MEETING
STATE LANDS COMMISSION

STATE CAPITOL
Room 2170
Sacramento, California

THURSDAY, JULY 24, 1975
10:00 A.M.

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MEMBERS PRESENT

Hon. Kenneth Cory, Chairman
Hon. Mervyn M. Dymally, Commissioner, represented by
  Mr. Walter O. McGuire
Hon. Roy M. Bell, Commissioner

MEMBERS ABSENT

NONE

STAFF PRESENT

Mr. William F. Northrop, Executive Officer
Mr. Robert C. Hight, Staff Counsel
Mr. Jay L. Shavelson, Assistant Attorney General
Mr. N. Gregory Taylor, Deputy Attorney General
Ms. Diane Jones, Secretary
Mr. Steven Lindfeldt, Staff Counsel

ALSO PRESENT

Hon. Mervyn M. Dymally, Lieutenant Governor
Mr. John Lamont, Legal Advisor
CHAIRMAN CORY: Call the meeting to order.

I would first acknowledge the presence of Director of Finance Bell and myself, Controller, constituting a quorum.

Now, we will accept a letter from the Lieutenant Governor, Governor Dymally, appointing Walter McGuire to serve as his Deputy on the Commission. Without objection, we will accept that. And now we will acknowledge the presence of Mr. Walter McGuire sitting in for the Lieutenant Governor pursuant to new legislation that has been signed into law.

We have representatives from all three Members of the Commission here.

Mr. Bell wants to know who signed the letter.

[Laughter.]

CHAIRMAN CORY: Walter McGuire, of course.

[Laughter.]

MR. NORTHROP: The Attorney General is going to protest right away.

[Laughter.]

CHAIRMAN CORY: The first item will be the confirmation of minutes of the regular meeting of June 23rd, and the special meetings of June 26th and 27th, and the
Executive Session of July 8th. Are there any questions about them?

COMMISSIONER BELL: I have no problem.

MR. MCGUIRE: No problem.

CHAIRMAN CORY: Without objection, we will confirm those minutes.

Mr. Northrop, your report.

MR. NORTHROP: Mr. Chairman, Members, Chairman Cory inspected the Geysers geothermal operation late last month and visited Union Oil Company's Well "GDC" 65-28, which while it was on private land had blown out on March 31st. The well was apparently damaged by a landslide, but the casing remained intact. The blowout could have been prevented had the casing been set at the depth of 1500 feet in serpentinite rock, rather than at 750 feet.

It is also felt the problems which led to the blowout could have been detected at an earlier date if the well had been inspected on a routine basis.

It is the staff's opinion this type of blowout could not occur on State leases because State wells are cased through serpentinite to a depth of at least 2900 feet. Because the Union Oil Company blowout did occur at the Geysers, the State Lands Division has stepped up its well inspection program. All State wells are being inspected.

During each inspection, a review of the geologic
features in the vicinity of each well will be made. Particular attention will be paid to such features as creep phenomena, tension cracks, alteration zones, slide scars, colluvial soils, springs and seeps, ponded water and vegetation. The condition of the drill pad will also be determined, along with inspection of each well head itself.

Mr. Chairman, Members, last year the State Lands Division committed, subject to budget restraints, a sum of $2,000 for a period of three years as its share for a library for storing oil well cores and other samples. I would like the Commission to ratify that commitment. Additionally, funds have been committed by the U. S. Geological Survey for $12,000 per year for three years, the California Division of Oil and Gas, $5,000 per year for three years, the California Division of Mines and Geology, $2,000 for three years. And I think it's significant here the Western Oil and Gas Association has committed funds for the erection of a building in which to house these records. The oil industry is presently disposing of much of its inventory, such as samples and material that could be lost forever. California is the only major oil producing State without a commercial or a government sponsored well sample facility.

An advisory committee composed of representatives from industry, professional societies, college faculty, college administration, private education, the Division of Oil and Gas,
the Division of Mines and Geology and the State Lands Division is to be formed to frame bylaws for the operations. The library will be available to all interested parties and bona fide student will be given free access.

Proposed equipment would include microscopes, ultra-violet lamps, rock saws and other tools. The site for the library has been chosen at the California State College in Bakersfield for the reasons of availability of land and central location to the oil fields in the State. The facility will consist of a prefabricated steel storage building 60 feet by 100 feet, erected on a concrete slab with electrical outlets and fresh water. The facility will be the property of the college.

CHAIRMAN CORY: Are they going to air condition it or not?

MR. NORTHROP: I sure hope so.

CHAIRMAN CORY: The rocks will melt if you don't.

MR. NORTHROP: This is where core samples will be kept as well, so it will be immediate access to all core samples and it will be an educational facility, and I think it's worthwhile.

CHAIRMAN CORY: It's a tin building?

MR. NORTHROP: Tin building in Bakersfield. Well, we'll just have a tin building. I'm sure we'd do what we can with it. So if you concur with the previous Commission action, we'll --

CHAIRMAN CORY: Any problems?
COMMISSIONER BELL: I have no problems. I concur.

MR. McGUIRE: No.

MR. NORTHROP: Next item in my report,

Mr. Chairman, Members, in response to many public inquiries on what the State Lands Commission is, the staff has prepared a small brochure to respond to this operation. It's an inexpensive thing and we will take the necessary steps to apprise your offices.

CHAIRMAN CORY: Did you make sure each of us get at least one copy?

MR. NORTHROP: Yes, we'll see that that happens.

CHAIRMAN CORY: We'll acknowledge the presence of Governor Dymally.

MR. NORTHROP: Before I finish my report, Mr. Chairman, I believe the Governor has a presentation on blocking of State-owned lands, and I think perhaps at this time he'd like to make his presentation.

CHAIRMAN CORY: Governor Dymally.

LIEUTENANT GOVERNOR DYMALLY: Thank you very much. If you don't mind, I'd like to substitute the word "block" for "land" because it reminds me of blockbusting.

[Laughter.]

LIEUTENANT GOVERNOR DYMALLY: With the help of the State Lands Commission and its staff, and hopefully with the aid of the California Congressional delegation, I am today
beginning an effort that I hope can resolve a hundred-year-old problem that has held up development and use of over 700,000 acres of State land.

This land was given to California by the Federal Government in 1853. It consists of 640-acre parcels scattered that were supposed to be sold or used by the State to raise revenue for schools. The Commission presently has jurisdiction of over approximately 600,000 acres of their school lands and has an entitlement to an additional 100,000 acres which have never been turned over to the State.

Unfortunately, much of this land is virtually unusable due to its location or quality. The parcels are located throughout the State in a checkerboard fashion, making it almost impossible to use the land for any valuable purpose. However, we can consolidate these parcels into usable land by making trades with the Federal Government.

There are many uses for such land once the State could obtain it. Instead of possessing virtually unusable land, we could obtain land that could be utilized for recreation, timber harvesting, camping, open space, wildlife protection, and natural areas -- at little or no cost.

Perhaps more importantly we would be utilizing much of this land for the development of alternative sources of energy. For example, I have been pursuing with great interest the need for expanding the State's efforts to
develop geothermal energy. The State of California is one of the few states in the country with natural deposits suitable for the development of geothermal energy. Thanks to our present Chairman of the Commission we have done a great deal of fine work in this area. Not only could California lead the way in easing our dependence upon fossil fuels, we could also begin to obtain some revenue from the land owned by the State. That revenue would then go for the purpose the Federal Government gave this State the land in the first place -- to provide money for education.

The State of California cannot now benefit from the hundreds of parcels of land scattered around the State as they are. However, if we can consolidate our holdings by trading with the Federal Government much greater use could be made of the land. This is not a new problem and the Federal Government will need some prodding and some gentle persuasion. Previous efforts at consolidation through trade with the Bureau of Land Management have been hampered by budgetary restrictions and complicated by Federal statutes and the bureaucracy.

The first step is for California to complete a final inventory of all lands under State possession, and to formulate suggestions for what land should be exchanged. And I understand the Commission will be prepared to do so shortly. The task is currently being performed by the
Commission staff and I am confident that their report will be completed by the 1st of September. The next step will be to secure the approval of the Legislature here in California and the Congressional delegation in Washington. I am confident that if all the elected representatives of California work together, we will be able to accomplish a great benefit for this State.

Since becoming a Member of the Commission, I have been troubled by our inability to make the best use of literally millions of acres of State-owned land. This is one step in that direction.

I am pleased that the staff and the Commission are moving in that direction.

Thank you, Mr. Chairman.

MR. NORTHROP: Thank you. Mr. Chairman, Governor, we will discuss this further in item 14 of the staff report.

The final item on my report, Mr. Chairman, Members, is gravity differential.

Mr. John Lamont, who is a partner of Lobel, Nobins and Lamont, and is the Commission's legal consultant in Washington, D.C., is with us today and is prepared to discuss with you the status of the pending Federal Energy Administration proceedings for a revision of the gravity price penalty that is currently imposed on California crude oil to the detriment of the State, probably in excess of a
hundred thousand dollars a day.

Mr. Lamont.

[Thereupon Lieutenant Governor Dymally left
the meeting.]

MR. LAMONT: The current activity is the pending
hearing which F.E.A. has set. On the State's request, the
State Lands Commission petitioned for a rule-making
proceeding that was filed in February. On July 8th, they
published a notice saying that the hearing would be held
August 5th, comments would be solicited. Arrangements are
being made for the presentation of the Chairman of the State
Lands Commission, Mr. Cory, and myself at that hearing.

Essentially what we will ask is that which was
asked in the original petition asking these rule-making
proceedings to be instituted. It is quite simply that the
market be permitted to adjust the historic penalties,
discriminatory penalty, that's been visited on the heavier
oils in California, in which in the technological development
of the industry have become an anachronism to the point
whereas Mr. Northrop said it cost the State as a producer
of crude oil a rather substantial amount of money. What it
means in substance is that when the debate in Washington
of crude oil price levels talks about a $5.25 average price for
national crude oil, it is talking really in California about a
price which is a dollar lower.
CHAIRMAN CORY: Pardon me, Mr. Lamont, but are not, through all the price freezes, are not the gas producing refining companies allowed to use that national five twenty-five figure to arrive at their refined product price?

MR. LAMONT: Yes.

CHAIRMAN CORY: So we get to pay for gasoline as if they were paying the five twenty-five, yet when you go to sell the gas that we own, the crude oil that we own, we are only getting --

MR. LAMONT: We are getting the four twenty-one price.

