PARTICIPANTS:

THE STATE LANDS COMMISSION:

Honorable Alan Cranston, Controller, Chairman
Honorable Glenn M. Anderson, Lieutenant Governor

Mr. A. W. Pfeil
Assistant Executive Officer of
State Lands Division

OFFICE OF THE ATTORNEY GENERAL:

Mr. Jay L. Shavelson
Assistant Attorney General

APPEARANCES:

(In the order of their appearance)

Mr. Frederick Eissler,
representing the Sierra Club

Mr. Roy Lynam
Humble Oil & Refining Co.

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MR. GRANSTON: The meeting will please come to order.

The first item is consideration of award of oil and gas lease, approximately 1,660 acres of submerged lands in Santa Barbara Channel, Santa Barbara County (Parcel 38 - W.O. 6090), to Union Oil Company of California, for cash bonus payment of $1,320,760.

The staff has recommended approval. Motion is in order.

GOV. ANDERSON: I'll so move.

MR. CRANSTON: Approval is moved. I second it.

Is there any discussion? (No response)

The approval is so ordered.

I'd like to skip to Number 4 and come back to Number 3. Item 4 is consideration of award of sand and gravel extraction lease, approximately 325 acres sovereign lands of Russian River, Sonoma County (W.O. 5293), to Utah Construction & Mining Co. in consideration of royalty bid of $0.06 per cubic yard for all material extracted; annual rental $325.

Motion is in order.

GOV. ANDERSON: So move.

MR. CRANSTON: Approval is moved. I second it.

Is there any discussion? (No response) If not, so ordered.
To come back to Item Number 3 -- Consideration of award of oil and gas lease, approximately 5,646 acres of tide and submerged lands in Santa Barbara Channel northerly of San Miguel Island, Santa Barbara County (Parcel 41 - W.O. 6125), to Standard Oil Company of California, Humble Oil & Refining Company, and Atlantic Richfield Company, for cash-bonus payment of $101,214.

Mr. Eissler has indicated he would like to speak on this.

GOV. ANDERSON: Mr. Eissler?

MR. CRANSTON: Sierra Club.

MR. EISSLER: Thank you very much, Chairman Cranston. I am representing the Sierra Club today regarding the bid or the lease proposal at the west end of San Miguel Island.

We presented testimony before the State Lands Commission at a special hearing -- Mr. Hortig was the only one present at that time -- at Santa Barbara on March 4th; and at that time we suggested or requested that the Lands Commission consider the possibility of dedicating or reserving a one-nautical-mile zone around San Miguel Island, as well as the other islands in the Channel Islands group for park purposes; or at least keep them in a condition so that, at the time the National Park Service is prepared to move in there, the esthetic and scenic values would be preserved.

There has been a history on the Channel Islands park proposal that should, perhaps, be reviewed briefly.
You may know that in 1963 Clair Engle introduced a bill including all five of the islands for a Channel Islands monument -- Anacapa; Santa Barbara; the two privately-owned islands, Santa Cruz and Santa Rosa; and the Federal-owned island, San Miguel. The California Legislature at the time memorialized Congress to pass the bill.

Prior to that time the National Park Service conducted a Pacific Coast Recreational Survey in 1959, which indicated the superb park value of that five-island unit.

Now, since that time the Santa Barbara County General Plan showed the islands as park potential. The plan has recently been amended to indicate the east end as valuable for subdivision development and park development. Both subdivision and park development were mentioned.

Now, there is a real possibility and we are quite confident that there will be a park bill introduced in this session of Congress. Secretary Udall has told us and told the Santa Barbara Board of Supervisors that a park bill will be introduced. We feel there has been sufficient support among Senators we have contacted and others, and we feel confident a bill will be introduced.

In 1957, when the Federal Government was considering the possibility of a Naval oil sanctuary in San Miguel, a report was made on San Miguel Island. The Federal Government stated that a reasonable line all around the island should be established to protect the fauna, especially those
having marine habits. That report mentioned the marine fauna that might well be preserved in the national park as an attraction for tourists, as well as scientists. We know that the offshore area there is unique in that the Point Conception and the southern waters intermix and there is an intermixture of foreign fauna, which would certainly be worth protecting in an undersea national park.

In view of all this interest in a park and a one-nautical-offshore sanctuary, where facilities would not be evident, we would like to first ask what provisions have been made in any lease arrangement to honor this particular concept; and, secondly, what the State Lands Commission might do to work along with the National Park Service in a type of gentlemen's agreement.

The State Lands Commission made a statement in Santa Barbara County, which was well received, to the effect that the Federal Government should not move into the Santa Barbara sanctuary; and it has been the feeling of our people locally, and I am sure it is a sentiment that would be shared by the National Park Service and all Department of Interior officials, that on the same grounds -- because of the desire to preserve scenic beauty -- that perhaps the Lands Commission could honor a sanctuary around San Miguel Island.

You know there is a one-nautical-mile sanctuary around Anacapa and Santa Barbara. We would hope that the Lands Commission would continue that around the other islands.
MR. CRANSTON: What is the nature of the one-mile-sanctuary around Anacapa and Santa Barbara Islands?

