MEETING
STATE LANDS COMMISSION

STATE CAPITOL
Room 2170
Sacramento, California

MONDAY, SEPTEMBER 29, 1975
10:00 A.M.

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MEMBERS PRESENT

Hon. Kenneth Cory, State Controller, Chairman
Hon. Mervyn M. Dymally, Lieutenant Governor, Commissioner
Hon. Roy Bell, Director of Finance, Commissioner

MEMBERS ABSENT

NONE

STAFF PRESENT

William F. Northrop, Executive Officer
Robert C. Hight, Staff Counsel
James F. Trout, Manager, Land Operations
David K. Hayward, Assistant Manager, Long Beach Operations

ALSO PRESENT

N. Gregory Taylor, Deputy Attorney General
CHAIRMAN CORY: Call the meeting to order.
We will note the presence of the entire membership.
Confirmation of the minutes of the meeting of August 21st; any corrections?
COMMISSIONER BELL: I have no problem with the minutes.
COMMISSIONER DYMALLY: I move their adoption.
CHAIRMAN CORY: Without objection, such will be the order.
Mr. Northrop, your report.
EXECUTIVE OFFICER NORTHROP: Thank you, Mr. Chairman.
Mr. Chairman, Commissioners, within the last week, there have been some significant developments in the energy field which will affect and intensify the Commission's programs.
The first one is the geothermal resources. As Chairman of this Commission's Subcommittee on Alternate Energy Sources, the Lieutenant Governor has recently conducted geothermal conferences in San Francisco and Los Angeles. It would be an immense help to the staff if the Lieutenant Governor could review some of the items discussed in these sessions.
COMMISSIONER DYMALLY: Could we pass for a minute,
my notes are being brought up.

EXECUTIVE OFFICER NORTHPROP: Okay, fine.

The second item, Mr. Chairman, is that the U. S. Department of Interior has just rescheduled its leasing program on the Outer Continental Shelf Lease Sale No. 35, offshore Southern California, from October to December.

We would be pleased if the Chairman would care to comment on these developments for the staff at this time.

CHAIRMAN CORY: I think all of the Commissioners have been concerned with the speed with which the Department of Interior has been attempting to proceed. Apparently the Governor's suggestions, the local city officials' suggestions, are perhaps finally being listened to.

The two-month delay is something I think that the staff should be not lulled into sleep about. There has been no indication of a fundamental change in policy in Washington, and the real key is to make sure that, one, our posture is not against the offshore development per se, but that we are against a giveaway of a publicly-owned natural resource, and that we have tried again as we have tried in the past, to put an end to the Federal Government monologues and engage in a realistic dialogue on problems confronting the development of offshore here along the California Coast.

The concerns that we have as to how that oil is going to come ashore, the question of liability which has not
been dealt with at all, is one that I think, at the staff
level, you should continue to pursue, and we should also try
to coordinate the activities among all people in California
who are concerned about an orderly, rational, regional,
development plan, because I can see not having any specific
dialogue yet taking place.

If we get lulled to sleep and relax, the Christmas
rush will be upon us and there will be another giveaway at
Christmas to the oil industry.

I think it's high time that we keep that from
happening and be aware that it's happened before on
Christmas for those people and I think they have had enough
Christmases.

COMMISSIONER DYMALLY: While on that subject, could
you or the staff tell us what effect decontrol or noncontrol
or, I don't know what date --

CHAIRMAN CORY: November 15th?

EXECUTIVE OFFICER NORTHRUP: Right.

CHAIRMAN CORY: Okay. If you decontrol, we are at
like four twenty-one?

EXECUTIVE OFFICER NORTHRUP: Four twenty-one.

CHAIRMAN CORY: Four twenty-one a barrel.

The world price has probably been eleven to twelve --

EXECUTIVE OFFICER NORTHRUP: It went up ten percent
last week. They voted themselves a ten percent increase, so
it's about $13 now.

CHAIRMAN CORY: So our revenues would increase like eight dollars a barrel, Roy. You could live with that, huh? As long as the Legislature isn't in session.

[Laughter.]

COMMISSIONER BELL: That's right.

CHAIRMAN CORY: But there we wait on what Congress and the President agree to do.

COMMISSIONER BELL: Actually, is there any agreement at the present time?

EXECUTIVE OFFICER NORTHROP: There seems to be pretty much of a consensus in the Senate and the President has indicated he would accept a compromise extension of controls until November 15th. The Senate has already voted that. It's passed the House, so I think we are stuck with that.

CHAIRMAN CORY: But that is an extension until the 15th, with the understanding that they will try to negotiate something out; either a phase-out or the present position publicly is still elimination of control.

EXECUTIVE OFFICER NORTHROP: The President is par for elimination of control, so that's going to be a problem.

MR. TAYLOR: Mr. Chairman, while we are on the OCS matter, there was a notice in Saturday's paper that the Department of Interior has now adopted its proposed...
regulations on joint bidding. It was in the Saturday paper, the recent development.

CHAIRMAN CORY: Which paper was that in?

MR. TAYLOR: The Los Angeles Times, the Financial Section Summary.

COMMISSIONER BELL: Would that be printed in the Federal Regs.?

MR. TAYLOR: Yes. We wouldn't have time to check it, and I don't know whether they made any changes in the proposed regulations or not, but it's pretty interesting since they indicated previously they would not adopt the proposed regulations. But suddenly and very quietly they adopted them on Saturday.

CHAIRMAN CORY: It's awfully hard to trust them, isn't it?

Governor, would you give us a rundown on the --

COMMISSIONER DYMALLY: Mr. Chairman, so far we have had two hearings on the question of geothermal development, in the North and in the South. We held one in Los Angeles the week before last and one in San Francisco. We heard over 35 witnesses representing developers, the public, and environmentalists.

There are about three proposals which were suggested for possible legislative or administrative enactment, and they will be discussed further at a Task Force meeting which
will take place in Sacramento by the middle of this month.

The first one is a proposal for an environmental appeals board modeled after the Workmen's Compensation Appeals Board to handle appeals from agencies and the public, and to confine those appeals to the substance of the application, and those who appeal would have access to the Court if their constitutional rights are violated.

The second one is to establish a lead agency, either in the county or in the State, to avoid a duplication of the several agencies now which require environmental impact reports, in some counties as many as six agencies. And the delays have increased from three months to three years to drilling in the well.

The third one is to limit the E.I.R. requirements or negative declaration for exploratory geothermal wells followed by a full report only if the wells seem promising of production.

The Task Force will consist of government, industry, and environmental groups and the purpose of the Task Force is to make recommendations to the Legislature and to the Administration, to see if we can expedite the development of geothermal energy.

EXECUTIVE OFFICER NORTHPROP: Thank you very kindly.

CHAIRMAN CORY: Any questions of the Governor?

Okay, thank you, Governor.
COMMISSIONER DYMALLY: I must add that they were very productive meetings and we have had very fruitful discussions on the subject.

EXECUTIVE OFFICER NORTON: Thank you.

The next item on my report, Mr. Chairman and Commissioners, in front of you is a resolution passed without dissent before the Western States Land Commissioners Association Convention.

This resolution proposes that ownership and jurisdiction of public domain lands under the management of the Bureau of Land Management to the States be returned to the States in which they are located and, further, that management of these lands be administered by the States in accordance with the public trust.

This resolution also proposes that Federal legislation be drafted to accomplish such a transfer and that the Congressional Delegations be contacted for support.

If the Commissioners agree, I would propose that the staff be authorized to assist in drafting such legislation and the Commissioners work with the California Delegation to accomplish the return of California's public lands to State jurisdiction.

There's approximately 16 million acres involved.

COMMISSIONER BELL: In California?

EXECUTIVE OFFICER NORTON: Yes.
CHAIRMAN Cory: It's a modest proposal.

EXECUTIVE OFFICER NORTHROP: So it would pass without dissent by all Western States. I'll add that -- or with the exception of Hawaii has no BLM lands in Hawaii. That's all owned by private people.

CHAIRMAN Cory: The natives got that squared away before they came into the Union.

EXECUTIVE OFFICER NORTHROP: So did Texas, as a matter of fact. Texas, a condition of entering the Union, they got to keep Texas. So I think maybe it's well that we give California back to California. Half of the lands are approximately owned by the Feds. and a good portion of that is managed by the --

CHAIRMAN Cory: Have you thought about making a trade on the retrocession on the rest of the land? Do we agree with the request? It's a modest proposal.

Who in the Congressional Delegation do you anticipate to approach?

EXECUTIVE OFFICER NORTHROP: Well, the entire delegation. This was -- all of the Western States are proposing that we act in some kind of concert on this; the various Lands Boards and Lands Commissions in the Western States and there is less than ten percent of the land -- I believe the number is something like less than six percent of
the land east of the Mississippi belongs to the Feds.

But, while over half of the lands west of the
Mississippi belongs to the Feds., and there's a great
inequity here in this management of the State Lands.

And again we have the same problem in land manage-
ment in asking for in lieu lands from the Feds. as we have
in getting agreement from the other part of the Department
of the Interior on where we go in offshore drilling. We have
to read the financial recap section of the Los Angeles Times
to find out what's going on there, so I think it's the same
situation.

