MEETING
STATE LANDS COMMISSION

ROOM 2117
STATE CAPITOL
SACRAMENTO, CALIFORNIA

MONDAY, DECEMBER 1, 1975
10:00 A.M.
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MEMBERS PRESENT

Hon. Kenneth Cory, Controller, Chairman
Hon. Mervyn M. Dymally, Lieutenant Governor

MEMBERS ABSENT

Hon. Roy M. Bell, Director of Finance

ALSO PRESENT

Mr. William F. Northrop, Executive Officer, State Lands Commission
Mr. R. S. Golden, Assistant Executive Officer, State Lands Commission
Mr. D. J. Everitts, Manager, Energy and Mineral Resources Development
Mr. James F. Trout, Manager, Land Operations, State Lands Commission
Mr. N. Gregory Taylor, Deputy Attorney General
Mr. Robert C. Hight, Staff Counsel, State Lands Commission
CHAIRMAN CORY: Let's call the meeting to order.
The Secretary will note the presence of Governor Dymally and myself. Mr. Bell is involved in other things today so we're going to have to proceed without him.

The first item is the confirmation of minutes of the regular meeting of October 29, 1975. Any corrections or additions to that hearing?

Hearing none, we will confirm them as presented.

Item 3, the report of the Executive Officer.

MR. NORTHROP: Thank you, Mr. Chairman, Governor.

A royalty oil sales contract between the State and U.S. Oil and Refining Company was issued in late 1973, covering the royalty oil produced from the ARCO lease in Tract 2 of the Long Beach Unit. This contract was awarded to the successful bidder at 74 cents above the posted price.

Deliveries were started on May 1, 1974. However, the Federal Energy Administration issued new regulations in January of 1974 and the next month repealed the State's exemption from crude oil price controls. FEA also ruled that removal of the State's exemption was retroactive to October of 1973 and that the supplier/purchaser relationship in effect between ARCO and the State December 1, 1973,
could not be terminated. ARCO, therefore, could not be required to meet U.S. oil's bid offer.

On November 6, 1975, we received a Remedial Order from FEA requiring the State to resume deliveries of royalty oil from Tract 2 to ARCO. Appropriate notices were served, and the delivery to ARCO was effected on November 7th. The FEA order also provided that the State could file an appeal on any of the issues. An appeal was filed by the State on November 12, 1975.

The FEA Remedial Order pertains only to the injunctive aspect and specifically defers any ruling on the damages aspect until additional data is received from both ARCO and the State. Such information is currently being prepared by the staff.

Mr. Gregory Taylor from the Attorney General's Office will amplify this problem.

MR. TAYLOR: Mr. Chairman and Governor Dymally, since that time, virtually all the information required on the question of damages has been submitted to the FEA together with the briefs of their State's position appealing the order. ARCO has filed its papers and is seeking $500,000 damages from the State which it alleges that it has suffered as a result of this action. The State is contesting and denying that ARCO is entitled to any damages whatsoever. The briefs have been filed and they will be
scheduled for argument in Washington shortly.

LIEUTENANT GOVERNOR DYMALLY: No problem.

MR. NORTHROP: The next item is the completion
of a contract. The resources appraisal which the State
Lands Division has been conducting regarding the federal
OCS Lease Sale 35 offshore Southern California for the Office
of Planning and Research has been completed and was forwarded
to them.

The next item is the school land sale applications.
The Division has on file four pending applications
for the purchase of about 5,223 acres of vacant school
lands. These applications have been on file since the
late 1960's, and are from public agencies and political
subdivisions. Attempts to process these applications
through to a completed sale have not been successful.
In fact, it appears that the sales will never be completed.

The Commission has directed staff to prepare,
and diligently follow a management plan for the vacant
school lands. The significant acreage now pending on
these incomplete applications is inconsistent with this
directive.

If you have no objection, it is staff's intent to
submit a recommendation to the Commission at its next
meeting to cancel these applications and restore the
lands to unencumbered status.
CHAIRMAN CORY: Just so we clarify, these four applications are from public agencies and political subdivisions who want to buy the property that we have as school lands.

MR. NORTHROP: Right. And for one reason or another, we have been unable to complete it, not because of anything that the State Lands has done, but because either the entities have changed their minds or situations are different now than when the applications were made or for several reasons these sales cannot be completed. We would like to pull these applications out, advise the applicants that we're canceling them and move on putting them into our blocking program.

CHAIRMAN CORY: And the applicants will have a chance to appear before us here if they have some reason why we should not go ahead?

MR. NORTHROP: That's correct. It just makes this thing a little neater.

U.S. Department of Interior OCS Lease Sale No. 35, Southern California:

Immediately upon the U.S. Department of Interior's release of final tract maps for the proposed Southern California OCS Lease Sale No. 35, I instructed F. D. Uzes, the Supervising Boundary Determination Officer for the Divisions, to check the tract maps to insure that offshore
areas claimed by California were not included in the tract sale. The check revealed that the Department of Interior had included in the proposed sale approximately 428 acres of lands to which California asserts ownership. Determination of the ownership of this acreage, together with several other offshore areas, is one of the issues remaining in the case of U.S. versus California, which is pending before the United States Supreme Court.

On November the 18th, I wrote Secretary of Interior Kleppe a letter informing him of the situation and strongly demanding that the disputed acreage be withdrawn from the proposed sale. Simultaneously, I asked the Office of the Attorney General to prepare to obtain an injunction from the United States Supreme Court to stop any lease of the acreage claimed by California. The necessary papers are prepared and are ready for filing.

Last Wednesday evening, the Department of Interior informed us that the disputed acreage is being withdrawn from the proposed sale. A notice to this effect will appear in the December 2nd Federal Register. The Division staff has checked the descriptions of the parcels to be withdrawn, and finds that all areas claimed by California have been withdrawn and a buffer zone of 800 to 2000 feet beyond those areas has also been deleted.

We do have calendar item number 28 on the calendar
which will give us the authority in case the Register does not appear.

CHAIRMAN CORY: Why should we not proceed anyway given the fact that the Federal Government, I think, consistently showed any failure to cooperate all the way through on this procedure, and I would hate -- frankly, I think the Federal Government, Department of Interior is totally capable of lying. They've engaged in the whole situation in a form of deceit, deception and I do not want us to jeopardize any of our legal rights.

So I think at the appropriate time on the agenda, we should take all steps of the Attorney General and do whatever necessary to make sure that people who have not lived up to their word do, in fact, live up to their word in this regard and not lease property owned by the State of California on behalf of the Federal Government.

MR. NORTHERN: Fine. We will, at the appropriate time in the calendar, insert the language we have prepared.

The last two items are instructional items. The Governor had asked that an Alaskan natural gas line report be prepared. Mr. Don Everitts, Manager of our Energy and Mineral Resources for the Division, will give you a progress report at this time.

Mr. Everitts?

LIEUTENANT GOVERNOR DYMA LLY: Mr. Chairman, at
the completion of this report, I intend to ask you for
an oral report on the Zarb rip-off.

MR. NORTHROP: Good point.

MR. EVERITTS: As Bill has indicated, this is
just a preliminary progress report on the investigation
that you have requested the staff to make on the possible
impact which the arrival of Alaskan natural gas from
Prudhoe Bay might have on California.

Approved gas and oil reserves in the Prudhoe
Bay on the north slope of Alaska are really very significant.
You notice the Prudhoe Bay area up there. They actually
represent approximately 27 percent of the total approved
U.S. domestic reserves of crude oil and approximately
10 percent of the approved U.S. domestic gas reserves.

CHAIRMAN CORY: Don, what figures are you using
to come to those -- what is the date of that information?

MR. EVERITTS: The data that I'm using is from
a report put out by SOHIO in October, which they estimated
9.5 billion barrels of recoverable oil in the crude
reserves, in the approved areas of the field, and 26
trillion feet of gas.

CHAIRMAN CORY: Do you know when the data base
was prepared? The reason I'm asking, I had information
from a friend of mine who lives in Alaska who says that
according to his contentions, there is a new well on the
east edge doing a step out from the area which they had
previously drilled, and that came in, he said, in late
September or October which they indicated the production
is 32 thousand barrels a day.

There were several people all from Alaska there
who were saying that the output is far greater than they
are putting into the system, and I'm just trying to
ascertain those figures whether --

MR. EVERITTS: As I say, they were the letter
of effect; the first time I saw those figures were in May,
1975 letter from SOHIO, so they would not have the
September data in it.

CHAIRMAN CORY: Okay.

MR. EVERITTS: For the reason that much of the
oil, whatever it may be, may be coming through California --
it just about has to. The full report will also include
our findings on any impact which could be generated by
the construction and installation of deepwater ports.

Nationwide, the United States consumes 22 trillion
cubic feet of natural gas per year, over 8 percent of
that is consumed by California, and only 14 1/2 percent
of what California consumes is supplied by California
production; the rest is imported.

That consumption has been steadily increasing
since about 1945, and at the same time, production within
the State has been decreasing. To meet the demand, out
of state imports have been required.

As California production decreases and present
sources of outside gas are withdrawn, imports from Alaska
and foreign countries will be necessary to satisfy the
State's energy requirements.

Now, I indicated that this curve here I took
from a report recently put together by PG&E and Southern
California Gas by the PUC. They predicted total require-
ments over here in MCF in equivalent barrels of oil.
California's production steadily declining; firm commitments
basically home heating, industrial and the electrical
utility. As you can see, available gas -- no new supplies --
continue to decline; very moderate growth, I think
approximately 6 percent. The difference between this
black curve, this curve here, and this curve, has got
to be supplied by crude oil or oil. We're talking about --
there is an equivalent of graphs, 170,000,000 barrels
and 470,000,000, so some 300,000,000 barrels of oil will
be needed if we get no new supplies of gas. Now, assuming
that you get gas from Alaska by one of the many proposals,
we can minimize that to some extent. Another reason,
of course, why we think that the report should discuss
crude oil from Alaska as well as gas, because we're going
to be handling a lot of oil for our own purposes. Several
companies competing for natural gas reserves expected to be available for delivery to the United States, has proposed various routes and methods of transportation, and have filed applications to the Federal Power Commission. The Alaskan Natural Gas Transmission System has proposed installing a 48-inch buried line from Prudhoe Bay through Alaska. That's this line here, through Canada.

LIEUTENANT GOVERNOR DYMALLY: Who proposed that?
MR. EVERITTS: This is the Alaskan Natural Gas Transmission System.

CHAIRMAN CORY: Who are they?
MR. EVERITTS: That's basically El Paso -- well, it's not now really; it's a consortium of the companies.

CHAIRMAN CORY: But are they composed of utility distribution companies, or are they composed of gas transmission companies?
MR. EVERITTS: I guess the answer is "Yes." It's really the consortium of transmission companies and utility companies, consumer oriented companies.

CHAIRMAN CORY: Okay.