CHAIRMAN CORY: I think that's fairly important to realize that as far as the consumers, they're paying the five twenty-five price, but when we sell oil, we're only getting four twenty-one.

MR. LAMONT: The adjustment that we seek, the new limit that we ask, could be arrived at without costing the consumer any appreciable additional amount. At the same time it would permit the recovery of a very substantial amount of additional oil in California.

CHAIRMAN CORY: Let me back up. When you say "an appreciable amount," if those existing refineries were willing to get by with something less than the 300 percent increase that they got last year in their profits, they could get by with no increase, couldn't they?
MR. LAMONT: No increase whatever.

CHAIRMAN CORY: Okay. Go ahead.

MR. LAMONT: The problem of presenting it is fairly straightforward. It's a matter of not so much a policy decision, parameters of policy have already been set by the Commission in its request for the rule-making hearing. We will have a considerable amount of consultation with independent producers in California in making certain that we are at least within the same general framework in presenting the case though there is no attempt either to impress the State's position on the independent producers, or vice-versa.

CHAIRMAN CORY: What prognosis in terms of --

MR. LAMONT: The Federal Energy Agency when it issued its call for ruling, was surprisingly sympathetic at least in tone to the idea of the adjustment. Precisely what they will do with it afterwards is a matter which is difficult to predict.

I would think that there is an exceedingly good possibility that we get the adjustment assuming, of course, that there is an F.E.A. in August.

CHAIRMAN CORY: Okay. On that subject --

COMMISSIONER BELL: Mr. Lamont, when might they make such a ruling? It won't come immediately after the hearing?

MR. LAMONT: No, it will not come immediately after.
COMMISSIONER BELL: Mr. Zaarb doesn't make the decision?

MR. LAMONT: That's right. But there is the fact that they took so long between our February request and the July 8th publication to make that publication meant that they had ground out a good deal of the questions at least internally. It is probably one of the least profitable things in the world to try to predict when F.E.A. will do something, but I think they will. I think it will be reasonably prompt.

COMMISSIONER BELL: Thank you.

CHAIRMAN CORY: Now, before we go on, would you give us a brief report on the Federal Government's, as I understand, there's talk about, at the executive level in Washington, the United States entering into some kind of an arrangement with other foreign countries in terms of controlling oil supplies. This is something I think as oil producers has a great deal of impact on us and as consumers can have even a greater effect upon us.

MR. LAMONT: There has been a considerable amount of newspaper discussion, general publicity, with respect to the development of a common consumer nation plan to combat the essentially monopoly power of the OPEC countries. The international energy plan which was developed by executive agreement last Spring is intended to set the
framework for an international secretariat which will both
develop plans for maintaining strategic storage reserves and
provide a basis for allocating available crude supplies
among the world's consumers if there should be an embargo.

It's a little bit difficult for me to explain it
without getting a little bit impassioned. But essentially
to try to keep it as objective as possible, this
international program will involve the planning and carrying
out of the shortage plans by a group of the multi-national
petroleum companies acting as a governmental agency with
total immunity from the anti-trust laws.

There has been a great deal of publicity about the
existence of the agency. There has been very little
percipient discussion of what it really entails. Since the
planning function will necessarily involve a considerable
amount of rationalization of existing flows by those who
are carrying out the crude oil flows, in essence, what it
means is that at a time when they are debating strongly
whether or not to abandon national allocation schemes, that
they are installing an international allocation scheme which
will be completely removed, almost completely removed from
any real control by the consumers of the United States.

What makes it of special importance is that as
you look at the totality of the world's supply, the United
States' production is the largest single block of production
outside of the OPEC countries. And consequently, becomes the basic resource from which shortages will be met in the event there is OPEC embargo. It's a remote, recondite, esoteric, difficult thing to explain. We have succeeded in getting some Congressional interest.

CHAIRMAN CORY: If John could use smaller words, probably we could understand.

[Laughter.]

MR. NORTHP: We're struggling.

MR. LAMONT: I'm sorry. I told you I would get wound up.

CHAIRMAN CORY: High-priced Washington lawyers.

Go ahead.

MR. LAMONT: Within the past month and a half, two months, we have gotten a considerable amount of Congressional interest in this matter. With some luck and a large teaspoon, it may be that we can pry out the full parameters of just exactly what is planned, how it is planned, and maybe steer it into a more national interest oriented operation.

CHAIRMAN CORY: The reason I wanted to take the Commission's time for that, it seems to me that the mechanisms by which private corporate operations can cloak themselves with the cloak of government to make decisions to enhance their corporate position as opposed to making a
governmental decision for public policy purposes is the kind of problem we have here. And it is far enough removed from the general public that I haven't seen much written in the papers about it. It's something that I think all of us ought to start worrying about because allocation of shortages is something that our Government should be dealing with in terms of a public policy function, but to allow a conflict in interest to those people who are making money out of that resource to participate in that decision-making process is, I think, the height of folly in terms of good public policy. So that's the reason I wanted you to lay that out so that when that word comes up, people will start to understand that we do have an interest in what's going on.

MR. LAMONT: In the name of the Founding Fathers and their disciple John Sherman and his disciples including myself, amen.

[Laughter.]

CHAIRMAN CORY: Okay.

MR. NORTHROP: Mr. Chairman, that concludes my report.

CHAIRMAN CORY: Okay. The next item on the Agenda is staff recommendations on policies for transportation and dehydration deductions on offshore State oil and gas leases. Do I understand that we did not have an overall policy for these and it was left to the discretion of the
individual lessee as to what deductions for dehydration and transportation?

MR. NORTHROP: We've now adopted here a uniform policy which treats everyone fairly.

CHAIRMAN CORY: Did you hold hearings?

MR. NORTHROP: No, we didn't hold hearings, Mr. Chairman. We did meet with professional organizations and societies and with members of the industry to get the industry's practice. So we are now attempting with these regulations to bring our policy in line with accepted industry policies and procedures.

CHAIRMAN CORY: Is there anyone in the audience who wishes to address the Commission on item 4(A), proposed regulations on transportation and dehydration?

Hearing none, we will entertain a motion to adopt these policies.

MR. McGUIRE: So moved.

COMMISSIONER BELL: Second.

CHAIRMAN CORY: Mr. McGuire moves, Mr. Bell seconds. Without objection, such will be the order.

Item 5(A).

MR. NORTHROP: Mr. Chairman --

CHAIRMAN CORY: Greg, did you have something you wanted to comment on?

MR. NORTHROP: Greg?
MR. TAYLOR: No.

CHAIRMAN CORY: Go ahead.

MR. NORTHROP: Mr. Chairman, the condition of item 5 on the calendar has been somewhat fluid, so Mr. Steve Lindfeldt from the legal staff of the Division would like to address the Commission on this ceding of concurrent jurisdiction.

MR. LINDFELDT: I have received this morning an official request from the National Parks Service, the body requesting cession of concurrent jurisdiction, a request from them to withdraw from your consideration the areas of Death Valley National Monument and Joshua Tree National Monument pending their negotiations for agreements to be worked out with the counties involved.

They do wish that the Commission proceed with the request for the other four areas.

The ceding of concurrent jurisdiction in this matter is basically giving to the Federal Government a police and legislative power over the areas that they own, this National Parks and National Monuments, and has the effect of making the park rangers law enforcement officers and gives them the power to enforce the State's Penal Code just as the County Sheriffs do in these areas in the terms of the Federal Assimilative Crimes Act. And the request is that they be granted this status to allow the park rangers the opportunity
to protect the visitors in the parks and enforce the State's Penal Code there.

CHAIRMAN CORY: Is there any other discrepancy or argument about these areas?

MR. NORTHROP: Mr. Chairman, there has been some indication that a representative of the State Sheriffs Association was going to appear. He has not indicated he would like to speak, but he may well be in the audience.

CHAIRMAN CORY: Is there anyone who wishes to speak on item 5(A)?

MR. VICTOR: Yes, sir, I would like to, if I may.

CHAIRMAN CORY: Come up and identify yourself.

MR. VICTOR: I'm Rex Victor. I'm the Assistant District Attorney of San Bernardino County.

The gentleman here has stole my thunder a bit in that the two parks that have been withdrawn fall within our County. I believe though that the matters I wish to discuss transcend which might be considered our parochial interest in the County and are a matter of really statewide concern.

And I speak both as a prosecutor and as a citizen in this regard in the concern for our State.

And I submit the test before the Commission is the State's best interest and not the best interest of the Federal Government. And the Government has the burden of proof to show --
CHAIRMAN CORY: Federal Government?


-- to show that the State's best interest is being served by this surrender of a certain amount of sovereignty. And I think we have to then look to see about what State interest is being advanced by this procedure. Is our State's sovereignty increased? I'd say the answer has to be no. Are local officials in the criminal justice system who are answerable to the people they serve responsible for the enforcement of State laws? And the answer is no.

CHAIRMAN CORY: Pardon me, would you explain that to me for just a moment that somehow by doing this that the local officials are no longer --

MR. VICTOR: What's really happening here is by accession of the law enforcement of the State laws to the park rangers. There is a concurrent jurisdiction. But as a practical matter, the citizens of this County and this State arrested by a park ranger for violation of the State criminal law goes to a different judicial system. In San Bernardino County, they would be transported approximately 200 miles to Los Angeles County before a Federal Magistrate who is not answerable, or a Federal Judge, who is not answerable to anyone within this State about how our State laws are enforced.

The Attorney General, for example, has supervisory
powers throughout the whole State for the performance of the
offices of all the District Attorneys and law enforcement
officials. Is he going to supervise the application and
enforcement of our laws when the Federal people are making
an arrest and pursuing these matters? And has there been an
outpouring from officials within the State or the citizens
within the State that, you know, their best interests would
be served if our State laws were enforced by the Federal
Government?

And I would submit that is not the case. I
suggest, gentlemen, that history demonstrates that matters
of State concern are better handled by the State and not by
the Federal Government.

There's certain philosophical considerations
concerning this, and I'm talking to some extent State rights
and State sovereignty. And I think it's important that the
Federal system is just not responsive or responsible to our
citizens. They aren't elected. The District Attorney is
elected. The Sheriff is elected. The Attorney General is
elected. And they have to stand up for their acts.

