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TRANSCRIPT OF
MEETING
of

STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA

February 23, 1967

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MEETING OF
STATE LANDS COMMISSION
SACRAMENTO, CALIFORNIA
February 23, 1967

PARTICIPANTS:

THE STATE LANDS COMMISSION:

- Hon. Houston I. Flourney, Controller, Chairman
- Hon. Robert H. Finch, Lieutenant Governor
- Hon. Gordon P. Smith, Director of Finance,
not present; represented by:
- Mr. Gordon Kaylor
Chief Deputy Director of Finance
- Mr. F. J. Hortig, Executive Officer

OFFICE OF THE ATTORNEY GENERAL:

- Mr. Warren J. Abbott, Deputy Attorney General

APPEARANCE:

- Mr. Harry D. Aggers
Vice President, T H U M S

I N D E X
(In accordance with Calendar Summary)

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8	(a) U.S. Dept. of Interior Bureau Land Management	34	1
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11	(a) Herman Akers	33	4
12	(b) A. C. Burdette	9	5
13	(c) Glen D. Penrod	22	6
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19	(a) R. W. Cypher	20	11
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21	(c) Atlantic Richfield Company	28	17
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23	(e) Texaco Inc.	6	19
24	(f) Union Oil Co. of California	4	20
25	(g) Pan Petroleum Co. Inc.	1	21
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5 OIL-AND-GAS AND MINERAL LEASES AND PERMITS: cont'd			
6 (h) Texaco Inc.	19	22	3
7 (i) Mobil Oil Corporation	7	23	3
8 (j) San Diego Gas & Elec. Co.	2	24	3
9 (k) Signal Oil & Gas Co.	26	25	4
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11 6 CITY OF LONG BEACH:			
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17 (c) Determination exp \$50,230 18 by City for purchase Beach Lot 3, Block 46 in accord 19 with Ch 138/64, etc.	16	36	6
20 (d) Revised expenditure of \$1,187,500 - Navy Landing	24	38	6
21 (e) Tenth Modif. 1966 Plan 22 Long Beach Unit	18	40	6
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1 FEBRUARY 23, 1967 - 10:05 A.M.

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MR. FLOURNOY: The meeting of the Lands Commission will come to order.

I gather we have the confirmation of minutes of the meeting of January 24th. Any problem with the minutes of the meeting of January 24th?

GOV. FINCH: I move the approval.

MR. KAYLOR: Second.

MR. FLOURNOY: No objection, so ordered.

It is our understanding that there is no one present here that has voiced an indication to the Lands Commission of a desire to testify on any of the items that are on the agenda this morning, so unless there is some other indication we will proceed on that basis as of now. If anyone here has an item they do want to discuss or address themselves to, we will be happy to hear them, but otherwise we will proceed with the agenda.

Permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statutes: We have one item there, with the U. S. Department of Interior on the issuance of a permit. Any questions or discussion on that item?

MR. HORTIG: Recommended for approval by the staff, Mr. Chairman.

MR. FLOURNOY: All right. Without objection, it

1 will be so ordered.

2 Number 4: Permits, easements, leases, and rights-
3 of-way issued pursuant to statutes and established rental
4 policies of the Commission; and there we have some seven
5 items that are proposed here for appropriate action.

6 Is there any discussion?

7 MR. HORTIG: All of these items are in conformance
8 with the statutes and the standards and are recommended for
9 approval.

10 MR. KAYLOR: Move approval.

11 GOV. FINCH: Second.

12 MR. FLOURNOY: Without objection, those items will
13 be approved.

14 Item Number 5: Oil-and-gas and mineral leases and
15 permits issued pursuant to statutes and established policies
16 of the Commission -- some eleven items.

17 MR. HORTIG: If I may summarize, Mr. Chairman, items
18 (a) and (b) represent a series of assignments of already exist-
19 ing leases for geothermal resources from the lessee, ultimately
20 to be held by Imperial Thermal Products, and are routine as-
21 signments as are authorized under the statutes and under the
22 terms of the lease; but action recommended with the anticipa-
23 tion that experimental operations and pilot plant operations
24 will be carried forward immediately by Imperial Thermal Products
25 as the new lessees.

26 MR. KAYLOR: Do I understand these items are at the

1 request of the applicant?

