TRANSCRIPT OF
MEETING
of
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA
December 16, 1965
PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Glenn M. Anderson, Lieutenant Governor, Acting Chairman
Hon. Alan Cranston, Controller, absent -- represented by:
  Mr. Winthrop G. Griffith
  Deputy State Controller
Hon. Hale Champion, Director of Finance, absent -- represented by:
  Mr. John P. Sheehan, Chief
  Deputy Director, Department of Finance

Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

Mr. Warren J. Abbott, Deputy Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. Ford B. Ford, Executive Secretary
  Senate Factfinding Committee on
  Natural Resources

Mr. Flint H. Agee, Vice President
  United Geophysical Corporation

Mr. W. J. Austin
  Occidental Petroleum Corporation

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<td>(b) Joseph I. O'Neill, John B. Ashmun, H.T. Hilliard</td>
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<td>(c) Paul J &amp; Augusta P. Bourdon</td>
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DECEMBER 16, 1965 - 10:20 a.m.

GOV. ANDERSON: The meeting of the Late Lands Commission will come to order; and in the absence of the regular Chairman it might be in order that we select a new or temporary Chairman for the day.

MR. SHEEHAN: I'll move that Governor Anderson be Chairman.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded and carried unanimously.

For the record -- so there is not any question about it -- we have, representing Director of Finance Champion today, Mr. Sheehan, his Deputy; we have, representing Mr. Cranston, Mr. Winthrop Griffith, Mr. Cranston's Deputy.

I have been informed that there isn't any question about the number of deputies we can have. Just to make it clear, so there isn't any question about the legality about having two deputies in the meeting, Mr. Abbott of the Attorney General's Office will give us a legal ruling on it before we take any action.

MR. ABBOTT: Yes, Mr. Chairman. In our opinion the Government Code allows the Controller to have one deputy sitting for him on a commission such as the State Lands Commission; and another section allows the Director of Finance
to have one deputy to sit for him on the State Lands Com-
mission; and in our opinion each may do that, so that there
may be two deputies sitting at this particular meeting.

GOV. ANDERSON: Just so that is a matter of record.
Mr. Cranston is in Africa; Mr. Champion is on vacation; the
Governor is in New Zealand.

The first item is permits, easements, and rights-
of-way to be granted to public and other agencies at no fee,
pursuant to statutes. Consideration is the public benefit.

Applicant (a) is Department of Fish and Game --
Acceptance of quitclaim deed, effective 10/21/65, terminating
Permit P.R.C. 2524.9, Del Norte County. Facility completely
destroyed by December 1964 flood.

(b) State Department of Public Works, Division of
Highways -- Execution of agreement for reservation for detour
right-of-way, 100-foot strip of sovereign land in vicinity
of Anaheim Bay at Seal Beach, Orange County.

(c) State Department of Public Works, Division of
Highways -- Execution of agreement for reservation for
bridge rights-of-way over a 0.606-acre and a 1.125-acre
parcel of State sovereign land of Seal Slough (Marina
Lagoon), San Mateo County.

(d) Pacific Telephone and Telegraph Company --
Execution of agreement approving location of overhead com-
munications cable across submerged lands of Sacramento
River, Sutter and Colusa counties.
MR. SHEEHAN: I move approval.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

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

Applicant (a) Lee R. Miller -- Extension of Dredging Permit P.R.C. 2716.1 through December 31, 1967, covering 0.039-acre portion of the bed of Corte Madera Creek, Marin County, subject to condition that dredged material will be deposited in San Francisco Bay easterly from Blunt Point, Angel Island.

(b) Joseph I. O'Neill, John B. Ashmun and H. T. Hilliard, a partnership -- One-year extension of Prospecting Permit P.R.C. 3036.1, Imperial County, through January 1, 1967.

(c) Paul J. and Augusta P. Bourdon -- Approval of assignment of Lease P.R.C. 685.1, Corte Madera Ark Site No. 10, Marin County, to Wm. R. Hanlon and Albert K. Engel.

(d) John D. Hooper and Joan Hooper -- Approval of assignment of Lease P.R.C. 2662.1, Ark Site on the Petaluma River, Marin County, to Leo J. Nolan and Edna R. Nolan.

(e) Union Oil Company of California -- Approval of assignment of an oil production payment in State Oil and Gas Lease P.R.C. 3033.1, Orange County, to University Benefit
1. Association, Inc.

   (f) Franco Wyoming Oil Company -- Approval of assignment of an undivided one-half interest in Compensatory Royalty Agreement P.R.C. 2628.1, Sutter and Colusa counties, to Mobil Oil Company.

   (g) Phillips Petroleum Company -- Deferment of drilling requirements under Oil and Gas Lease P.R.C. 2205.1, through July 21, 1966. Lessee diligently conducted drilling operations on the lease for two and one-half years prior to required date for commencing operations, and completed last well on March 27, 1964.

   (h) Shell Oil Company -- Modification of Commission action of May 23, 1965, to provide blanket consent under Lease P.R.C. 3265.1, Orange County, to sublease to any operators under contract to the lessee during the life of the lease.

   (i) Clear Lake Power Company -- Rescission of May 27, 1965, authorization for issuance of two-year prospecting permit for geothermal energy, mineral waters, non-hydrocarbon gases and minerals other than oil and gas on submerged lands underlying Clear Lake, Lake County. Applicant declined to execute acceptance of the permit.

   (j) Eugene Sully Hancock, Jr. -- Rescission of July 20, 1965, authorization for issuance of two-year prospecting permit for geothermal energy, mineral waters, non-hydrocarbon gases, and minerals other than oil and gas on
submerged lands underlying Clear Lake, Lake County.

Applicant declined to execute acceptance of the permit.

(k) S. I. Corporation -- Rescission of May 27, 1965

authorization for issuance of two-year prospecting permit for

geothermal energy, mineral waters, non-hydrocarbon gases,

and minerals other than oil and gas on submerged lands under-

lying Clear Lake, Lake County. Applicant declined to execute

acceptance of the permit.