Another concern, and I'm talking about just the
remoteness of this County from the center where Federal
prosecutions would take place, applying State law. I think
as a prosecutor that the uniform application of our law and
the enforcement of our law is absolutely necessary to our
citizens. And can that uniform application and enforcement better be served by the local and State officials or by the Federal Government?

We have matters of some practical consideration also. San Bernardino County is blessed with professional well-trained law enforcement agencies. I notice in the suggested summary that the Federal Park Rangers with the accensation would issue complaints. Well, in our County complaints, for instance, are issued through the District Attorney's Office after a thorough investigation documented by reports because we are just as concerned that the innocent person or the person that should not be prosecuted is not, as we are as prosecuting the guilty.

And we want and we insist upon a thorough, professional investigation.

Park rangers are not police officers. They've had, I understand, some training, but that's not their function. The thrust, the whole thrust of their duties is completely foreign to law enforcement.

CHAIRMAN CORY: Are there substantial differences in the Federal Court system and the State Court system in terms of the mechanism by which, I mean, you talk about the distance. That's one consideration. But is there a difference in the rights and the purity of the system in terms of either case law or precedent?
MR. VICTOR: There are a number of differences. As I understand in the Assimilative Act that the Federal Government would assume our statement of the law to enforce that, but there's certainly different procedural aspects.

For instance, our California Supreme Court interpretation of the State Constitution has in several areas given the criminal defendant substantially higher rights than the Federal Constitution requires as defined by the U. S. Supreme Court. Our State laws as interpreted by our Supreme Court would afford certainly more protection in areas of search and seizure, for example.

I'm not a Federal practitioner. The procedural steps are somewhat different, I'm informed. The sentencing practices are different than we have here.

CHAIRMAN CORY: But as a prosecutor do you feel that society is better served by having those higher standards than trying these people in State Court? It seemed to be what you were implying up to this point.

MR. VICTOR: Well, as a prosecutor, I have to accept the law as it's given to us and we'll enforce it. In terms of your philosophical view and the balancing of the interest of society as against the interest of the individual, our Supreme Court has made an election and made those determinations and we follow them rigorously. And as long as that's a law, I think we have to do that.
CHAIRMAN CORY: But if we're at a cross roads where we have a choice of using the Federal system versus the State system to deal with lawbreakers, you seem to be saying that we're better off using the State system.

MR. VICTOR: Well, I don't want to sound arrogant, but I think we do a better job.

CHAIRMAN CORY: Go ahead.

MR. VICTOR: There are other alternatives involved. Now if there is a substantial problem on the national parks, and I'm not personally aware nor have I been made aware of any substantial, serious problems, but if there is, and the simpler solution, I think, would be that the Federal Government could contract with local law enforcement agencies to provide both the park ranger services and law enforcement functions on a contract basis. But I am concerned that all of our citizens --

CHAIRMAN CORY: Wait a minute. You're making a great argument right until then, and right then you said to me, we want the Federal Government to give us some bread.

MR. VICTOR: No, I don't really.

CHAIRMAN CORY: That's how it would be with a contract. Don't you have an obligation to enforce the law every place in your County?

MR. VICTOR: Certainly.

CHAIRMAN CORY: If we exclude the areas in your
County, will your Sheriff be enforcing State laws in that region?

MR. VICTOR: Without question.

CHAIRMAN CORY: Then why do you need a contract?

MR. VICTOR: We don't. And I'm just suggesting this as an alternative of the Federal Government rather than saying let's enlarge our jurisdiction within the State of California and so we can do these law enforcement functions, let's just turn over their park ranger functions to the State.

CHAIRMAN CORY: So that the Federal purpose they would pay for, but not the State purpose.

MR. VICTOR: Correct.

MR. NORTHROP: Mr. Chairman, in light of the objections raised, the reason that Death Valley and Joshua Tree had been stricken from the record this morning, but so the record reflects correctly, the Commission has received letters from Senator Ayala who enclosed letters from Sheriff Frank Bland and James Cramer from San Bernardino County. In addition, the staff has had a great deal of communication with San Bernardino County. We also have a telegram from an attorney for Johns-Manville Products, Tenneco Company, and several other clients opposing that in the same area.

And we would like to note for the record, however, I would like to read a telegram from the Marin County Board of Supervisors.
"At its regular meeting, July 22nd, 1975, the Marin County Board of Supervisors voted unanimously to support ceding of concurrent jurisdiction from the State of California to the United States with respect to Point Reyes National Seashore."

Also, D. B. Cook, Assistant Sheriff of Monterey County, has indicated to the National Parks Service that they have no objection to ceding of jurisdiction in Pinacles National Monument. So there is some local support for those areas. Where there have been local objections, we've stricken those. The rest of them are on the Agenda.

CHAIRMAN CORY: The question before us does not include Joshua Tree and Death Valley?

MR. NORTHROP: That's right, which is the problem faced by the --

CHAIRMAN CORY: We have a specific request for the Board of Supervisors in Monterey County and Marin County for Point Reyes National Seashore.

MR. NORTHROP: And Pinacles.

CHAIRMAN CORY: And in Monterey, which is in two counties. And one of the two counties, the law enforcement, the Sheriff said that he has no objection which is slightly different than a request to do it.

MR. NORTHROP: And we also have a letter here that's just been pointed out to me that County Counsel in the
Whiskeytown-Shasta-Trinity National Recreational area in Shasta County has indicated they have no problems with this item.

CHAIRMAN CORY: Is that that they have no problems or that they want us to do it?

MR. NORTHROP: Let me read the concurrent jurisdiction.

"County Counsel Robert Rehberg, advises he has reviewed the Notice of Hearing regarding the jurisdiction of the Whiskeytown-Shasta-Trinity National Recreation area, received from the State Lands Commission April 7th, and advises it is the intent of the State to cede to the United States jurisdiction to enforce laws in that area concurrently with the State and County. Virgil Lymer, U. S. Parks Service Representative, explains the present authority of the U. S. Parks Service in the Whiskeytown Recreation area is limited to the enforcement of Federal regulations.

"By motion made and seconded and carried, the Board of Supervisors endorses the concept that concurrent jurisdiction within the Whiskeytown unit . . ."

CHAIRMAN CORY: They're in favor of it.

MR. NORTHROP: They're in favor of it, to answer
CHAIRMAN CORY: Mr. McGuire, you're the only lawyer here, what do you have to say?

COMMISSIONER BELL: How about lava beds, anything on that?

MR. LINDFELDT: Pardon?

COMMISSIONER BELL: How about Modoc/Siskiyou Lava Beds?

MR. LINDFELDT: Well, concerning the lava beds, the Board of Supervisors of Modoc County also passed an order supporting the transfer of jurisdiction, but I did not receive a copy of that, but I have seen the order at the Clerk's Office in Modoc County. But I was supposed to receive a copy, but I have not received it yet.

CHAIRMAN CORY: The guys in our operation spend a lot of time in Alturas.

[Laughter.]

CHAIRMAN CORY: Come forward and identify yourself.

MR. HUGHES: I'm Captain Hughes, San Bernardino County Sheriff. I've been asked to represent Riverside County, San Bernardino County, and Inyo County.

You have apparently stricken the two or will strike the two; however, the State Sheriffs Association at our last hearing went on record to oppose the whole concept based on many of the things said by the District Attorney
today and the staff report that you have in front of you. We would suggest that you reconsider or take more time and effort on the part of your staff to consult those agencies involved, rather than just take the one proponent or the one side for it and then the opposition. I don't think there's been enough study.

You have stricken the two, but if you grant the ceding of jurisdictions in the other cases, then, of course, you set a precedent and it's a matter of routine to include our counties; Riverside, Inyo and San Bernardino, at a later date.

We're also concerned about the Federal encroachment in law enforcement. We don't feel they have the same quality of law enforcement as indicated previously. But secondarily, we're concerned in our County that has a vast area that if the National Parks Service is granted enforcement jurisdiction, then if the Bureau of Land Management is granted similar jurisdiction, it's quite conceivable that 80 percent of our County can come under Federal concurrent law enforcement standards.

In other words, a Federal police force. So I think it's much more complicated and complex than just the ceding of this jurisdiction to the Park Service to facilitate their administrative task.

I think it's not in the best interest of the State
and I think that the matter should be given some additional consideration.

CHAIRMAN CORY: Question of our staff. Is the ceding in perpetuity? Can it be limited by time?

MR. LINDFELDT: It's until the uses of the area are abandoned by the Federal Government. If they were to abandon the --

CHAIRMAN CORY: Once we commit this act, we can't alter? We can't withdraw?

MR. LINDFELDT: Not to my knowledge, no, unless they abandon the property.

MR. TAYLOR: There are procedures for abandonment on the request of the Federal Government.

CHAIRMAN CORY: But not for us.

MR. TAYLOR: Not under the statutes that we have at the present time, Mr. Chairman.

MR. MCGUIRE: Are the rangers prohibited from making an arrest on the basis --

MR. HUGHES: No, they have the Code of Federal Regulations which are laws promulgated for the enforcement of visitor and visitor protection which deals mostly with petty offenses. However, in the petty offense category the disturbance that results from discharge of firearms and so forth, they have adequate laws presently. What this will do in effect will give them enabling powers to adopt all of our
State criminal codes. So instead of investigating the petty offenses, they can also investigate major felonies; murders, robberies and things of that sort which they're without power to do under the proprietary interests they have now.

Under concurrent jurisdiction really they become a referral agency. They can investigate those crimes that they want to investigate and the ones that they don't want to investigate, they can refer to the Sheriff and we have --

CHAIRMAN CORY: Get more profit items.

MR. HUGHES: -- and we have to take them.

MR. TAYLOR: Mr. Chairman, the whole concept of cession of jurisdiction goes back to the creation of this State. The idea of concurrent exclusive jurisdiction for the Federal Government, exclusive jurisdiction for the State, have been applicable in many areas; for instance, military reservations and military lands. The only thing that is being added today is the Park Service is asking for the power to make arrests.

At the present time, as I understand it, they only have the power to make citizen's arrests which gives them certain problems, and in the opinion of the Federal authorities, gives them difficulty in false arrest suits and other matters.

In other words, they don't have a complete peace officer standard and they must turn them over to State
jurisdiction and are in the same position as any of the rest of us that make arrests as citizens. But the precedence for this kind of action is long standing. It is just that it has not been applied in the case of National Monuments or parks of the type that we're looking at here in the past.