2 MR. HORTIG: Yes.

3 MR. FLOURNOY: If there is no objection let's ap-
4 prove those items, (a) and (b).

5 MR. HORTIG: Items (c), (d), (e) and (f) are re-
6 quests for deferment of drilling requirements with respect to
7 existing leases, in order to permit further studies and ex-
8 ploration dependent upon availability of equipment; and items
9 (c), (d), (e) and (f) are recommended for approval by the
10 Commission.

11 MR. FLOURNOY: Any objection to granting those
12 deferments? (No response) Without objection, the deferments
13 will be granted.

14 MR. HORTIG: Items (g), (h) and (i) relate to ex-
15 tension of geophysical exploration permits heretofore issued
16 by the State Lands Commission, in order to permit the continu-
17 ation of geophysical exploration operations. In accordance
18 with the permit terms, all of these permits are also subject
19 to concurrent permits by the Fish and Game Commission to
20 assure complete protection of marine life in the conduct of
21 those explorations.

22 MR. FLOURNOY: Any objection to those three items?
23 (No response) So ordered.

24 MR. HORTIG: Item (j) is a request for deferment of
25 operating requirements for a dredging operation authorized to
26 San Diego Gas and Electric Company, who have to do periodic

1 dredging maintenance in San Diego Bay; and deferment of mini-
2 mum operating requirements and continued payment of the lease
3 rental is recommended.

4 MR. FLOURNOY: No objection, so ordered.

5 MR. HORTIG: Item (k) represents a proposal to this
6 Commission for the first time under existing statutes, where
7 the Commission is authorized to enter into and, on the basis
8 of findings, negotiate oil or gas leases or compensatory oil
9 agreements where the lands are of such small size, fragmented
10 or so located, that they do not lend themselves to a bid for
11 an oil and gas lease, -- in this case, the Colusa County Fair-
12 grounds, which could only be explored by slant drilling of
13 private lands outside the Fairgrounds.

14 It is recommended that the Executive Officer be
15 authorized to negotiate a sub-surface gas lease, which the
16 Colusa County Fair is agreeable to.

17 MR. FLOURNOY: No objection, we will so authorize
18 the Executive Officer to negotiate.

19 MR. HORTIG: Item 5(1) is also an infrequent type
20 of application to the Lands Commission. In this instance,
21 the City of Los Angeles is the grantee in trust of tide and
22 submerged lands in Santa Monica Bay in the vicinity of El
23 Segundo, adjoining the Hyperion Sewage Treatment Plant.

24 There are oil wells on production on the uplands
25 and adjoining lands and it is believed that it is possible and
26 may be probable that by reason of this production the granted

1 tide and submerged lands are being drained; and the only way
2 to prove this and also to protect the oil resources from
3 drainage is by means of slant drilling wells out into the
4 tidelands and producing, if there is production, for the
5 benefit of the Recreation Fund of the City of Los Angeles.

6 GOV. FINCH: Has the City of El Segundo taken a
7 position on this?

8 MR. HORTIG: No, sir. These particular lands are
9 granted lands and in front of a section of the City of Los
10 Angeles, and no objections from any of the adjoining communi-
11 ties have been voiced.

12 The method of operation or development or explora-
13 tion would be by means of oil equipment placed, again, within
14 the exterior limits of the Hyperion Sewage Treatment Plant,
15 which is already an industrial complex. There would be no
16 operations conducted on the beach or out in the water.

17 Therefore, it is recommended that the proposed
18 lease by the City of Los Angeles be approved by the Lands
19 Commission, as required by statute.

20 MR. FLOURNOY: Is there any objection to approval?

21 MR. KAYLOR: Do I understand that the lease itself
22 will be back for approval?

23 MR. HORTIG: Well, in effect, as to the award, this
24 is correct - - The Attorney General corrects me. We have had
25 the lease form, of course, before the staff and it has been
26 reviewed, and it is presented here in connection with the

1 application. It already does contain the restrictions and
2 provides only for conduct of operations from the uplands, so
3 that all the conditions that the Lands Commission would desire
4 to have included are included and would be approved by the
5 action before you today.