MR. EVERITTS: The El Paso Gas Company specifically has proposed laying a 42-inch pipeline from Prudhoe Bay to Valdez. We're talking about the red one, paralleling the 48-inch crude oil line that's currently under construction. Under this proposal, the gas would be
liquefied near Valdez and transported to California in
LNG vessels. It would then be regasified and distributed
to various points within the state.

The importation of oil and gas from new sources
would have, or probably would have, additional impact in
California's environment. So, our review of that impact
may be summarized by pointing out that number one, we
feel underground high pressure natural gas pipelines are
common in California. Systems similar to those proposed
are transporting natural gas from Alaska have been
successfully installed and are presently in use with a
minimal effect on the environment.

The worldwide movement of LNG currently exceeds
500 billion cubic feet annually and is expected to reach
2 trillion cubic feet by 1980. There are actually
additional plants with a total capacity of 14 trillion
cubic feet per day are in the planning or construction
stage. So, we feel the viability of liquefaction, ocean
transport, revaporization of LNG has been thoroughly
demonstrated.

It is possible, however, that liquefied natural
gas could produce some adverse impacts. There would be
increased tankership activity in certain areas. There
would certainly be the visual impact of piers, storage
tanks and buildings. We feel those could be minimized
or mitigated perhaps, by locating the loading facilities further out to sea, perhaps locating the facilities further back into the hinderlands. It is not an impossible dream. Currently in Maryland, the Columbia Gas System is constructing a LNG System that has 6,000 feet of buried underground water lines, so there's no reason why you couldn't do it at 12,000 feet or more. You could get the plants out of sight.

If you go to the Los Angeles or Port. Hueneme areas for a plant, it's possible that certain portions of the seacoast be made unavailable to the public. We suggest as one possibility, would be the Point Conception area which is at least isolated and generally not available to the public. Some of the problems in the cooling of sea water through extraction of heat for revaporization could adversely affect some marine life. Maybe we could go into the Alaskan King Crab business or something. But, you can diffuse the discharge of that cold water, so it wouldn't be all that troublesome. There are other ways to vaporize, we've discussed that -- waste heat, solar heat. Those things can and probably are being considered.

Finally, the transfer and handling of LNG is potentially hazardous and could cause fires and explosions. The FPC has made calculations that indicate that if one of the tanks in an LNG transport should rupture, that it's
possible that the explosive plume could form as far as
three miles downwind from the source. I suppose that is
ture, all the more reason to get out in an isolated area
where the public probably wouldn't be near it.

As far as the status of the applications, the
Federal Power Commission is currently considering the
applications of both the oil line and the LNG program,
or gas line LNG program. Hearing have been going on
throughout the year. A 17-volume Draft EIS was issued
by the U.S. Department of Interior in June of 1975. The
document, however, deals mostly with the natural gas line
and just barely touches on the LNG proposal. El Paso
has not filed an application with the Interior for the
right-of-way permits on the LNG. It's possible that the
FPC might grant permits to both companies.

As I stated, this has been a summary of the
investigation, and we'll have a, I think, a complete
report soon.

I might just point out one thing on this map
over here.

This PG 74, this network of blue lines is
essentially California's source of gas—PG&E which
provided about 40 percent of California's consumption
coming in from the north of Canada, Southern California,
Southern California Gas for the Southern part. California
Southern Gas Company asserts that they have not been able to get any new supplies or any new contracts since 1969 on gas. So they are probably hurting more than PG&E, but it could be that the government is supposedly going to do something about it and probably cut us off, too. So the problem is pretty serious.

You also throw this line in here. This is the proposed line that SOHIO wants to convert. It is a gas line now, proposed to convert to a crude oil line to handle the crude oil in conjunction with the gas. We will have some comments on that in the final reports.

LIEUTENANT GOVERNOR DYMALLY: We take the crude oil from one of the similar port locations, you are speculating now?

MR. EVERITTS: Based on the May '75 data of nine and a half billion barrels of oil, SCHIO asserts that their share is approximately a half million barrels per day, at a million barrel per day rate. They say that the rate probably could be raised to a million and a half barrels per day. But any higher than that, under the reserves that they are reporting, would be unable to handle. This facility basically would be a 42-inch line, probably would handle a million, maybe handle two million barrels a day of crude if you could get tankers and line and pump just as fast as you could get in there. Practically,
I think it would handle about three-quarter million barrels a day. They have said that --

CHAIRMAN CORY: This is the line?
MR. EVERITTS: The red line,
LIEUTENANT GOVERNOR DYMALLY: That's an old gas line.
MR. EVERITTS: That's the old gas line. The dotted line, as you look at this later on, those are sections that they may have to build. But, the basic line is the existing gas line. They can parallel that line, there is a 30-inch line, they can parallel another 30-inch line and essentially double the capacity. Of course the 48-inch line here will handle perhaps two million barrels a day, too. It is designed right now for a million barrels a day, if they can up the pump capacity.

LIEUTENANT GOVERNOR DYMALLY: So take the crude from the lease and bring it down to California and ship it into Texas.
MR. EVERITTS: If there exists a surplus --
LIEUTENANT GOVERNOR DYMALLY: When it gets to Texas will they refine it?
CHAIRMAN CORY: There are other pipelines.
LIEUTENANT GOVERNOR DYMALLY: Okay, yes. It's shipped. That's different from the gas. You are talking
about crude not gas?

MR. EVERITTS: Right. But you get the gas from
the crude; you can't produce one without the other. So
it's really a combined, it's a total problem.

CHAIRMAN CORY: I keep getting confused about
SOHIO and the other people, there seems to be so many
proposals for ports along the California coast. How do
the volumes of each of those proposals add together?

MR. EVERITTS: This is, of course, part of the --
what we would like to do. The thing is, you got three
people up there that own the nine and a half billion barrels
of oil. SOHIO owns 55 percent of it, something like
that; Exxon and ARCO own the rest of it.

MR. NORTHROP: Mr. Chairman, the other locations
of it, Port Hueneme and the Southern California Gas
people inform me that unofficially, that they plan on
bringing Indonesian gas.

MR. EVERITTS: Now, you are talking about gas
or oil?

CHAIRMAN CORY: Well, I think it's incumbent
upon us to contact all local governments and get all
of the various proposals on the drawing board to see how
those figures of importation capacity compare with the
figures that they say they have up there. I mean, I just
get puzzled by the Port of Long Beach using one set of
figures, L.A. Port seems to be feuding over something, then I hear talk about the central coast with Stan Cal wanting some facilities there. I just get very confused. I think we need to take both oil and gas and compare what they're telling the people out in the boondocks and see if they add up, because something is very confusing about all of these various proposals. It would seem to me that there should be a finite number if we're in such short supply situation. Maybe we aren't in such a short supply situation and they're unwilling to tell us.

MR. EVERITTS: I thought I was narrowing it down to a finite number until they told me about a 32,000 barrel a day well.

CHAIRMAN CORY: Yes. So, maybe these indications which are just at this point rumors and so forth, but from people who are in a relatively small community, Alaska isn't too large and these are people that are supplying and working in those areas talking to the workers up there, and they say they've got gas and oil far beyond what they are telling us about. And if in fact we find empirical evidence that they are talking to various local entities about various plans, and their capacity exceeds that which they have. I begin to want to put a little more stock in the rumors, assuming they are prudent people and don't waste money.
LIEUTENANT GOVERNOR DYMALLY: When you talk about SOHIO, you are talking about SOHIO B and P, right?

MR. EVERITTS: Right.

CHAIRMAN CORY: Their interest is a combined interest?

LIEUTENANT GOVERNOR DYMALLY: BP has bought into SOHIO.

MR. EVERITTS: Right.

LIEUTENANT GOVERNOR DYMALLY: BP-SOHIO has taken over some of their marketing divisions, so there's a consortium between BP and SOHIO.

So as of now, the FTC is considering both applications, the Valdez and other blue line applications. Who is proposing Valdez, the Valdez line?

MR. EVERITTS: That is El Paso.

LIEUTENANT GOVERNOR DYMALLY: Are they also involved in the blue line, too?

MR. EVERITTS: They're involved in it.

LIEUTENANT GOVERNOR DYMALLY: So they can't lose, can they?

MR. EVERITTS: Not really.

LIEUTENANT GOVERNOR DYMALLY: Okay, thank you.

MR. NORTHROP: Mr. Chairman, the Governor asked me to comment on Zarb's ruling of the crude oil differential.

The week of November 17th, I was advised that
we were turned down on our appeal for a comparative price for crude oil that would bring the old crude oil price, or at least the crude produced on State property as an average of approximately $4.20 a barrel, in line with the $5.25 generally considered old oil price. Mr. Zarb turned this down because the reading was because it would cost money to the consumer. But yet, we're in a position where we're going to have to start shutting oils back and replace it with $14 oil. I really don't understand his judge's calculations. So along that line, we have contacted Congressman Hannaford's office and he has arranged a meeting with the State and the City of Long Beach and some independent producers who are likely to who have the same problem of shutting and production. We are scheduled to meet with him on Thursday to ask him to reconsider his appeal.

So, that's where we are on that, Governor.

LIEUTENANT GOVERNOR DYMALLY: If he turns us down again, do we have any further plan?

MR. NORTHROP: I would have to refer that to our counsel. I think we have taken all of our administrative remedies. Mr. Taylor, would you care to comment?

MR. TAYLOR: If we have exhausted our administrative remedies, we would be in a position to do that, to go to court and get a ruling.
LIEUTENANT GOVERNOR DYMALLY: What about some form of Congressional hearing or appeal in that matter?

MR. NORTHROP: It has been suggested, Governor, by yourself and others in other areas but it might be well to -- at least the Commission to memorialize Congress to investigate the entire crude oil pricing in the FEA as it applies to discrimination in California's consumption.

LIEUTENANT GOVERNOR DYMALLY: I want to so move, Mr. Chairman, so we are on record instructing the staff to explore the Congressional delegation --

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

LIEUTENANT GOVERNOR DYMALLY: -- and we can take through the Congress in the form of amendments to legislation in the form of hearings, Congressional remedy through negotiation.

CHAIRMAN CORY: That is the intent, as I understand it, the Governor's motion is not just to pass a resolution memorializing them. We're willing to go to work and see what needed piece of legislation this could be tacked onto.

MR. NORTHROP: Fine.

CHAIRMAN CORY: Now, so we can go back to -- our situation is such that we are sometime in the next coming six to eight months going to be faced with actually
stopping oil production, curtailing oil production in
specific wells which our cost exceed our income.

MR. NORTHRUP: Right. We are very close to
that point now, and its average, it keeps some of them
alive right now but, if we were to look at specifics,
we could well start shutting --

CHAIRMAN CORY: So, we have individual wells
which currently are costing us more money to pull out
of the ground then they are currently receiving for them.

Where are we, vis a vis, the question of gift
of public funds on those specific wells, Counsel?

MR. TAYLOR: We are researching that in connection
with another problem. I couldn't give you an answer now,
but we're looking into it.

CHAIRMAN CORY: Since they have told us this,
I don't want to have to repay the people of California
that money.

MR. TAYLOR: I don't think we have that problem,
but we'll look into it.