I think we have representatives of the Federal Government that can explain the reasons why they're asking for it. If you're interested in hearing some explanations, I have several representatives sitting in the audience. But it is very common. As a matter of fact, we have a property book in the State and we have Federal property books and quite often you have to get out the book to find out; for instance, in Twentynine Palms we have a criminal appeal where the question was who had jurisdiction in the middle of Twentynine Palms to prosecute a murder.

And we finally sustained the State jurisdiction, but it was a question neither the Feds nor ourselves knew, who had jurisdiction on this one section of property in the middle of Twentynine Palms Marine Corps Base.

This would make, what's being proposed here, is that State law would be applicable but it could be enforced by either Federal or State representatives.

CHAIRMAN CORY: But the questions that come up in terms of citizens' rights, you know if you have a particular kind of case which would be sustainable under the Federal
rules, Court rules, and not sustainable under the State rules, I'm frankly somewhat offended by having a dual set where law enforcement has an option of playing games with the citizens on rules of evidence and those kinds of things. And they've raised some interesting arguments in terms of if there is a State crime, suddenly a man finds himself in Federal Court with a different set of standards. And the question in my mind is what case law is going to be used to interpret their adoption of those regulations.

And the fact that this is granted in perpetuity where if we decide that they are abusing our citizens, that we cannot alter our action. I was unaware of that when it was on the Agenda and I just really think maybe the question should be posed to those local agencies who are supporting this, if they'd thought about those arguments, before we go ahead and commit an irrevocable act. I don't know what the other Commissioners feel, but if it is an irrevocable act, I would look at it much differently than where two Governments could come to a conclusion.

COMMISSIONER BELL: You have the same problem I do. Normally I would support action of a County Supervisors as being local autonomy and properly should be recognized by a State Board of Commissions. I don't like the idea of doing anything that we don't have any choice later on of changing. I just don't like the idea, being irrevocably prevented
CHAIRMAN CORY: What happens if we put this over to the next meeting?

MR. NORTHROP: Why don't we put it over and allow us to have hearings with the various Boards of Supervisors in those various areas. So we'll attempt to put it on the Agenda for next time, if we can accomplish that.

CHAIRMAN CORY: Okay. Well, just some of those questions.

COMMISSIONER BELL: Number 5 is over.

MR. TAYLOR: We'll also look at it from our criminal standpoint since we have by inference been asked for a statement just to see if they wish to make any comment.

CHAIRMAN CORY: I just don't know what they're talking about.

COMMISSIONER BELL: And I really don't think (B) is something we really want to do.

MR. NORTHROP: I think (B) should have an amendment in it that we check with the local Boards of Supervisors as well.

MR. TAYLOR: Do you want to hear from the Federal representatives?

MR. NORTHROP: We need the authorization to hold the hearings and contact the Boards of Supervisors. So I think it would be well --
CHAIRMAN CORY: The question is, do we want to take the time to hear the Federal officials on their need at this point or should we do it at the subsequent meeting?

COMMISSIONER BELL: I hate to have them come out of the way to come to a meeting. Is it something that they would testify on this way and be inconvenienced coming to the next meeting?

CHAIRMAN CORY: Come up and identify yourself. Mr. Bell's question is if you're planning on being at the subsequent meeting anyway, we'll hear it then. If it's inconvenient, we'll hear you now.

MR. MIHAN: All right. I plan to be in on the next meeting, but I thought perhaps I'd like --

MR. NORTHROP: Identify yourself.

MR. MIHAN: My name is Ralph Mihan, and I'm the attorney for the Department of Interior; in this case, the National Parks Service.

I thought perhaps there was some things I might explain to you, but if you want to put those over to the next meeting --

COMMISSIONER BELL: I think we better.

CHAIRMAN CORY: If you can work it out with the staff from the questions that I raised and what Mr. Bell raised, you can see just what's in the back of our minds. The main thing to me is the irrevocable act, that if the
next Board of Supervisors in Marin County decided they didn't like your act, that we couldn't do anything about it.

MR. MIHAN: Well, we have existing situations now where we have the situation; in Yosemite, Lassen, Sequoia-Kings Canyon, where we by the Assimilative Crimes Act, adopt a State law and enforce it before U. S. Magistrates in the U. S. District Courts. And this has been going on for some time and we've never had any difficulty, and these are citizens of the State of California as well as elsewhere. This is nothing new. The concurrent jurisdiction doesn't give us exclusive jurisdiction. We have equal jurisdiction with the State.

CHAIRMAN CORY: Does that mean a person can be tried in State Court and then tried in Federal Court for the same act?

MR. TAYLOR: No.

MR. MIHAN: No, because of double jeopardy. It can only be tried in one, and the laws will be the same in both cases.

CHAIRMAN CORY: Rules of evidence the same?

MR. McGUIRE: The procedure.

MR. MIHAN: They're very similar, but they're not exactly the same.

CHAIRMAN CORY: If there was a violation in one jurisdiction which would preclude the prosecution of the case,
could you then flop it over to the other one? I mean, if you had a search and seizure rule adverse in one jurisdiction, could you then run it over to the other jurisdiction and play games?

MR. MIHAN: No, I don't think so. The Courts would preclude that.

CHAIRMAN CORY: Those are the kinds of questions that I'd like you to deal with because of the double jeopardy concept. I just want to make sure what we're doing. That's the questions that started going through my mind. We'll look forward to seeing you at the next meeting.

MR. MIHAN: Okay. Thank you.

MR. NORTHROP: Mr. Chairman, I think the rule of 5(B) authorizes us to negotiate on this same area, but only in the hearing aspect before we bring it to you?

CHAIRMAN CORY: 6(A)?

MR. NORTHROP: 5(B).

COMMISSIONER BELL: He insists on action on 5(B).

CHAIRMAN CORY: You want 5(B)?

MR. NORTHROP: Yes, I'd like to have 5(B).

CHAIRMAN CORY: You want to hold a public hearing?

MR. NORTHROP: I was advised by counsel.

CHAIRMAN CORY: Any objection to staff holding public hearings? You can hold a public hearing as long as you don't commit us to anything.
MR. NORTH: Okay.

COMMISSIONER BELL: As long as it also adds the fact that you've checked with the Board of Supervisors.

MR. NORTHRUP: Yes, the local jurisdiction.

Mr. Chairman, item G(A) is the State Lands Commission staff has submitted a proposal to perform evaluation and assessment of the oil and gas resources on the Outer Continental Shelf on proposed Lease Sale 35, to be funded partly by F.E.A. grant monies. The State Lands Commission's proposal was a part of a larger Proposal for Research on OCS Issues to be performed by several State agencies and coordinated by the Energy Commission.

The Energy Commission has been unable to come to any decision as to whether or not they wish to coordinate and be project manager on the overall proposal and have postponed that decision in a meeting yesterday until August the 6th.

The F.E.A. has indicated a great deal of interest in State Lands Commission performing this resource assessment.

The staff has estimated the cost of the resource assessment to be approximately $77,000. A more accurate assessment will be made in the event proprietary data is made available by the Federal Government for examination by State Lands Commission staff. It has been estimated that a
study of proprietary data would cost an additional $12,000 for a total of $89,000. And the Energy Commission has indicated an interest in the proprietary data on lease sales that have already been leased, on the areas that have already been leased, to find out what the relationship of these leases are to the State of California.

And if we were to get that information, probably would take another $21,000 to assess it.

COMMISSIONER BELL: Twenty-one.

MR. NORTHROP: So if the Energy Commission or successor commission or even State Lands decides we'd like to have the authority to go ahead with the contract.

CHAIRMAN CORY: The only question I have is making sure that we do not at Lands oblige ourselves to perform work in excess of that which we're going to be remunerated for.

MR. NORTHROP: It may well be that we will do some, while we have the data, we'll do some additional work for our own satisfaction.

CHAIRMAN CORY: Yes.

MR. NORTHROP: But --

CHAIRMAN CORY: As long as we're doing contracting services for someone else, just make sure they're paying for it and we don't end up having contracted and there's a hundred and fifty thousand dollars that's going to have to be
spent because it's going to be your trip to Hawaii that comes out.

[Laughter.]

MR. NORTHROP: Mr. Chairman, I must confess we may well be in that position at the present time if the Energy Commission doesn't act because we have done some --

CHAIRMAN CORY: You went ahead and started working on it.

MR. NORTHROP: We started working on it. We will may be in that position and I'll stay home.

[Laughter.]

MR. NORTHROP: But the information we have is information --

CHAIRMAN CORY: I'm sure we'd save 77 grand if you didn't go.

[Laughter.]

MR. NORTHROP: The information you have is information we can well use in our own operation. So we have not done anything that we wouldn't have done.

CHAIRMAN CORY: But it's within the confines of the budget.

MR. NORTHROP: Right, within the confines of the budget. It was not done out of order, but some of the things we've done, we've already done and we need the information. So I'm really asking for a post facto approval somewhere.
CHAIRMAN CORY: Any objection?
COMMISSIONER BELL: No objection.
MR. McGUIRE: No objection.
CHAIRMAN CORY: Without objection, authorize the Executive Officer.

MR. NORTHROP: Mr. Chairman, the Draft Environmental Impact Statement of the Santa Barbara Channel on Sale No. 75-35 is inadequate, and we have before you some of the criticism of that report and we ask that the Executive Officer present these findings at a public hearing to be held in Santa Barbara in August, the latter part of the month.

CHAIRMAN CORY: Any problems?
COMMISSIONER BELL: No problems.
MR. McGUIRE: No.
CHAIRMAN CORY: Such will be the order.

8(A). 8(A), Permit for General Telephone. And that's exempt pursuant to Public Code?
MR. NORTHROP: That's correct.
CHAIRMAN CORY: Any questions?
COMMISSIONER BELL: No, I have no problems.
MR. McGUIRE: No.
CHAIRMAN CORY: Without objection, 8(A) will be approved.
8(B), Flood Control District. Any questions?

COMMISSIONER BELL: No.

MR. McGUIRE: No.

CHAIRMAN CORY: Without objection, it will be approved.

9(A), Department of Food and Agriculture, two-year lease. Consideration: $274.50. Is this U. S. or State?

MR. HIGHT: State.

CHAIRMAN CORY: We're going to clip Roseberg for $274.50?

MR. NORTHROP: As you have pointed out, Mr. Chairman, if we do a contract we at least try to get back costs.

CHAIRMAN CORY: Okay. Roy.