MR. HORTIG: Mr. Chairman, it might be helpful to

the Commission to have an explanation as to the reason for

the recommendation for rescission of the authorization for

these applications, which has been discussed particularly

this week with the one applicant, S. I. Corporation -- the

principal reason being that recent exploration developments

and further geologic analyses have led this particular appli-

cant to focus their interest on the possibility of geothermal

energy elsewhere, particularly in Sonoma County -- where

they have applications pending before the State Lands Com-

mission for consideration in that county. Their own cor-

porate decision was that they would prefer to explore in

Sonoma County, rather than in Lake County under the permit

which was previously authorized by the Commission.

This is a matter of recent concern of the Senate

Natural Resources Committee, which held hearings last week

with respect to the provision of incentives and to provide

assistance to prospective developers of geothermal energy
on both State-owned and privately-owned lands, and I gave this explanation with respect to these rescissions to indicate that the State Lands Division is still interested in the prospecting permit applications, even under the cumbersome procedures which are required under existing statutes, and that we still have applications pending, as well as issued under which exploration is going forward.

The consultant to the Senate Natural Resources Committee, Ford B. Ford, is here at this meeting today and I felt that this explanation might be of assistance for the record of his committee, and also gave the opportunity to inquire whether Mr. Ford wishes to make any statement to the Commission with respect to this field in which he is particularly interested.

GOV. ANDERSON: Mr. Ford, would you like to comment on these items? Would you identify yourself?

MR. FORD: Ford B. Ford, Executive Secretary, Senate Natural Resources Committee.

The committee did hold two days of field trips and a public hearing on the subject of geothermal minerals and it became evident during the hearing with regard to State lands that the prospectors had found some problems with the prospecting permit, the lease provisions. They seem to them to be unrealistic and it was their hope that something could be developed that generally paralleled the Federal legislation now pending on this subject; and some requests have gone
before the Governor; I understand, directed toward including this in a special call item.

I understand there is no real problem other than making necessary changes as befits your feelings and those of the companies that are currently in the field, working together with our committee to develop the legislation; and we will be in contact with the State Lands staff for that purpose.

GOV. ANDERSON: Is this a procedure that can be changed only by State legislation? Nothing our staff can do alone?

MR. FORD: That's my understanding.

MR. HORTIG: Actually, I think I should clarify only very slightly. A portion of the problems that are existent could be resolved by Commission action and this is under discussion with some of the applicants now on revised provisions that might be adopted by the Commission; but the complete resolution of all of the problems will require new legislation.

The problem is very simply that the Legislature in 1921 prescribed a prospecting permit procedure designed to provide for effective permits and explorations for high unit value material -- gold -- and never had in mind the necessity of using the same statutes and rules and regulations to apply to an exotic situation such as geothermal energy. Consequently, the administrative procedures under existing statutes must be cumbersome, to say the least, and it would be
preferable, particularly to give the incentive to an entirely new industry, to have effective legislation which will really permit optimum development of this type of energy.

MR. SHEEHAN: We could modify it only in a minor way?

MR. HORTIG: That is correct, but we are still working on it -- even to the minor extent that we can.

GOV. ANDERSON: Your reference to "unrealistic" would apply to the 1921 statute?

MR. FORD: That's correct -- not the Lands Commission policy.

GOV. ANDERSON: Because we feel our State Lands Commission is a very realistic body.

MR. FORD: Thank you.

GOV. ANDERSON: Applicant (1) -- Pacific Gas and Electric Company -- Issuance of ten-year renewal of Lease P.R.C. 495.1, covering 50-foot-wide pipeline easement, 0.767 acre ungranted sovereign land in Latham Slough, San Joaquin County, at total rental of $289.80.

(m) Pacific Gas and Electric Company -- Issuance of ten-year renewal of Lease P.R.C. 497.1, covering 50-foot-wide pipeline easement, 0.537 acre ungranted sovereign land in Middle River, San Joaquin County, at total rental of $202.90.

(n) Pacific Gas and Electric Company -- Issuance of ten-year renewal of Lease P.R.C. 498.1, covering 50-foot
pipeline easement, 0.702 acre tide and submerged land in Old River, Contra Costa and San Joaquin counties, at total rental of $265.20.

(o) Pacific Gas and Electric Company -- Issuance of ten-year renewal of Lease P.R.C. 499.1, covering three separate 50-foot-wide gas-pipeline easements across ungranted sovereign land in Whiskey Slough, San Joaquin County, at total rental of $100 for each of the three parcels.

(p) Pacific Gas and Electric Company -- Issuance of 15-year easement across 0.057-acre strip of tide and submerged lands of Taylor Slough, Contra Costa County, for submerged 4½-inch gas line, at total rental of $332.70.

(q) Pacific Gas and Electric Company -- Issuance of 15-year easement, 0.826 acre tide and submerged lands of Monterey Bay, Monterey County, crossing bed of Old Salinas River, which is under jurisdiction of the Moss Landing Harbor District, for discharge pipes from upland power plant at annual rental of $52.96.

(r) Occidental Petroleum Corporation -- Issuance of permit to conduct geophysical operations, Solano and Contra Costa counties.

Mr. HORTIG: Mr. Chairman, when this item was prepared, including the recommendation as it appears on pages 26 and 27 of your agenda, the Wildlife Protection Branch of the Department of Fish and Game had requested that the exploration work be restricted to the period February 1 to
September 1.

We have just been informed this morning of the revised recommendation of the Wildlife Protection Branch that this period may now extend from January 10 to September 1 and it is, therefore, recommended that the staff recommendation be modified to reflect this revised approval by the Wildlife Protection Branch of the Department of Fish and Game.

GOV. ANDERSON: Then the motion to approve should include the modification and the secretary will make note of that.

MR. AGEE: Mr. Chairman, I have a further revision I would like to suggest. I understand that Fish and Game approved their permit for the period beginning January 6th.

GOV. ANDERSON: Would you identify yourself?

MR. AGEE: I am Flint Agee. I am with the United Geophysical Company, representing Occidental. I understand the Fish and Game permit was set forward to the 6th of January and I would appreciate it if we could start our Lands Commission permit on the 6th of January.

MR. HORTIG: If I may call on the other representative of Occidental Petroleum, who gave us the date which we confirmed this morning of January 10th, maybe we can resolve this problem.

MR. AUSTIN: I am W. J. Austin of the Occidental Petroleum Corporation. I think what he is talking about,
the thing we had in mind originally was February 1st to September 1st. Now the date of the permit, as I understand it, would be from January the 2nd with the provision that we can't go on Grizzly Island and the other island until January 10th; is that correct?