CHAIRMAN CORY: All right.

COMMISSIONER BELL: In California, how much is
federally-owned and how much is controlled by the Bureau of
Land Management of the federally-owned land?

EXECUTIVE OFFICER NORTHP: Roughly, sir, about
two-thirds to three-quarters -- well over three-quarters.

COMMISSIONER BELL: The Bureau of Land Management.

EXECUTIVE OFFICER NORTHP: Yes. I think
Mr. Trout can give us some hotter numbers than that.

MR. TROUT: There is, I think right in that
neighborhood -- I can't give you the exact figures.

EXECUTIVE OFFICER NORTHP: Somewhere around 75 or
80 percent is owned by BLM. The rest of it is in parks and
that sort of thing.
COMMISSIONER BELL: Is this primarily a local
autonomy feeling of the states or is there some feeling that
the Federal Bureau of Land Management has not been doing a
good land management job?

EXECUTIVE OFFICER NORTHROP: The latter, sir. It's
not the fact that we are making a land grab, but it's the
fact that the management of this has not taken the requests
of the states into consideration. They have been doing it on
their own and I don't think it's really -- if we could
get response from the Department of Interior, this would not
be called for, but this resolution is an outgrowth of over
15 years of frustration by Western States Land Commissioners
to get the BLM to cooperate. The BLM has just not
cooperated.

COMMISSIONER BELL: That certainly makes sense.
CHAIRMAN CORY: Nothing ventured, nothing gained.
What do you do if they offer you half?
[Laughter.]
EXECUTIVE OFFICER NORTHROP: The next item
concerns a Western LNG Terminal application. At the August
meeting, Mr. Chairman, the calendar contained an application
from Western LNG Terminal Company to lease two parcels of
submerged land offshore Point Conception for the deployment
and maintenance of monitoring buoys.

The Commissioners put over this item, requesting
more information as to what the lands would be used for, and whether or not --

CHAIRMAN CORY: You don't want to talk about spoil removal royalty?

I've got something here on mine that says something about policy changes, spoil removal royalty. Do you want to do that?

EXECUTIVE OFFICER NORTROP: Yes, I might just as well.

The staff proposes -- Excuse me, Mr. Chairman.

The staff proposes that the Commission consider a change in policy to apply royalty fees for the removal of silt, sand, and gravels which are located on tide and submerged lands, or on any State-owned lands wherein the mineral rights are reserved to the State.

This material is a valuable mineral resource and a possible source of revenue -- of revenue to the State, which has never before been realized. Historically, for example, no royalty fee has been charged if such spoils are removed from and deposited on State lands.

However, the staff feels that private parties who remove the accreted material in the process of performing maintenance dredging, or construction of new facilities, are receiving benefit to themselves. Furthermore, depositing such material in deep disposal sites, even if they are
State-owned, prevents any possible recovery for revenue or future beneficial use.

Therefore, the staff feels that the State's mineral rights are being denied or subverted under the present policy and that some royalty consideration is due the State.

This is prompted by an application for dredging and we asked that, even though the material -- there was benefit to the owner of the Long Wharf which was getting depth and he should pay for the removal of the material.

So we are suggesting some nominal fee of ten or 15 cents a yard for that.

CHAIRMAN CORY: The rule of law is that -- if decreation is natural, the State owns the resulting land, is that right, Greg?

MR. TAYLOR: No, it's artificial.

EXECUTIVE OFFICER NORTHRUP: It's artificial.

MR. TAYLOR: It would become the owner's property if it was natural.

EXECUTIVE OFFICER NORTHRUP: So what we have here is that in some areas there are terminals which silt up and they want to go out, they want to dredge, and they are dredging. In order to make it, they have to not only dredge their property -- their leased area, but an adjoining area as well. So sometimes it's mud and other times it well
could be material that we could recover later. So they thought we'd have some kind of a policy that we charge for this sort of thing.

CHAIRMAN CORY: You will be coming back to us with a specific sort of a proposal?

EXECUTIVE OFFICER NORTHROP: Yes, sir, we probably will. We really were looking at a minimal -- at a minimum now of -- we have not set that minimum. We just wanted to get a policy decision out of the Commission.

COMMISSIONER BELL: We have private parties.

EXECUTIVE OFFICER NORTHROP: Yes. We have a disposal fee now which we --

CHAIRMAN CORY: Merv?

COMMISSIONER DYMALLY: It's okay.

COMMISSIONER BELL: I think it makes sense. [Thereupon a brief discussion was held off the record.]

EXECUTIVE OFFICER NORTHROP: Now, Western LNG.

At the August meeting, Mr. Chairman, the calendar item contained an application from Western LNG Company to lease two parcels of submerged land offshore Point Conception, for the deployment and maintenance of monitoring buoys.

The Commissioners put this item over, requesting more information as to what the lands will be used for, and
whether or not this was the first step in establishing an
LNG terminal in an extremely sensitive area. We have
developed the information the Commission requested, and, in
fact, we have gone on with some recommendations of our own,
and I will ask Mr. Trout to make a presentation to the
Commission on this subject.

MR. TROUT: Gary Horn has been working in some
detail on the Western LNG and the other LNG terminals and
has done quite an extensive amount of work. What we'd like
to do is show you a few slides of the Western LNG site
itself, that particular proposal, and then Gary will discuss
some three foot of E.I.R.'s, resource documents and other
things that he's been through over the past several months
in preparing for this.

Gary, I think you can sit up there.

MR. HORN: These slides were given to us by
representatives of the Western LNG Terminal Company. The
first slide shows three sites that the Western LNG Terminal
Company has proposed to locate LNG terminals. They have
made application to the Federal Power Commission for these
sites in September of 1974. This site is the proposed site
for the Point Conception Terminal; it's approximately four
miles east of Point Conception.

[Next slide.]

This is an aerial photograph showing that section
of the coastline where the Point Conception facilities will be located. The cross-hatched area shows the actual plant. The other is a larger parcel that the company will maintain, mainly for buffer zone purposes.

[Next slide.]

And this is a plot. It's details showing the type of facilities that will be located there; the trestle extends out into the ocean approximately 4600 feet and will accommodate two LNG tankers displacing approximately 165,000 cubic meters each.

On the upland is proposed to be located four tanks that would hold 550,000 barrels of liquefied natural gas that would be regasified and shipped off into the interior of the State.

[Next slide.]

This is a rendering of an LNG Terminal Plant that is proposed to be located at Oxnard, just approximately two miles south of the Oxnard Harbor, Port Hueneme. In the upper left-hand corner is the Southern California Edison Electric Generating Plant. This facility approximates the type of facility that is proposed to be located at Point Conception although there are some physical changes in the plant.

CHAIRMAN CORY: Pardon me. The same size --

MR. HORN: Yes.
CHAIRMAN CORY: -- in terms of the four tanks?
MR. HORN: In ultimate capacity, yes.
CHAIRMAN CORY: As shown in the rendering?
MR. HORN: Yes.
CHAIRMAN CORY: And the length of the trestle?
MR. HORN: The trestle in this case is 6,000 feet.

The company proposes to use, in their regasification process, the warm discharge water from the Edison Plant and thereby eliminating cold water discharge back into the environment of the ocean.

The incremental production of regasification proposed to Oxnard is 525,000 -- 525 million cubic foot a day.

EXECUTIVE OFFICER NORTHROP: Could you tell us what LNG stands for?
MR. HORN: LNG stands for liquefied natural gas. The gas proposed for use to come into the Point Conception Terminal will originate -- the original application is by El Paso Natural Gas Company, who proposes to build a parallel natural gas pipeline from the fields parallel with the oil line. They will build a liquefaction plant at Gradena which is very near Valdez, and then ship it down to Point Conception via this terminal.

COMMISSIONER DYMALLY: If the Congress approves the --
MR. HORN: If the Federal Power Commission issues the necessary certificates.

COMMISSIONER DYMALLY: What's the status of that now?

MR. HORN: They are still having hearings. There are some more hearings proposed for this month and the beginning of next month. They have amended their original applications to provide for a little less incremental production from these facilities.

EXECUTIVE OFFICER NORTHPROP: Governor, in response to your request, we are now attempting to -- we are putting together a presentation for next month on where these Alaskan lines go and where they are.

COMMISSIONER DYMALLY: The Artic Gas Company has proposed a line that comes down the western part of Canada and the eastern part of Alaska.

MR. HORN: That's correct.

COMMISSIONER DYMALLY: Why could they not -- one of the things I wanted to explore -- why could they not come down to Valdez and then go across. If they have this great desire to go across Canada, why can't they come down to Valdez and turn east and go down and avoid having to build a whole new plant?

MR. HORN: That's something that hasn't been discussed in their documents that they have presented so far.
MR. TROUT: I think the terrain is very rugged across that lower part there and we have suggested from our staff analysis that the Point Conception site as proposed would use regular sea water for the revaporization or vaporization of the liquefied gas.