6 MR. FLOURNOY: They are in the lease?

7 MR. HORTIG: Yes, sir.

8 MR. FLOURNOY: Any further discussion? (No response)

9 Without any objection, it will be so approved.

10 Number 6: We have some seven items with regard to
11 the City of Long Beach.

12 MR. HORTIG: As the Commission is aware, economic
13 control over the development of the Long Beach Unit of the
14 Wilmington Field, approval of expenditures by the City of
15 Long Beach for subsidence alleviation and protection, and
16 nonobjection with respect to capital investment projects in-
17 volving \$50,000 or more, are all assigned responsibilities of
18 the State Lands Commission.

19 Items (a) through (f) recommend, on the basis of
20 all three of these items, subsidence costs, determination of
21 nonobjection for capital expenditures, and approval of modi-
22 fications of the Plan of Development and Operations and
23 Budget for current operations. These are included in items
24 (a) through (f) and are all recommended.

25 Item (g) represents an application requesting
26 approval of assignment of and establishing of production

1 payment procedure with respect to a share of the production
 2 held currently by Allied Chemical Corporation; and such
 3 assignment is subject to approval both by the City and State,
 4 and is recommended for approval by the Lands Commission, sub-
 5 ject to approval by the City Manager of Long Beach, as is
 6 required by contract.

7 MR. FLOURNOY: Is there any discussion with regard
 8 to any of these items on Long Beach? (No response) Without
 9 objection, they will be so approved.

10 Number 7: Land sales and acquisitions. We have
 11 some four items pending.

12 MR. HORTIG: Item (a) is one procedure by which
 13 the State is slowly acquiring satisfaction of deficiencies to
 14 the School Land Grant of 1853. Lands having been selected
 15 and having finally been approved by the Department of the
 16 Interior will be received by the State of California.

17 There is an application by a private individual to
 18 purchase these lands, who made the original suggestion to the
 19 State of California. This is no longer the procedure. This
 20 was long ago that this selection application was filed, and
 21 the policy of the Commission has been substantially altered
 22 and private applications are no longer being accepted; but
 23 applications for the benefit of the State are continuing to
 24 be made. This is a proposed consummation of a transaction
 25 which has been pending for many years.

26 GOV. FINCH: How many acres are you talking about?

1 MR. HORTIG: This will appear on page 45. The
2 State is now selecting 2209.40 acres of Federal land.

3 GOV. FINCH: In return for which?

4 MR. HORTIG: In return for which we would release
5 lands of equal value in the amount of 8,220 acres -- which
6 are, however, unavailable to the State for development,
7 utilization or any other program because they are within the
8 limits of the Twentynine Palms Marine Corps Base, which has
9 a fence around it.

10 MR. FLOURNOY: Is there any objection to approving
11 that item? (No response)

12 MR. HORTIG: By this action the Commission will
13 only be accepting these lands and completing this exchange.
14 The further sale, if any, is still subject to final approval
15 by the State Lands Commission.

16 MR. FLOURNOY: Without objection, it will be so
17 ordered, then.

18 MR. HORTIG: And the balance of the items, (b), (c),
19 and (d) are straightforward authorizations for sale to the
20 highest qualified bidder; in items (b) and (c) with the
21 appraised price as the minimum bid, and item (d) for sale at
22 the appraised price but without competitive public bidding
23 because the sale would be to the Department of Public Works,
24 Division of Highways.

25 GOV. FINCH: When did negotiations begin on item (b),
26 roughly?

1 MR. HORTIG: I do not have that before me, but in
2 all probability it was within the past year because this was
3 a straightforward sale.

4 April 14, 1966 the application was received, but
5 this was an application to purchase lands to which the State
6 Lands Commission had full clear title and so there was no
7 imposition or problem of acquiring these lands from the
8 Federal Government first.

9 GOV. FINCH: This just raises the over all policy
10 of whether we are peddling lands for the sake of peddling it,
11 where we do have clear title; whether we want to take a halt
12 at some point; whether we want to let that land go.

13 MR. HORTIG: There is one significant item already
14 in the policy and you will note it in the heading, Governor.
15 These are all cleared with all State agencies having a land
16 acquisition program. So it has been determined that there is
17 no State agency that has a program in the foreseeable future
18 where they feel there would be a higher public use.

19 GOV. FINCH: This would be the Inyo School Board?

20 MR. HORTIG: No, the State agencies -- not the local
21 districts.

22 GOV. FINCH: Are they consulted?

23 MR. HORTIG: They are sent a notification and can
24 object.

25 GOV. FINCH: And there was no objection?

26 MR. HORTIG: There have not been. With respect to

1 the preceding item, item (a), there have already been indi-
2 cations -- and I mentioned there would be further approval
3 of the Lands Commission required -- there are probabilities
4 that there will be public agency objection to that item.