COMMISSIONER BELL: I'm trying to figure out which one this was.

CHAIRMAN CORY: This is, which Agricultural Inspection Station is it, Indio, Blythe?

MR. TAYLOR: Needles.

CHAIRMAN CORY: Needles.

MR. NORTHROP: Needles.

MR. TAYLOR: It's inland of Needles.

COMMISSIONER BELL: That's one we share with Arizona.

CHAIRMAN CORY: Have they thought of closing that?
MR. TAYLOR: They have, that's one of the problems.

MR. NORTHROP: It's at the Bell junction, Mr. Chairman.

CHAIRMAN CORY: Without objection, 9(A) will be approved.

MR. NORTHROP: It's an existing dock.

CHAIRMAN CORY: It's an existing dock at the existing rate?

MR. NORTHROP: The existing rate is, it's at the minimum rate, Mr. Chairman, because of the size of the dock.

CHAIRMAN CORY: Any question?

Without objection, 9(B) will be approved.

9(C), C and H Industrial Lease, an income of $24,000. Any questions? Anybody in the audience who wishes to address themselves to 9(C)?

Without objection, 9(C) will be approved.

9(D). P.G. & E. has two separate leases?

MR. NORTHROP: Three leases on 9(D) and (E) and (F), one of them is a power line. 9(D) deals with pipelines and with a rate as indicated; however, the Commission knows we're under negotiation to review this pipeline throughput concept with the Public Utilities and we will adopt a new rate at the time we adopt the new --

CHAIRMAN CORY: Are they accepting the charge on
this pipeline or are they not?

MR. NORTHROP: They have been very happy with the throughput concept because of duplication, and we're at the present time trying to work that duplication out.

CHAIRMAN CORY: My intuition is that we ought to put it over and not give them anything until they agree to the concept. Why do we buy a lawsuit?

MR. TAYLOR: The provision in this is if you adopt a throughput, that becomes the rental rate on this lease.

CHAIRMAN CORY: Okay. But if they then decide they don't like it and take the throughput charge to Court and argue it, we have in essence blessed the lease and if they don't want to do that, they can figure out where they put their pipeline. And I think it's probably in their ear.

[Laughter.]

MR. NORTHROP: Okay. That's the case, so we'll put this over, Mr. Chairman.

Staff appreciates the expression of the Commission in this case.

CHAIRMAN CORY: Otherwise if we lost that case, then they would say that they would have it under the old one and I think we'd be stuck, wouldn't we?

MR. TAYLOR: (D) and (E) are not for, wait a minute. (D) and (E) -- It's (F) that's the electrical line.
No, wait a minute. The electrical line is (E).

MR. NORTHROP: That's right. And (F) is also --

MR. TAYLOR: (F) is also electrical cable. So (E) and (F) are cables.

COMMISSIONER BELL: I thought the temporary work areas under (D), second-half --

[Thereupon there was a short discussion off the record.]

CHAIRMAN CORY: Why should we have them start building if we aren't going to let them have a pipeline?

COMMISSIONER BELL: I just figured if we get stuck letting them build temporarily and not get the lease for the line.

CHAIRMAN CORY: As long as they're willing to, I'm willing to go along with the temporary, if they're willing to stipulate in writing that they understand they may not get the lease and proceed at their own risk.

MR. TAYLOR: They can't build the pipeline without the lease, so the temporary work areas would be immaterial at this point.

CHAIRMAN CORY: If they want to go ahead at their own risk, I have no qualms about that. That's fine. If you can draft it that way to protect our interests.

Shall we leave them all out?

MR. NORTHROP: Mr. Trout.

MR. TROUT: Mr. Chairman, there's no need for the
two-year temporary lease if we do not issue the lease as a whole.

CHAIRMAN CORY: We're just trying to suck them in, you know.

[Laughter.]

CHAIRMAN CORY: Okay. We'll put 9(D) over without objection.

COMMISSIONER BELL: I have no problem on either (E) or (F).

CHAIRMAN CORY: Anybody in the audience have any questions on (E) or (F)? Without objection, those two will be approved.

(G), Woodbridge Golf and Country Club in San Joaquin County, for pedestrian bridge.

MR. NORTHROP: Right.

CHAIRMAN CORY: $100 a year. Anybody in the audience who wishes to address themselves to Woodbridge? Any objections?

COMMISSIONER BELL: No.

MR. McGUIRE: No.

CHAIRMAN CORY: Without objection, (G) will be approved as presented.

(H), ABC Marine World, Amendment for Right-of-Way.

MR. NORTHROP: This is a replacement of a power intake, a water intake line. It's just replacing a water
intake line.

COMMISSIONER BELL: Oh, okay.

CHAIRMAN CORY: Question. If the water intake lines brings up the question of throughput?

[Laughter.]

MR. TROUT: That's a very interesting question because we've got some 16-foot-diameter cold water intakes and outlets for some of the major power plants. And that is one of the concerns whether we would next apply throughput to those kinds of situations.

CHAIRMAN CORY: 16-foot?

MR. TROUT: 16-foot, yes.

MR. HIGHT: A lot of water.

CHAIRMAN CORY: But what they're doing here is bringing sea water in for their fish, I presume?

MR. TROUT: Yes. And the reason for this item is that the water quality from where the intake is now is not adequate. They're not getting enough oxygen to maintain the fish. So they want to move it out a little farther and get a little better quality of water.

COMMISSIONER BELL: Have to go across the ocean, don't they?

CHAIRMAN CORY: I presume ABC Marine World charges admission to see this?

MR. TROUT: Yes, they do.
CHAIRMAN CORY: So they're using the State resource of oxygenated water, sea water, to enable them to make a profit. And are we going to charge them a throughput charge or aren't we, guys?

I think that's a tough question.

MR. NORTHROP: Mr. Chairman, in that case I suggest we put it over to next month and we do a study on --

COMMISSIONER BELL: Isn't this intake out of the bay and not out of the ocean?

MR. TROUT: Yes.

[Thereupon there was a short discussion off the record.]

[Laughter.]

CHAIRMAN CORY: Do they have a liability or a hold harmless in case the fish sue us for the quality of the water that we've subjected them to?

[Laughter.]

MR. NORTHROP: What do you want to do, put it over or take it up?

CHAIRMAN CORY: Greg, do you have any problem in terms of the throughput concept in defense of it generally if we apply it to some and not others?

MR. TAYLOR: Depends upon how the classifications are set up and whatever regulations are ultimately adopted. And at this point, we don't know too much. We would have to
take into consideration this problem providing the --

CHAIRMAN CORY: Suspect class.

MR. TAYLOR: If it was a separate class with a reasonable basis for the class, there would be no problem in treating it differently.

CHAIRMAN CORY: I'm willing to approve it. It's not the world's biggest deal, but I don't want to jeopardize the real fish we're frying as opposed to the points that we're going to let people look at.

MR. TAYLOR: This is somewhat in a different category than transportation pipelines in a sense. In others, they are moving water through a limited area.

MR. NORTHRUP: We're getting into an area with the cities with sewage and that sort of thing and water treatment plants crossing tidelands in some areas. I think we want to be very careful where we go on this thing. It's my feeling we probably should exempt water in this particular case.

[Thereupon Commissioner Bell left the meeting.]

MR. TROUT: Mr. Chairman, to further complicate things, your passage of items 9(E) and (F), if throughout is a general concept, then what about electrical transmission, is that not equally a source of energy?

CHAIRMAN CORY: I always had trouble with that in my college physics class as to whether or not what electrical
energy really was. If the scientists have resolved that, maybe we can deal with it. But that went through my mind when we were doing it and I came to the conclusion that if it, you know, a negative electrical --

MR. NORTROP: I think we have ample precedent, if I can practice law, we have ample precedent on throughput for petroleum products, but I think personally it would be hard to find for throughput on electrical power. But we can certainly establish it here in California, Mr. Chairman. I'm not afraid to be a pathfinder.

[Laughter.]

CHAIRMAN CORY: Okay. The Attorney General is satisfied we are not boxing ourselves in if we go ahead and approve (H)?

MR. TAYLOR: By passing this action you have to make a reasonable, you have to have a classification for this which would be separate from the other throughput classification.

If you did that, you would not have a problem. It would appear to be a reasonable basis to make the distinction because it would have to take into consideration your regulations that are adopted.

CHAIRMAN CORY: And the staff will duly note?

MR. NORTROP: Yes, sir.

CHAIRMAN CORY: Okay. Without objection, (H) will
be approved as presented.

9(I).

MR. NORTHRUP: Mr. Chairman, 9(I), Mr. Kenworthy dba The Quest, is an expiration permit only and there is nothing in this that allows The Quest program to take anything that they find.

[Thereupon Commissioner Bell returned to the meeting.]

MR. NORTHRUP: If they find something, they must come back and reapply but they do have first refusal.

CHAIRMAN CORY: Mr. Kenworthy understands that?

MR. NORTHRUP: I am assured by staff.

CHAIRMAN CORY: He has acknowledged in writing that he is not to take anything?

MR. TROUT: Yes, sir.

CHAIRMAN CORY: Without objection, 9(I) will be approved as presented.

9(J).

MR. NORTHRUP: This is a renewal of an existing lease, Mr. Chairman.

CHAIRMAN CORY: Any questions about Perry's Boat Harbor and Drydock? Anybody in the audience have any comments?

Without objection, 9(J) will be approved as presented.
MR. NORTHRUP: This again, Mr. Chairman, is a renewal amendment of an existing lease by Mr. Stults.

CHAIRMAN CORY: Anybody in the audience on 9(K)? Without objection, approved as presented.

MR. NORTHRUP: Mr. Chairman, 9(L), Mr. Hight, the attorney for the staff, would like to make a presentation.

MR. HIGHT: This is a termination of a lease in which the lessee has failed to comply with lease requirements in that he has failed to build the boat docks that he anticipated. We have given the lessee several extensions in which to build the facility and he has not done so to date.

There is opposition in the audience. The law firm of Nossaman, Waters and Krueger is represented by Winfield Wilson who wishes to speak against this item. And I believe there's other people in the audience.

CHAIRMAN CORY: Okay. Would they come forward.

MR. WILSON: Gentlemen, my name is Winfield Wilson and I'm here on behalf of Decon Corporation. Today, I don't believe it will be necessary to speak in opposition to the proposal; however, I would request that the matter be set over until the August 28th
meeting.