We believe that there are perhaps opportunities which should be looked into further about perhaps looking at that site compared to, say, P.G. & E.'s Diablo Canyon Nuclear site. Wherever these power plants are, there are tremendous amounts of hot water coming into the ocean. This is of concern to several wildlife agencies and others and we think there's more work that can be done in that area.

But the proposal that was before you last month, and with your approval would be on again for your consideration next month, would just be to collect data at the Point Conception site, but this is obviously the first step moving towards the possibility of an LNG Terminal in the Santa Barbara Coast.

CHAIRMAN CORY: But the Western LNG is now aware that we have some concerns as to the significance of what they are proposing to do and that we would anticipate having full hearings in depth before anything goes on and there is no implied approval.

MR. TROUT: Yes, we met with them last week and
they understand that, should the Commission approve the
monitoring buoys, that that would not in any way be an
endorsement of the project, but simply recognition of the
need to collect data.

EXECUTIVE OFFICER NORTHROP: I just got some
information that I think you would be interested in.

CHAIRMAN CORY: All right.

COMMISSIONER BELL: I guess I'm a little fuzzy
as to how this ties into the Arco and Exxon problems that
the PUC is struggling with in terms of natural gas lines
down from Alaska to California. Is this over and above that?

EXECUTIVE OFFICER NORTHROP: I believe one of the
alternatives on the Alaska National Gas was, as the
Lieutenant Governor's suggesting now, that there is the
possibility, I think yet, of a line that would come from
Mackenzie Valley and come into California overland. But this
Western LNG is a proposal to go to Valdez, have a Pyrogenic
plant reduce the natural gas to a liquid state, and bring it
down by tanker.

COMMISSIONER DYMAIILY: It might be helpful for this
Commission because I find we don't understand the issue
raised by the public about the PUC and P.G. & E. arrangement.
Could you at least brief us informally?

EXECUTIVE OFFICER NORTHROP: We plan on a full-scale
presentation on that -- the alternatives on that -- next --
in the October meeting as to where that's all going. That's why we are trying to set this all up for October.

CHAIRMAN CORY: That's all in the LNG?

EXECUTIVE OFFICER NORTHROP: That's all in the LNG.

The next item -- we will use the same cast -- but the recreational pier permit presentation; the discussion on that was requested by the Governor and we are prepared at this time to go into that very briefly, where we are with recreational piers.

MR. TROUT: Just for your consideration, I have three vertical aerial photos showing with the large arrows, three sites that would, under the present statute, be free recreational pier permits.

Very briefly I'd like to just hit a few slides of the same areas so you can get the magnitude of the pier problems.

The second vertical photograph that you have shows this hook-like pier. We couldn't get back far enough to get it on one slide.

[Next slide.]

Now this is a hook-like pier and you can see in the foreground a little white underneath; it's the arm of the pier. Under present statute, this large facility is free. This would be a recreational pier permit. These are
at Lake Tahoe, these first ones.

This one is a trespass which we are going after.

[Next slide.]

This would be a recreational pier permit; this has six fingers and this is shown on the last of the vertical aerial photos that you have. You will recognize the fingers sticking out on both sides to the left of the photograph.

[Next slide.]

Then just quickly hitting a couple of more which also would qualify: this is down -- let's see, this one is also there.

[Next slide.]

This one is at Bethel Island; this qualifies as a recreational pier.

[Next slide.]

This is at Bethel Island; this qualifies as a recreational pier, and you can obviously see that that vessel is suitable for living on over a weekend.

[Next slide.]

A specific question was asked by the Governor last time about Donner Lake, and in preface to that I'd like to just hit two points: one is, as of May, 1975, 24 percent or almost one-quarter of the active leases issued by the Commission are recreational permits. That's 556 of 2300 outstanding permits. Of the land operations, in other words,
of the non-mineral activities, 55 percent are free recreational pier permits. The estimated annual rent, were they brought under present leasing, would be $30,000 a year and I'd just like to briefly answer the Governor's question and I think perhaps Commissioner Bell about Donner Lake.

There are at present, on Donner Lake, a hundred forty-two shoreline ownerships or individual parcels. There are already 120 piers in existence. The surface area of the lake is 840 acres, and the area occupied by the present piers is 2.7 acres, or 3200ths of one percent. The longest pier is a hundred sixteen feet.

So I think any impact as far as water skiing and other kinds of things, we really don't have a significant problem from that aspect. The real problem is the lack of success with the Legislature, especially the Senate, in getting our legislation through.

[Thereupon a brief discussion was held off the record.]

COMMISSIONER DYMALLY: I just wanted to ask a question, please.

I'm amazed. You mean people just build structures on the lakefront and the riverfront without permits?

MR. TROUT: Yes, sir.

COMMISSIONER DYMALLY: And if I jaywalk, I get a ticket?
MR. TROUT: That's about it, and with this Commission and Mr. Northrop's direction, we have gotten a number of these trespassers under lease and you will find later in the calendar that we are asking for the authority to go sue some more, so we are able to move in that direction now.

But some of them --

CHAIRMAN CORY: I have a comment. From the pictures that you showed of the piers, the recreational piers, I somehow don't feel any great empathy to the financial status of those who came by those piers.

I mean, it seems to me if we are going to subsidize people in our society, we probably should not start there. I don't know, somewhere I seem to run into people that seem to have more pressing needs.

MR. TROUT: If you get these piers under lease, you still don't get any revenue in, you know, significant ones like that.

CHAIRMAN CORY: But the cost of issuing permits, that's staff cost. And what we are talking about in recreational pier costs is that they should pay their share of the overhead, as opposed to having the people -- the retired people who are paying sales tax in Johnny Burton's Hotel International funding them, and the people that have those permits, they should be able to pay a few dollars a
year to have that, I think.

COMMISSIONER DYMYALLY: I don't know if that would be any more convincing. But I would like to testify on this measure when it comes up.

EXECUTIVE OFFICER NORTHROP: The last two items, Mr. Chairman and Commissioners, deals with changes in the Agenda before you.

Item 4(A), ceding of concurrent jurisdiction:
The Attorney General will bring that action to your attention and on Item 6(A), application by the Department of Transportation for a public agency permit to construct and maintain a bridge, the Department is not required at all. It's CEQA's responsibility in providing the Commission with notice of determination.

Therefore, it was necessary to withdraw it from there.

This is the Antioch -- they didn't get everything done they were supposed to on their CEQA, and we were advised Friday afternoon they had not done it, and we would have to pull it.

COMMISSIONER BELL: So we can take care of it next time?

EXECUTIVE OFFICER NORTHROP: Yes, we will have it next time.

CHAIRMAN CORY: Greg, on retrocession, you'd like
time?

MR. TAYLOR: Yes.

Are we going to do that item this time now?

CHAIRMAN CORY: Yes.

MR. TAYLOR: Mr. Chairman, we delivered to you this morning, and we have for you on Friday, a copy of the letter. At the last -- July meeting, when you asked that this matter be deferred, you requested that our office look into the problem. We have been working with your staff counsel and with several sections of our office. And, while we have not reached a conclusion as to what our ultimate position will be on the questions you have asked, it appears we have a more immediate problem and that is that we think there is serious doubt as to whether or not you can act on these applications by the National Parks Service under Section 126 of the Government Code, as it presently exists.

The staff counsel and our office have concluded that the safest course of action -- both because of the potential harm to the State if it's not carefully handled and also to our citizens who find themselves in the impossible position of wandering from one jurisdiction to another arguing over it -- would be to defer this action until we can get amendments to Chapter 126 to make it clear.

You also expressed some concern at that time about
having discretion. For instance, only criminal jurisdiction is being sought and yet the effect of your action would be to confer both criminal and civil jurisdictions. Some of those things can be taken care of, but not under this present statute, so the recommendation is that this matter be put over and that the staff be instructed to work on an urgency basis with the Legislature to get an amendment of Section 126 of the Government Code.

CHAIRMAN CORY: I have a question, though. I'm not sure that we want to do it. I mean, there are questions in my mind and before we go changing the statute, it seems to me we ought to have the question thrashed out as to whether or not it is good public policy or bad public policy.

MR. TAYLOR: There is some debate in our office on that subject at the present time.

CHAIRMAN CORY: We would like to participate in that before we approach the Legislature in changing the law because it may be an easy out for us to say the law doesn't allow us to do it. And thank you kind park people, but we just can't.

MR. TAYLOR: The way the public parks have been handled in the past has been by special statutes for particular parks. The cession statute was appealed and we are acting under a consent-to-acquire statute.
It's a very complicated area; it's an area that is considerably liberalized in recent years and I think there is more discretion that could be exercised.

If the matter is deferred, the suggestion would be that we work on a package between the staff counsel and our office and present it to you with a brief explaining all the various alternatives and then ask for your direction as to which way you would go.

CHAIRMAN CORY: Yes, I think that is the way you should proceed. I also, in looking into another matter, became aware that the Indians of this nation, and particularly of California, are concerned about this concept. In essence, some local areas are causing them some grief -- not in the criminal side -- but in civil land-use planning and that area, and they are looking upon retrocession as a way to get out from under local -- what they feel are discriminatory regulations.

And I think you ought to crank that into the formula.