LIEUTENANT GOVERNOR DYMALLY: I want my motion
to be construed as liberally and broadly as politically
and humanly possible, so that the staff will use every
bit of energy and genius in pursuing that problem so
we can see some solutions.

CHAIRMAN CORY: Can the staff confer with some of
your staff so we can get some of their genius to working
on these plans?

(Laughter.)

LIEUTENANT GOVERNOR DYMALLY: Whichever. If
it's necessary for the Commissioners to go back to
Washington, I think our budget was amended slightly to
permit us to travel.

MR. NORTHROP: The presentation on Thursday,
I think it would be well if the Federal Government understood
that the State of California is of one mind on this thing
and the Commissioners as well as the Governor's representa-
tive, or at least a letter from the Governor accompany
this.

LIEUTENANT GOVERNOR DYMALLY: I want to, not
necessarily for the motion, but for you to consider a
possible meeting with the Chairman of the Lands Commission
and the California delegation, or in his absence, I'd
be prepared to accompany or make that trip myself to
dramatize the significance of that early in January,
or when they reconvene, possibly after the Christmas
holidays.

MR. NORTHROP: I will pave the way this time
to start setting it up.

LIEUTENANT GOVERNOR DYMALLY: Fine, thank you.

MR. NORTHROP: The last item on my report is
a report or informational section on some of the trespass areas of Bethel Island. Jim Trout from our Land Program, will make that presentation.

Incidentally, Senator Nejedly had asked to appear before the Commission. He said he would be here around 11:00 o'clock.

MR. TROUT: To kind of put this in perspective, our review of the total data situation including most of the natural waterways in that area, indicates to us that there are between 1,200 and 1,400 trespassers occupying state types of submerged lands without a lease. There are 372 at Bethel Island, and we've been able through several visits down there to contact 61 of these people.

With the slides, we would like to quickly give you a kind of an overview of the situation of what we're talking about.

(Thereupon a slide presentation was made.)

MR. TROUT: This is an example of some of the kinds of facilities that are occupying the State Lands. These slides are actually of Bethel Island. You can see that that's no small structure housing several large vessels. These are not small boats. But particularly, look at the two on the far right.

Slide number two, here's another structure out over the levee with a finger slip there.
MR. NORTHROP: How many boats does that accommodate in that finger slip, Mr. Trout?

MR. TROUT: Four, I believe, with a little fishing boat besides.

Slide number three, here's another structure out over the water with a landing float in front of it and a covered boat shed alongside of it. Here again you can see that this is certainly not a small boat, that's a significant thing. You can also see just by the stern of the other vessels in there what we're talking about.

I don't mean to indicate necessarily that all of these are trespass; some of these may be lease. But these are pictures taken by our own agents in the delta. Again, you can see the sliding glass doors, the fiberglass covering over the boat slip. These are not just huts, these are significant structures.

Here's another one, two boat sheds there with a house and a patio extending out over the water. You can see another structure on the left, a long ramp coming out over the water.

CHAIRMAN CORY: Is the house an intrusion into State property?

MR. TROUT: That we are not entirely certain of. For example, in this particular case, I can't answer it. In some areas, the waterways have been widened; but under
the interpretation of recent court decisions, as they
have been explained to us by the Attorney General, the
Commission does have the authority to control the incursion
into the waterway, even if it had been artificially created,
if in fact it is part of the public waterway. The
Commission has the authority to control structures in
that area, whether we own the bid at that particular
point or not.

All of these are natural waterways, either as
they are or as they have been altered slightly by dredging.

And this is a little smaller structure, but
it does show the kind of things that we're talking about.

Again, obviously, not a small boat, a large boat
and covered boat shed beside it.

More of the same, here. I think it's -- these
are pretty typical of the situation we're talking about.
This happens to be just Bethel Island, and I have here --
in addition, I might just pass up to the Commissioners
for a quick look some aerial photographs to give you
an example of the kinds of intrusions into the waterways
that exist. You can see just solid lines all along these
waterways in the delta.

LIEUTENANT GOVERNOR DYMALLY: Now, this was
the piece of legislation carried by Senator Ayala that
had to do with this?
MR. TROUT: Mr. Moory and Senator Ayala had to do basically with single family residences, and some of these are larger and would be noncommercial leases. But again, it would affect this kind of thing, right?

LIEUTENANT GOVERNOR DYMALLY: I don't know if we can reintroduce a bill, but if we can, I would like to have these slides there for presentation so that some of my colleagues can see what we're talking about.

MR. TROUT: We have these slides printed; I have them over there. We have them printed on fairly large illustration board.

Basically, that's the situation. It's, of course, of concern to the property owners down there who have occupied public lands without any payments for a substantial period of years. But, as the Chairman said, in a press release some time ago, it is in effect ripping off the public. They are using public land without paying for it.

That's basically the summary of the situation in the Delta. The slides illustrate Bethel Island, but it's entirely typical of the entire Delta.

LIEUTENANT GOVERNOR DYMALLY: I can't tell you how incense I am about that. When one looks at someone jaywalking having to pay a ticket, and then look at other people who are supposed to know better, they take over, in effect, State lands without payment of bill,
structurally, I just think it's incredible that we're
permitting this to go without some legislative remedy or
some legal remedy. It is incredible.

MR. TROUT: As a result of the augmentation
of the budget, we've had as many as four land agents down
in the Delta for periods of time, knocking on doors,
contacting people and over the next few months, we will
make an effort to contact every property owner that we
can find of record.

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

CHAIRMAN CORY: We will go ahead and proceed
with the agenda.

Senators Nejedly is due here at --

MR. NORTHROP: I have a note here that he will
be here at 11:00 o'clock.

CHAIRMAN CORY: We'll go back to the last item
on the report --

MR. NORTHROP: As I understand, that's what
he wants to discuss.

CHAIRMAN CORY: -- when he comes in at 11:00
o'clock.

Item 4, Boundary Line Agreement and Recreational
Lease for item (A) Jack Wynn, Albert J. LaTorre, et al.

MR. NORTHROP: This is a boundary line agreement
up near Humboldt Bay, Mr. Chairman and Governor, in which
some land immediately adjacent to our land is being set
in a boundary line agreement.

CHAIRMAN CORY: And the terms and conditions
are satisfactory to both the Attorney General and our
staff. We are in essence, getting what we think is ours.

MR. NORTHROP: Yes.

CHAIRMAN CORY: Without objection --

MR. TAYLOR: Excuse me, Mr. Chairman, The
quitclaim by the applicants will be both to the district
and to the State, because the State has reserved interests
and retained interests in the area. To that extent, the
calendar items on page 2 should indicate that it's a quit
claim to the district and state and the appropriate
recommendations would be changed similar. Both the State
and district will get it, and the Commission should
authorize our acceptance of that written agreement which
will be implicit in your approval.

CHAIRMAN CORY: This is on page 2 not in the
summary, but in the --

MR. TAYLOR: No, in the regular --

CHAIRMAN CORY: With that understanding, Item 4(A)
will be approved with the agreement going both to the
district and to the State.

Without objection, such will be the order.
Item 7

MR. NORTHROP: Mr. Chairman, this is an initial attempt by State Lands to set up a new bidding procedure and declare an area a known geothermal area. There is a 130 acres up in the Geysers completely surrounded by geothermal leases and producing geothermal properties. The staff is requesting the Commission to declare this a known geothermal area; and secondly, authorize the offering for public bid these lands based on a net profits factor in the operation of this geothermal field.

CHAIRMAN CORY: Second. Motion and second before us.

Mr. Hight.

MR. HIGHT: Unfortunately, we didn't get the appropriate language in to declare this a known geothermal area, so with your permission, I would like to read that into the record.

CHAIRMAN CORY: Okay. Would you please read that?

MR. HIGHT: Mr. Chairman, we will make this 4(A), and the existing 4, 4(B).

"Determine that Section 46, Township 11 North" --

CHAIRMAN CORY: This is 5 or 4?

MR. HIGHT: What I'm reading will become 4(A)
and the existing 4 will become 4(B). This is on page 7, Resolution number 4.

CHAIRMAN CORY: Just so we can clarify what we're talking about --

MR. HIGHT: 4 now reads "Declare that a parcel described herein".

CHAIRMAN CORY: You are talking about -- the reference is not to the Calendar Summary Item 4, but instead a subsection of Calendar item 5, Arabic number four. So everybody understands what slight of hand we pull.

(Laughter.)

MR. HIGHT: "Determine that Section 46, Township 11 North, Range 8 West, MDM, contains a well capable of producing geothermal resources in commercial quantities and classify such area as being a known geothermal resource area."

This will become 4(A) and the existing 4 will become 4(B).

CHAIRMAN CORY: Is there anyone here who wishes to speak on Calendar item 5, subparagraph 4(A)?

Don't let their inability to organize their work confuse you.

(Laughter.)

MR. NORTHROP: This is the result of the new calendar reorganizational committee.
CHAIRMAN CORY: Hopefully, our next calendar will avoid some of these problems, because I'm having the same problem you are having, Mr. Taylor.

Nobody wishes to speak on that. Without objection, we declare it passed as read.

4(B) is now before us. Without objection, Governor Dymally moves; without objection, such will be the order.

We will go on to Classification 6(A).

MR. GOLDEN: The 6(A) is a permit for a 5-year use permit for a recreational boating buoy. The rates are set forth there as in our regulations.

LIEUTENANT GOVERNOR DYMALLY: Moved.

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

MR. GOLDEN: 6(B) is the extension for 6 months of a permit for a temporary maintenance of a pipeline for fire protection purposes at Donner Lake. The last 6-month permit was given with the understanding that there would be action taken to establish a district or in some way provide permanent fire protection. Such action has been taken, and we recommend a 6-month extension.

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

6(C)?
MR. GOLDEN: 6(C) is an Amendment to Right of Way for a telephone line, submarine telephone line, crossing several of the Islands in the Mokelumne River, and it's exempt by law.

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

6(D)?

MR. GOLDEN: 6(D) is a 49-year Industrial Lease to the California and Hawaiian Sugar Company for a 42-inch diameter outfall line.

The rates there are as set in our regulations and the 10¢ per cubic yard of material dredged is for dispersion of the items back into the river at that place.

CHAIRMAN CORY: This is for a storm drain?

MR. GOLDEN: It's an outfall line for their industrial waste, and it has been cleared by the Water Quality Board.

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

6(E)?

MR. NORTHROP: 6(E) is a former trespass who is coming into lease.

MRS. PERRY: I'm here. If you're talking about 6(E), that's me. And I don't like to be called a trespasser.

CHAIRMAN CORY: Would you identify yourself?
MRS. PERRY: Mrs. Anona Dunbar Perry.

CHAIRMAN CORY: Let's have Mr. Northrop try
to minimize his editorializing and tell us what the item
is about and then we'll hear from you.

MR. NORTHROP: This is a Commercial Lease on
1.38 acres of tide and submerged land for the maintenance
of an existing boating facility. This is the initial
lease.