5 GOV. FINCH: All right.

6 MR. FLOURNOY: If there is no further discussion
7 on these three items -- (b), (c), and (d) -- without objec-
8 tion the sales will be authorized.

9 Item 8 -- Proposed annexations.

10 MR. HORTIG: After approval by a local agency
11 formation commission where annexation of tide and submerged
12 lands is desired, the statutes require that the State Lands
13 Commission review the boundaries of the proposed annexation
14 to determine that it is reasonable, equitable, will not inter-
15 fere with the coastal activities of adjoining communities,
16 and will also eliminate the possibilities of shoestring
17 annexations to the detriment of other upcoast or downcoast
18 organizations.

19 In this instance, it is recommended that, inasmuch
20 as the area proposed to be annexed is immediately offshore an
21 area that has already been annexed on the upland, the proposed
22 boundaries be approved at this time.

23 This is also step one in an annexation proceeding,
24 in that after this approval request must be made by the pro-
25 posed annexing agency for a valuation of the tide and sub-
26 merged lands by the State Lands Commission, and a statement

1 of objection or nonobjection to the proposed annexation,
2 which will be before the Commission in the future.

3 This approval today does not constitute a commit-
4 ment in ...

5 GOV. FINCH: It merely approves the boundaries.

6 MR. HORTIG: It merely approves the boundaries, in
7 order that additional procedural steps that are specified can
8 be carried forward.

9 MR. FLOURNOY: Any objection to approve the annexa-
10 tion at this time? (No response) No objection, so ordered.

11 Item 9 -- Boundary agreements and determinations.
12 We have some four items there.

13 MR. HORTIG: Items (a), (b) and (c), Mr. Chairman,
14 represent a series of boundary determinations in Santa Monica
15 Bay, determining the boundary line between granted tide and
16 submerged lands and lands still under the possible jurisdic-
17 tion of the State Lands Commission, where because of artifi-
18 cial conditions having interposed it becomes feasible to fix
19 the boundary lines for all times by boundary agreements, as
20 authorized in the statute, adopted by the State Lands Com-
21 mission.

22 These are also with the consent and approval of the
23 Office of the Attorney General and will permit the develop-
24 ment of adjoining uplands, in that the upland owner will for
25 the first time have a legally certain boundary and thereby be
26 in a position to complete his title insurance and financing.

1 Items (a), (b) and (c) are, therefore, recommended.

2 MR. FLOURNOY: Are there any objections to those
3 boundary agreements being executed? (No response) Without
4 objection, (a), (b) and (c) are approved and authorized.

5 How about item (d)?

6 MR. HORTIG: Item (d) is somewhat analogous in that
7 it provides generally, rather than specifically, with respect
8 to one upland operator a formalization of the boundary line
9 between the State jurisdiction and the low water mark and the
10 adjoining uplands.

11 While it has been standard practice for many years
12 to consider elevation zero on the Rumsey Gauge on Clear Lake
13 to depict the location of the low water mark of Clear Lake --
14 and this has been utilized both by other State agencies and
15 the State Lands Division in Clear Lake and by local commis-
16 sions on the upland; and, indeed, in litigation locally,
17 which litigation the State was not a party to -- it was felt
18 desirable, in order to establish a clear boundary under which
19 the planning commissioners and local owners can operate, that
20 the Lands Commission should formalize the understanding that
21 the low water mark and boundary between State and privately
22 owned land at Clear Lake is the intersection of zero on the
23 Rumsey Gauge at an elevation of 1,318.65 feet, sea level datum
24 of 1929 as modified by the 1956 adjustment of the Coast and
25 Geodetic Survey with the last natural shore line.

26 GOV. FINCH: Did the Supervisors act on this?

1 MR. HORTIG: Individually they are in favor of a
2 fixation of this boundary line.

3 GOV. FINCH: This covers the entire lake?

4 MR. HORTIG: Yes, sir. As a matter of fact, this
5 is a part of a survey that was incumbent upon the County of
6 Lake as a result of leases from the State, pursuant to legis-
7 lative directive, which, however, was never consummated; and,
8 in turn, the County quitclaimed the leases back to the State.
9 So the problem came back to the State Lands Division within
10 the past two years, which is why this action today is desir-
11 able, even after this long delay.