MR. EISSLER: It was written into the monument legally -- the Channel Islands Monument Act. I suppose that would be established by Presidential decree. How binding that is, I do not know in view of the Supreme Court decision; but I assume the National Park Service feels it has validity. We feel it has validity.

We have studied that particular region around Anacapa. It is extremely rich. The water fauna there rivals the Guadeloupes. According to a symposium by Santa Barbara scientists and others, the flora and fauna of the marine biota are more spectacular, more significant, than the land biota on the Channel Islands -- which is quite a statement because there are eighty endemic plants on the Channel Islands and there are a number of animals there.

MR. CRANSTON: Could the staff shed any light on the questions he asked?

MR. PFEIL: The staff, in accordance with the provisions of the Code, secured authorization of the State Lands Commission on November 18, 1965 to publish notice of consideration to offer the area offshore the western forty percent of San Miguel Island for oil and gas lease offer. This was authorized by the Commission; therefore notice was published as required by the Code.

After thirty days, no affected county or city had
requested that a public hearing be held. However, the Commission at its own discretion directed the Executive Officer to hold a meeting in Santa Barbara to discuss terms and conditions of the oil and gas lease that should be included.

Mr. Eissler was there and presented a paper.

After consideration of everything that was presented at the meeting, it was determined by the staff and recommended to the Commission that we proceed with the lease offer, because it did not appear that an oil and gas lease offer on the western end of the island would result in impairment or damage to residential or recreational properties.

This report was sent to you, along with a reading of Mr. Eissler's paper, in April; and the Commission authorized the staff to offer six parcels off the Channel Islands.

GOV. ANDERSON: Did they present at that time this one-mile zone around the island?

MR. EISSLER: Yes.

GOV. ANDERSON: And the staff rejected that idea?

MR. PFEIL: We have such a provision east of Gaviota in Santa Barbara County, but west of Gaviota we have no restriction.

GOV. ANDERSON: I wish that had been brought up before. This comes as a little bit of a surprise to me. I had understood or assumed all of this had been worked out there at the meeting. That's why we had the meeting called in Santa Barbara, so the city and county and interested people
could come before the staff and make their presentations;
and I had assumed, because nothing to the contrary had come
to my attention, that everything was fine. Therefore, we
went ahead and passed a resolution and assumed we went along
with the people that want oil produced and the conservation-
ists and the people who wanted to get money into the State
Treasury.

This comes as a jolt to me. I don't like to vote
on something like this.

MR. PFEIL: It was put on the calendar on April
18th after we had the meeting March 4, 1966.

MR. CRANSTON: The Sierra Club was not present at
that meeting in April and it certainly did not appear there
was any question about this. So far as I am concerned, it is
a new point that did not penetrate my skull.

MR. PFEIL: At that point objection should have been
made, before the lease offer was approved; and now we have a
bid. Under those conditions, I do not know exactly what
would be the right step to take at this point.

MR. CRANSTON: Who is here as spokesman for the
bidder? Can you come down here for a second?

MR. LYNAM: Roy Lynam, Humble Oil.

MR. CRANSTON: Would it be possible for you, if
awarded this lease, to give us your assurance in any firm way
that you would be able to develop without structures within
the one nautical mile?
MR. LYNAM: Sir, it would not be possible for me to make assurance on that matter today, without that matter being considered by our engineers and geologists.

MR. CRANSTON: I think we should consider putting over approval and giving you time to see if you could come back and give us appropriate legal guarantees, if that is possible from your point of view. I think we should give that consideration.

MR. LYNAM: All right.

MR. CRANSTON: What is the record on the other parcels here? They were offered and there were no bids on some of them?

MR. PFEIL: We offered six parcels adjacent to San Miguel Island. We had bids on three.

GOV. ANDERSON: Which three?

MR. PFEIL: Parcels 41, 45 and 46.

MR. CRANSTON: What has occurred on 45 and 46?

MR. PFEIL: The bid opening on 46 we had this morning. We received a bid of $121,652. On 45, which was opened last Friday, we received a bid of $167,685.

GOV. ANDERSON: Was the bid 121 or 101?

MR. PFEIL: The first bid was 121.

GOV. ANDERSON: $121,652?

MR. PFEIL: Right.

MR. CRANSTON: What has occurred on 42, 43, and 44?

MR. PFEIL: We didn't receive any bids.
MR. CRANSTON: I'd like to see requests go to whoever the high bidders are on 45 and 46, before they get to us.

GOV. ANDERSON: Isn't there some type of agreement that the oil companies could voluntarily agree to that would meet the objection of the Sierra Club?

MR. EISSLER: I think if there was some binding agreement regarding the one nautical mile, this would be agreeable to us.

GOV. ANDERSON: And what is it you wouldn't want them to do in the first nautical mile?

MR. EISSLER: Well, if structures should be erected and we are concerned, and I know the Park Service would be, about onshore facilities, because storage facilities and separation plants -- this type of development -- would be considered a nonconforming use in any future park. How the oil companies would manage this, I don't know; but, again, I think this factor should be considered -- not only the offshore location of the wells, but the impact that this might have on the onshore park values.