The amendment handles the insurance as prescribed.
The consideration is $345 a year. And we have fixed the
right to set a different rental as of December 30, 1975.

CHAIRMAN CORY: This is for an annual --

MR. NORTHROP: This is on the maintenance of
an existing marine boating facility.

CHAIRMAN CORY: Okay.

Mrs. Perry?

MRS. PERRY: This lease isn't on the marine
boating facility at all. It's on the gas dock and we
lease 15 acres out from our property line. Therefore,
the price is rather high.

I don't exactly know what I'm insuring for this
State. I already carry insurance from the gas company
on everything I own. It's very confusing to me to know
exactly what I'm guaranteeing.

CHAIRMAN CORY: The insurance is a liability
insurance.

    MRS. PERRY: That's true.

    CHAIRMAN CORY: So that if somebody somehow runs
into the dock and gets injured and decides that they're
going to sue the State because we permitted you to have
that dock there, that there is an insurance company
protecting the taxpayers of California.

    MRS. PERRY: Well, in effect, that's a very
unlikely situation. Everybody is going to sue me, and
they are not going to even know about you, as far as that
goes.

    CHAIRMAN CORY: Well, unfortunately being the
Controller, I get sued several times a day.

    Mr. Taylor of the Attorney General's Office
perhaps can explain that.

    MR. TAYLOR: If she has existing liability
insurance in this amount, she can name the State as the
co-insurer.

    MRS. PERRY: That's what I was doing, but I
don't understand why. And the amount, the amount is far
too high.

    CHAIRMAN CORY: Mrs. Perry, the amount relates
to the liability, and the liability is to the injured
party. If a person ran into the dock and was injured,
they would sue for the damages to them, not to your dock.
They really wouldn't care about your dock. They would be concerned about what happened to their multi-million dollar cabin cruiser and their children and the major wage earner in the family who was injured. And that is very possible for a relatively inexpensive dock to create a rather large liability in terms of property damage and bodily injury. And that is the purpose for the large limits. The large limits concept for the State of California derives from a general historical problem that the State is a target risk. If anybody can find liability against the State, juries tend to award large amounts of damages.

MRS. PERRY: I don't know, it seems like you are picking on little people with all your rules and regulations. Mr. Dymally doesn't know why people, as he calls it, trespass on the river. It is because we pioneered the river, we worked and struggled and we pay high taxes because we have water on our property and we can't stick our toe in it because it belongs to the State of California. You might as well tell us we can't breathe our air. You also have your own harbors in competition with us and you do nothing for us. You take our gas money and you say if we happen to build a little dock out in the water, we're trespassing.

LIEUTENANT GOVERNOR DYMALLY: Well, aren't you?

MRS. PERRY: No. We have a right. We have a right
to be in peace. We pioneered all of that kind of business
and I don't think now it belongs to the State of California.
No, I believe there should be some control on what you
build on it.

LIEUTENANT GOVERNOR DYMALLY: To whom does it
belong?

MRS. PERRY: Well, I think we have riparian
rights.

LIEUTENANT GOVERNOR DYMALLY: When you say "we"
who are you talking about?

MRS. PERRY: The people that own the property
have riparian rights to use it for what they had it for.

LIEUTENANT GOVERNOR DYMALLY: To come all the
way down to the river?

MRS. PERRY: To build a dock out in the water,
a little innocent dock out in the water. There's a little
lady up there who can hardly walk and the State's been
interviewing her and getting her all excited. She's
got a little dock out there, a little fishing dock. I
think this is too much. I don't think that our government
is meant for.

LIEUTENANT GOVERNOR DYMALLY: I'm with you.
I just want to get the logic. You are saying if you have
a piece of property on the riverbed, then you have a right
to build --
MRS. PERRY: Use if for a certain amount. I don't think you have a right to go way out in the river, no. But a reasonable thing --

LIEUTENANT GOVERNOR DYMALLY: Even if that property doesn't belong to you?

MRS. PERRY: Well, you can go out in the street and that doesn't belong to me. I'm paying for taxes on a levee that doesn't belong to me. Everybody else in the world has a right.

LIEUTENANT GOVERNOR DYMALLY: But everybody has use of the street, though.

MRS. PERRY: That's right.

LIEUTENANT GOVERNOR DYMALLY: But we can't build in the street.

MRS. PERRY: Well, I don't know. There are a lot of things on the street. People sit down there and sell pictures and whatnot. There is a reasonable right. I hate to say it, but I think the State Land has just gone overboard.

LIEUTENANT GOVERNOR DYMALLY: Okay, fine.

MRS. PERRY: And I'm 70 years old, and I better say it right now.

LIEUTENANT GOVERNOR DYMALLY: Well, we will probably never settle this matter, but just one more point. You are saying that those who build and who have
pioneered that area have a right to build to the riverbed, right?

MRS. PERRY: Right.

LIEUTENANT GOVERNOR DYMALLY: What about someone who didn't build but felt that they have a right to build next to you without State permission. Do you think they have that same right?

MRS. PERRY: Well, if they are building on the property --

LIEUTENANT GOVERNOR DYMALLY: No, no. They have no property. If you took a little piece of State riverbed and I have the same right as a citizen to build whatever, do you think they have a right to?

MRS. PERRY: No, not if they don't own anything. I think my taxes entitle me some right for me to use my land what it was meant for.

LIEUTENANT GOVERNOR DYMALLY: But you are assuming that the riverbed belongs to you?

MRS. PERRY: I'm not on the bed, I'm just on the edge of it. If you go out far, you should have to pay, you should be under control.

LIEUTENANT GOVERNOR DYMALLY: I just want to let you know that a number of my colleagues agree with you; I disagree with you. I just want you to know that you are ahead of me because the bill failed, so you are
probably right and I'm wrong. But I believe that people shouldn't be permitted to do something, use State land without paying at some measure.

MRS. PERRY: There's just too many departments in this thing -- 44 agencies to go through to get a permit is rather ridiculous.

LIEUTENANT GOVERNOR DYMALLY: I'm introducing legislation to cut that down.

MRS. PERRY: And also a threat as the one such as the Land Commission threatening to go to court, when it takes 44 departments --

LIEUTENANT GOVERNOR DYMALLY: Of course, all of that bureaucracy, but I have a feeling that some people have abused their privilege by using State land and others don't have the right to do so. If everybody had a right to build on a riverbed, it would be all right with me; but I just don't believe that some people can and others shouldn't.

As I said, you are ahead of me because the Legislature killed a bill both in the Assembly and the Senate and you'll probably win again next year.

CHAIRMAN CORY: Thank you, Mrs. Perry. We have this before you. I'm prepared to vote for the lease subject to those conditions, but if you find those conditions intolerable or unacceptable, then we probably
should not go ahead with an idle act. I don't see how we could legally issue the lease unless the State is adequately protected in terms of liability. I don't know what your insurance agent is saying what that's going to cost you. It would seem to me --

MRS. PERRY: He said he wouldn't write it. He said it was something he never heard of. And that is Travelers, and when Travelers says that, that's malpractice.

CHAIRMAN CORY: The Travelers, they've got some serious financial difficulties of their own which may be predicking that statement.

MRS. PERRY: I just get insurance like any individual would get, and when they say they won't write it, I can't help that.

CHAIRMAN CORY: I do not want you to leave here if we approve this with you having any thoughts that it's been approved without the requirement. Because as I understand the law and our responsibility, you are going to have to have the insurance if you are going to have a valid lease. Now, is that where we are, Mr. Taylor, in terms of --

MR. TAYLOR: It's the policy of the Commission and also the position of the Department.

MRS. PERRY: I agree with you. You are going to be on my lease, but I still don't think it's right.
That's the way I'm leaving.

MR. HIGHT: Mr. Chairman, at the October 24th '75 Commission meeting, the Commission approved liability insurance for Mrs. Dunbar (sic) in the amounts of 300,000 and 6,000,000. She found that amount unable to obtain and part of this calendar item authorizes reduction of that to 100,000 for property damage and 300,000 for a single injury. These limits are in conformance with General Services.

LIEUTENANT GOVERNOR DYMALLY: This $345 per annum does not include the insurance premium?

MR. HIGHT: No.

LIEUTENANT GOVERNOR DYMALLY: She has to go get that on her own?

MR. HIGHT: Yes.

LIEUTENANT GOVERNOR DYMALLY: Is she disputing the $345?

MR. HIGHT: I don't believe so.

LIEUTENANT GOVERNOR DYMALLY: Do you find the $345 reasonable or unreasonable?

MRS. PERRY: I prefer to not go into that because that's a matter of a ten year's lawsuit and settlement with the Lands Commission. I feel that they should leave me alone. They have ruined my life long enough. I've told that many times. First time I've got to tell the
heads of it, though.

Anyone that's gone ten years and ten months through the court, the Supreme Court, has suffered plenty. And our settlement was with this lease for 45 years, before it's up, 20 years, it's now changing it and they are making it entirely different. And it isn't a lease; anything that can be changed every two seconds is not a lease, that's just a convenience for your Commission.

CHAIRMAN CORY: Mrs. Perry, you are telling us some things that people are confused about.

MR. HIGHT: I'm unaware of the Lands Commission having a suit against you. Can you tell me something about that?

MRS. PERRY: For ten years and ten months, I went through the courts proving title to my land. In the settlement, I was to have my land. I gave up part of my slough, my waterway; I gave you $1,000 more or less to leave me alone. You gave me a lease, and I hoped I would live the rest of my life without ever seeing any of you again.

MR. HIGHT: Was the Lands Commission party to that suit?

MRS. PERRY: A very strong party. I was the first test case in this grabbing business.

MR. TROUT: I think it's probably the State
Reclamation Board.

MRS. PERRY: No. The State Land Commission -- Mr. Joseph was the attorney. I'm of record in all the books.

CHAIRMAN CORY: But the lawsuit has been settled.

MRS. PERRY: And I settled. And one of the conditions --

MR. HIGHT: How long ago was this lawsuit settled?

MRS. PERRY: Eighteen years.

MR. HIGHT: No. How long ago?

MRS. PERRY: Eighteen years.

MR. HIGHT: Ago? The lawsuit was settled?

MRS. PERRY: Well, now you've got me confused.

CHAIRMAN CORY: But, the thing that's worrying me is that she said she settled a lawsuit, and one of the conditions of the settlement was a lease.

MRS. PERRY: Right.

CHAIRMAN CORY: And we're changing the terms and conditions of that lease.

MRS. PERRY: First they told me it would be 90 years, and then they said they could only write it for 45 years.

LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman, may I make a suggestion? Mrs. Perry, is it inconvenient for you to come up here for another meeting?
MRS. PERRY: No.

LIEUTENANT GOVERNOR DYMALLY: You and I have a slight disagreement philosophically, but personally, I am sympathetic. And I don't want to be a party of any harassment of any person who expects to spend the rest of the year with the State harassing them.

I'd like, if you don't mind, to move to put this matter over for another month, so I can get your side of the story.

MRS. PERRY: Well, you'll have me worried for another month.