12 GOV. FINCH: Will this leave any problems with
13 respect to construction on some work that has been done?

14 MR. HORTIG: Very definitely. There has been
15 filling and some construction on the water side of this
16 boundary line to be formalized.

17 GOV. FINCH: Will the resolution of those problems
18 be up to the Supervisors there or will it come back to the
19 State Lands Commission?

20 MR. HORTIG: No, it will be a problem of the State
21 Lands Commission in negotiating settlement or leases; but for
22 staff support it is desirable to have Lands Commission formal-
23 zation, so that the boundary line under discussion is univers-
24 ally agreed to be the boundary line.

25 MR. FLOURNOY: Without objection, we will fix that
26 boundary line.

1 Item Number 10 -- Administration.

2 MR. HORTIG: I believe it is self-explanatory, Mr.
3 Chairman.

4 MR. FLOURNOY: Are there any objections to accept-
5 ing \$10 for payment of the State's 1/16th mineral interest in
6 a parcel near Twentynine Palms, which I do not understand has
7 any minerals there, but the total consideration is \$10? Is
8 there any objection to that item to authorize the execution
9 of that stipulation? (No response) Without objection, it
10 will be so authorized.

11 Item (b) -- Confirmation of schedule of meetings
12 of the State Lands Commission for the 1967 calendar year.

13 MR. HORTIG: It is proposed that the meeting sched-
14 ule for the State Lands Commission for the balance of the
15 year be set for the fourth Thursday for each month, with the
16 exception of November, where the fourth Thursday would fall
17 on Thanksgiving and, therefore, the fifth Thursday would be
18 substituted.

19 MR. FLOURNOY: If we adopt this, it doesn't mean we
20 can't change it?

21 MR. HORTIG: No, sir. At any time, at the request
22 of the Commission, we will resolve a conflict; but it is
23 helpful both to the staff and the public to have an indica-
24 tion of the meetings.

25 MR. FLOURNOY: Is there any objection to setting
26 that schedule? (No response) So confirmed.

1 Item 11: (a) Report on status of major litigation.

2 MR. HORTIG: I don't believe there is any amplifi-
3 cation over the written report, except -- if I may ask the
4 Deputy Attorney General - -

5 Would you like to report on that, please?

6 MR. ABBOTT: Mr. Chairman, on the item of Standard
7 Oil Company v. Cit of Carpinteria, et al., one of the et als
8 being the State Lands Commission, they have now filed their
9 petition for a writ of mandate and an alternative writ has
10 been issued, returnable on March 16th in Los Angeles Superior
11 Court.

12 The basic problem is an annexation of tide and sub-
13 merged lands. The County of Santa Barbara is the grantee in
14 trust and the State has reserved the minerals. Standard and
15 Richfield are the State lessees on most of the area.

16 Pursuant to the statute, the State Lands Commission
17 first fixed the boundaries and later submitted valuation of
18 the State interest, which valuation is considerably higher
19 than the Assessor's valuation of Standard's interest. Conse-
20 quently, Standard's protests to the annexation were not ef-
21 fective because they did not have fifty percent of total
22 value, so Standard is challenging the Lands Commission on two
23 counts -- that the valuation should be reduced to twenty-five
24 percent and, two, even if it is reduced, they challenge the
25 method used by the State Lands Commission.

26 They are also challenging the County Assessor's

1 method in which he apportioned improvements on the lease.

2 MR. FLOURNOY: Standard Oil has protested the
3 annexation on the basis of their share interest and if they
4 get this change, their protest will be taken care of?

5 MR. ABBOTT: Yes, sir.

6 GOV. FINCH: On Calendar Item 4, on what basis does
7 Fluorite base its title? Is that the situation where they
8 established a facility where they thought they had acquired
9 legitimate title?

10 MR. ABBOTT: Yes, sir. Their basic claim was that
11 this wasn't State land -- the mine was somewhere else. On
12 that portion, the court has ruled in our favor. The only
13 question left is the question of damages. They have counter
14 claims of damages; and the negotiations are proceeding, as I
15 understand it, quite well at this point.

16 GOV. FINCH: Is this another case where there was
17 some question -- where, if we had resources in the State
18 Lands Commission to post this property, maybe it wouldn't
19 happen?