MR. TAYLOR: We have several pieces of litigation pending in the resources section, with regard to Indian rights and section problems connected with Indians, and that would be involved in any analysis that is prepared.

CHAIRMAN CORY: And I would just as soon not get blind-sighted on that one so explain that one to us before
we vote.

MR. TAYLOR: There could be some significant tax consequences to some of this, although there are reservations, and we are just trying to get the whole package together, but in any event we feel there is grave doubt about proceeding to approve it at this time. And that is the only message we would like to convey to you today.

The others that we have done have been military reservations and Federal Buildings and so on. This is the first time that, under Chapter 126, we can find in your records that there has been application for the National Parks Service.

CHAIRMAN CORY: We will put it over and wait for your staff reports so we can go into our options.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Ralph G. Mihan, Attorney at Law, Field Solicitor for the U. S. Department of Interior, is here and has requested time to speak to this issue.

MR. MIHAN: Excuse me for taking up the Commissioners' time at this point, but the last time I really didn't get a chance to emphasize or explain what we were after with the National Parks Service. As was mentioned, my name is Ralph Mihan, Attorney with the Department of the Interior.
I ask you to trust me. I'm representing --

[Laughter.]

MR. MIHAN: -- I'm representing the National Parks Service --

CHAIRMAN CORY: Let me say, very seriously, that that is not a facetious comment. The Department of the Interior's monologue -- repeated and continued monologue -- and refusal to listen makes it very difficult to take at face value anything that you say, and I hope you take that back that it is one of the things that we have to look somewhat suspiciously at because if the Department of the Interior -- at least in offshore oil drilling -- has the upper hand in any area, you put it to us pretty hard, and it's no backing up. It's the hell with you, we've got the power; we are going to do it.

And right here you are asking for us to give you some more power and the track record hasn't been too good and I think we ought to, you know, lay it on the table for what it is.

MR. MIHAN: I can appreciate that.

CHAIRMAN CORY: So go ahead and take your best shot.

MR. MIHAN: The reason I didn't want to emphasize our position here is that I was hoping that the action or inaction of our sister agencies -- our sister agency is the
National Parks Service -- wouldn't overshadow the serious problem that the National Parks Service is now confronted with. As was recommended, there would be some remedial legislation. We don't object to that, but we urge that such legislation be given top priority.

We'd be glad to provide any support we might be able to lend.

Our application is, of necessity, in great urgency because the National Parks, with everybody with their leisure time and everybody is descending on the parks, so we've got a lot of law enforcement problems, and we are willing to work with the local officials, as I think has been demonstrated. We applied with respect to Death Valley, which is in Inyo County, and San Bernardino and Riverside, and both of those generated opposition and we quickly withdrew them.

Now with respect to the counties that we still have an application on, why with respect to Point Reyes in Marin County, we have the Board of Supervisors' unanimous resolution and also a letter from the District Attorney, the County Counsel, and the County Administrator. In Lava Beds, Modoc Board of Supervisors endorsed it, as in Siskiyou. In Pinnacles National Monument, the Sheriffs of both San Benito and Monterey Counties have endorsed it. With respect to Whiskeytown, the Board of Supervisors in
Shasta County endorsed it also.

What we are up against at this particular point is that in these areas, the National Parks Service, an arm of the United States, owns the property and all we have by way of law enforcement authority is administrative regulations which usually lead to illegal camping and dog-off-leash and this type of situation. All other major crimes that occur in there; generally it's been pretty obvious that in the past when the Federal Government owns this land, the counties usually withdraw -- deputy sheriffs -- since there is no tax base or anything there, there is no reason to send the protection out there.

Consequently, the Rangers are left to enforce the laws, and without any jurisdiction to enforce criminal laws, they are left to citizen's arrest possibilities which opens them to all kinds of exposure, either if they get hurt themselves they may not be covered by Federal Workmen's Compensation, or if they hurt somebody, then the Federal Government may not stand behind them.

Also they are subject to false arrest, assault and battery suits, and again they are not protected. We have explored other possibilities such as deputization but that also leads to serious questions about coverage of the Ranger and also somebody to pay off an injured party that is a result of his action.
What is more difficult in that situation is that the sheriffs in many counties are reluctant or, in fact, do not deputize because they assume the responsibility of the actions of these Rangers and consequently don't want to deputize. Some of them have advised us that, even if they did deputize, their insurance wouldn't cover the actions of the Rangers also.

We have got concurrent jurisdiction in many other states. One that is close at hand is in Washington, and another in Nevada. Nevada has a very similar statute to the one that California has. We applied for concurrent jurisdiction at Lake Mead, it went before the Nevada State Tax Commission, and they granted it to us and now we work hand in hand with the Clark County Sheriff's Department.

The Rangers are --

CHAIRMAN CORY: Can you explain your question of false arrest?

I thought that if a deputy sheriff, under California law, acted in an arbitrary, capricious manner in arresting someone, he is subject to false arrest prosecution in State Courts. If a Federal Officer acts in an arbitrary and capricious manner and without probable cause because he doesn't like him or he doesn't like his facial hair or something, are they immune from false arrest charges?

MR. MIHAN: No, they are subject to false arrest
charges also. But if they are making an arrest without any collar of authority under Federal and State law, chances are -- or there is a possibility -- that when the thing is litigated, the individual may be found to be outside of the scope of his employment and therefore the United States or local agency is not responsible.

What we are requesting is that we can get them under the authority of law by concurrent jurisdiction and make them arrest as federal officers and then the Federal Government would be responsible for all of their actions.

CHAIRMAN CORY: At some point in the presentation in the future, I -- going over that area of the law because I know law enforcement has tried here in California to get some sort of an immunity statute for personal acts outside of their scope of employment and the Legislature has always refused that. Those are the kinds of questions that go through my mind with this retrocession; are we doing some things that the Legislature has refused to do in terms of citizen's rights if someone is acting incorrectly.

MR. MIHAN: If I might add, the Federal Tort Claims Act, the Federal Act, provides that individuals may sue the Government for injuries or whatever occurs, was amended about three years ago to include suits involving false arrests, assault and battery, and false imprisonment, so that if a Ranger or a Federal law enforcement individual
is sued on that regard, then the United States is automatically a defendant.

Prior to that time, it was not, but it is now.

Well, in summary, the Rangers are very highly trained and I think at a later time we could go into that with the staff and explain what the training involves.

But the present situation, although the Rangers are in uniform, many times they are either declined to act on a citizen's request for an arrest situation, or they are inclined not to become involved because of these gray areas as to whether they are actually protected or covered or whether the individual is going to be protected also.

The counties in the past, as I say, have left a lot of the responsibility to the Rangers and we would like to have some legislation to clear up this ambiguity because we certainly don't want the citizen to get involved in as to who has jurisdiction. We are willing to work with the counties and we'd appreciate an expeditious handling of the legislation.

We will work with the State Office, the State Attorney General's Office, and the State Lands Commission and staff in this regard. And again I close by adding that I hope that the inaction or action of the sister agency does not overshadow the seriousness of the situation that we have in the parks.
Thank you.

CHAIRMAN CORY: What time frame do you think you would be moving in?

MR. TAYLOR: We can give -- with your staff, we can have something back in 30 days.

CHAIRMAN CORY: I think we ought to start moving as rapidly as possible.

MR. TAYLOR: Would 30 days --

CHAIRMAN CORY: Do you have some doubts, Bill?

EXECUTIVE OFFICER NORTHROP: This is the third month that we have been planning this, and if we can wrap it up, fine.

CHAIRMAN CORY: I'm not so sure we can wrap it up, but I think we better start delineating what the problem areas are.

MR. TAYLOR: Could we have a report for you by the November meeting because legislation can't be started until January anyway, so if we can have it for the November meeting, that would give us about six weeks.

COMMISSIONER DYMALLY: Counsel, what happens in counties where you have a working arrangement with the Sheriff?

MR. MIHAN: We don't have it right now in California, but we do in Nevada with the Clark County Sheriff's Department, and it has been divided with respect
to responsibilities and capabilities and the amount of man-
power. Generally, those crimes that occur in the recreation
area that involve the visitors and residents are handled by
the Rangers. Those other crimes that involve activities
elsewhere in the county, the Sheriff takes care of those.
But even beyond that, some of the major crimes, such as a
murder, the Ranger will appear on the scene, make the arrest
which he has the authority to do so in the concurrent
jurisdiction, and then the matter is assumed by the Sheriff
for prosecution.

CHAIRMAN CORY: Under State law or Federal law?
MR. MIHAN: Under State law.

All of these arrangements can be made on a county-
by-county basis. In some counties that we are dealing with
right now, in these four areas, the counties would just as
soon that the Parks take the whole thing. They don't want
to be bothered; as a matter of fact, Lava Beds National
Monument sees a deputy about once every two to three weeks.

Now in other areas, where the counties wish to retain
responsibility for major crimes or something of this nature,
we are more than willing to work it out.

CHAIRMAN CORY: Okay.

