommendation, where all the attention was
23 focused on the Long Beach problem, and it was recognized that
24 the three staff positions which were in the augmentation
25 were there as workload positions that would have been in-
26 cluded in the Governor's budget and would have been in the

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1 regular support budget for the State Lands Division had the
2 report of organization study from the Department of Finance
3 been available at the time that the regular budget was
4 prepared; and these recommendations were pursuant to the
5 organization study which had been requested by the State
6 Lands Commission in July of 1964.
7 As recently as this morning, there has been a meet-
8 ing with representatives of the Senate Subcommittee of the
9 Senate Finance Committee -- which possibly Director Sheehan
10 would like to report on, to the extent that it is feasible.
11 MR. SHEEHAN: You are doing fine.
12 MR. HORTIG: It was reported to the Subcommittee
13 this morning, preceding this meeting today, that it was the
14 feeling of the State Lands Division and the Department of
15 Finance that the total supervision responsibilities for all
16 the Long Beach tideland operations as far as oil and gas
17 operations were concerned could not initially be discharged
18 effectively, to the degree that it could be reported to the
19 Legislature that a complete and effective job was being done
20 under Chapter 138, with a staffing of less than forty-five
21 positions.
22 Recognizing that there are thirteen existent posi-
23 tions related to oil and gas operations at Long Beach at the
24 present time, this would necessitate for a minimum nucleus
25 staff the establishment of thirty-two new positions, one of
26 which, incidentally, would be an attorney assigned to the

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Office of the Attorney General, but to be devoted primarily, and I am sure exclusively because of the amount of workload generated, to Long Beach problems.

GOV. ANDERSON: Now, this would be an absolute minimum for us to get by?

MR. HORTIG: This is correct.

GOV. ANDERSON: And this should not imply -- correct me if I am wrong -- that after this year passes, we think we can get along with this because next year with this operation we are probably going to have to move toward the figure given us by the people who advised us, the experts in this field.

MR. HORTIG: Two things will bring this about, and I so reported to the chairman of the Subcommittee. Next year we are patently going to be able to come in with a budget proposal based on actual workload, and next year that workload is going to be increased because the phase of development is going to have increased at Long Beach over what it is this year.

In other words, we are starting drilling the first well on June 11th and then in two years -- well, between two and three years we will be operating at a pace where one well will be completed every other day of the week.

GOV. ANDERSON: I think it ought to be clear when the next budget is presented next year that, even though at this time we probably could get by with the minimum of these

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1 thirty-two additional people, a total of forty-five, that
2 next year we are going to have more than this, approaching
3 the figure of our advisers.
4 MR. HORTIG: This is correct. Of course, my own
5 evaluation of the situation is that there are things that
6 are not going to get done with this minimum staffing.
7 GOV. ANDERSON: The minimum you are talking about
8 is the forty-five?
9 MR. HORTIG: Even with the forty-five, there are
10 analyses and studies that, if it were possible to make them
11 as a result of having adequate staffing, would result in
12 additional recoveries and additional revenues to the State
13 far exceeding the costs of the additional staffing -- being
14 the difference between forty-five and eighty-five people, as
15 was recommended in the original report.
16 GOV. ANDERSON: Now, the Assembly report was what,
17 eight?
18 MR. HORTIG: Eight.
19 GOV. ANDERSON: What will be done as far as your
20 staff is concerned or as far as we are concerned if, in
21 reaching the difference between what the Senate adopted
22 this morning ....
23 MR. HORTIG: I can't say the Senate adopted it.
24 This was our report to the Senate Subcommittee; and with all
25 my fingers crossed, I hope they adopt it. So to the degree
26 that it is appropriate and there might be consultations with

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your colleagues in the Senate, Governor Anderson, support for the proposed recommendation that at least thirty-two new positions be approved in the Senate version of the budget and then hopefully a meeting of the minds at the time of conference where the rest of the mechanics to be followed, which are obviously outside the realm where the State Lands Division functions -- this is now in the lap of the United States, in the lap of the Legislature and the Department of Finance.

GOV. ANDERSON: Any further comments? (No response) Do you have anything further to bring up, Frank?

MR. HORTIG: No, Mr. Chairman.

GOV. ANDERSON: I have just one item I wanted to announce and this is in reference to what we have talked about earlier on the study of the policies on pricing of easements and permits.

As you are aware, I am interested quite a bit in this and I have asked Jerry Fadem, who I am sure Alan knows -- an attorney who specializes in condemnation and title litigation; four years, he served with the Army Corps of Engineers in their Real Estate Division as Administrative Assistant to the Chief of the Division, and later as Real Estate Claims Officer -- I have asked him to help as special consultant, without any compensation, in the study going on, on pricing of leases and easements. I have talked to Jerry Fadem and I have a lot of confidence in him. I know there are questions I would like to have asked and have probed into, and I think

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it should be announced that he will be doing this. I think it is good when you can get a person of this stature to do a thing like this without [illegible]

I didn't want him to come into the office, people not knowing he should be there. I wanted you to know he is coming at my direction and he is doing a great service.

MR. HORTIG: Very good.

GOV. ANDERSON: The last item I have is the confirmation of date, time and place of the next Commission meeting -- Monday, June 28, 1965, ten a.m., Los Angeles.

Motion to adjourn to that time and place?

MR. CRANSTON: Move.

MR. SHEEHAN: Second.

GOV. ANDERSON: Carried unanimously.

* * * * *

ADJOURNED 11:35 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE K. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing forty-five pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Sacramento, California, on May 27, 1965.

Dated: LosAngeles, California, June 9, 1965.

/s/ LOUISE K. LILLICO

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