MR. HORTIG: This is our understanding and, therefore, this action by the State Lands Commission is to revise the permit for as long as you have a concurrent permit from Fish and Game, which would indicate January 10th will not influence the rest of your operations.

MR. AUSTIN: Thank you very much.

GOV. ANDERSON: Now, what is the modification?

MR. HORTIG: The modification is only with respect to the recitation on page 26 that the Department of Fish and Game previously asked that work be restricted on Grizzly and Hammond islands to the period February 1 to September 1.

It is now recognized that this has been revised where they are willing to have work start on those specific islands on January 10th, as early as January 10th, all of which would be done under a permit issued by the State Lands Commission effective January 2nd as to other areas and not effective, in fact, until January 10th for Grizzly and Hammond Island as requested by Fish and Game.

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the operations will actually take this entire period, but Fish and Game suggested it would be available and the Lands Commission permit would only be through July 1, 1966. This is all the time the operator really felt he needed.

GOV. ANDERSON: Secretary, you have that modification?

REPORTER: Yes, sir.

GOV. ANDERSON: Applicant (s) Pan Petroleum Company, Inc. -- Issuance of six-month geological survey permit, tide and submerged lands, Santa Barbara, Ventura, Los Angeles, Orange, and San Diego counties.

(t) Elroy A. Richardson -- Issuance of five-year recreational pier permit, 0.003 acre sovereign land in bed of the Colorado River, Riverside County, for construction of a float, for fee of $25.

(u) Shell Oil Company -- Issuance of 49-year easement, 9.668 acres tide and submerged lands in the Santa Barbara Channel, Santa Barbara County, for construction, operation and maintenance of submarine flow lines, at annual rental of $274.60.

(v) Union Oil Company of California -- Issuance of 15-year subsurface crossing easement, 7.66 acres ungranted sovereign lands below a depth of 2,000 feet under Piper Slough, Bethel Island, Contra Costa County (for purpose of drilling for oil and gas and other hydrocarbon substances from lands other than those of the State), at annual rental of $734.82.
MR. SHEEHAN: I'll move the adoption, with the modification in (r).

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded. Frank, I'd like to ask a question. On the half a dozen items, where we are renewing a lease, Pacific Gas and Electric items, this is for a ten-year period for the most part, ten or fifteen-year?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: In view of our other procedures on rate formulas, how does that apply on each of these? Have you looked at the rental situation before establishing these?

MR. HORTIG: This is a continuation of the last series of rates established by the Lands Commission. Recommendations for changes in those rates are not ready for presentation.

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GOV. ANDERSON: It has been moved and seconded that all the items under Classification 3 be approved, with the understanding that Application (r) be modified regarding
the dates as clarified by Mr. Hortig, and the secretary has note of it, and it is carried unanimously.

Classification Number 4 -- City of Long Beach
(Pursuant to Chapter 29/56, First Extraordinary Session, and Chapter 138/64, First Extraordinary Session):

(a) Determine that expenditure proposed in letter dated 10/19/65 of approximately $2,636,000 for construction of a wharf and development of the back area at Berths 204-205 on Pier "F" in the Long Beach Harbor District is in accordance with the provisions of Chapter 138/64, First Extraordinary Session.

Any comment on this, Frank?

MR. HORTIG: No, sir.

GOV. ANDERSON: (b) is to determine that expenditure proposed in letter dated 10/27/65 of approximately $2,100,000 for construction of access roads for Pier "J" in the Long Beach Harbor District is in accordance with the provisions of Chapter 138/64, First Extraordinary Session.

(c) is to determine that expenditure proposed in letter dated 10/27/65 of approximately $1,470,000 for construction of main trunk utility lines for Pier "J" in the Long Beach Harbor District is in accordance with the provisions of Chapter 138/64, First Extraordinary Session.

(d) is to find that the cooperative agreement (Injection Well No. WI-11) between City of Long Beach, Richfield Oil Corporation, and Standard Oil Company of California,
provides that any impairment of the public trust for commerce, navigation, or fisheries to which granted lands are subject is prohibited; that the entering into and performance of such agreement is in the public interest; and approve said agreement on behalf of the State, pursuant to applicable law.

MR. SHEEHAN: I'll move.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved, seconded. Any questions or comments? (No response) If not, carried unanimously.

Item 5 -- Land Sales -- cleared with all State agencies having a land-acquisition program:

(a) Authorize sale of 34.97 acres vacant State school land, Shasta County, to the Department of Public Works, Division of Highways, for $8,743.

MR. SHEEHAN: I'll move.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 6 is oil and gas lease offers:

(a) is to authorize Executive Officer to offer approximately 5,546 acres tide and submerged land in Ventura County for oil and gas lease - Parcel 31.

(b) is to authorize Executive Officer to publish notice of the Commission's intention to consider offering a lease for the extraction of oil and gas from approximately
3,339 acres tide and submerged lands in the counties of Sacramento and Contra Costa, underlying the San Joaquin River, False River, Taylor Slough, and Piper Slough - W.O. 5047.

MR. HORTIG: Mr. Chairman...

GOV. ANDERSON: Mr. Hortig.

MR. HORTIG: The resolution as it appears on page 44 of the agenda before you should read, in the description:

"Described as follows:

'Tide and submerged lands situate in projected Sections 1, 2, 10, 11, 12, 14, and 15, Township 2 North, Range 2 East; projected Sections 2, 3, 4, 5, 6, 7, and..."

The correction is the addition of Section 6.

MR. GRIFFITH: What page is that?

MR. HORTIG: Page 44.

GOV. ANDERSON: The secretary has that correction?

(c) is to award to sole bidder, Atlantic Oil Company, oil and gas lease designated as W.O. 5584, containing approximately 970 acres of land tidal in character; approximately 132.71 acres of certain reserved upland mineral interests; and approximately 75.71 acres underlying certain lands acquired by the State for navigational purposes, for cash-bonus payment of $25,000.

MR. GRIFFITH: Move adoption.

MR. SHEEHAN: Second.

GOV. ANDERSON: Moved and seconded that items under Classification 6 be approved, with the amendment as previously
brought up by Mr. Hortig, of adding in item (b) Section Number 6. Carried unanimously.

Classification 7 -- Administration:

(a) Amend and adopt regulations 'n Title 2, California Administrative Code, with amendments to be effective thirty days after filing with the Secretary of State.