20 MR. HORTIG: It is possible, Governor. With
21 600,000-odd acres scattered through thirty-eight counties in
22 California, the maintenance of an effective posting system
23 might be difficult. On the other hand, more frequent evalua-
24 tion and inspection of the lands, if we had the resources,
25 would certainly be justified and would also probably have
26 precluded this operation taking place.

1 GOV. FINCH: How long were they in there operating
2 and to what extent did they have the facility before we dis-
3 covered they were on State lands?

4 MR. HORTIG: They were in there for many years and
5 established a large mill, complete with equipment, all of
6 which was not discovered except fortuitously as a result of
7 an application to purchase other vacant State land in the
8 county in the general vicinity. When the appraiser went to
9 appraise the land for which application had been made, he
10 discovered this large structure and facility on lands which,
11 according to his records, were vacant State school lands;
12 and this is what served as a basis for the notice to the
13 applicant.

14 I might point out under Federal mining law, a min-
15 ing location may be filed on any of the public domain.
16 Literally, however, all vacant State school land in Cali-
17 fornia, which is not subject to Federal mining law, has had
18 Federal mining claims posted on it. They are invalid, but
19 somebody has gone to the effort of doing it; and this is
20 probably one of the most enthusiastic developments that was
21 discovered on State land, where the Federal mining law was
22 not applicable.

23 MR. FLOURNOY: Is there any other discussion with
24 regard to the status of the cases? (No response) If not,
25 we will move on to the last item of our agenda -- proposed
26 1967 legislation.

1 MR. HORTIG: If I may, Mr. Chairman, refer you,
2 starting on page 77, it is proposed that a series of bills
3 be authorized to be introduced on behalf of the State Lands
4 Commission, in order to achieve clarification and elimination
5 of ambiguities of which we have been made aware during the
6 past year.

7 For example, Exhibit A: Section 1007 of the Civil
8 Code for many years has stated that title could not be ac-
9 quired by prescription, adverse possession, and so forth, of
10 public property, listing county, city, and county, city irri-
11 gation districts, and so forth; and as long as it is in the
12 Civil Code, because it was a State statute, everyone including
13 the Office of the Attorney General have read this as meaning
14 it was applicable to the State.

15 We have now had the question raised that since the
16 State is not specifically mentioned herein, it does not apply
17 to the State; and we are recommending that the Legislature
18 add "the State," as stated. This would be a clarification of
19 existing law and would not constitute a change.

20 MR. FLOURNOY: Do you want to take these up indi-
21 vidually?

22 MR. HORTIG: Either way.

23 MR. FLOURNOY: I have looked over most of them and
24 I assume most of the members have looked over them.

25 MR. KAYLOR: They are all very similar.

26 MR. FLOURNOY: I think we ought to recommend the

1 program as outlined be proposed to the Legislature by the
2 Executive Officer of the State Lands Commission.

3 Are there any other items to be taken up?

4 GOV. FINCH: I'd like to ask the progress on fill-
5 ing the various vacancies and ask Mr. Hortig where he stands
6 with regard to Smith's department.

7 MR. HORTIG: Having conferred as of nine o'clock
8 this morning with Mr. Smith and Chief Deputy Director, Mr.
9 Kaylor, I am happy to report that I have unanimous directive
10 from members of the State Lands Commission to proceed with
11 carrying out the mechanics of filling all existing vacancies
12 that are included in the authorized budget of the State Lands
13 Commission.

14 GOV. FINCH: Specifically, how many positions will
15 be involved, Mr. Hortig?

16 MR. HORTIG: We have a problem of establishment of
17 six positions for next year at Long Beach, which is still
18 under discussion; and I am getting an estimate of other
19 State Lands Division personnel - - between twenty and
20 twenty-five.

21 MR. FLOURNOY: Total vacancies?

22 MR. HORTIG: Total vacancies.

23 MR. FLOURNOY: Any other questions?

24 MR. HORTIG: I think I should report to the Commis-
25 sion, lest someone feel for the public record that the Com-
26 mission is not completely informed, that the operations with

1 respect to the development of the Long Beach Unit are in part
2 currently subject to a strike being conducted by Equipment
3 Operators' Union against the drilling contractor who has the
4 contract for drilling the wells on Island A for the THUMS
5 organization.