LIEUTENANT GOVERNOR DYMALLY: We're not going to bite you, I promise you.

CHAIRMAN CORY: The other thing is, as far as I understand the facts at this point, unless there is a radical change in those, you got at least approval of this calendar item. I think maybe that if you have an 18 year old court order that we might be violating by the terms of this; I don't want to be a party to that. And your statement seems to imply that there was some litigation that the staff is apparently unaware of that we want to look at. Because if you settle and there are written terms and conditions of that settlement that you were supposed to have something at a given rate, then I would be very reluctant to overturn the deal, and we'd
go back to what you thought your deal was if it was
supported by the fact that you were parties to this suit.

LIEUTENANT GOVERNOR DYMAIYALI: Why don't we
have the staff brief us.

MRS. PERRY: I don't know. If you are saying
there is not a suit, I can't imagine why they'd say that
for.

CHAIRMAN CORY: Well, 18 years ago, Bob Hight
was in diapers.

(Laughter.)

CHAIRMAN CORY: Okay. We'll put Item 6(E) over
for the next meeting, and the staff will be in touch with
Mrs. Perry as to whether or not she needs to be at the
next meeting, because it's likely to just go through the
former or make you better in terms of your conditions.

LIEUTENANT GOVERNOR DYMAIYALI: Mrs. Perry, this
is a friendly staff.

MR. NORTHEP: Mr. Chairman, Senator Nejedly is
here.

CHAIRMAN CORY: Yes. Senator Nejedly?

We'll go back to the last item on the Executive
Officer's Report, which I think the question of Bethel
Island Senator Nejedly would like to speak to.

SENATOR NEJEDLY: If I could just take a moment
of your time, I don't expect any response to the suggestion.
We're dealing with the problems in the Delta in the State Lands Commission on a case-by-case basis, and we don't have any general statement of intention by the Commission as to the lands that they feel are within their jurisdiction; what their policies are with reference to them, and what in general the landowners can expect as those policies are applied to each particular situation. I think it would be extremely helpful for us if the Commission could take the time to outline in general the lands that are felt to be within the jurisdiction of the Commission itself, and what the general procedures and policies are with reference to the utilization of those lands particularly by the landowners. And if in the development of the policy, we could arrange a meeting in the Delta somewhere at your convenience both timewise and insofar as location is concerned, for all of the people who might be potentially affected by the decisions to be present, and at least have their views heard. It would be extremely helpful to me, because otherwise, we are just repeating ourselves case by case, instance by instance. And we are taking more time with your staff and certainly the time of the Commission ultimately, in this kind of a broad relationship with the landowners in particular.

So if that suggestion has any merit, I would --
CHAIRMAN CORY: The Commission meeting after
fire identification of the policies potential landowners
is that specifically feasible?

MR. NORTHROP: Mr. Chairman, we had a bill SB 469
by Senator Dills last year, that gave us the legislative
mandate to do this by 1981, and we're in the process now,
as the Senator mentioned, of putting this together. The
first thing we'll do will be to handle the Delta and to
set those boundary lines. Because again, where is the
boundary line?

CHAIRMAN CORY: But the question the Senator
is bringing up, rather than having him deal with the
individual landowner who is apprised of his difficulties
on an individual basis, is it possible for us to outline
the principles by which we are proceeding to define those
boundaries? And can we, in fact, get a list of where
those areas of trespass are, so that we could in essence
allow all of them to have their shot, rather than the
Senator spending, I would imagine, a significant portion
of his staff's time responding to each individual landowner
as they get notice.

Is that a fair summary?

SENATOR NEJEDLY: That's pretty generally -- I'm
aware it's going to take some time to implement it. I
am only pointing out that this is an area of immediate
concern of many of the property owners throughout there who are being affected differently in what they consider to be similar circumstances by differing staff interpretations and particularly, the lands in which the Commission feels that they have an interest. These lands are shifting currently by new staff or Commission determinations, if that is in fact the case, and people who have previously had decisions rendered in their case are finding that they are now being affected by new decisions and new policies and new rules. It's a very confused situation. I would hope that in some fashion we could implement the Act or the intentions of the Commission by delineating the areas in which the Commission feels the State has an interest, and what are the general rules applicable to those areas. And if we could have at least that, then I think we would be in a position to request a specific meeting on this with some more intelligence than what we're dealing with at this level today.

I can only suggest that it's very confusing even to me, who has at least contact with a number of cases in which the decisions aren't reconcilable.

MR. TAYLOR: Mr. Chairman, it has certainly been customary to have meetings with groups of people to explain the legal principles involved in determining the boundaries. I think the only change that Senator Nejedly
could be referring to is the high water situation where a court has indicated and the title industry has indicated and this Commission has asked us to reexamine the question where the boundary runs, whether it's the high or low water. That may be creating some confusion that could be explained easily, in a meeting.

The basic problem, though, is that in areas such as the Delta where there's been extensive man-made works, where there have been changes, where the precise boundary is may be the subject of considerable difficulty and actually go to litigation before you can say "This is the boundary."

The effect of changes is subject to expert interpretation. We can explain how that's done. And as for areas, it may be better to take areas and determine the boundary within an area. In other words, take six or seven lots that have a common problem and take those at one time or a slough that seems to have a common problem. But sometimes, these can radically change. For instance, a person may have been in an inlet or a little cup and they filled that and their position may be completely different than the neighbor on either side who have always been next to a very stable line.

So, it is a very complicated problem. We can explain it, and I think in the past in other areas, the
degree of understanding could be worked out between the parties. This is the ballgame. But it still may take either an agreement after everyone contributes their input as to what they have for boundary lines and locations. Maybe it will be possible to reach an agreement; if it's not possible to reach an agreement, all that information will have to be submitted to a judge for ruling on which line is controlling.

CHAIRMAN CORY: I have found in the past that the Senator has asked for these kinds of meetings and they have been very beneficial to me.

Now, are we currently in the position where we can relatively quickly establish a meeting to discuss the general principles and find out through some of the people particularly what it is we are trying to accomplish?

MR. NORTHPROP: Yes, we can do that without any wait at all.

MR. TAYLOR: We can also indicate to them the kind of information that we're searching for and seek their assistance, and also ask them to have our technical people -- our technical people that work to see if a common understanding can be reached as to some controlling principles. The biggest problem is the facts, and the facts can go back to such a long period of time.

CHAIRMAN CORY: Senator Nejedly, would that be
a sufficient first step?

SENATOR NEJEDLY: I would certainly -- if that
is a direction to staff to arrange a meeting, that
certainly would be helpful to us if at that meeting we
could also have some more precise statements by the staff
in the areas in which they feel the Commission has an
interest; if in some point in time it seems to me that
the State has a responsibility to determine what it thinks
it owns in the line where that ownership is determined.
And I would like to be more specific if we can be rather
than just develop the rules which will be helpful, as to
where these areas are that they are going to be applied.

CHAIRMAN CORY: It is my understanding that
we are starting in the Delta some of the areas of Donner
Lake, and we will in essence move throughout the State
to clear up the title and ascertain the inventory of all
State property. Unfortunately, there is not an inventory
of State property. We've been unable to convince the
Department of Finance under any Governor to sufficiently
fund the project in establishing an inventory.

So, Senator, I'm not sure of giving a list,
you know, these are the items, it's something we're going
to have to do a little bit each year.

MR. NORTHROP: We can certainly give the areas.

We cannot show a line of demarcation.
MR. TAYLOR: It is possible to show the areas where problems exist. And in that context, we work with a group of people or with the specific landowner involved. What is impossible to do is give a precise line as to what is the actual controlling boundary. I don't think that the research has been completed to that degree to satisfy anyone on that. But we can tell an owner if he's got a problem or not, and we can set out a program to work out the problem, and hopefully we will resolve it by negotiations. Pending that, we can expedite a trial if the parties will cooperate with the development of a common understanding of facts; and in some areas that's worked very well.

SENATOR NEJEDLY: In the budget, I certainly want to espouse the cause if that's the issue as to the appropriation of sufficient monies to at least advise the public what the line is that the State feels it has an interest in. I think ultimately, it would be a lot cheaper to do it in that fashion than to do it in either the litigation route or the expense and time consuming route that we are undergoing now administratively in this case by case bit.

That's where we are.

LIEUTENANT GOVERNOR DYMALLY: When we go to Senate Finance and Assembly Ways and Means, I'd like to
get a copy of this transcript so I can use your testimony here.

(Laughter.)

SENATOR NEJEDLY: You tell me when it's going to be and we'll have the people there. I think we can make a very clear case.

CHAIRMAN CORY: We've always gotten the Legislature to appropriate the money, we've never been able to get the Governor to leave it in the budget.

SENATOR NEJEDLY: Maybe we ought to invite him for a little trip down the Delta.

CHAIRMAN CORY: We will proceed and also renew our efforts to try to get the money allocated to delineating these things so we can be more precise with the people. But we can start with the staff meetings and get those under way, and somebody from our shop will be in touch with you as to how we can get those set up.

SENATOR NEJEDLY: I don't want to impose on your time, you've been generous to this point. I'd like to if I may, though, because this issue involves our county, the Dowrello Boat Works for the Commission has made a determination with reference to the amount to be paid. I would appreciate it if you would set that for some hearing at your convenience. If we could put the case to you a little more illusively, I don't think the
Commission is aware of the circumstances.

What we have here, very briefly, is a case in which a boat owner is an operator and attempting to operate privately the very small facility. He now has an annual fee of $2,000 to the State. In order to pay that $2,000, he's trying to dredge the harbor to accommodate the small drab boats, and the State is now saying to him that he has to pay a royalty for the removal of the dredges, which is presenting a financial situation to him which may mean closing of the harbor entirely because he simply isn't making it. I've gone over his books. I spent two days with his people down there and I can tell you very quickly that he's not making it. The only way he survives at all is by contributing his own time at no expense to the business. And that what the State is going to do if they impose this charge is to lose the $2,000, the public lose the convenience, and we have nothing and the county loses the assessed valuation of the facility because it's going to rapidly deteriorate if he goes out of business.

So, I think we got to a point where the Commission really doesn't understand what is the fact of the situation.

CHAIRMAN CORY: So it's a question of a request from the Senator on a hearing on this matter.

LIEUTENANT GOVERNOR DYMALLY: So move.
John, I wasn't here last month; I don't know what the facts are.

CHAIRMAN CORY: Okay. Thank you, Senator.

Item 6(F) on our calendar, Commercial Lease of June Greening for nine tenths of an acre of tide and submerged land in Sacramento; $250 per annum with the State reserving the right to fix a different rental on April 28th and on each fifth anniversary of the lease thereafter.

Is there any controversy on this item?
Anyone here wish to speak on this item?

LIEUTENANT GOVERNOR DYMALLY: So move.

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

Item 6(G), Assignment from John H. Pietz of a Commercial Lease to Western Water Ways, Inc.; normal insurance requirements; consideration 857.50 per annum, reserving the right to alter or determine the lease by April 27, '76.