Decon received its first notice that the lease was to be terminated only ten days ago and it has not had the chance to extensively discuss the matter with either the State or with the present upland owner. I have had the opportunity this morning to speak with Mr. Griswold who is -

CHAIRMAN CORY: Decon is not currently the upland owner?

MR. WILSON: No, it is not. The uplands were conveyed several years ago to Ford Foundation.

CHAIRMAN CORY: Is it not our policy that these are associated with the upland owner?

MR. TAYLOR: Yes, Mr. Chairman, they are. The problem here is that a foreclosure occurred, and in the process of the foreclosure they didn't include the Decon lease for some reason. So there's a split-up situation here.

CHAIRMAN CORY: But there is a violation of the lease in terms and conditions not met by the lessee, is that correct?

MR. HIGHT: Yes.

MR. TAYLOR: That's what the calendar, yes.

CHAIRMAN CORY: Is there any dispute over whether or not those terms and conditions were or were not met?

MR. WILSON: Yes. Decon does dispute the matter; however, as I was mentioning, I have had the opportunity to
speak with Mr. Griswold. He is not adverse to a continuation of the matter until next month. And I believe --

CHAIRMAN CORY: Who's he?

MR. WILSON: Mr. Griswold is the attorney --

MR. GRISWOLD: I'm Mr. Griswold.

MR. WILSON: -- representing the Ford Foundation which is the upland owner.

CHAIRMAN CORY: I'm not sure that's relevant.

The lease is with us, friend.

MR. WILSON: That is correct. I believe, however, under the circumstances and there is no immediate, no detrimental effect will occur in the course of the next month if the matter's let over. And I believe that under the circumstances that it is my understanding that the State would be agreeable to an extension of this matter for a month to further discuss the matter.

CHAIRMAN CORY: How is the rental paid, on an annual basis?

MR. TAYLOR: Yes, in cash.

MR. WILSON: All the rentals have been paid to date, sir.

CHAIRMAN CORY: Mr. Griswold.

MR. GRISWOLD: Well, I'm here to primarily determine what the Commission would do. And I didn't understand when I got here there was going to be anybody representing
Decon Corporation. I represent the Ford Foundation who is the owner of the upland property and who is attempting to make application for a lease of the same land. But we are told that we can't make an application for land which is already subject to a previous lease.

MR. NORTHROP: Mr. Chairman, I think the issue here is not whether or not the rent is paid, but it's been the policy of this Commission when projected projects which are scheduled to be done, completed with certain time lines on State lands, if they're not completed within those time lines, the Commission has been quick to exercise rescission of those contracts because the work has not been completed in a timely fashion.

And I think that is the basis for this discussion today is the fact there have been generous extensions by the Commission and staff and we're to the point now where we think they haven't done the job and we should take it back and give it to somebody that will.

CHAIRMAN CORY: How many extensions have been granted to perform the work?

MR. HIGHT: There have been three extensions granted, and in total there's been five amendments to the lease. The other two relating to other items.

MR. WILSON: Sir, I would like to comment that apparently several objections are set forth in the Notice of
Termination. The first one appears to be predicated upon the fact that Decon no longer is the owner of the upland. But first of all there is nothing in either the lease or State regulations which makes the continued vitality of the lease conditional upon Decon being the upland owner. I acknowledge that it is the policy of the State to only issue leases in fact to upland owners. Decon was the upland owner at the time. The fact that it has subsequently conveyed the upland portions of the property I don't think goes to the continued vitality of the contract.

The second objection appears to be the fact that the improvements have not been constructed. I think that an analysis of the situation reflects that, in fact, the fact that the improvements have not been constructed does not in any way harm the public in, and conversely that it is actually the public benefit.

The improvements which were to be constructed were boat dock facilities for private residential use on adjacent condominiums. The property has been dredged and bulkheaded by Decon. The property is located on Sunset Channel which is a relatively narrow waterway which provides the only ocean access to Huntington Harbor.

It's presently open to the public and open to public use. The objection of the State Lands staff appears to be that Decon has not gone ahead and put wharfs on the
property and excluded the public use. And it's our feeling that this is not a material breach. The fact that Decon has not improved the property benefits rather than harming the public.

CHAIRMAN CORY: But we can continue that public benefit by terminating the lease so you no longer have any right to do that. And so pursuant to your argument, I think, we should do it.

MR. WILSON: I would also state, however, that we feel that if it is not a material breach of the lease which doesn't justify, furthermore, the default, the last extension was to January 1, '74, when it expired.

The last year Decon was billed and paid its rental. It's interesting to note, which was six months after the alleged default, it's interesting to note that prior to even notice of the proposed termination this year, that they were billed again for the leased premises. It's our belief that, in fact, if the State has waived the forefiture by terminating the lease, it could well be in breach and liable to damages to Decon.

What we are requesting is that unless a month's extension be granted so that the parties can discuss the matter and try to work out an amicable accord to avoid possible litigation and to best serve everyone's interest. We just hope that we'll have the extension to enable the parties to
Chairman Cory: Question to the staff. It has been the policy of this Commission since we started sitting here to adhere to a relatively tough line on conditions?

Mr. Northrop: Yes, it has been. We have one lawsuit pending now on this same concept.

Mr. Shavelson, would you care to inject yourself?

Chairman Cory: Any problem with our position of termination?

Mr. Shavelson: The only thing, whether there's any question of waiver in this case might be something that might be worthy of study in this special case as distinguished from other pending matters. It might be well to examine the contentions of the lessee before taking precipitant action.

Chairman Cory: But if we put it over a month and they go ahead and build the stuff, we're done. Friend.

Mr. Wilson: I don't believe under the circumstances the improvements could be constructed in a month.

Mr. Shavelson: Well, perhaps we should have an understanding on that.

Chairman Cory: If they enter into a contract you've got detrimental with your reliance and all those problems. It seems to me our minimal risk is to go ahead and terminate and if you work something out, we're open to offers at a future meeting to further the public's interest.
MR. GRISWOLD: May I inquire when the rent is due again?

MR. WILSON: On the first.

MR. GRISWOLD: The rent is paid up through August 1st?

MR. WILSON: Yes.

CHAIRMAN CORY: And we're willing to talk to either the upland owner or Decon or whomever commensurate with the public interest, but it just seems to me that time might work adversely to our interest given that there are two parties here and whether or not each of them is to submit to their principles as to holding it in abeyance and then our next meeting will be after the next rental amount is due and you've got the question of whether or not that should or shouldn't be paid if we're planning on terminating.

MR. TAYLOR: Mr. Chairman, it would be possible to revoke the lease in the event that they do not file with us within a number of days of this meeting a stipulation that they would not improve the property and that all rights of all parties would be held in abeyance. That's the only way you can do it. Otherwise, I think, you'd have the problem you've indicated.

MR. SHAPELINSON: The rights of the parties would be as they are right as of today and not affected by events occurring between now and the next Commission meeting.

CHAIRMAN CORY: What about the rental?

MR. TAYLOR: Impound it.
MR. SHAVELSON: Mr. Wilson, would that be acceptable to you just to --

MR. WILSON: Well, obviously, the position of our client is that they do not feel that their failure to construct the improvements has been to the public detriment in any way. It has paid the rental in the sum of around $20,000 to dredge and bulkhead the property. It is willing to continue paying the rent on the property, but obviously it does hope to obtain some benefit from its past payments.

And we had hoped, well, the alternatives would be, obviously one alternative would be in an agreement with the present upland owner on an assignment of the lease. I'm not sure if we say that we hold the rights in abeyance as things are as of today, if we could get a commitment to assign to Decon, excuse me, assign to Ford Foundation and if they were to undertake the convenants of the lease.

MR. SHAVELSON: I think you're right, Mr. Chairman, if there's any chance of subactions between now and the next time the Commission can act prejudicing the existing legal rights of the Commission, that that makes it very difficult to put it over.

MR. GRISWOLD: I'd like to make the record clear as far as the upland owner's position. And that is, that I'm here to see if it's possible that the lease can be terminated. We are in favor the lease being terminated and
at the request of Mr. Wilson I agreed that we could negotiate if he wanted to do so and the Commission, whose Commission's responsibility is involved here, not mine. I'm kind of an outside here. I would like to come forth later on after the lease is terminated and make application for a new lease on behalf of the upland owner, and we cannot do that under the pending circumstances.

CHAIRMAN CORY: I presume we should go ahead with the proposed action.

COMMISSIONER BELL: On the advice of our counsel.

MR. TAYLOR: Yes. Unless you can give us, you haven't given us any commitment, Mr. Wilson, that the rights would be stayed. And if we have no commitment, I don't think we have any choice.

MR. WILSON: May I ask for an elaboration that the rights be stayed. In other words, even if we were to commence with the improvement of the property within the next month that it would still not affect our present situation?

MR. SHAVELSON: That's correct.

In other words, the point is, Mr. Wilson, is that, if I may just speak on behalf of Greg and myself and not on behalf of the Commission, we would welcome the opportunity to study the situation as it is today in more detail and discuss it with you; however, if any such delay would result in any effect upon the substantive rights of the parties, then
we couldn't recommend any such action.

MR. WILSON: In that event, I think, I can agree that we will stay the rights as of today and then further discuss the matter regarding the waiver of the forfeiture and such in the course --

CHAIRMAN CORY: In what event? There seems to be a condition there that we better get very explicit.

MR. WILSON: I'm sorry. If I understand correctly that the rights are as of today and the purpose of it --

MR. SHAVELSON: That nothing occurs, no action on the part of the lessee or any other event that occurs subsequent to today or subsequent to this moment will affect the presently existing rights of both parties to the lease.

CHAIRMAN CORY: It seems to me you've got to also say the guy can't go out there and build the wharfs.

MR. SHAVELSON: I think that's well taken --

MR. WILSON: I think that would be --

MR. SHAVELSON: -- that no further action shall be taken even though it wouldn't affect legal rights, that there'd be no change in the conditions.

MR. TAYLOR: Shouldn't the action be that unless within five days, if this is what the Commission is thinking about, unless we have an agreement signed to the satisfaction of the staff and our office within five days, that the lease is terminated. And that the conditions of that agreement
would be that there would be no development. That all rights would be stayed without prejudice to either side. And that the matter could then be heard and we'd stay everything until the next Commission meeting.

CHAIRMAN CORY: Is this consistent or inconsistent with our policies on other leases? Do you have any problems there?