MR. CRANSTON: I'd like to ask the staff what rights would they acquire, if this lease were granted, to an onshore installation?

MR. PFEIL: None whatever. I believe they would have to get that from the Government, as long as the area belongs to the Federal Government.

MR. CRANSTON: Who would that be?
MR. PFEIL: It is under the control of the Navy.

GOV. ANDERSON: Is the whole island under the control of the Navy, or just that eastern portion?

MR. PFEIL: I believe the whole island.

MR. CRANSTON: Does the gentleman who was here representing the bidding group know whether there are plans for or if negotiations have been consummated, if you are awarded the bid, for onshore installations?

MR. LYNAM: Sir, though we would not plan any onshore installations, however I would want to answer that with reservations. It is my understanding now we do not have such plans.

GOV. ANDERSON: You would have platforms out on the water?

MR. LYNAM: Yes, sir.

GOV. ANDERSON: And do the whole operation that way?

MR. LYNAM: Yes, sir.

GOV. ANDERSON: I'd like to see this put over to get a little more information on it.

MR. CRANSTON: I'd like information both on offshore installations and onshore installations; and if they can tell us what things are necessary, I'd like to clarify that on all three bids.

MR. PFEIL: It was my understanding as to the offshore platforms that they really attract the fish and I don't quite understand why they are so sure they would be a problem
as far as the park would be concerned.

MR. CRANSTON: I'd like to ask the staff -- Do you have a written report that was submitted to us on this bid at our meeting?

MR. PFEIL: Oh, yes.

MR. CRANSTON: Could I see that?

Mr. Eissler, did you want to come in on that question?

MR. EISSLER: I think there should be a sanctuary there on the same basis that Santa Barbara City and County have a sanctuary in their particular area. There is the scenic factor. There is, again, the question of the relationship between an offshore site and onshore development; and there are known pollutants under certain circumstances -- although this, again, is something that can be discussed after the fact, but we feel that perhaps the opportunity for this kind of thing shouldn't occur.

The National Park Service in its San Miguel report has stated that the rookery of the sea lions and elephant seals and so on at the west end should receive absolute protection; and as a guarantee of absolute protection, they stress this one nautical mile. This takes the development beyond the kelp beds and the concentration of rookery activity.

GOV. ANDERSON: Now, you raised the point earlier that you questioned whether this would have any destructive impact upon fish and game. Did you have testimony to this
effect from the Fish and Game Department?

MR. PFEIL: We do have reports from the Department of Fish and Game that indicate that at those platforms off Santa Barbara fish do tend to be there, because mussels and other forms of marine life attach themselves to the rocks and platforms and they do attract fish.

GOV. ANDERSON: Are you implying, then, that the Department of Fish and Game would take a position contrary to Sierra Club in this regard?

MR. PFEIL: This, I don't know. I wouldn't like to say that.

GOV. ANDERSON: With this kind of implication I'd want to get some statement from our own Fish and Game Department, and I respect the Sierra Club's view, and by the same token I want to get the oil out of there. I think these things might be worked out. I think we moved a little fast. What would happen if we delayed this for a short period of time?

MR. PFEIL: I don't know what our lessee would think.

MR. SHAVELSON: I believe that a reasonable delay for consideration would be proper and that the bid would still be open, in our opinion.

GOV. ANDERSON: What would you consider reasonable?

MR. SHAVELSON: When was this originally opened?

MR. PFEIL: This was the 15th of June, I believe.
MR. SHAVELSON: I wouldn't want to make a definite statement exactly; but I would think, for example, that a delay until August 8th would not be unreasonable.

MR. CRANSTON: We are having a meeting in July. Why don't we see if it is possible to have this matter resolved by then by representatives of the bidding companies coming in with what would be their position on this point, both as to offshore and onshore installations -- whether they would agree they are not necessary.

MR. SHAVELSON: The Commission does have power to hold it over, I think.

MR. CRANSTON: If there is no objection or further discussion, that will be the position taken -- that we will ask the companies with the winning bids on this and the other two parcels to report to us, if possible by the July 12th meeting, as to whether or not they can; and if they can, at that time give us formal guarantees against installations offshore and onshore.

GOV. ANDERSON: I'd also like to know whether it is our plan to lease these out with the understanding that they are not going to come on to the island itself with the pipelines, and so on; and it is all going to be done offshore, and what protection we have -- because I want to protect the wildlife and what have you.

MR. CRANSTON: Alternatively, from the high bidders what modified guarantees they would be able to give, if they
can't give the full guarantees that we suggest and desire.

Is there anything further to be said on this at this time?

MR. EISSLER: Thank you very much.

MR. CRANSTON: I think there is nothing more to come before us, unless there is something here we are not aware of. If not, the meeting stands adjourned.

Thank you very much.

ADJOURNED 2:50 P.M.
CERTIFICATE OF REPORTER

I, LOUISE H. LILlico, reporter for the Office of Administrative Procedure, hereby certify that the foregoing fourteen 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 Los Angeles, California, on June 28, 1966.


[Signature]

LOUISE H. LILICO