(b) Authorize Executive Officer to execute Service Agreement with City of Benicia, County of Solano, providing for surveying and platting services to be rendered the City pursuant to the provisions of Chapter 18/64, at Commission's actual costs not to exceed $500.

(c) Confirm 1966 schedule of meetings of the State Lands Commission.

MR. SHEEHAN: So move.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved, seconded, carried unanimously.

Classification 8 -- Informative only, no Commission action required: (a) is report on status of major litigation.

Mr. Abbott or Mr. Hortig, do you have anything to report?

MR. HORTIG: Mr. Chairman the resume reports continuing action in all the items of major litigation in which the Lands Commission is involved and for which the Attorney General's Office is counsel for the State Lands Commission,
but the actions have been procedural; there have been no
decisions. There have been no significant court proceedings
in connection with this litigation since the time of the
last report. However, the report is included here in order
that the Commission may have a current report of the status
of these actions.

GOV. ANDERSON: Any comments? (No response)

Classification 9 is reconfirmation of date, time
and place of next Commission meeting -- Thursday, January 27,
1966, at 10 a.m. in Los Angeles.

MR.HORTIG: Governor, this has been modified by
agreement with all Commissioners to Wednesday, January 26th.

GOV. ANDERSON: Was that cleared with my office?

I know there was a recent question on this.

MR. HORTIG: It was, sir.

GOV. ANDERSON: What is it now?

MR. HORTIG: Wednesday, January 26th.

MR. SHEEHAN: In Los Angeles?

MR. HORTIG: In Los Angeles.

GOV. ANDERSON: With the understanding it was
cleared with my office, fine.

Classification 10 is approval of Eighth Modifica-
tion of the 1965 Plan of Development and Operations and
Budget, Long Beach Unit, Wilmington Oil Field.

Frank, do you want to comment on that?

MR. HORTIG: If I may report, Governor, on both
items 10 and 11, since they represent the Eighth and Ninth and last modifications to come before the Commission in this year of 1965 for approval of modifications which were necessitated by the need to transfer funds -- no additional funds, but within the total amounts originally approved by the State Lands Commission but for specific purposes and utilization in development of the Long Beach Field.

The normal procedure would be and has been for most of the modifications from one through seven for approval of those modifications -- if technically acceptable and legally approved by the Attorney General, those modifications were approved by the Executive Officer and subsequently this approval was confirmed by the Commission.

The data for these modifications having just been received and just been evaluated, we are here really telescoping the procedure by bringing the modification to the Commission for initial approval, rather than confirmation.

The modifications are desirable only from the standpoint of assuring the contractor that the operations which were performed and for which funds have been expended were, in fact, expended in accordance with an approved budget, as approved by the State Lands Commission; and the Eighth Modification does add the opportunity to expend or commit in 1965 funds which are in the approved budget for the 1966 year. These funds will probably not be expended in 1965 but in order that the contractor can be assured that he
can undertake the long-term contract for the furnishing of electrical services in this instance and be assured, without having to wait for subsequent approval by the State Lands Commission, it is recommended that this modification be approved this morning at this time.

GOV. ANDERSON: Mr. Abbott.

MR. ABBOTT: Mr. Chairman, this Eighth Modification is the first problem that has come up. Chapter 138 requires plans of operation and budget for a period not exceeding one year. In order to successfully operate, the contractor is going to have to go into long-term contracts, such as this one for electrical facilities. Since there is a remote chance that plans approved by the City and the State Lands Commission might not contain this item, each of these long-term contracts is going to have to have a penalty provision to allow the contractor to get out of the contract.

This Eighth Modification is setting up in the budget a contingent liability on this particular long-term contract in the event some time in the next ten years the plan as approved by the City and the State Lands Commission changes this method of operation. This is going to come up frequently, and this is the first one.

GOV. ANDERSON: Anything further, Frank? (No response)

MR. SHEEHAN: Move.

MR. GRIFFITH: Second.
GOV. ANDERSON: Moved and seconded, approved unanimously.

Item 11 -- Approval of Ninth Modification of the 1965 Plan of Development and Operations and Budget, Long Beach Unit, Wilmington Oil Field.

Frank?

MR. HORTIG: That is included in the over-all previous discussion. This is the item that is clearly a re-allocation of accounting for the amounts of investment, expense, working fund, contingencies and administration overhead -- a difference in distribution from that originally contemplated in the budget approved by the State Lands Commission, but will not modify the total of $13,785,000.

MR. SHEEHAN: Move approval.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously. Anything further?

MR. HORTIG: Yes, Mr. Chairman. If I may, I have two reports I should like to make for the information of the Commission.

First, as the Commissioners will recall, the easternmost tract of tide and submerged lands within the Long Beach City limits is an area in which the minerals are under the jurisdiction of the State Lands Commission and are no longer included under the tide and submerged lands grant to the City of Long Beach -- so that the contracts awarded by the City of
Long Beach for the development of the area that was identified as Tract 1 and as approved by the State Lands Commission did not include a portion of the tide and submerged lands within the City of Long Beach.

It was recognized that it would be desirable that this area under the jurisdiction of the State Lands Commission be included in the unit operations and be offered for contract bid as expeditiously as possible. This procedure was previously authorized by the Lands Commission and on December 9th three bids were received for this tract of tide and submerged lands under the jurisdiction of the State Lands Commission and which, on award of contract, will be included in the unit operations for the entire Long Beach unit of operations.

The bidding procedure is fairly complex. In essence it provided that there would be a base percentage of the net profits payable to the State Lands Commission of 96.25 percent. This is the weighted average of the bids received for all of the participants in connection with Tract 1 under the combined Long Beach City-State contract.

In addition, the biddable element was specified to be a bid of a limited royalty offer to be paid on the first six million barrels of oil which would be produced from Tract 2, the State Lands Commission tract.

The bids which were received and which are now under evaluation for report back to the Commission for award
of contract were:

A joint bid by Humble Oil and Refining Company and Texaco Inc. offering a limited production payment or limited royalty payment in addition to the 96.25 percent -- this royalty, as I said, to be applicable to the first six million barrels of oil, of 5.113 percent;

Pauley Petroleum Inc. bid 12.774 and Richfield Oil Corporation 23.677 percent.