MR. TAYLOR: Mr. Chairman, I think on the false
arrest, if I can clarify it for a minute; the false arrest
problem is whether or not a deputy is entitled to legal
defense, but who covers his actions when he acts as a citizen? In other words, is he an employee of the State or an employee of the Federal Government? I think those are the kinds of problems. I don't think that the problem is one of employees' actions. Where a police officer, whether Federal or State, acts unreasonably, he is certainly liable to suit. The question is what kinds of additional protections do you have that he's going to have some defense and also that there is going to be someone to look to for damages in addition to the deputy or the marshal who probably will not be that well off to respond to damages. I think that's the question, isn't it?

MR. MIHAN: That's correct, yes. Thank you very much.

CHAIRMAN CORY: Thank you.

EXECUTIVE OFFICER NORTHP: The next item, Mr. Chairman, is the termination of a non-commercial lease with Decon Corporation. There are some legal ramifications involved in essence, so Mr. Taylor's --

CHAIRMAN CORY: Is this the item that was before us last time, Greg?

MR. TAYLOR: Yes.

CHAIRMAN CORY: They weren't able to get together on the problems?

MR. TAYLOR: Katherine Stone handled that in our
office.

MS. STONE: This item was put over at the request of Decon in order for Decon to negotiate and present legal authority to the Attorney General and the staff.

We have concluded that while there are two grounds for determination, one is failure to complete by the January 1st, 1974, and the other a breach on the continuing covenants to use and maintain small boat slips appurtenant to the upland parcels.

Now, since the upland parcel has been severed from the water parcel, Decon doesn't seem to be in a position to perform unless some arrangements are made with the owner of the upland parcel. For these reasons, we are recommending that the 30-day notice be issued in the alternative to perform the conditions or quit.

And Decon has indicated that they will sue us if we proceed in this manner. They tendered their rent and, pursuant to a stipulation that this tender will not affect the rights of the parties, we have accepted the rent.

CHAIRMAN CORY: We are right back where we were a month ago, huh?

MS. STONE: Well, we are going on a premise -- another legal premise. A month ago, we were talking only about the failure to complete construction by January 1, 1974. We believe there is additional grounds, and that's
the continuing covenant which has not been waived to not -- to use -- for the purposes specified. It was the only purpose specified in the lease.

CHAIRMAN CORY: Is there anyone here from Decon that wishes to be heard?

All right.

COMMISSIONER BELL: We have two items instead of one?

CHAIRMAN CORY: We have two reasons for doing the same thing. Serving a 30-day notice to terminate.

MS. STONE: Right.

CHAIRMAN CORY: They either correct the deficiencies in the lease or in 30 days we will terminate.

MS. STONE: Yes.

The procedure is that actually they should deliver back a quitclaim deed that was specified in the lease within those 30 days, or perform.

EXECUTIVE OFFICER NORTHP: The recommendation is found on page 25.

CHAIRMAN CORY: Okay.

COMMISSIONER BELL: Mr. Chairman, I so move.

CHAIRMAN CORY: Mr. Bell moves; Mr. Dymally seconds?

COMMISSIONER DYMALLY: Yes.

CHAIRMAN CORY: Without objection, such will be the order.
Okay. 5(B).

EXECUTIVE OFFICER NORTHPROP: Mr. Chairman, Item 5(B) is a lease with Connolly-Pacific Company for mooring -- for use of four existing mooring buoys off Catalina Island. These buoys tether the vessels as they load rock at that location. This is an increase in rental and a throughput, should the Commission decide that this commodity is subject to approval.

CHAIRMAN CORY: Anybody in the audience wish to speak on 5(B)?

COMMISSIONER DYMALLY: So move.

COMMISSIONER BELL: Second.

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

5(C)?

EXECUTIVE OFFICER NORTHPROP: 5(C), Mr. Chairman, is an application by Phillips Petroleum Company to renew a lease and raise the rent $500 a year with the possibility of a throughput by August, '76, if the Commission should decide on that.

CHAIRMAN CORY: This is for what?

EXECUTIVE OFFICER NORTHPROP: This is for a terminal in the Sacramento River.

CHAIRMAN CORY: Is this Phillips Petroleum or Tosco Petro?
EXECUTIVE OFFICER NORTHRUP: Phillips Petroleum at the present time -- production, I would assume.

CHAIRMAN CORY: I was just thinking about the other Board which we sit on where Tosco Petro comes in and we are loaning them several millions of dollars because they acquired all of Phillips' property, but such would be like, I guess they would be heirs and assigns.

Okay, without objection, 5(C) is approved.

5(D)?

EXECUTIVE OFFICER NORTHRUP: This is a use permit for a parcel in Lake Tahoe, recreational maintenance of one recreational boating buoy, $75.

CHAIRMAN CORY: Anybody here to speak on this item?

Without objection, it will be approved as presented.

5(E)?

EXECUTIVE OFFICER NORTHRUP: A 16-inch natural gas line for P.G. & E., and all of the natural gas lines that are on -- I believe there are four more -- carry a provision for a different rental should the Commission decide to fix it, and dates vary because of the renewal dates. But all of them are timely enough to allow us to do that if we adopt it as we planned.

CHAIRMAN CORY: Which without objection, such will
be the order.

(F)?

EXECUTIVE OFFICER NORTHPROP: Cobon Corporation has a recreational pier, a request at the rental as described in the Agenda, in the Laguna Beach area of Southern California.

CHAIRMAN CORY: Laguna Beach. Okay, any questions? Anybody in the audience?

COMMISSIONER BELL: Is this a trailer park?

EXECUTIVE OFFICER NORTHPROP: Yes, this is a trailer park.

COMMISSIONER BELL: Okay.

CHAIRMAN CORY: Without objection, 5(F) will be approved.

5(G)?

EXECUTIVE OFFICER NORTHPROP: 5(G) is another gas line that I referred to earlier; an eight, ten, and a four-inch, through Whiskey Slough at a rental that varies as listed, from seven dollars to a hundred dollars a year.

CHAIRMAN CORY: Anybody in the audience on that item?

Without objection, it will be approved as presented.

(H)?

EXECUTIVE OFFICER NORTHPROP: (H), Mr. Chairman, is
again another Pacific Gas and Electric natural gas line, a 14-inch line with a proviso for a throughput.

CHAIRMAN CORY: Any objections?
Without objection, 5(H) will be approved as presented.

EXECUTIVE OFFICER NORTHROP: 5(I), Mr. Chairman, is an additional gas line for P. G. & E. The same conditions exist on the rentals based on the previously approved method.

CHAIRMAN CORY: Without objections, 5(I) will be approved as presented.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is an authorization of a revision of a rent review for James R. and Jean Martin, the rent being increased from three seventeen -- $317.91 to $680 per year, effective November 14th. This is a marina in the near areas of Sacramento, on the river near Freeport. The increase is from $26 a month to $57 a month a five-year basis.

However, I understand that Mr. Martin is in the audience and would care to address the Commission on this item.

MR. TROUT: I'm not Mr. Martin. He left, apparently being now satisfied with the reasonableness of the Commission's action on the rental, so we can go ahead with the item.
CHAIRMAN CORY: Mr. Martin really did leave, huh?
COMMISSIONER BELL: It's reasonable.
COMMISSIONER DYMALLY: Okay.
CHAIRMAN CORY: 5(J) will be approved as presented.
EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 5(K) is two overhead transmission towers in the deep water channel. They are in Stockton, and these towers are in existence and this is just revising the rent.
CHAIRMAN CORY: Any objections?
Without objections, (K) and (L) will be approved as presented.
EXECUTIVE OFFICER NORTHROP: 5(M) is a rent review from Mr. Alvin R. Stults, an increase in rental.
CHAIRMAN CORY: Anybody in the audience on this item?
Without objection, it will be approved as presented.
5(N)?
EXECUTIVE OFFICER NORTHROP: The next one, Mr. Chairman, 5(N), Lauren and Colleen Wolter, a rent review of --
CHAIRMAN CORY: Anyone in the audience on Item 5(N)?
Without objection, 5(N) will be approved as presented.
6(A) is off the Agenda; 6(B).

EXECUTIVE OFFICER NORTHROP: 6(B) is an agency permit for Fish and Game for some recreational lands and some management lands and wildlife protection. Assemblyman Siegler and Assemblyman Dunlap have both indicated they would like to speak to this issue and Assemblyman Al Siegler represents the Eighth District in Napa-Sonoma Counties, and he would like to address the Commission on this.

CHAIRMAN CORY: Al?

ASSEMBLYMAN SIEGLER: Mr. Cory and Mr. Dymally and Mr. Bell, I'm very excited about the development work that the State Lands Commission has accomplished and is accomplishing.

I say this because, before being here in the Legislature as an Assemblyman, I was on the Board of Supervisors in Solano County and I first met my friend Lou Allen at that time and we were -- he was concerned, as we were, with the development of the acquisition of Cullinan Ranch and Coon Island; of course also the work that the Lands Commission has done with Suisun Marsh, and I am sure that you are well aware that this specific highway is one of the greatest areas for wildlife habitat, not only here in California, but perhaps without exaggeration, maybe we could say anywhere in the world.

And so this land certainly must be protected and
this is why I do applaud the State Lands Commission and the Attorney General's Office and the Department of Fish and Game.