Is there anyone here who wishes to address themselves to this item?

Any controversy on this item?

LIEUTENANT GOVERNOR DYMALLY: So move.

CHAIRMAN CORY: Without objection, Item 6(G) is approved as presented.
6(H), Assignment and Amendment of Commercial Lease of Lawrence H. Kerns, Sacramento River near Oak Hall Bend, Yolo County; consideration of $3,120 per annum.

Anyone wishes to address the Commission on this item?

LIEUTENANT GOVERNOR DYMAULLY: So move.

CHAIRMAN CORY: Item 6(H) is approved as presented.

6(I), Huntington Harbour, Assignment of Noncommercial Lease from the Huntington Harbour Corporation, the developer, to the Sea Harbour State Channel Slip Owners Association.

MR. NORTHROP: A homeowner group in the harbor.

CHAIRMAN CORY: Consideration $4,875.67 per annum.

Is there anyone who wishes to address themselves?

LIEUTENANT GOVERNOR DYMAULLY: So move.

CHAIRMAN CORY: No objection, Item 6(I) will be approved as presented.

Item 6(J), Recreational Pier Permits in Contra Costa, Placer and Sacramento Counties.

Is there anyone here who wishes to address themselves?

I think that Calvin L. Schmidt is a judge from Orange County who is a friend of mine.

LIEUTENANT GOVERNOR DYMAULLY: Move to postpone.
CHAIRMAN CORY: I mean, I know the guy, but I've never talked about this with him.

Okay. I'm making a disclosure of the awareness.

But if it is the same Cal Schmidt, he's never mentioned this to me, and it's standard procedure --

LIEUTENANT GOVERNOR DYMALLY: So moved.

CHAIRMAN CORY: Without objection, Item 6(J) will be approved as presented.

7(A), Burmah Oil and Gas. These are for six wells --

MR. NORTHROP: Mr. Chairman, these are for four wells.

CHAIRMAN CORY: Four new wells, and two injection?

MR. NORTHROP: Two injection, right.

CHAIRMAN CORY: Without objection.

LIEUTENANT GOVERNOR DYMALLY: So move.

CHAIRMAN CORY: 7(A) is --

MR. FINK: Mr. Chairman, what is the procedure for a member of the public -- I regret that I was late on arriving here -- to be heard on an item such as 7(A)?

CHAIRMAN CORY: Come forward and identify yourself and tell us what you want to tell us. It's very easy.

MR. FINK: My name is Jim Fink, F-i-n-k.

My mailing address is Post Office Box 28759, Sacramento,
California 95828.

With regard to the oil situation, Mr. Chairman, I wish to let it be known that I feel that it is important that these applications be approved, particularly in view of the situation which I realize the State of California has no direct control over, mainly the nationwide energy crunch.

I feel that we have a situation here that warrants the interests of all Californians inasmuch as we're all paying high prices at the gas pumps to keep our cars in operation, and until such time as RT has statewide services, I think we are still going to need our cars.

One of the situations developed unfortunately, was the 1969 Santa Barbara oil spill. However, I have information in front of me that indicates that this was blown way out of proportion by the mass media. I am quoting now from the report conducted by the University of Southern California marine biologists under the chairmanship of Dr. Dale T. Straughan. And to spell that for the record it is S-t-r-a-u-g-h-a-n.

And his report states, quote: "That no ill effects on animal and vegetable plankton were observed. No damage from the oil spill could be found on sandy beaches. The channel fish catch was actually found to have
been greater for the six month period following the oil spill than in a comparable period before. Nor has the spill defamated the bird population. Of the 12,000 birds in the channel at the time of the spill, 3,500 died from all causes. Yet by May, the bird population has risen to 85,000 because of seasonal migrations."

The conclusions of Dr. Straughan and his team unfortunately became one of the best kept secrets since the disappearance of June Crater.

Now, one other point that was made in this same $250,000 study which by the way ran some 900 pages.

CHAIRMAN CORY: Who paid the $250,000?

MR. FINK: The University of Southern California, as I have it.

CHAIRMAN CORY: What is their source of money?

MR. TAYLOR: The industry paid for the report as a result of the litigation that was arising or in connection with it. Whether it was directly a part of the litigation or not, it was used in the litigation by the industry.

CHAIRMAN CORY: Okay.

MR. FINK: This same report also states quote, "Not only had overall damage by the spill been greatly overestimated, but where damage had been done, nature had returned it to normal."
Now, the fact of the matter is that for centuries,
there have been crude oil influxes even before man ever
thought of drilling.

You have a situation here where there is natural
seats of a place known as Coal Oil Point, down there on
the Santa Barbara Coast.

CHAIRMAN CORY: The item we have before us relates
to Orange County, Huntington Beach.

MR. FINK: I realize this.

CHAIRMAN CORY: And we're willing to give you
substantial latitude, but if you could focus in on whether
or not we should put in these wells. We're probably going
to approve them, but if there is some specific information
to help us in that area, we'll be glad to take it.

But, go ahead and proceed.

MR. FINK: Let me explain my reasoning for
bringing up the Santa Barbara issue. It was the result
of the Santa Barbara issue that offshore oil drilling
was indefinitely banned in the State of California, and
so that is the tie-in.

LIEUTENANT GOVERNOR DYMALLY: Mr. Fink, there
might be a more appropriate time for you to focus on
that particular issue, when the question of new applications
comes up. I think it probably will next year. Standard
will probably reapply to drill in the channel, and there
will be some public hearings. At that time, it seems to
be more appropriate for you to focus on that issue and
your testimony will be more relevant. Right now, we are
probably about to approve what is a routine application.
But, I think next year that you might be a very valuable
witness for the oil companies and other people who believe
that we should continue to drill in the Santa Barbara
channel.

MR. FINK: Thank you very much.
LIEUTENANT GOVERNOR DYMALLY: I would instruct
the staff to so inform the industry, so that you could
testify in their behalf.

MR. NORTHROP: That's correct.
LIEUTENANT GOVERNOR DYMALLY: And Standard is
going to renew the application next year, as I understand it?

MR. NORTHROP: Yes, they will.

MR. FINK: I would appreciate notification of
when the hearings are occurring.

MR. NORTHROP: As you leave, we will be sure
to get your name and address.

CHAIRMAN CORY: Okay. Item 7(A), any further
discussion?

Without objection, 7(A) will be approved as
presented.

7(B), a royalty adjustment from Atlantic Richfield.
MR. NORTHROP: According to the lease, they are allowed to deduct.

LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman, we have no other choices on this matter but to vote for it.

MR. NORTHROP: It's according to the lease, they have the right to it.

CHAIRMAN CORY: Without objection Item 7(B) will be approved pursuant to the terms of the lease.

7(C), Marin County wants to do some dredging.

MR. NORTHROP: Yes. The dredging has already been done.

CHAIRMAN CORY: We're adjusting the price because they didn't put them where they said they were going to put them.

LIEUTENANT GOVERNOR DYMALLY: So moved.

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

8(A).

MR. NORTHROP: Mr. Chairman, this is the First Amendment to the Stretford Process which is part of the budget program.

CHAIRMAN CORY: This is just to handle the details of the accounting procedure for the cost of operating the Stretford plan?

MR. NORTHROP: Right.
CHAIRMAN CORY: Without objection?

LIEUTENANT GOVERNOR DYMALLY: So moved.

CHAIRMAN CORY: 8(A) will be approved as presented.

8(B) is a review of the tideland project in Long Beach, and this is the final --

MR. NORTHROP: This is the final closing on that.

CHAIRMAN CORY: $6,086.86 Long Beach wants, and that is bound to be owing due to the Subsidence costs.

Without objection, it will be approved as presented.

Item 9(A).

MR. NORTHROP: Mr. Chairman, this is a delegation of authority to attorneys to enforce the nonpayment of rent through unlawful detainer actions.

CHAIRMAN CORY: These are the people who stopped paying rent, to allow us to go ahead and get money back?

MR. HIGHT: That's correct.

LIEUTENANT GOVERNOR DYMALLY: So moved.

CHAIRMAN CORY: Item 9(A) will be approved.

9(B).

MR. NORTHROP: Mr. Chairman, 9(B) is a report that was asked for by the Legislature and prepared by Mr. Trout's unit, and I'd like to have Mr. Trout discuss it with you.

MR. TROUT: I think the Commission is fully aware
that their jurisdiction extends over something like 4 1/2 million acres of land. In effect, the Legislature said that the Commission should inventory this entire round of land and determine originally which portions of the land were environmentally unique.

For a year, there was a very difficult problem between your staff, the Office of Planning and Research and the Resources Agency about what was unique. The following year, the Legislature changed the word "unique" to "significant," so we were then asked on your behalf to inventory State owned lands under the jurisdiction of the Commission which were environmentally significant.

So this calendar item is the final step in a significant project. And it seems appropriate to kind of summarize the steps that were taken.

The Commission was required to inventory and identify the lands under its jurisdiction. This task was completed last December, and a draft report was circulated state-wide. Comments were received and will be incorporated into a final inventory.

Each of the Commissioners has been furnished the mock-up of the final report which has a yellow cover on it. It is the successor to a draft report which had a similar cover that was bright orange.

As can be expected, the staff was unable to
investigate each individual parcel of land under the Commission's jurisdiction. Therefore, nominations were solicited from other governmental agencies as well as organizations out of the more than 100 organizations and agencies contacted, over 50 responded. In addition, some 100 reports were reviewed with 19 determined by the staff to have direct value on the inventory.

As a result, we feel the inventory is comprehensive as well as an exhaustive report.

A substantial percentage of the lands were determined to possess --

CHAIRMAN CORY: Pardon me. How does that follow? Pardon me, maybe this isn't the place to do this. You just stated that we weren't able to do an actual physical inventory ourselves, so we have asked other governmental agencies to do it by invitation. Half of those that you requested to responded, and then another value determination was made with 19 that you thought significant.

If that is the premise of the work, how can you come to the conclusion that that's comprehensive?

MR. TROUT: 19 were in addition to the 50. There were 19 additional reports out of 100 reports that were reviewed.

We feel that it's comprehensive because the agencies that responded, such as the Department of Fish and
Game and other agencies that have broad based field personnel, the Sierra Club, the Nature Conservancy, and other people who have the ability and interest to cover the state state-wide were the agencies that responded.

CHAIRMAN CORY: The question in my mind is that we're doing this the best job we can given the resources we have available, but I personally don't believe that that is a comprehensive way to inventory property. It seems to me that we are stating our limitations, and we should make that explicit and not get too wound up with where we are. I don't know what the Governor's views are. I'm hesitant because I can see where a significant parcel has very probably been left out just due to the financial limitations on the study. And if we discovered that and started to say defend title on another piece someplace else, somebody else can come back and say well your own records, your own comprehensive study of such and such show that it wasn't there.

MR. TROUT: I accept the change in language. The report itself does not --

CHAIRMAN CORY: Okay. I just --

MR. TROUT: The word "comprehensive" is the staff feeling. It is not indicated in the report. We've indicated the limitations and as you will see later in our presentation here, we feel that it is extremely
important to keep the doors open so that additional parcels may be added as it becomes apparent that they were overlooked.