6 I had word this morning that not only THUMS, but
7 the City and State offices were also being picketed.

8 Drilling operations are still going forward to the
9 extent that there is equipment available on the island and
10 all the wells that have been on production are continuing on
11 production, as well as all injection wells.

12 THUMS and the City of Long Beach, having day to day
13 operational control, are in continuous negotiations with re-
14 spect to resolution of this strike. The Assistant Manager of
15 Operations for THUMS is with us this morning if the Commis-
16 sion would like any further details or have any specific
17 questions; but we feel for the public record it should be
18 noted that the Commission has been notified.

19 GOV. FINCH: What is the precise basis for the
20 grievance?

21 MR. HORTIG: Harry?

22 MR. AGGERS: We have

23 MR. FLOURNOY: Will you identify yourself for the
24 record?

25 MR. AGGERS: Harry D. Aggers. I am Vice President
26 of THUMS. We have executed a contract with Island Drilling

1 Company, which is a Denver, Colorado corporation. They, in
2 turn, were in the process of moving equipment on Island B and
3 had rigged up one well when the Operating Engineers of Local
4 12 evolved an organizational picket line.

5 The problem seems to be that Island is asking for
6 an NLRB election for their people to determine whether they
7 want a union or don't want a union. One other dispute is
8 whether the drillers should be in the union or out, on the
9 basis they are supervisory employees.

10 So the two issues have not been settled, although
11 there is a hearing scheduled for tomorrow on the question of
12 whether the drillers should be in or not; but the date has
13 not been set for the election.

14 The Operating Engineers feel they have enough in-
15 tent cards to represent themselves without an election and
16 they want to enter negotiations on a contract basis. They
17 feel more than fifty percent of the employees want them to
18 negotiate.

19 GOV. FINCH: How many employees are we talking about?

20 MR. AGGERS: At the present time there are fifty,
21 but there will be probably a hundred.

22 MR. KAYLOR: Is this a legal strike?

23 MR. AGGERS: Well, it appears to be. The strike,
24 or the picket line, was placed first around the boat landings
25 and it was placed by the Strike Council of the Long Beach
26 Building Trades Council; and they picketed our boat landings

1 because they were alleged to be the entrance or departure
2 gate to our facilities.

3 This council constitutes about twenty-two different
4 unions -- welders, construction men and other trades; and the
5 teamsters would not pass the picket line.

6 The Inland Boatmen Union, who operate the boats, are
7 not a party to this because they don't belong to the Building
8 Trades Council, so our boats are still operating, but union-
9 represented firms will not cross the picket lines.

10 So we cannot supply the islands with material and
11 as soon as our supplies are exhausted, then our drilling
12 operations will be shut down. However, our construction opera-
13 tions are completely shut down.

14 As of yesterday morning, THUMS, City of Long Beach
15 and State of California were named on the picket signs. Up
16 to that time, it had been only Island Drilling Company that
17 had been named on the picket line. Now they have enlarged it
18 on the basis -- THUMS, because we are the prime contractor
19 to the City and this is a subcontractor to us; we in turn
20 have a contract with the City of Long Beach; and they in turn
21 mention the State of California.

22 GOV. FINCH: I am a little hurt they didn't mention
23 us by name -- the State Lands Commission.

24 MR. FLOURNOY: Do you have any idea how long this
25 will carry on?

26 MR. AGGERS: We don't have any idea. We will

1 probably be able to operate our drilling wells for two weeks
2 and then they will be shut down.

3 MR. FLOURNOY: And you have no idea when the elec-
4 tion will be set?

5 MR. AGGERS: I believe the election must be set by
6 agreement between the employer and the union and they have not
7 set an election date yet. I don't feel the union wants an
8 election because they feel they have enough of these cards to
9 indicate that they should be the bargaining agent and they
10 feel this is adequate without an election; but there is an
11 election in the wind someplace because an application has
12 been made before the International Labor Relations Board for
13 an election, but no date has been set.

14 MR. FLOURNOY: Thank you.

15 Any other matters? (No response)

16 I will entertain an appropriate motion.

17 GOV. FINCH: I move we adjourn.

18 MR. FLOURNOY: We will be back the 23rd of March.

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ADJOURNED 10:45 A.M.

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CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing twenty-three pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION of the STATE OF CALIFORNIA at Sacramento, California, on February 23, 1967.

Dated: Los Angeles, March 6, 1967.

Louise H Lillico