I do hope that there will be more of an awareness on the part of the public of what it means to have, say, the Department of Fish and Game manage this wildlife habitat and I also applaud the efforts of acquiring the easements and I understand there are five miles of easements which will provide public access.

And so, both in behalf of Senator Dunlap -- and we have been apprised right along of what State Lands Commission is trying to do -- that we also keep going forward on this so we can save these lands for future generations.

I get a little bit emotional about this, but this is exactly what has to happen, because if it doesn't it would be more like a desert, wouldn't it? It would end up looking like the moon rather than the beautiful area that it is.

And so, thank you very much for giving me this opportunity, at least to express myself a moment and congratulations to all of you.

CHAIRMAN CORY: Thank you very much.

What we are doing here is taking the 200 plus acres and leasing so that Fish and Game could be managing the National areas. And we are reserving the normal mineral rights and ingress and egress for those purposes.
COMMISSIONER DYMALLY: So move.

COMMISSIONER BELL: Second.

CHAIRMAN CORY: Without objection, 6(B) will be approved.

6(C)?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 6(C) is a request from the Contra Costa County Sanitation District for a public agency permit to replace an existing effluent outfall line. The consideration is public health and safety on this issue.

CHAIRMAN CORY: That would go through the normal Water Quality Control --

EXECUTIVE OFFICER NORTHROP: Yes, the effluent is approved by Water Quality Control.

CHAIRMAN CORY: Anybody on 6(C)?

Without objection, it will be approved as presented.

6(D).

EXECUTIVE OFFICER NORTHROP: 6(D), Mr. Chairman, is the Estero Municipal Improvement District, a storm discharge outfall structure into the San Francisco Bay.

CHAIRMAN CORY: Anybody on 6(D)?

Without objection, it will be approved as presented.

6(E)?
EXECUTIVE OFFICER NORTHRUP: 6(E), Mr. Chairman, is an application by William Wilson and Emily Taylor Andrews for a recreational pier permit; one in Huntington Harbor and one in Lake Tahoe. Two separate individuals.

CHAIRMAN CORY: Anybody -- any questions on 6(E)? Without objection, 6(E) will be approved as presented.

7(A)?

EXECUTIVE OFFICER NORTHRUP: This is a permit -- or a request by Burmah Oil and Gas Company to drill several wells -- the wells will be drilled on the surface upland, but it will be bottomed offshore as part of a secondary recovery program in this area. The time frame looks like this in light of our November 15th price freeze, it'll probably take two months to get the drilling done and it will be six months to a year before the secondary flood puts oil to work that there can be any appreciable production.

We are looking at a time frame of from eight months to a year.

CHAIRMAN CORY: Okay. Anybody here to speak on Item 7(A)? Without objection, it will be approved as presented.

(B)?
Pittsburgh asked for a dredging permit and this permit will allow them to dredge 42,000 cubic yards of material and their end idea is to construct a 297 unit municipal marina.

CHAIRMAN CORY: Anybody on 7(B)?

Without objection, it's approved as presented.

7(C)?

EXECUTIVE OFFICER NORTHROP: The partnership of Ryerson and Pinner have a lease and they have asked for a change in partnership so the lease reads, Stanley Ryerson and the Pinner name be dropped.

COMMISSIONER BELL: The name is changed, okay.

CHAIRMAN CORY: Without objection, 7(C) will be approved as presented.

7(D) and (E)?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 7(D) and (E) are quitclaims; one by Gulf Energy and the other by American Thermal Resources, to terminate prospecting permits in the Surprise Valley of Modoc and Lassen Counties. There has been no work done on these, so we haven't any problem in putting it back in that order.

CHAIRMAN CORY: Without objection, 7(D) and (E) will be approved as presented.

8(A)?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 8(A) is an approval of the final modification of the 1974-1975 year
Plan of Development. It summarizes the work that's been accomplished under this plan and the funds are in line.

CHAIRMAN CORY: Just as a matter of course, if this is for the fiscal year '74-'75, Commission approval of a modification of their development plan, shouldn't that approval take place before the year ends -- I mean, my good friends in Long Beach, I know, are honest and all that, but aren't we a little better off approving all these things --

EXECUTIVE OFFICER NORTHROP: This is really just a summary, Mr. Chairman, of --

CHAIRMAN CORY: But it says final modification.

[Thereupon a brief discussion was held off the record.]

MR. HAYWARD: Well, no, Mr. Chairman.

My name is David Hayward, from the Long Beach operations.

This is a reconciliation of the budget. It really represents a final audit that the entire budget and the expenditures --

CHAIRMAN CORY: Can you refer to it then in the future as final audit, rather than final modification?

MR. HAYWARD: I believe those words could probably be used, but it is more than is normally considered to be an audit. In other words, engineers and technical people become involved in it to make sure that the money was spent
wisely and that the facilities are what they are purported to be, so it's more of an engineering type of thing as well as an audit.

CHAIRMAN CORY: In terms of the audit function, I just wanted to make it clear, it looks when you pick up the Agenda, as if we are going back and correct something that somebody had done and it was my understanding that we were getting constant updates on every change you make currently during the fiscal year rather than after.

COMMISSIONER BELL: I'd rather just call it a final budget.

MR. HAYWARD: I'm sure that could be worked out to the satisfaction of all.

COMMISSIONER DYNNALLY: So move.

COMMISSIONER BELL: I have no problem.

CHAIRMAN CORY: 8(A)?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 8(A) is a review of the fiscal production and revenue and estimate of '75-'76 from Parcel "A" in Long Beach -- correction.

CHAIRMAN CORY: 8(A) is approved as presented; now we are on 8(B), okay.

EXECUTIVE OFFICER NORTHROP: The parcel raises a problem, Mr. Chairman. I think while we are looking at this budget, it's time to discuss where the problems are. And again it's back to that $4.19 crude oil price with
Parcel "A" and if this continues Parcel "A" is going to become uneconomic in a period -- we are going to have to start cutting back production of crude oil very shortly.

Dave, do you want to give us some idea where we are in a time frame as to when we have to start cutting back and where we are?

MR. HAYWARD: I have an exhibit here that I'd like to --

What you are looking at here is 1973 through '75-'76. Dollars per barrel, the red lines are the total expenditures, this happens to be Parcel "A," which is one of the tidelands parcels which the City of Long Beach, State of California, shares --

Total expenditures, you will see climbing on up here, in dollars per barrel, two dollars a barrel moving on up to nearly two and a half dollars per barrel, and now it looks like the year that we are in right now -- the fiscal year that we are in -- it will be something on the order of $3.10 a barrel. Meanwhile, there is a ceiling price that prevails of $4.19 a barrel on this particular gravity of oil. And that ceiling price has been in existence since December 19th, 1973.

So it doesn't take very much imagination to see what's happening here. As the cost comes up and the crude oil remains at a constant ceiling price, sure, there can be
economies in this general area here, so that it probably
will not continue on a straight-line basis. It will
probably curve over like this [indicating], but it does
indicate that --

EXECUTIVE OFFICER NORTHROP: May I say here that
the economies that you are talking about, we quit producing
some marginal wells.

MR. HAYWARD: That's right. And I might give you
another --

CHAIRMAN CORY: What you are saying is that we
are going to decrease the amount of oil coming out of the
ground domestically, and we are going to --

EXECUTIVE OFFICER NORTHROP: It's going to be
offset by $11 and now $13 of oil imported to offset the
economy of the Government --

COMMISSIONER DYMALLY: Question: Would we not
increase our revenue if decontrol goes into effect?

EXECUTIVE OFFICER NORTHROP: Yes. The reverse
happens. We would be able to do some things that would give
us more oil because of the higher -- the better price.

MR. HAYWARD: We might show you another look at
that. This is the same Parcel "A" which is again one of the
tideland parcels down there, only here this is plotted in
millions of dollars per year, showing the total expenditures
coming up, and showing what's happened to the gross revenue
This was back at a time when it reflected pre-December 19th, 1973 price. The price of oil went up at that time, as you know, but then the decline in the production of oil fields set in showing a general downward trend in gross revenue, but upward trend in costs. So we would expect this to come down like this [indicating] and certainly the costs we would expect to be controlled and brought down in some way so that somewhere down the road there is going to be a coming together of the revenue and the costs.

CHAIRMAN CORY: The only way to control costs is to take out the production of the most expensive oils?

MR. HAYWARD: This is one of the ways that it is done, is an oil-field approach to the end of the line, that the high-cut wells -- the wells that are making the most amount of water are shut in.

CHAIRMAN CORY: Will this Commission be informed before a well is shut in?

MR. HAYWARD: Normally, that's the business of the unit operator; it's considered a detail of oil field operations. Normally that would not come to the Commission's attention.

CHAIRMAN CORY: Well, the reason I raise the thing in terms of general public policy in a shortage of oil that gets to, I guess, one side of the rather vexing public policy
question; if you allow the operator to make those decisions based upon his private corporate profit position, as opposed to that which is maybe a greater public good, and the question comes up: If you close it in -- as I understand, if you properly close in a well, you can't open it back up, is that correct?