The combination is dependent upon the actual production. Actual experience in development of net profits clearly puts the combination of the 96.25 percent and 23.677 percent of the six million barrels of oil in the hundred percent bid class; indeed, it may exceed one hundred percent, ultimately possibly in the order of one hundred one percent.

That was Report Number 1.

MR. SHEEHAN: Pretty good report.

MR. HORTIG: Yes. I am happy to report that the Governor's Advisory Commission on Ocean Resources met on October 22nd and 23rd of this year to prepare recommendations based on a review of the report entitled "California and Use of the Ocean" which had been prepared by the Institute of Marine Resources at Scripps Institute of Oceanography and to include three subcommittee reports from subcommittees which had been established, which are entitled "Evaluation of Technological Manpower and Industrial Capabilities," (2), "Program Proposals in Marine Resources Development,"
and, (3), "Organizational Structure of the State for Research and Management of Marine Resources."

The report of the subcommittee on Organizational Structure of the State for Research and Management of Marine Resources, which was accepted by the full Governor's Advisory Commission on October 23rd, contains the following statement, which I believe should be of particular interest to the State Lands Commission, and I quote:

"In some instances, notably the offshore oil development, the State has treated the resource as if it were a business opportunity, has planned competently, and at times even brilliantly and we see no reason that this class of treatment will not continue in the future."

Continuing to quote:

"The State has established an excellent record in its handling of the petroleum resources. The story is relatively recent, dating to the Federal Submerged Lands Act of 1953. The written records show that early in the game the executive and legislative branches showed keen interest in trying to provide a hospitable environment for the oil industry so as to maximize the long term economic gain to the State. At the same time it was cognizant of the social and recreational implications and restricted the oil industry where necessary. One may quarrel with some of the particular decisions reached by the State but only on the basis of personal preference or bias...."

I have nothing further, Mr. Chairman.

GOV. ANDERSON: Is there anything further to be brought before the Commission? (No response) There being no further business, the meeting is adjourned.

ADJOURNED 11:05 A.M.
CERTIFICATE OF REPORTER

I, LOUISE H. LILlico, reporter for the Office of Administrative Procedure, hereby certify that the foregoing twenty-four pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held in Los Angeles, California, on December 16, 1965.

Dated: Los Angeles, California, January 5, 1966.

[Signature]

LOUISE H. LILlico
Association, Inc.

(f) Franco Wyoming Oil Company -- Approval of assignment of an undivided one-half interest in Compensatory Royalty Agreement P.R.C. 2628.1, Sutter and Colusa counties, to Mobil Oil Company.

(g) Phillips Petroleum Company -- Deferment of drilling requirements under Oil and Gas Lease P.R.C. 2205.1, through July 21, 1966. Lessee diligently conducted drilling operations on the lease for two and one-half years prior to required date for commencing operations, and completed last well on March 27, 1964.

(h) Shell Oil Company -- Modification of Commission action of May 23, 1965, to provide blanket consent under Lease P.R.C. 3265.1, Orange County, to sublease to any operators under contract to the lessee during the life of the lease.

(i) Clear Lake Power Company -- Rescission of May 27, 1965, authorization for issuance of two-year prospecting permit for geothermal energy, mineral waters, non-hydrocarbon gases and minerals other than oil and gas on submerged lands underlying Clear Lake, Lake County. Applicant declined to execute acceptance of the permit.

(j) Eugene Sully Hancock, Jr. -- Rescission of July 20, 1965, authorization for issuance of two-year prospecting permit for geothermal energy, mineral waters, non-hydrocarbon gases, and minerals other than oil and gas on
submerged lands underlying Clear Lake, Lake County. Applicant declined to execute acceptance of the permit.

(k) S. I. Corporation -- Rescission of May 27, 1965 authorization for issuance of two-year prospecting permit for geothermal energy, mineral waters, non-hydrocarbon gases, and minerals other than oil and gas on submerged lands underlying Clear Lake, Lake County. Applicant declined to execute acceptance of the permit.

MR. HORTIG: Mr. Chairman, it might be helpful to the Commission to have an explanation as to the reason for the recommendation for rescission of the authorization for these applications, which has been discussed particularly this week with the one applicant, S. I. Corporation -- the principal reason being that recent exploration developments and further geologic analyses have led this particular applicant to focus their interest on the possibility of geothermal energy elsewhere, particularly in Sonoma County -- where they have applications pending before the State Lands Commission for consideration in that county. Their own corporate decision was that they would prefer to explore in Sonoma County, rather than in Lake County under the permit which was previously authorized by the Commission.

This is a matter of recent concern of the Senate Natural Resources Committee, which held hearings last week with respect to the provision of incentives and to provide assistance to prospective developers of geothermal energy.
on both State-owned and privately-owned lands, and I gave this explanation with respect to these rescissions to indicate that the State Lands Division is still interested in the prospecting permit applications, even under the cumbersome procedures which are required under existing statutes, and that we still have applications pending, as well as issued under which exploration is going forward.

The consultant to the Senate Natural Resources Committee, Mr. Ford B. Ford, is here at this meeting today and I felt that this explanation might be of assistance for the record of his committee, and also gave the opportunity to inquire whether Mr. Ford wishes to make any statement to the Commission with respect to this field in which he is particularly interested.

GOV. ANDERSON: Mr. Ford, would you like to comment on these items? Would you identify yourself?

MR. FORD: Ford B. Ford, Executive Secretary, Senate Natural Resources Committee.

The committee did hold two days of field trips and a public hearing on the subject of geothermal minerals and it became evident during the hearing with regard to State lands that the prospectors had found some problems with the prospecting permit, the lease provisions. They seem to them to be unrealistic and it was their hope that something could be developed that generally paralleled the Federal legislation now pending on this subject; and some requests have gone
before the Governor; I understand, directed toward including this in a special call item.

I understand there is no real problem other than making necessary changes as befits your feelings and those of the companies that are currently in the field, working together with our committee to develop the legislation; and we will be in contact with the State Lands staff for that purpose.

GOV. ANDERSON: Is this a procedure that can be changed only by State legislation? Nothing our staff can do alone?

MR. FORD: That's my understanding.

MR. HORTIG: Actually, I think I should clarify only very slightly. A portion of the problems that are existent could be resolved by Commission action and this is under discussion with some of the applicants now on revised provisions that might be adopted by the Commission; but the complete resolution of all of the problems will require new legislation.