CHAIRMAN CORY: Fine. I think it's important that we keep restating that, so that the report not be taken out of context.

Pardon me for jumping to it, but it just seems to be fraught with peril, but we have to start somewhere. And I appreciate what the staff has done. It's a good, excellent job given the limitations. But, let's not get wound up by thinking we've really solved the problem. We've got a lot of unanswered questions starting from -- it seemed to me that there would be a better way to inventory this if someone would come up with the bread for us.

MR. TROUT: The Chairman is entirely correct. But even with these limitations, a substantial percentage of the lands were determined to possess significant value. Approximately 70 percent of the sovereign lands or the tide and submerged lands, 38 percent of the school lands are so listed in the report.

To show the magnitude of this, over 2 1/2 million of the 4.3 million acres under the Commission's jurisdiction has been identified as possessing some significant environmental values.
Today, two requirements remain for the Commission:

The adoption of regulations to protect the identified lands; and recommendations for additional action.

At the July meeting, the Commission authorized the Division to hold hearings on the regulations. The proposed regulations were circulated and public hearings were held in September. These regulations which require your approval today established several procedures for the protection of the lands.

First, the Division may augment information in the inventory whenever additional information is received.

Two, the Division will classify all environmentally significant lands into one of three use classifications.

Three, the staff shall continually review environmental documents to determine if additional lands should be classified as having significant environmental value.

And four, the Commission would determine that it shall not allow the sale, lease or other use of significant lands without finding that adequate provisions have been made to assure the permanent protection of the prescribed values or that granting of the application will have no significant effect upon the values.

The only additional requirement for the final report is to recommend additional action. We have proposed
in the report several areas.

First, that you direct the staff to investigate
the establishment of funds to be used to preserve the
significant values when in danger.

Second, that an advisory committee be established
to recommend solutions when significant values are in
danger.

And third, the proposals be developed through
the budgetary process to finance periodic inspections
of the significant lands and identification of potential
threat.

The findings of all these investigations if
approved, would be reported back to you. With the
adoption of the calendar item, the Commission is certifying
that all requirements have been met.

We feel that this is the beginning of our
planning process and will be a valuable tool for future
use.

We therefore recommend that you approve this
item, given the limitations recognized by the Chairman.

MR. TAYLOR: Mr. Chairman, during one of your
comments to Mr. Trout, you indicated that this might
have an effect on boundaries or State title claims. It's
specifically provided in the statute that this does not
effect title problems. It stated in the report and in the
regulations that are before you for adoption, it also states that this is only an environmental inventory, and it does not determine boundaries nor are boundaries really defined in this report. There is, as Mr. Trout pointed out, a flexibility of the Commission, if we've overlooked an area which turns out in the process of considering an item for action by the Commission which should be listed as environmentally unique; someone applies for a parcel of property to lease it or do something else to it, under these regulations that you are adopting today, they are given a copy of our criteria. And also we checked the inventories that tend to exist, and if it is on the inventory, he must meet the two requirements. If it is not on the inventory, the party must provide a statement description of the area so that the staff can review whether that should be given some environmental classification.

So, this process will continue to go on, and this is the beginning of that work.

CHAIRMAN CORY: In terms of a basic definition that was used in terms of significant, are all waterways and access to waterways dealt with as environmentally significant or not?

MR. TROUT: Not necessarily.

The legislation as amended gave to the Office of
Planning and Research the duty to establish the criteria, the definition of what is environmentally significant.

In general, as you can tell from the 70 percent of tide and submerged lands, most fell within this category. Another consideration was that the Delta Master Recreation Plan and the Wild and Scenic Rivers Plan or proposal was to have been considered and was in the development of this area.

So that basically, it's the deep ocean that probably has the 30 percent, although it is possible for some waterways to not be environmentally significant.

Our Fish and Game found significance in nearly all of them, as an example.

CHAIRMAN CORY: The dispute that we have going is someplace in the Delta with a duck club, you know, is that waterway inventory in here, for example, as environmentally significant?

MR. TROUT: I'm not certain whether that particular one is or not.

The limitation, of course, has been that if someone did not nominate it or was not identified in any report, it is not included in this first version that we're turning out.

CHAIRMAN CORY: That's the question. It seems to me with the pressure on waterways generally, I would be
hard pressed not to find all waterways owned by the State
to be environmentally significant. There may be one
you can show me that isn't, but I would not leave an
implication in this draft or by the adoption of that that
something else is going to turn around and bite us in the
back of the head on one of those other situations where
they say it's obviously not environmentally significant.
That's the kind of deletion that I'm worried about.
Something that could be relatively small in terms of an
overall thing, but very significant in terms of the
pressures that we have upon us.

There was a time when upper Newport Bay was
not considered very significant to the people of Orange
County, and then it became very significant.

MR. NORTHROP: Your example happens to be in
here, but your point is well taken.

CHAIRMAN CORY: So, if in' the draft we are
nebulous enough to include some of those smaller places --
that's all I'm worried about.

MR. TAYLOR: There could be a statement included
amended to your approval today of this report, that there
be a paragraph added that the failure to include an item,
a particular area, does not necessarily mean that it
does not have environmental significance. Would that
satisfy?
CHAIRMAN CORY: I would prefer to have that explicit statement.

MR. TROUT: Certainly, that is the reason we brought it before you; it can be added or amended, and in following your wishes today would then be --

CHAIRMAN CORY: To be placed fairly early so that anybody starting to skim would pick that up; this is the first step and this is the first inventory, and we expect there to be revisions.

Can we proceed with that amendment being added to the document?

Without objection, 9(B) approved as amended.

9(C), authorization to conduct public information sessions on various areas including the Truckee area, concerning the findings of the Earth Satellite Corporation into submerged areas of Donner.

Any questions or debate on this item?

Any questions from anybody in the audience?

Without objection, 9(C) will be approved as presented.

9(D).

MR. NORTHP: Mr. Chairman, 9(D), (E) and (F) deal with the same subject matter, and Bob Hight from our counsel is going to address the Commission on this.

LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman, may
I suggest that we separate Item (F) from (D) and (E).

CHAIRMAN CORY: Okay.

MR. HIGHT: If we could take Item (D) and (E) as together.

CHAIRMAN CORY: Is there anyone in the audience who wishes to address the Items (D) or (E)?

MR. HIGHT: The Government Code provided that the State Lands Commission has to approve any boundaries of any area of which it is going to incorporate, and the incorporated area will include tide and submerged lands. The Commission staff has reviewed the boundaries and found that Items (D) and (E) are in conformance. Is there any opposition?

CHAIRMAN CORY: No objection, Item 9(D) and (E) will be approved as presented.

Without objection, that's the order.

9(F).

MR. HIGHT: 9(F) is the incorporation of the City of Truckee. It includes Donner Lake.

It is the recommendation of the staff that based upon the problems with the boundary of Donner Lake, that it would not be in the best interests of the State for the Commission to approve this incorporation as described.

CHAIRMAN CORY: This relates back to Item 9(C) on
the agenda?

MR. NORTHROP: Yes.

MR. HIGHT: Yes.

CHAIRMAN CORY: Is there anyone who wishes to address themselves to Item 9(F)?

MR. PORTER: My name is Jim Porter, P-o-r-t-e-r. And I would just like to question the staff's recommendation on this matter. We have begun proceedings for the incorporation of Truckee, and they -- the first step is to make application to LAFCO, the Local Agency Formation Commission, and then you go on from there on to an election. They cannot accept our application until the State Lands Commission approves our boundaries. So therefore, we are on a very tight calendar schedule trying to have our election next November, and we won't make it. I feel that it's almost impossible if we're put off at this point.

CHAIRMAN CORY: I think what is being suggested here is not that you be put off but that you be turned down.

MR. PORTER: I've read the ordinance. I have it here, and it states you shall approve or disapprove all portions of the boundaries of the proposed city. Well, the boundaries of the proposed city go around Donner Lake, not close to the center. None of the boundaries go
through Donner Lake. From my reading this ordinance, this Government Code Section, the considerations that the Board, the staff is to review, talk about right angles and how the city lines goes through the State Lands; and this doesn't affect us at all. I don't know what the intent is here.

LIEUTENANT GOVERNOR DYMALLY: What county is Truckee?

MR. PORTER: This is Nevada County.

LIEUTENANT GOVERNOR DYMALLY: You haven't been to LAFCO, yet?

MR. PORTER: We have been to LAFCO, but they will not accept our application. They say under this Government Code Section 34302.3, this is the section that gives you the power to review our boundaries. It says "We cannot make any application for incorporation until we have received approval of the State Lands Commission."

What I'm asking is you are saying let's wait until we determine the boundary problems of Donner Lake. Well, in my opinion, this is going to be several years down the line. There are some people who are very hot about what's happening at Donner Lake, and I won't make a decision on that. So, we are going to be waiting three or four years while you decide whether or not we should incorporate Truckee or not. I don't think that was the
intent of this ordinance.

CHAIRMAN CORY: The alternative, though, is for the incorporation not to include the disputed lands.

MR. PORTER: We could do that, but I would like to know -- we are not taking title to this property, of course. We aren't making any statement as to whether your moves or the new survey -- what effect that's going to have on the land. What is that going to have to do with you? This will just unnecessarily complicate things.

For example, under the ordinance, if we do have to exclude it, we will have to have a legal description excluding the boundary of Donner Lake. We'll have the incorporation boundaries and then the specific exclusion of Donner Lake. Well, I'm not even sure that there is a legal description, yet. Conceivably, we would have to wait three or four years to even get a description.

MR. HIGHT: We can describe the bed of Donner Lake with sufficient adequacy.

MR. PORTER: It has to be in the best interest of the State Lands Commission. What is the best interest of the State Lands Commission to refuse it --

CHAIRMAN CORY: To maximize our claims.

MR. PORTER: Well, how are your claims going to be affected adversely by having the City of Truckee incorporated?
LIEUTENANT GOVERNOR DYMALLY: Can we then have an amendment in the application before LAFCO which would separate Donner Lake pending the resolve of the problems, because there are some obviously legal squatters.

MR. PORTER: There obviously are, but I don't see how --

LIEUTENANT GOVERNOR DYMALLY: If you take away the lake from the State, it is conceivable that we may never solve this problem.

MR. PORTER: No, we are not taking the lake away. We are taking it from the County, the State owns it.

CHAIRMAN CORY: Let me back up, trying to get you on track. If your goal and objective is to expedite the process of LAFCO and all, for Truckee, I for one Commissioner, unprepared to vote for an incorporation boundary which includes the bed of Donner Lake.

It is my judgment that that interferes with our claims, vis a vis, the ownership of that property. Now, I may be incorrect in that. Unfortunately, I am sitting here where I'm not going to defend that position, because I think it might tend to jeopardize the State's position in terms of its various legal battles.