MR. SHAVELSON: No. This does present a different issue from the ones, allocations made by counsel.

CHAIRMAN CORY: Okay. Then we will --

COMMISSIONER BELL: Why don't we make it July 31st instead of five days?

MR. TAYLOR: Okay. That will be fine. So the finding would be then that it is terminated unless --

CHAIRMAN CORY: Terminated unless there is a written contract entered into which is acceptable to the Lands Commission staff and the Attorney General, or agreement or stipulation or whatever, but I would want it rendered to writing so that we don't have any problems with what each of us understands. And there should be a statement that there is a clear understanding that as of this point on Decon will not take any steps to build any wharf and if they do, that automatically terminates the lease.

This afternoon if somebody's out there putting up a wharf, you've had it.
MR. WILSON: I hope they've told me everything.
CHAIRMAN CORY: Okay. Just so we clearly know.
MR. WILSON: Yes, I agree.
MR. TAYLOR: But the lease is terminated unless that. And the term of the agreement would be until the next Commission meeting?
COMMISSIONER BELL: Right.
CHAIRMAN CORY: And it would be on our calendar.
COMMISSIONER BELL: I would make such a motion.
MR. McGUIRE: Second.
CHAIRMAN CORY: Mr. Bell moves, Mr. McGuire seconds, without objection, such will be the order. And for the representative of the Ford Foundation, it seems to me that there might be an attempt to involve us into some negotiation between the two of you. You guys go out in the hall and figure out where you are and what the best situation is. I think you should be able to read our attitude and where we are.
MR. GRISWOLD: The only question I have, is there going to be a further Board action, Commission action?
CHAIRMAN CORY: Yes.
MR. TAYLOR: At the next meeting.
CHAIRMAN CORY: If it's required. If they enter into some kind of an agreement, there would be some action. And we'll look at the facts, but it is the general policy of
this Lands Commission that people who do not meet the terms and conditions of leases will have the leases cancelled.

MR. TAYLOR: If there was an agreement between Decon and the Ford Foundation, that would have to be a matter which would be subject to Commission action and approval.

MR. SHAVELSON: That's provided for anyway.

MR. TAYLOR: That's provided for in the lease. In other words, there's going to have to be some further action on this either way that we go.

COMMISSIONER BELL: No matter what happened.

CHAIRMAN CORY: If you people have some mutual interest between you that is to your mutual benefit, that's fine. If not, we'll be back next meeting.

MR. WILSON: Thank you.

CHAIRMAN CORY: We hope to see both of you bidding on it.

9(M), Five-year recreational pier permits in various and sundry places.

Any questions?

COMMISSIONER BELL: I have no problems.

MR. McGUIRE: No problems.

CHAIRMAN CORY: Without objection, they will be approved as presented.

10(A).
MR. NORTHROP: Mr. Chairman, this is an extension on a drilling permit by Dow Chemical. And they have a lease which is a percentage lease which seems to be in line with industry practices. They've been held up for one reason or another and they've asked for an extension and staff recommends it.

CHAIRMAN CORY: Anybody who'd like to speak on item 10(A)?

Without objection --

COMMISSIONER BELL: Without objection.

CHAIRMAN CORY: -- 10(A) will be approved as presented.

10(B).

MR. NORTHROP: Mr. Chairman, this is a dredging for National Steel and Shipbuilding. The dredge materials to be placed on the Federal spoils. They're paying us ten cents per cubic yard royalty.

CHAIRMAN CORY: Anybody in the audience who wishes to address themselves to the dredging application by National Steel and Shipbuilding?

Without objection, it will be approved as presented.

11(A).

MR. NORTHROP: Mr. Chairman, I request that 11(A), (B), (C), and (E), be taken as a unit. It's subsidence in the Long Beach area. It's in line with estimates and it's work
that's required under Chapter 138.

CHAIRMAN CORY: Without objection?

COMMISSIONER BELL: No objection.

MR. MCQUIGUE: No objection.

CHAIRMAN CORY: Be approved as presented.

12(A).

MR. NORTHEP: Mr. Chairman, this is an attempt to prepare as the Commission recommended an E.I.R. on Standard Oil Company's drilling in the Santa Barbara area. The first item directs the execution of the contract and the second item authorizes a contract with Standard Oil and the first with Woodward-Clyde.

CHAIRMAN CORY: Any questions or anyone in the audience who wishes to address themselves to items 12(A) or (B)?

Without objection, both items will be approved as presented.

12(C).

MR. NORTHEP: Mr. Chairman, this is the final Commission action on the emergency meeting of the State Lands Commission.

COMMISSIONER BELL: The public meeting?

MR. NORTHEP: Yes. Delaying the seven-day notice.

CHAIRMAN CORY: Without objection, 12(C) will be approved.
Is there anyone in the audience who wishes to address themselves to item 12(C)?

Noting an inordinantly long pause, the Chairman will announce that it will be approved as presented.

12(D).

MR. NORTHROP: In line with the Resource Agency and the Administration's Protective Act, we would like to have hearings to determine what areas under our jurisdiction are environmentally significant.

COMMISSIONER BELL: Our own land use program. Is this a requirement of the Resources Agency?

MR. NORTHROP: This is part of a unified program with Resources pursuant to legislation.

CHAIRMAN CORY: Did I see the list of those lands possessing insignificant environmental boundaries?

[Laughter.]

CHAIRMAN CORY: I'm not sure I have the time to go through them.

Is there anyone in the audience who wishes to address themselves to 12(D)? This is just to start to have hearings on what it is we've got out there and to differentiate how we should protect what is is we have.

MR. McGUIRE: I have one quick question. How does this affect the consolidation program we're talking about, I mean, assuming land, one of the school lands is considered significant --
MR. NORTHROP: I think that's a part of it. We have to look at the environmental significance of the land we're trading for or the lands we have to trade. I think it's important.

CHAIRMAN CORY: If that's the only remaining habitat of the slimy newt, you may not be able to trade it.

[Laughter.]

MR. NORTHROP: I think it's important that we know what the land we trade or what the environmental significance of them are. They may well wind up on Mr. Cory's list.

MR. TAYLOR: These regulations that are proposed give the Commission the authority to reconsider classifications that are tentatively being set up in a report that is required to be filed with the Legislature. And it gives the Commission continuing jurisdiction over this matter to reconsider each of these items.

In other words, to cover just the school lands, for example, with a broad classification of A, B, or C, doesn't say that you're taking into consideration every nick and cranny of that property and maybe we want to raise the classification or lower the classification depending upon more detailed information that may become available. And that's why we need these regulations to have continuing jurisdiction over the classifications being set up in this report.
CHAIRMAN CORY: Okay. 12(D).

COMMISSIONER BELL: Yes, it's okay.

MR. McGUIRE: Fine.

CHAIRMAN CORY: Without objection, you have the authorization to proceed.

12(E).

MR. NORTHPROP: 12(E) is a subvention list to be reported to the State Controller and it's --

CHAIRMAN CORY: Any objection? Without objection, 12(E) is approved.

13(A).

MR. NORTHPROP: 13(A). Mr. Chairman, this is a cutting agreement with the United States Department of Agriculture, Forest Service, on a parcel of land in Shasta County, in which we tell them where our land is and they agree not to cut the timber unless it's by accident.

[Laughter.]

COMMISSIONER BELL: Is that the best deal we could get?

[Laughter.]

CHAIRMAN CORY: That's the best deal we could get.

MR. NORTHPROP: That's about the only deal in town.

CHAIRMAN CORY: If they by accident --

MR. NORTHPROP: If they by accident cut us, they pay us current market value for the timber.
COMMISSIONER BELL: Retail?
MR. NORTHROP: No, wholesale.
CHAIRMAN CORY: Okay. But does that mean I've got a conflict of interest if I buy U.S. Plywood, Champion International products because I've entered into this thing?
MR. TAYLOR: No.
MR. NORTHROP: I don't think so because they're not supposed to cut the timber. If they do, they're doing it in --

[Laughter.]
CHAIRMAN CORY: Do we have staff that goes up to look whether or not they're cutting our trees?
MR. NORTHROP: Mr. Trout has a staff. He has two competent timber estimators on his staff.
CHAIRMAN CORY: It's the incompetent one.

[Laughter.]
MR. TROUT: I'm the incompetent one. Actually what this is is that the public land survey markers --
CHAIRMAN CORY: I understand that, but what are you going to do to make sure they aren't cutting our trees?
MR. TROUT: We will go up and check the monuments that have been set by the Forest Service.
CHAIRMAN CORY: Before or after?
MR. TROUT: We will have to do it after. We've seen the monuments in place.
CHAIRMAN CORY: No, before or after they cut?

COMMISSIONER BELL: Before they cut.

MR. TROUT: The monuments are in place.

CHAIRMAN CORY: Okay. Now, will you go up and check before they cut or after they cut?

MR. TROUT: Before they cut all we see are trees. [Laughter.]

CHAIRMAN CORY: It's the old catch 22. Not being able to see the forest for the trees.

MR. TROUT: After they cut we will go again, survey the boundary and determine whether or not they have cut any of our trees. We have verified that the monuments are in place.

CHAIRMAN CORY: But you can't verify before they cut that they're not?

MR. TAYLOR: Unless we leave somebody there.

MR. TROUT: Okay. The problem is that the public survey monuments that normally would identify the State-owned land are either absent or have been lost. The Forest Service went in and reset new monuments to the best of their ability, but they are not assured corners set by the Bureau of Land Management. All that we're doing is saying that for the purpose of harvesting this cut of timber, these monuments mark the boundary between State lands and the land of Southern Pacific and the United States Forest Service. That
if it's later determined that the real boundary is somewhere else and as a result of determining the real boundary they have cut some of our trees, we will receive what the Forest Service receives for the trees plus our expenses of recovering that.

CHAIRMAN CORY: What about Southern Pacific?

MR. TROUT: They're signatory to the agreement.

CHAIRMAN CORY: Do we get their share too?

MR. TROUT: Anybody who cuts trees ultimately determined to have been on State lands will pay us plus our expenses as a result of this agreement.

CHAIRMAN CORY: Is there any way we can get the option of taking their uncut trees which presumably there's a section there that's left?

MR. TROUT: That is certainly an option that would be available to us is that we could get the rights of cutting the equivalent amount of timber in lieu of cash.

CHAIRMAN CORY: Or leaving them standing for environmental purposes?