The problem is very simply that the Legislature in 1921 prescribed a prospecting permit procedure designed to provide for effective permits and explorations for high unit value material -- gold -- and never had in mind the necessity of using the same statutes and rules and regulations to apply to an exotic situation such as geothermal energy. Consequently, the administrative procedures under existing statutes must be cumbersome, to say the least, and it would be
preferable, particularly to give the incentive to an entirely
new industry, to have effective legislation which will really
permit optimum development of this type of energy.

MR. SHEEHAN: We could modify it only in a minor
way?

MR. HORTIG: That is correct, but we are still
working on it -- even to the minor extent that we can.

GOV. ANDERSON: Your reference to "unrealistic"
would apply to the 1921 statute?

MR. FORD: That's correct -- not the Lands Commiss-
ion policy.

GOV. ANDERSON: Because we feel our State Lands
Commission is a very realistic body.

MR. FORD: Thank you.

GOV. ANDERSON: Applicant (1) -- Pacific Gas and
Electric Company -- Issuance of ten-year renewal of Lease
P.R.C. 495.1, covering 50-foot-wide pipeline easement, 0.767
acre ungranted sovereign land in Latham Slough, San Joaquin
County, at total rental of $289.80.

(m) Pacific Gas and Electric Company -- Issuance
of ten-year renewal of Lease P.R.C. 497.1, covering 50-foot-
wide pipeline easement, 0.537 acre ungranted sovereign land
in Middle River, San Joaquin County, at total rental of
$202.90.

(n) Pacific Gas and Electric Company -- Issuance
of ten-year renewal of Lease P.R.C. 498.1, covering 50-foot
pipeline easement, 0.702 acre tide and submerged land in Old River, Contra Costa and San Joaquin counties, at total rental of $265.20.

(o) Pacific Gas and Electric Company -- Issuance of ten-year renewal of Lease P.R.C. 499.1, covering three separate 50-foot-wide gas-pipeline easements across ungranted sovereign land in Whiskey Slough, San Joaquin County, at total rental of $100 for each of the three parcels.

(p) Pacific Gas and Electric Company -- Issuance of 15-year easement across 0.057-acre strip of tide and submerged lands of Taylor Slough, Contra Costa County, for submerged 4½-inch gas line, at total rental of $332.70.

(q) Pacific Gas and Electric Company -- Issuance of 15-year easement, 0.826 acre tide and submerged lands of Monterey Bay, Monterey County, crossing bed of Old Salinas River, which is under jurisdiction of the Moss Landing Harbor District, for discharge pipes from upland power plant, at annual rental of $52.96.

(r) Occidental Petroleum Corporation -- Issuance of permit to conduct geophysical operations, Solano and Contra Costa counties.

MR. HORTIG: Mr. Chairman, when this item was prepared, including the recommendation as it appears on pages 26 and 27 of your agenda, the Wildlife Protection Branch of the Department of Fish and Game had requested that the exploration work be restricted to the period February 1 to
September 1.

We have just been informed this morning of the revised recommendation of the Wildlife Protection Branch that this period may now extend from January 10 to September 1 and it is, therefore, recommended that the staff recommendation be modified to reflect this revised approval by the Wildlife Protection Branch of the Department of Fish and Game.

GOV. ANDERSON: Then the motion to approve should include the modification and the secretary will make note of that.

MR. AGEE: Mr. Chairman, I have a further revision I would like to suggest. I understand that Fish and Game approved their permit for the period beginning January 6th.

GOV. ANDERSON: Would you identify yourself?

MR. AGEF: I am Flint Agee. I am with the United Geophysical Company, representing Occidental. I understand the Fish and Game permit was set forward to the 6th of January and I would appreciate it if we could start our Lands Commission permit on the 6th of January.

MR. HORTIG: If I may call on the other representative of Occidental Petroleum, who gave us the date which we confirmed this morning of January 10th, maybe we can resolve this problem.

MR. AUSTIN: I am W. J. Austin of the Occidental Petroleum Corporation. I think what he is talking about,
the thing we had in mind originally was February 1st to September 1st. Now the date of the permit, as I understand it, would be from January the 2nd with the provision that we can't go on Grizzly Island and the other island until January 10th; is that correct?

MR. HORTIG: This is our understanding and, therefore, this action by the State Lands Commission is to revise the permit for as long as you have a concurrent permit from Fish and Game, which would indicate January 10th will not influence the rest of your operations.

MR. AUSTIN: Thank you very much.

GOV. ANDERSON: Now, what is the modification?

MR. HORTIG: The modification is only with respect to the recitation on page 26 that the Department of Fish and Game previously asked that work be restricted on Grizzly and Hammond islands to the period February 1 to September 1.

It is now recognized that this has been revised where they are willing to have work start on those specific islands on January 10th, as early as January 10th, all of which would be done under a permit issued by the State Lands Commission effective January 2nd as to other areas and not effective, in fact, until January 10th for Grizzly and Hammond Island as requested by Fish and Game.

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Fish and Game suggested it would be available and the Lands
Commission permit would only be through July 1, 1966. This
is all the time the operator really felt he needed.

GOV. ANDERSON: Secretary, you have that modification?

REPORTER: Yes, sir.

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(t) Elroy A. Richardson -- Issuance of five-year
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rental of $274.60.

(v) Union Oil Company of California -- Issuance of
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sovereign lands below a depth of 2,000 feet under Piper
Slough, Bethel Island, Contra Costa County (for purpose of
drilling for oil and gas and other hydrocarbon substances
from lands other than those of the State), at annual rental
of $734.82.
MR. SHEEHAN: I'll move the adoption, with the modification in (r).

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded. Frank, I'd like to ask a question. On the half a dozen items, where we are renewing a lease, Pacific Gas and Electric items, this is for a ten-year period for the most part, ten or fifteen-year?

MR. HORTIG: Yes, sir.

GOV. ANDERSON: In view of our other procedures on rate formulas, how does that apply on each of these? Have you looked at the rental situation before establishing these?

MR. HORTIG: This is a continuation of the last series of rates established by the Lands Commission. Recommendations for changes in those rates are not ready for presentation.

GOV. ANDERSON: These are the rates that previously applied?