Now, to the extent that you want to proceed, if you're willing to delete the thing from Donner, the
Donner Lake Bed, I'm willing to vote for it, because that leaves the thing neutral. But, I am not prepared to get into a defense of my judgmental factors on something that may later be litigated. I'm willing to state my position. If that helps you, we can proceed; if not, I'm afraid that there really isn't a quorum at which we can -- at least as far as my vote is concerned -- that we can help you.

LIEUTENANT GOVERNOR DYMALLY: Let me ask both counsels a question. Is it possible to proceed with the application before LAFCO, deleting the lake bed out of the area of incorporation?

MR. PORTER: And proceed and at some later time make a determination that it may be included.

Well, it certainly would be -- well, no, it probably would not. We go to LAFCO, have a public hearing, then we pass a petition of Notice of Intention to Pass a Petition and pass a petition, then all the time stating what the boundaries are in all of them. So, we have to pass a petition to do it, with duplicate copies, this will take us up to the election which will be next November. I see no way that these people here, that the State Lands is going to have any resolution on this matter for '76.

LIEUTENANT GOVERNOR DYMALLY: Could you not
exclude the land to your application?

MR. PORTER: Yes, we could exclude the land in the application.

LIEUTENANT GOVERNOR DYMALLY: I mean the bed of the lake.

MR. PORTER: Right.

LIEUTENANT GOVERNOR DYMALLY: And you could proceed on your incorporation, and then when we resolve this with the parties and with the Attorney General's Office or whomever, then the city can come back, assuming that you will incorporate, come back and negotiate with us.

MR. PORTER: Then, if we had a city, I suppose that would leave us an exit. Then, we would have to have another election and on and on, and cost the taxpayers more money.

LIEUTENANT GOVERNOR DYMALLY: You can negotiate with the Lands Commission.

MR. PORTER: The Lands Commission changed well, they haven't made a decision. Well, later on they make the decision that they would not be opposed to the city taking in the bed of Donner Lake, then I suppose we can have another petition and another election and annex the bed of Donner Lake.

CHAIRMAN CORY: I don't think you have to have an
election, it would be an uninhabited territory.

LIEUTENANT GOVERNOR DYMALLY: Well, let's assume you do.

CHAIRMAN CORY: It would be pretty hard for annexation of uninhabited territory without an election. I don't think we've got anybody living on it.

LIEUTENANT GOVERNOR DYMALLY: My point is --

CHAIRMAN CORY: But if you do have people living on it --

LIEUTENANT GOVERNOR DYMALLY: That's the issue, here. If you do then, at some subsequent election, you could tie in with the School Board election or general election and put it on the ballot.

MR. PORTER: I appreciate your decision, but I still question the logic behind it. I see no logic behind it. We are not making a land grab, we are just changing the background government from the county to the city.

LIEUTENANT GOVERNOR DYMALLY: The problem is not with you and the petitioners. The problem is with some other people who don't even live in Donner Lake; they live in New York, for that matter. That's the problem we have here. We are not opposing your application. As a matter of fact, I am supportive of what you're doing.

MR. PORTER: That's the problem we have, is
people who live in New York and Chicago, right.

LIEUTENANT GOVERNOR DYMALLY: So, if you want
to expedite this application, I would be prepared to vote
for it if you would exclude that portion.

MR. TER: Are any of you not prepared at this
time to state why you prefer to have it?

LIEUTENANT GOVERNOR DYMALLY: Oh, because of
the problems we have with the squatters. It's an unresolved
legal problem.

MR. PORTER: Perhaps you do not understand
incorporation, that the problems you have with squatters
and the water going out Donner Lake and all of this, the
staff has recommended -- suggested to me that those are
the problems. And they don't want to have a growth inducing
impact, and maybe Dart Industries or Tahoe-Donner may
be taking more water out. Those districts will probably
not be taken over by the city. So I can assure you that
there will be no affect of the corporation on the people
of Donner Lake.

If that's your position, I would accept the
acceptance of our application.

CHAIRMAN CORY: Can we approve it?

MR. HIGHT: Subject to the exclusion of Donner
Lake, yes.

MR. PORTER: Then you don't approve it, then?
CHAIRMAN CORY: We'll approve it.

LIEUTENANT GOVERNOR DYMALLY: Without amendment, you don't get it.

MR. PORTER: You are saying that you are denying our request to include State lands within proposed boundaries of the city, then there are no state lands and we don't have to apply to you.

So, you denied it, and there's no way --

MR. TAYLOR: Are there any other State Lands in the Donner thing?

MR. TROUT: No fee lands as far as we know within the city boundary.

MR. PORTER: So you deny it.

CHAIRMAN CORY: Failure to act positively could be taken as a denial.

MR. PORTER: One question I have, does the staff have the date as to when we made application for the approval of the State Lands Commission?

LIEUTENANT GOVERNOR DYMALLY: I'm going to offer a motion so we can resolve it.

I move that the application be approved with the exception of Donner Lake, and the staff would put the appropriate language to describe the exclusion.

CHAIRMAN CORY: I would second that motion with the understanding that that means we will approve it if
Donner Lake bed is not included in the city limits.

LIEUTENANT GOVERNOR DYMA LLY: And the staff will put into legal language all of the observations.

MR. PORTER: Then, what are you approving?

MR. HIGHT: We are approving the boundaries of the incorporation but excluding from the area the area bed of Donner Lake.

CHAIRMAN CORY: If your position is correct, our act has no force and effect, you can proceed without it. But, in case there is something else, you've got approval of it.

So without objection --

MR. PORTER: Could the staff answer this one question, when we made application, because failure to make a denial or approval within 45 days is automatically an approval. And there are some questions in my mind as to whether our application -- when it came in.

LIEUTENANT GOVERNOR DYMA LLY: This is a legal question, that if the application was made longer than 45 days, that in effect, we have approved it.

MR. HIGHT: The application -- we are within the 45 days. We have the authority to approve or disapprove.

CHAIRMAN CORY: Okay. We have taken action and the staff clearly understands that the approval is only a conditional approval, if the lake bed of Donner Lake
is excluded from the application.

MR. PORTER: And if there is no other State
lands within the proposed city, you've just denied our --

MR. NORTHROP: Disapproved.

MR. FINK: Mr. Chairman?

CHAIRMAN CORY: Yes.

MR. FINK: I respectfully request permission
to make a point of information in case further controversies
of this nature develop.

The question came up annexing unincorporated
lands into a city if they were uninhabited.

A precedent for this kind of situation was
established in the city of Napa in 1974, along a ranch
hassle. I don't know if you are aware of that. This
involved several thousand acres of land to the rest of
the Silverado Country Club where the famous Kaiser Golf
Tournament is played each year.

The proposal was to put in a tennis club and
condominium unit and incorporate it into the city of
Napa. The citizens of Napa formed an organization known
as Citizens Against Urban Sprawl and demanded, and took
it to court, elections as to whether or not this could
be annexed. The city had annexed it under the uninhabited
lands provision, because in fact there were no residences
whatsoever on the property. It was pretty vacant land,
the only residences thereon having been burned to the ground.

The court ruled that an election had to be held, and in the subsequent election, the entire city of Napa voted on it and overwhelmingly nixed the annexation.

CHAIRMAN CORY: Okay. The staff is aware of that?

MR. NORTROP: We made notes on that.

LIEUTENANT GOVERNOR DYMALLY: Thank you very much. Item 10(A).

MR. NORTROP: Mr. Chairman, 10(A) is a piece of property known as the Hazard Unit which the State Lands has under lease to Imperial Thermal.

Fish and Game own the surface rights of the property and was administering it, and it contracted the work out for the Federal Government, the Department of Interior. The Department of Interior asked for a longer lease time; rather than give them a longer lease time, the Department of Fish and Game through General Services gave them the property.

Now, we have a problem with this property in the fact that we have a Lessee on the property which had been given away.

So, we asked for authorization to file declaratory relief and instruct the Attorney General --
CHAIRMAN CORY: Looks like the Attorney General has a problem.

MR. NORTHROP: In effect, the Fish and Game had given away lands which we had a lease.

MR. TAYLOR: We don't feel that all of the requirements for such a conveyance had been met and there may be some defects in that; and that's what our problem is.

CHAIRMAN CORY: Okay. They're saying they've got it all.

MR. NORTHROP: They've got it all and they've got a quitclaim deed on it.

CHAIRMAN CORY: Without objection, 10(A) will be authorized as presented.

10(B)?

MR. HIGHT: 10(B), Mr. Chairman, is the authorization for the staff and the office of the Attorney General to perfect title at Oak Hall Bend. This relates to Calendar item 6(H). The Lessee there is apparently leasing the upland from a private party, and it is the contention of the staff that the land is in fact State owned.

CHAIRMAN CORY: Without objection.

LIEUTENANT GOVERNOR DYMALLY: So moved.

CHAIRMAN CORY: 10(B) authorized as presented.

10(C). Do you want to do this?
MR. NORTHPROP: 10(C). We'd like to go into Executive Session on part of that.

CHAIRMAN CORY: We will pass 10(C).

10(D)?

MR. HIGHT: 10(D), Mr. Chairman, is the authorization to prevent a party in San Mateo County from filling any further land. We have received a letter from them this morning indicating that they will so stop filling the land. However, we feel that in the event that they default on their letter, we would like this authorization anyway.

LIEUTENANT GOVERNOR DYMALLY: So moved.

CHAIRMAN CORY: Without objection, 10(D) will be authorized as presented.

(E)?

MR. NORTHPROP: Mr. Chairman, this is the authorization of counsel to proceed against the Department of Interior on the acreage under question in the Executive Officer's Report.

CHAIRMAN CORY: This is the disputed lands which they say they are taking out, but we don't know for sure.

MR. TAYLOR: Mr. Chairman, we have the pleadings in galley form. Anything to the Supreme Court has to be filed in printed form. We have held the final printings. If you like us to go ahead, we will have them printed in
final form. But I don't think we can file it until they

go through with their actions.

CHAIRMAN CORY: Hold it, if for some reason

that's not printed in the Registry when it's supposed to

be, I suggest that you have to go ahead and have it

printed and proceed, so we don't end up losing anything.

So 10(E) will be approved as presented; authoriza-

tion is granted on those items.

Without objection, such will be the order.

The confirmation of date, time and place of

next meeting of the Commission, we had January 14th in

Sacramento.

Is there any other item to come before --

LIEUTENANT GOVERNOR DYMALLY: 10:00 a.m.?

CHAIRMAN CORY: 10:00 a.m.

Is there any further item to come before us?

Is there anyone in the audience that has anything?

If not, we will adjourn the public session to

go into Executive Session to discuss litigation with

counsel.

(Thereupon the meeting of the State Lands

Commission held on December 1, 1975 was

adjourned at 11:30 a.m.)

--oOo--
I, DIANE WALTON, a Shorthand Reporter for the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, Diane Walton, 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 hearing, nor in any way interested in the outcome of said hearing.

Dated this 7th day of January, 1975.

Diane Walton

DIANE WALTON
Shorthand Reporter