MR. HAYWARD: It can be opened up, unless it's permanently abandoned. I might say, Mr. Chairman, that in this case, the City of Long Beach, as Trustee, is the operator and it isn't quite -- it might be assumed -- on a profit-making --

CHAIRMAN CORY: Who is the contractor?

MR. HAYWARD: The contractor -- the power contractor on Parcel "A" is Powerine, yes.

CHAIRMAN CORY: So it would be Long Beach's decision; not Powerine's?

MR. HAYWARD: Yes, sir. It would be Long Beach's decision.

And that's the situation where the advantage of leaving a well pumping and obtaining the oil, of course, would lead to greater recovery of oil, but the advantage of shutting it in would be to increase the net revenue because, obviously, that particular well would be one which was not making money.

CHAIRMAN CORY: Well, Director of Finance -- Shall
we subsidize the nation?

[Laughter.]

CHAIRMAN CORY: That's the question.

COMMISSIONER BELL: Well, I think it's a beautiful example of why it should be recognized that California is like the other 49 states, and we should be given the $5.25 oil, if nothing else.

MR. HAYWARD: Yes, sir.

COMMISSIONER BELL: At least we'd be able to keep some of the present production going for a while.

EXECUTIVE OFFICER NORTHROP: A dollar would make a big difference.

COMMISSIONER BELL: Yes.

MR. HAYWARD: A similar story here on the other tideland operation, the Long Beach Harbor Department Tidelands Parcel which is, oh, five times the size of this one here. But it also is a tideland parcel that the City of Long Beach operates.

COMMISSIONER DYMALLY: Are we also saying that this economic situation could possibly change after November 15th?

EXECUTIVE OFFICER NORTHROP: Through November 15th, it probably could. But the loss now by not getting parity for our crude oil -- and this is the important part -- we would probably be resigned to living with an August 31st
cutoff. But now that it's gone to November, we are talking about 100,000 barrels a day, probably at a dollar a barrel. That's $100,000 a day that we are not getting.

COMMISSIONER BELL: This is just parity?

EXECUTIVE OFFICER NORTHROP: This is just parity. When we lose this oil, it's going to have to be replaced with $11.50 oil. I don't understand -- whenever we talk about it, we say pump prices are going to go up. If we don't replace it, pump prices are even going to go higher.

COMMISSIONER DYMALLY: Why is that resistant; the dollar increase?

EXECUTIVE OFFICER NORTHROP: Because -- I think it's been articulated by Members of this Commission, and I'll just go back over it.

I agree with the Commission Members that say that the Federal Government treats California like we are some kind of West Coast grubs and we don't know any better.

COMMISSIONER DYMALLY: Every time I go back to Washington, I recognize that fact.

[Thereupon a brief discussion was held off the record.]

EXECUTIVE OFFICER NORTHROP: It's been very obvious in legislative hearings that the oil companies have an inordinate amount of clout in Washington which we don't have. And they are able to pick up the phone and make phone
calls that we have to stand in line to make appointments for. So I really wanted to bring Parcel "A" budget to the Commission's attention.

CHAIRMAN CORY: That's for (B)?
Thank you very much.

MR. HAYWARD: Thank you very much, Mr. Chairman.

COMMISSIONER DYMALY: I'm sure the Director of Finance is going to take that word to the Governor that we are anxious to see somebody in Washington.

CHAIRMAN CORY: Well, we know it would help.

8(C)?

EXECUTIVE OFFICER NORTHROP: 8(C), Mr. Chairman, is a review of the subsidence as directed under Chapter 29 and 138. The staff has reviewed the subsidence claims of Long Beach and finds them in order as listed on the Agenda item.

CHAIRMAN CORY: Without objection, 8(C) will be approved.

9(A).

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 9(A) is a request for the Commission, the staff, to enter a contract of Witherspoon and Sharpe and Brandt, for a safety regulation for offshore drilling for an amount of $15,000. It's my understanding that this money will come out of the FDA funds of some $110,000 that was granted for study.
COMMISSIONER BELL: I recommend.

CHAIRMAN CORY: Okay. The record will show that Mr. Bell was willing to spend somebody else's -- [Laughter.]

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

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 9(B) is an authorization for the Executive Officer to enter an agreement with Exploration Services Company, Incorporated, to obtain confidential data on a confidential basis on stratigraphic drilling being done about 90 miles west of San Diego.

This was on the Agenda last time and the Chairman raised the question of could we keep it confidential. The Attorney General has an opinion which I believe is before you and would you care to comment on it, Greg?

MR. TAYLOR: Mr. Chairman, since your request at the last meeting, we have provided you with an opinion that says you can keep the information confidential under the existing exceptions of the law.

CHAIRMAN CORY: Okay.

EXECUTIVE OFFICER NORTHROP: I have reached agreement with the Administration as to the language.

COMMISSIONER BELL: What if we use that information in order to go out there and drill?
EXECUTIVE OFFICER NORTHROP: The agreement specifically says that if we go out and drill, you know, if we form an energy company and we go drill, that we must then purchase the information as any other drillers, but the fact we have this information in hand wouldn't preclude us from using it and that's the agreement that we have been working out with the Administration.

CHAIRMAN CORY: If we use it for profit, we've got to pay.

EXECUTIVE OFFICER NORTHROP: If we use it for profit, we've got to pay.

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

9(C)?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 9(C) is the Moss Landing Harbor District, there is a grant, and we are doing some survey work on it. The cost of the survey will be borne by the Moss Landing Harbor District.

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

10(A).

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, 10(A) is a rescission of a boundary line agreement. The parties involved in the agreement no longer -- have since deceased and the agreement is --
CHAIRMAN CORY: If somebody dies --

EXECUTIVE OFFICER NORTHROP: The need for the agreement no longer exists. The development they were going to put together --

COMMISSIONER BELL: Is the issue moot; is that the point?

EXECUTIVE OFFICER NORTHROP: Yes.

COMMISSIONER BELL: There is no longer a corporation?

MR. HIGHT: The parties are now deceased and I think the land is owned by other parties and this is a record-keeping kind of thing, just so we cancel the agreement on our part.

CHAIRMAN CORY: But if we entered into an agreement --

MR. HIGHT: We never --

CHAIRMAN CORY: We didn't?

MR. HIGHT: -- the parties never signed it.

CHAIRMAN CORY: All right.

MR. TAYLOR: The problem is that your authorization is out dangling at this point.

CHAIRMAN CORY: Without objection, 10(A) will be rescinded.

11(A).

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
preliminary approval by the Commission for the acquisition of some Federal land at Fort MacArthur.

On the page following 100 is a map of the sites that we are proposing, trading for, in the West Channel of Los Angeles Harbor, next to Point Fermin, and at Whites Point, some land exchanges we are attempting to put together with the Feds.

[Thereupon a brief discussion was held off the record.]

EXECUTIVE OFFICER NORTHROP: We'd like to start negotiating on that piece of property if you'd have no objection.

COMMISSIONER BELL: I have no objection.

COMMISSIONER DYMALLY: Join the club.

[Laughter.]

[Thereupon a brief discussion was held off the record.]

CHAIRMAN CORY: 11(A) will be approved, so when you come back with all of the BLM land--

[Laughter.]

CHAIRMAN CORY: -- I think I can get a one percent raise out of Finance for you.

[Laughter.]

EXECUTIVE OFFICER NORTHROP: In Item --

CHAIRMAN CORY: Go ahead; let's keep rolling.
I don't want anybody to focus on what you just did.

EXECUTIVE OFFICER NORTHROP: 12(A) is another retrocession. It is the purpose of determining whether it is in the best interest of the State to cede retrocession concurrent jurisdiction at the Naval Support Facility at Terminal Island.

I discussed this with the Attorney General and he feels that it's proper that we discuss it, but it probably should be weighted with the other areas that we are talking about.

COMMISSIONER BELL: Does this just authorize the public hearing without action, so you are just getting some of the preliminaries out of the way.

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

EXECUTIVE OFFICER NORTHROP: The final item --

CHAIRMAN CORY: Let's go ahead with our litigation.

EXECUTIVE OFFICER NORTHROP: The first one is the settlement of Long Beach versus Frank W. Butler, which is part of the Alameda State settlement. The Governor has recommended that we settle the litigation on that suit.

COMMISSIONER DYMALLY: So move.

COMMISSIONER BELL: Second.

CHAIRMAN CORY: Is there anyone in the audience who wishes to speak on Item 13(A)?
Without objection, authorization is granted as presented.

13(B).

EXECUTIVE OFFICER NORTHROP: 13(B) is the initiation of ejectment proceedings against John Walsh for the unauthorized maintenance of a marina in Piper Slough in Contra Costa County. I believe that his attorney has been in contact with our legal staff. However, the legal staff feels that we should proceed with the ejectment proceedings.

CHAIRMAN CORY: He is renting a commercial marina?

MR. HIGHT: Mr. Chairman, this is a follow-up of last month's action. As you recall, Mr. Martini, he complained of various other trespassers in the area and (B) and (C) are in the area.

COMMISSIONER BELL: Are in his area?

MR. HIGHT: Yes.

COMMISSIONER BELL: Why can't we tell him we were going after everybody?

CHAIRMAN CORY: Okay.