MR. HORTIG: These are different than the rates that previously applied under an earlier Commission and earlier policy decision as to rental rates. These are now in conformance with the rental rates established by the current Commission.

GOV. ANDERSON: It has been moved and seconded that all the items under Classification 3 be approved, with the understanding that Application (r) be modified regarding
the dates as clarified by Mr. Hortig, and the secretary has note of it, and it is carried unanimously.

Classification Number 4 -- City of Long Beach
(Pursuant to Chapter 29/56, First Extraordinary Session, and Chapter 138/64, First Extraordinary Session):

(a) Determine that expenditure proposed in letter dated 10/19/65 of approximately $2,636,000 for construction of a wharf and development of the back area at Berths 204-205 on Pier "F" in the Long Beach Harbor District is in accordance with the provisions of Chapter 138/64, First Extraordinary Session.

Any comment on this, Frank?

MR. HORTIG: No, sir.

GOV. ANDERSON: (b) is to determine that expenditure proposed in letter dated 10/27/65 of approximately $2,100,000 for construction of access roads for Pier "J" in the Long Beach Harbor District is in accordance with the provisions of Chapter 138/64, First Extraordinary Session.

(c) is to determine that expenditure proposed in letter dated 10/27/65 of approximately $1,470,000 for construction of main trunk utility lines for Pier "J" in the Long Beach Harbor District is in accordance with the provisions of Chapter 138/64, First Extraordinary Session.

(d) is to find that the cooperative agreement (Injection Well No. WI-11) between City of Long Beach, Richfield Oil Corporation, and Standard Oil Company of California,
provides that any impairment of the public trust for commerce, navigation or fisheries to which granted lands are subject is prohibited; that the entering into and performance of such agreement is in the public interest; and approve said agreement on behalf of the State, pursuant to applicable law.

MR. SHEEHAN: I'll move.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved, seconded. Any questions or comments? (No response) If not, carried unanimously.

Item 5 -- Land Sales -- cleared with all State agencies having a land-acquisition program:

(a) Authorize sale of 34.97 acres vacant State school land, Shasta County, to the Department of Public Works, Division of Highways, for $8,743.

MR. SHEEHAN: I'll move.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously.

Item 6 is oil and gas lease offers:

(a) is to authorize Executive Officer to offer approximately 5,546 acres tide and submerged land in Ventura County for oil and gas lease - Parcel 31.

(b) is to authorize Executive Officer to publish notice of the Commission's intention to consider offering a lease for the extraction of oil and gas from approximately
3,339 acres tide and submerged lands in the counties of
Sacramento and Contra Costa, underlying the San Joaquin River,
False River, Taylor Slough, and Piper Slough - W.O. 5047.

MR. HORTIG: Mr. Chairman...

GOV. ANDERSON: Mr. Hortig.

MR. HORTIG: The resolution as it appears on page
44 of the agenda before you should read, in the description:
"Described as follows:

"Tide and submerged lands situate in
projected Sections 1, 2, 10, 11, 12, 14,
and 15, Township 2 North, Range 2 East;
projected Sections 2, 3, 4, 5, 6, 7, and..."

The correction is the addition of Section 6.

MR. GRIFFITH: What page is that?

MR. HORTIG: Page 44.

GOV. ANDERSON: The secretary has that correction?

(c) is to award to sole bidder, Atlantic Oil Com-
pany, oil and gas lease designated as W.O. 5584, containing
approximately 970 acres of land tidal in character; approxi-
mately 132.71 acres of certain reserved upland mineral inter-
est; and approximately 75.7" acres underlying certain lands
acquired by the State for avigational purposes, for cash-
bonus payment of $25,000.

MR. GRIFFITH: Move adoption.

MR. SHEEHAN: Second.

GOV. ANDERSON: Moved and seconded that items under
Classification 6 be approved, with the amendment as previously
brought up by Mr. Hortig, of adding in item (b) Section Number 6. Carried unanimously.

Classification 7 -- Administration:

(a) Amend and adopt regulations in Title 15, California Administrative Code, with amendments to be effective thirty days after filing with the Secretary of State.

(b) Authorize Executive Officer to execute Service Agreement with City of Benicia, County of Solano, providing for surveying and platting services to be rendered the City pursuant to the provisions of Chapter 18/64, at Commission's actual costs not to exceed $500.

(c) Confirm 1966 schedule of meetings of the State Lands Commission.

MR. SHEEHAN: So move.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved, seconded, carried unanimously.

Classification 8 -- Informative only, no Commission action required: (a) is report on status of major litigation.

Mr. Abbott or Mr. Hortig, do you have anything to report?

MR. HORTIG: Mr. Chairman the resume reports continuing action in all the items of major litigation in which the Lands Commission is involved and for which the Attorney General's Office is counsel for the State Lands Commission,
but the actions have been procedural; there have been no decisions. There have been no significant court proceedings in connection with this litigation since the time of the last report. However, the report is included here in order that the Commission may have a current report of the status of these actions.

GOV. ANDERSON: Any comments? (No response)

Classification 9 is reconfirmation of date, time and place of next Commission meeting -- Thursday, January 27, 1966, at 10 a.m. in Los Angeles.

MR. HORTIG: Governor, this has been modified by agreement with all Commissioners to Wednesday, January 26th.

GOV. ANDERSON: Was that cleared with my office?

I know there was a recent question on this.

MR. HORTIG: It was, sir.

GOV. ANDERSON: What is it now?

MR. HORTIG: Wednesday, January 26th.

MR. SHEEHAN: In Los Angeles?

MR. HORTIG: In Los Angeles.

GOV. ANDERSON: With the understanding it was cleared with my office, fine.

Classification 10 is approval of Eighth Modification of the 1965 Plan of Development and Operations and Budget, Long Beach Unit, Wilmington Oil Field.

Frank, do you want to comment on that?

MR. HORTIG: If I may report, Governor, on both
items 10 and 11, since they represent the Eighth and Ninth and last modifications to come before the Commission in this year of 1965 for approval of modifications which were necessitated by the request to transfer funds -- no additional funds, but within the total amounts originally approved by the State Lands Commission but for specific purposes and utilization in development of the Long Beach Field.

The normal procedure would be and has been for most of the modifications from one through seven for approval of those modifications -- if technically acceptable and legally approved by the Attorney General, those modifications were approved by the Executive Officer and subsequently this approval was confirmed by the Commission.