MR. TROUT: We might have to enter into a land exchange to do that if it turns out that these monuments are in the wrong place.

CHAIRMAN CORY: Pursue that option for future ones because it would seem to me that if it's moved over 20 feet, then there's, you know, we might be better off keeping the
trees.

MR. McGUIRE: Wouldn't we have a legal right to charge whoever cut the State's trees anyway? Don't you have a legal right to sue them for the damage they've done?

CHAIRMAN CORY: Not if it's the U. S. Government probably.

MR. TROUT: Well, the problem is that we would first have to determine accurately where the State-owned land is. And it's such a long ways from any known monuments that for the purposes of this they have protracted monuments into this area for the purpose of cutting timber. It has worked out. The Commission has in prior times entered into this.

CHAIRMAN CORY: And they don't just go through and cut all the trees and just say, whoops? They don't really do that?

MR. TROUT: That is certainly something that might happen.

CHAIRMAN CORY: They haven't done that before?

MR. TROUT: No. They did cut our trees when they laid out a plot wrong and we're still having difficulty getting our money. They recognize they cut our trees, everybody admits they cut our trees, but the United States doesn't have any device for paying like our Claims Bill. So we may have to sue them. That was on the calendar two,
three months ago.

The problem is, Mr. Chairman, that if we don't enter into this agreement they might cut them anyway.

MR. McGUIRE: Are we cutting our damages on this?

If we make an agreement that we're going to pay wholesale market value, in a lawsuit you can often sue for more than that. You can sue for other value than just the wholesale lumber.

MR. TROUT: That's right. We have evaluated that. We feel that our costs of proving our ownership would exceed the damages that we might receive.

CHAIRMAN CORY: That's the trade-off?

MR. TROUT: That's the trade-off. We think that it's better to have a boundary than to just have the Forest Service go up there and cut it anyway.

CHAIRMAN CORY: Anybody who wishes to address themselves to item 13(A)? Where are the Friends of the Earth when we need them. Well, without objection, 13(A) will be approved.

[Thereupon Commissioner Bell left the meeting.]

CHAIRMAN CORY: 14(A).

MR. NORTHROP: Mr. Chairman, earlier this morning the Lieutenant Governor discussed school land management study and Mr. Trout will just briefly thumbnail it for a few minutes and we'll go on.
MR. TROUT: Mr. Chairman, as Governor Dymally said this morning, we have undertaken a program to identify the State school lands and the values that they have. We've also attempted to identify what this asset might be used for for public benefit. Whether the land can be consolidated and made to some public purposes.

I just want to call attention to the map up here. The one with the red squares on it to your right, the blueprint, just indicates, this is just the southeast quarter of San Bernardino County and we have this in 42 of the 58 counties. This shows the present location of State school lands, the red sections, and the rest of it is primarily four sections per township owned by Southern Pacific Land Company and the balance owned by the United States operating through the Bureau of Land Management. And if you can imagine those as being tile loose upon the map and you just take and gather those tile together in your hand and consolidate them in one place, that's what we're looking at. As the Governor mentioned several alternatives, the property could be used for geothermal development. Could be used for habitat preservation. Could be used for recreation. Could be used for natural study areas. Could be used for all different kinds of activities.

And we will have for your consideration at the September Commission Meeting a report outlining the various
uses and making some recommendations about the specific areas of land the Commission might consider acquiring by exchange with the United States and Southern Pacific.

CHAIRMAN CORY: Okay. Thank you.

15(A), Offshore Boundaries in Malibu.

MR. HIGHT: I'll say this --

CHAIRMAN CORY: Malibu's going to incorporate?

MR. HIGHT: Right.

The City of Malibu proposes to incorporate and at this time they're seeking the Commission's approval of the boundaries of their incorporation. And that's all we're being asked at this time to approve is the boundaries.

CHAIRMAN CORY: Why do we have to approve the boundaries?

MR. TAYLOR: The statute requires it so we can keep track of where our property is located. We have to review the legal description.

MR. NORTHROP: Particularly a large area that's in tide and submerged lands.

CHAIRMAN CORY: But we still control it whether it's City or County, don't we?

MR. TAYLOR: Yes. It doesn't make any difference.

CHAIRMAN CORY: It's so we know where to find it?

MR. TAYLOR: Well, it's also to keep track of jurisdictional changes. I don't know exactly everything
that went into the history of the statute, but there was some
problems in the past and it was felt that getting the State
Lands Commission to identify the area would control the
matter. And you have a right to object to that which is
separate from this provision.

[Thereupon Commissioner Bell returned to the
meeting.]

MR. TAYLOR: This is without prejudice to that
right to object if you want to take a position on the
incorporation.

CHAIRMAN CORY: Did you want to get involved?

MR. SHAVELSON: No, the inclusion of tidelands
within the incorporation.

MR. NORTHRUP: Mr. Chairman, before we get --

CHAIRMAN CORY: Does this have financial
significance if they find mineral deposits?

MR. TAYLOR: Yes. They’re entitled to subvention
if we have a lease on it.

CHAIRMAN CORY: Only if it’s a City or not if it’s
a County or is it just entitlement as to who gets the lease
subvention?

MR. TAYLOR: Be who gets it.

MR. SHAVELSON: If they own the contiguous land, I
don’t think the ownership of the inclusion is the title that’s
relevant.

MR. NORTHRUP: Contiguous.
MR. SHAVELSON: Contiguous upland is the pertinent thing. In other words, if we had an offshore lease.

CHAIRMAN CORY: Would be like the town lots in Long Beach?

MR. SHAVELSON: No. More like Huntington Beach situation where they're getting subvention.

CHAIRMAN CORY: But the act of incorporation does not decrease the State's revenue in any way, does it?

COMMISSIONER BELL: Gross revenue, no.

CHAIRMAN CORY: The net. Are there then two mouths and two hands that we have to sprinkle coins in or --?

MR. SHAVELSON: Only be subject to City ad valorem taxes, for example. It would just in effect be an offset between L. A. County and the City.

CHAIRMAN CORY: Subvention gross total would remain the same, but it would be question of --

MR. NORTHROP: Who gets it. Who do we instruct the Controller to send it to.

Mr. Chairman, under litigation, the next item --

CHAIRMAN CORY: We have to -- Without objection, we will approve 15(A).

MR. NORTHROP: The attorneys had requested an Executive Session immediately following this session to deal with two litigated matters in addition to these.
COMMISSIONER BELL: In addition to these?

MR. NORTHRUP: In addition to these, right.

CHAIRMAN CORY: Okay.

MR. NORTHRUP: Mr. Shavelson, did you have anything to say, Reilly versus State?

MR. TAYLOR: This one is a PI action where a claim was filed against the State. It's been compromised by the Tort Section of our office for $999. This is requesting authority to enter into the settlement. It's my understanding there's a separate fund that will take care of the payment.

CHAIRMAN CORY: Well --

COMMISSIONER BELL: Is this a tort action?

CHAIRMAN CORY: Yes. Without objection, such will be the order.

Has the staff addressed themselves as to how we got ourselves into the predicament and how we can avoid it in the future?

MR. NORTHRUP: Yes, sir, we have.

CHAIRMAN CORY: Okay. Fine. Make sure you always do that.

Okay. 16(B).

MR. TAYLOR: We've had very, very few of these considering the amount of property that is under the Commission's jurisdiction.

CHAIRMAN CORY: That's one of the advantages of
nobody knowing where our land is.

[Laughter.]

CHAIRMAN CORY: I don't know whether it is relevant to the incident of injury.

MR. HIGHT: Mr. Chairman, 16(B) is an authorization to remove a trespasser on the Sacramento River. And this is a continuation of our trespasser ejectment activities.

CHAIRMAN CORY: Any problems? Anybody here to discuss 16(B)?

Without objection -- Mr. McGuire, Mr. Bell?

Without objection, authorization is granted.

MR. TAYLOR: We have the Pariani case which is a geothermal case, whether geothermal energy is a water or a mineral. It's set for trial at Thanksgiving time.

MR. NORTHROP: November 24th, I think it is.

MR. SHAVELSON: Today's the pretrial.

MR. TAYLOR: The pretrial is on Tuesday next.

MR. SHAVELSON: Another, just a half a second, we are attempting to dismiss the case of the People versus Zarb. That's the Burma Oil sold off to U.S.A. Petroleum and U.S.A. is objecting to that dismissal. And that's going to be heard on the 28th. I don't know if you gentlemen are apprised of that situation, but I think you are.

CHAIRMAN CORY: I think so.

MR. NORTHROP: What Court is that in,
Mr. Shavelson?

MR. SHADELSON: That's going to be in the U. S. District Court in L. A.

MR. NORTHROP: Pariani is going to be heard where?

MR. TAYLOR: San Francisco.

MR. NORTHROP: Mr. Chairman, in line with the trespassing -- Did you pass 16(B)?

CHAIRMAN CORY: Yes.

MR. NORTHROP: In line with 16(B) in the augmentation of our budget this year which is approved, we asked for some trespass position. And in line of the staff report, Mr. Trout --

MR. TROUT: Mr. Chairman, I just wanted to take a second to indicate to you in furtherance of our trespass program and your desire to get additional funds, bring our leasing up to date and so on, we are pleased to announce that we have hired a supervising land agent from Cal Trans, named Lynn Patton. He will be heading up our land transactions. He's here in the audience.

Mr. Patton, would you stand up? We're just pleased to have him. We think that he will get our program going in full speed.

CHAIRMAN CORY: And we have a request for Executive Session?

MR. NORTHROP: Right. And confirm the next
meeting is the 21st rather than the 28th.

CHAIRMAN CORY: We confirm the next meeting as August 21st, 1975. Make sure the staff notifies the people from Decon and the Ford Foundation and anyone else whose items were put over since it is in writing on the 28th and it was confirmed at a different date.

That being the case, can we have the room cleared for Executive Session with the Attorney General.

[Thereupon the July 24th meeting of the State Lands Commission was adjourned.]

--00o--
STATE OF CALIFORNIA } ss.
COUNTY OF SACRAMENTO }

I, CATHLEEN SLOCUM, a Notary Public in and for the County of Sacramento, State of California, duly appointed and commissioned to administer oaths, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, Cathleen Slocum, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office this 4th day of August, 1975.

CATHLEEN SLOCUM, C. S. R.
Notary Public in and for the County of Sacramento, State of California
C. S. R. License No. 2822

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