COMMISSIONER BELL: We should treat everybody alike.

CHAIRMAN CORY: Any questions?
Then the purpose is to go ahead with the ejectment and then initiate a --

MR. WALSH: Mr. Chairman, I'd like to say a few words. I'm John Walsh.

CHAIRMAN CORY: Yes, come forward.

MR. WALSH: I'm John Walsh.

My purpose in coming here is to -- I'm sure that the letter my attorney wrote the Board has been received. I take it from your remarks, Mr. Northrop, that you have had communication with him and my purpose is to read the letter -- get it into the minutes -- but, on the other hand, if you do have the letter --

EXECUTIVE OFFICER NORTHROP: We are in receipt of the letter. If I said telephone communication, I'm sorry.

MR. WALSH: The letter states our position and, at this point, there's no more to be said.

I was asked to say a word to Mr. Russo. Mr. Russo is in the hospital and I spoke to his wife and we felt that we shouldn't trouble him. Mr. Russo has cancer and his prospects aren't good. I was asked to suggest or request that the Board defer any decision with respect to his property until he has had an opportunity to look into it and make a decision for himself.

COMMISSIONER DYMAIALLY: How long would that be, Mr. Walsh, do you know?
MR. WALSH: I don't know. He's been in a bad way for a long time. He's in Stanford right now.

COMMISSIONER DYMALLY: Could Mrs. Russo then act in his behalf?

MR. WALSH: Yes, I would suggest that. She is unacquainted with proceedings of this nature, but I am sure that she could write you a letter in the same vain, making the same request, perhaps.

EXECUTIVE OFFICER NORTHROP: My understanding, Mr. Chairman, is that Mr. Walsh's position has been that they would -- are in a position now that they would probably negotiate a lease with the State, is that correct?

MR. WALSH: If title to the land was clearly demonstrated. Obviously, there is no alternative but to do that if title is clearly demonstrated. But that is the nubb --

EXECUTIVE OFFICER NORTHROP: The contention of Mr. Walsh, if I may practice law without a license, is the fact that the bed of the river belongs to Mr. Walsh and he has it by adverse possession and it's a clearly constitutional point that you cannot adversely possess State land.

CHAIRMAN CORY: That question to resolve of who owns the property; us taking this step here in terms of the ejectment would get us at issue in the Court so the Court could resolve who owned it, is that correct?
MR. WALSH: Yes. I understand that.

The whole thing might be avoided were the display
of evidence such to convince me and my attorney that the
issue would be settled. I repeat, and the position would be
obvious, if the State owned the land, then we must write a
lease or we must be ejected, one of the two.

Briefly, the land has shifted so many times and
where we are it has been dredged out of berms and we feel
that where we are it was not land that probably comes under
the State's ownership.

CHAIRMAN CORY: Greg, this gets us at issue, does
it not?

MR. TAYLOR: I think you could authorize a suit
with the understanding that we would contact the party first
but the authorization would be given, say, with the under-
standing that there would be some discussion and if those
discussions were not fruitful within a prompt period of
time, we could move on so there would be a speedy resolution.

But in view of the gentleman's illness, if we
would hold off the filing of any action until there's been
time for talks between the staff and the gentleman --

CHAIRMAN CORY: That would seem reasonable.

MR. WALSH: That's a reasonable position.

CHAIRMAN CORY: Okay.

With that understanding, then, we will take care
of Item (B) and (C), with the clear understanding that there will be talks with Mrs. Russo and Mr. Walsh. I guess you guys now have to talk to his attorney rather than him; is that your code of ethics say?

MR. WALSH: It's a case of evidence, really. It's like a discovery process. We'd get all this anyhow if litigation were joined, so --

EXECUTIVE OFFICER NORTHROP: We would do a summary judgment on it anyway.

CHAIRMAN CORY: Okay.

Without objection, (B) and (C) will be approved, which means we are authorizing them if, after having met with you, they can't resolve the situation.

MR. WALSH: Thank you.

CHAIRMAN CORY: Thank you for coming to Sacramento.

13(D).

MR. HIGHT: Yes, Mr. Chairman.

This is an authorization to eject some trespassers from school land in Santa Barbara County.

CHAIRMAN CORY: Santa Barbara or Riverside?

MR. HIGHT: I'm sorry, Riverside.

They are extracting some material and we would like to bring them under lease.

CHAIRMAN CORY: For mining?
MR. HIGHT: Yes.

[Thereupon a brief discussion was held off the record.]

CHAIRMAN CORY: Is there anyone here with respect to Item 13(D)?

Danny Figueroa; Alfred Figueroa.

Have you had any contact with them?

MR. HIGHT: I believe Mr. Everetts' staff handles that.

MR. EVERETTS: We have caught them trespassing and have discussed it with them and the problem here is we are trying to find out what material and how much material they have taken. The only person that knows is the railroad and the railroad won't tell us unless we can get some sort of a suit going.

I think once we find out how much they have actually taken --

CHAIRMAN CORY: What railroad won't tell you that?

MR. EVERETTS: The Atchison-Topeka and Santa Fe.

MR. HIGHT: There's a statute that --

CHAIRMAN CORY: I don't care about the statute, tell them that I duly noted it and I'll remember it.

MR. EVERETTS: I've already mentioned it to them.

COMMISSIONER DYMAWLY: What's the material?

MR. EVERETTS: It's building rock. It's weathered
so it looks sort of like driftwood almost.

CHAIRMAN CORY: Okay, 13(D) will be approved as presented.

13(E).

EXECUTIVE OFFICER NORTHROP: Mr. Chairman --

MR. HIGHT: 13(E), Mr. Chairman, is an authorization to bring a quiet title action against some people who are blocking Cross Slough. Cross Slough is a natural, navigable waterway located in Solano County. They have posted it so it doesn't allow duck hunters and fishermen to enter the area, and with the duck-hunting season coming on, we felt it would be an appropriate action at this time.

CHAIRMAN CORY: Have you talked to them at all?

MR. HIGHT: No.

CHAIRMAN CORY: Is there anyone here with respect to Item 13(E)?

COMMISSIONER BELL: What we are really trying to do is to --

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, they have been advised by letter of the calendar item that we were discussing it.

COMMISSIONER DYMALLY: This is State Lands and they have posted signs to prevent public access?

EXECUTIVE OFFICER NORTHROP: Yes.

CHAIRMAN CORY: They are taxpayers.
COMMISSIONER BELL: They put fences and other obstructions in the way of other people getting through?

MR. TAYLOR: There is an argument on the title, but even if there was -- even if title wasn't, recent cases have held it must be -- the Slough must be left open.

I'm sure that what they are asserting this on is some claim of title. We feel that there is a claim of title for the State.

CHAIRMAN CORY:Navigable -- what does that definition mean, that --

MR. HIGHT: If it's navigable for recreational purposes, it must be left open so the public can use it.

CHAIRMAN CORY: Navigable; does that mean that you have to be able to get onto the property from public property or something that's totally contained? Are you saying that if a guy has a private lake and he owns all the land --

MR. TAYLOR: He would be excluded from that situation.

COMMISSIONER BELL: There is public access.

CHAIRMAN CORY: Once you get on the water, then you are free to roam?

MR. TAYLOR: There is access here by way of water.

MR. HIGHT: In your situation, if you'd come in by helicopter, you'd be okay.
COMMISSIONER DY MALLY: So move, Mr. Chairman.

COMMISSIONER BELL: Second.

CHAIRMAN CORY: Without objection, 13(E) will be approved.

13(F).

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman, the Attorney General has no significant changes in the litigation at this time.

CHAIRMAN CORY: 14(A).

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman, 14(A) is for a contract which is the balance of the monies, as I understand it, under the FDA grant of $110,000 to construct and test and develop a geothermal gradient profiler and probe.

Mr. Everetts will tell you what a geothermal gradient profiler and probe is and what it is to accomplish.

MR. EVERETTS: One of the major purposes that the FDA granted the funds to us for was to inventory State-owned resources and it's always been our intent when we applied for the grant to spend most of the money inventorying our geothermal resource and we are particularly interested in the offshore geothermal resources.

What we are proposing to do is to go to several of the institutions; the University of California, U.S.C., Scripps, and Riverside, and ask them to help us design some
equipment that will measure minute geothermal gradients -- differences in temperature. We will test the equipment at Mono Lake and at Clear Lake, which are two pretty likely prospects for geothermal resources which might pretty well exhaust the funds. It's just a very, very extensive temperature device -- measuring device.

[Thereupon a brief discussion was held off the record.]

COMMISSIONER BELL: Do you want to move?

COMMISSIONER DYMALLY: So move.

COMMISSIONER BELL: I have no objection.

CHAIRMAN CORY: Without objection, the authorization will be granted.

The next meeting will be October 29th, 10:00 a.m., in Sacramento.

If there is no further business to come before the Commission, we stand adjourned.

[Thereupon the September 29th meeting was adjourned.]
STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

I, ROBERT L. GOLDEN, JR., 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, Robert L. Golden, Jr., a 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 20th day of October, 1975.

[Signature]

Notary Public in and for the County of Sacramento, State of California

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