The data for these modifications having just been received and just been evaluated, we are here really telescoping the procedure by bringing the modification to the Commission for initial approval, rather than confirmation.

The modifications are desirable only from the standpoint of assuring the contractor that the operations which were performed and for which funds have been expended were, in fact, expended in accordance with an approved budget, as approved by the State Lands Commission; and the Eighth Modification does add the opportunity to expend or commit in 1965 funds which are in the approved budget for the 1966 year. These funds will probably not be expended in 1965 but in order that the contractor can be assured that he
can undertake the long-term contract for the furnishing of electrical services in this instance and be assured, without having to wait for subsequent approval by the State Lands Commission, it is recommended that this modification be approved this morning at this time.

GOV. ANDERSON: Mr. Abbott.

MR. ABBOTT: Mr. Chairman, this Eighth Modification is the first problem that has come up. Chapter 138 requires plans of operation and budget for a period not exceeding one year. In order to successfully operate, the contractor is going to have to go into long-term contracts, such as this one for electrical facilities. Since there is a remote chance that plans approved by the City and the State Lands Commission might not contain this item, each of these long-term contracts is going to have to have a penalty provision to allow the contractor to get out of the contract.

This Eighth Modification is setting up in the budget a contingent liability on this particular long-term contract in the event some time in the next ten years the plan as approved by the City and the State Lands Commission changes this method of operation. This is going to come up frequently, and this is the first one.

GOV. ANDERSON: Anything further, Frank? (No response)

MR. SHEEHAN: Move.

MR. GRIFFITH: Second.
GOV. ANDERSON: Moved and seconded, approved unanimously.

Item 11 -- Approval of Ninth Modification of the 1965 Plan of Development and Operations and Budget, Long Beach Unit, Wilmington Oil Field.

Frank?

MR. HORTIG: That is included in the over-all previous discussion. This is the item that is clearly a re-allocation of accounting for the amounts of investment, expense, working fund, contingencies and administration overhead -- a difference in distribution from that originally contemplated in the budget approved by the State Lands Commission, but will not modify the total of $13,785,000.

MR. SHEEHAN: Move approval.

MR. GRIFFITH: Second.

GOV. ANDERSON: Moved and seconded, carried unanimously. Anything further?

MR. HORTIG: Yes, Mr. Chairman. If I may, I have two reports I should like to make for the information of the Commission.

First, as the Commissioners will recall, the easternmost tract of tide and submerged lands within the Long Beach City limits is an area in which the minerals are under the jurisdiction of the State Lands Commission and are no longer included under the tide and submerged lands grant to the City of Long Beach -- so that the contracts awarded by the City of
Long Beach for the development of the area that was identified as Tract 1 and as approved by the State Lands Commission did not include a portion of the tide and submerged lands within the City of Long Beach.

It was recognized that it would be desirable that this area under the jurisdiction of the State Lands Commission be included in the unit operations and be offered for contract bid as expeditiously as possible. This procedure was previously authorized by the Lands Commission and on December 9th three bids were received for this tract of tide and submerged lands under the jurisdiction of the State Lands Commission and which, on award of contract, will be included in the unit operations for the entire Long Beach unit of operations.

The bidding procedure is fairly complex. In essence it provided that there would be a base percentage of the net profits payable to the State Lands Commission of 96.25 percent. This is the weighted average of the bids received for all of the participants in connection with Tract 1 under the combined Long Beach City-State contract.

In addition, the biddable element was specified to be a bid of a limited royalty offer to be paid on the first six million barrels of oil which would be produced from Tract 2, the State Lands Commission tract.

The bids which were received and which are not under evaluation for report back to the Commission for award
of contract were:

A joint bid by Humble Oil and Refining Company and Texaco Inc. offering a limited production payment or limited royalty payment in addition to the 96.25 percent -- this royalty, as I said, to be applicable to the first six million barrels of oil, of 5.113 percent;

Pauley Petroleum Inc. bid 12.774 and Richfield Oil Corporation 23.677 percent.

The combination is dependent upon the actual production. Actual experience in development of net profits clearly puts the combination of the 96.25 percent and 23.677 percent of the six million barrels of oil in the hundred percent bid class; indeed, it may exceed one hundred percent, ultimately possibly in the order of one hundred one percent.

That was Report Number 1.

MR. SHEEHAN: Pretty good report.

MR. HORTIG: Yes. I am happy to report that the Governor's Advisory Commission on Ocean Resources met on October 22nd and 23rd of this year to prepare recommendations based on a review of the report entitled "California and Use of the Ocean" which had been prepared by the Institute of Marine Resources at Scripps Institute of Oceanography and to include three subcommittee reports from subcommittees which had been established, which are entitled "Evaluation of Technological Manpower and Industrial Capabilities," (2), "Program Proposals in Marine Resources Development,"
and, (3), "Organizational Structure of the State for Research and Management of Marine Resources."

The report of the subcommittee on Organizational Structure of the State for Research and Management of Marine Resources, which was accepted by the full Governor's Advisory Commission on October 23rd, contains the following statement, which I believe should be of particular interest to the State Lands Commission, and I quote:

"In some instances, notably the offshore oil development, the State has treated the resource as if it were a business opportunity, has planned competently, and at times even brilliantly and we see no reason that this class of treatment will not continue in the future."

Continuing to quote:

"The State has established an excellent record in its handling of the petroleum resources. The story is relatively recent, dating to the Federal Submerged Lands Act of 1953. The written records show that early in the game the executive and legislative branches showed keen interest in trying to provide a hospitable environment for the oil industry so as to maximize the long term economic gain to the State. At the same time it was cognizant of the social and recreational implications and restricted the oil industry where necessary. One may quarrel with some of the particular decisions reached by the State but only on the basis of personal preference or bias...."

I have nothing further, Mr. Chairman.

GOV. ANDERSON: Is there anything further to be brought before the Commission? (No response) There being no further business, the meeting is adjourned.

ADJOURNED 11:05 A.M.
CERTIFICATE OF REPORTER

I, LOUISE H. LILlico, reporter for the Office of Administrative Procedure, hereby certify that the foregoing twenty-four pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held in Los Angeles, California, on December 16, 1965.

Dated: Los Angeles, California, January 5, 1966.

[Signature]

LOUISE L. LILlico