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- Mr. Turner
- Mr. Dolle

Calendar Item 46
Adjournment
Reporter's Certificate

--000--
MEMBERS PRESENT

Hon. Kenneth Cory, Controller, Chairman
Mr. Sid McCausland, Commissioner
Mr. Richard Thomson, representing Mervyn M. Dymally

MEMBERS ABSENT

Hon. Mervyn M. Dymally, Lieutenant Governor
Hon. Roy M. Bell, Director of Finance

STAFF PRESENT

Mr. William F. Northrop, Executive Officer, State Lands Commission
Mr. R. S. Golden, Assistant Executive Officer, State Lands Commission
Mr. Robert C. Hight, Staff Counsel, State Lands Commission

ALSO PRESENT

Mr. N. Gregory Taylor, Deputy Attorney General
Mr. Jan Stevens, Deputy Attorney General
CHAIRMAN CORY: Calling the meeting to order.

Confirmation of the minutes of the meeting of August 26th, there are no corrections or additions to those minutes; nobody from the audience? Without objection then, we will confirm them as presented. We need to put them in the minutes. Mr. Thomson and Mr. McCausland and Mr. Cory are here in terms of who our forum amounts to. If you could inform your staff of who we are before we get here, we wouldn't have to do that, Mr. Executive Officer. We have our names, our real names here? If you would hire people that can read, we wouldn't have to do that.

Okay. We have a report from our inefficient Executive Officer. How's that for getting even?

EXECUTIVE OFFICER NORTHRUP: That's good. You win.

We have before you a copy of California Disposition of Alaskan Oil Gas. It's this yellow booklet. It's a working paper that's been returned from the printers. It will be circulated among the interested agencies according to the Commission's previous instructions.

CHAIRMAN CORY: Let it also be circulated among the people in the private sector that have an interest in the subject matter for corrections.
EXECUTIVE OFFICER NORTHRUP: Right. We will get comments on it from the private sector.

CHAIRMAN CORY: Any comments from members? Okay. Proceed.

EXECUTIVE OFFICER NORTHRUP: The River; it is suggested membership in the River Marina Waterways Liaison Committee have been forwarded to you and I think you have a copy in front of you. And if you have no objections, immediate steps will be taken to set up the committee as outlined and the committee will consist of a Mr. Dick Atlee from State Lands, Roy Minnick from State Lands, Lynn Patton from State Lands, Peter Douglas -- or a representative from the Assembly Committee at Energy & Land Use -- and Mr. Testa, a representative from the Senate Committee in the same area, Mr. Frank Goodson from the Resources Secretariat, a representative of the Planning Conservation League, Mr. Al Thews representing the Boat-Owners' Association, Mr. Richard Farrell, representing Marina Recreation Association, Mr. Kirk West, representing Cal-Tax and Ben Crouch, representing the Sacramento River Property Owners' Association.

CHAIRMAN CORY: Suggested additions?

COMMISSIONER McCausland: I move for adoption, Mr. Chairman.

COMMISSIONER THOMSON: Second.
CHAIRMAN CORY: No objection? That shall be the order.

EXECUTIVE OFFICER NORTHRUP: The Governor signed into law most of the legislation which was sponsored by the Commission. The legislative status report is being prepared and will be forwarded to each member upon completion. The Governor signed Assembly Joint Resolution No. 60, requesting the State Lands Commission to commence a school land consolidation program. A staff report suggesting land exchange alternatives has been redrafted. These proposals will be based on the Federal legislation, which is necessary to effect this extensive land exchange between State and Federal government.

The Lake Tahoe Regional Planning Agency --

CHAIRMAN CORY: Hold it a minute. Why does the Governor sign a Joint Resolution?

EXECUTIVE OFFICER NORTHRUP: That's a good question. I really don't know. I think we also have an ignorance of the legislative process, too.

COMMISSIONER McCUSAULAND: It would seem that Mr. Stevens would be able to research that quickly.

MR. STEVENS: Consult the histories and the legislators.

CHAIRMAN CORY: Okay. Go ahead.
EXECUTIVE OFFICER NORTROP: The Tahoe Regional Planning Agency --

CHAIRMAN CORY: I'm getting older, Northrop, I'm not getting any slower, so just don't let up.

EXECUTIVE OFFICER NORTROP: I am, unfortunately.

The Tahoe Regional Planning Agency, the Corps of Engineers, the State of Nevada are interested in performing a massive environmental assessment to the Lake Tahoe shoreline. The agencies are willing to underwrite a share of the cost for the study. They requested that the State Lands Commission participate.

These same organizations are also interested in removing pilings in underwater obstructions from the Lake. Again, they want to cooperate with the Commission on a cost-sharing basis. The staff is working with the Resource Agency and the Department of Finance to identify appropriate sources of funding for the project.

The staff of the Division of the Attorney General's office have been contacted by the City of Hormosa Beach about the potential drainage from oil and gas from tidelands granted to the City by the State, adjacent to Torrance Field. In order to determine if the drainage is occurring, it would be necessary to make a geological engineering study. Because of the state-wide interest, it has been proposed that the City and State share
the cost of this study on a 50/50 basis, with the City
paying a maximum of $3,500 for the estimated $7,000 project.

Mr. Everitts, our staff, met on Monday with
the City officials and a tentative contract has been
reached; the contract will be prepared and the costs
calculated in accordance with the State Administrative
manual. We'll report back in some final form.

CHAIRMAN CORY: The grant for the City of
Hormosa Beach is for the submerged --

EXECUTIVE OFFICER NORTHROP: Yes. It happens
that we did not receive a grant to the three-mile limit,
but rather somewhere short of that, and it appears that
there is an area of potential drainage in there; is that
correct?

CHAIRMAN CORY: Who would receive the revenue if
we decided there was drainage and we decided to drill to
protect our interest? That's our option, isn't it?

EXECUTIVE OFFICER NORTHROP: I believe we have a
sanctuary problem there, as well.

CHAIRMAN CORY: In that area the sanctuary is
breachable --

EXECUTIVE OFFICER NORTHROP: From the shore side.
We have the same problem in Los Angeles, you know.

CHAIRMAN CORY: But, does not the statute that
establishes the sanctuary provide that we can't drill to
protect our interests?

EXECUTIVE OFFICER NORTHROP: Right.

CHAIRMAN CORY: Now, if that's our interest, who gets the revenue?

MR. TAYLOR: The City of Hormosa Beach.

CHAIRMAN CORY: Why do we pay any of the cost if they get all the revenue?

EXECUTIVE OFFICER NORTHROP: Well if it's established that some of the oil is not our property, and it goes into a unit, we will then participate to that percentage of the oil in our property.

CHAIRMAN CORY: So, you're saying that that may be some area which has not yet been granted to the City of Hormosa Beach which would mean we have an interest. Is that a 50/50 shot?

EXECUTIVE OFFICER NORTHROP: No, I would imagine that the chances -- the reason it's to our benefit, I suppose, is the fact if we don't do this we're not going to get any of it, unless we go out and redrill or drill next to the offset for the parts left for lease in the actuary.

MR. TAYLOR: Mr. Chairman, because of their trustee, we have to review anything they ask to do. There is no staff time involved in that, which we don't get reimbursement for. It was considered that part of the, essentially we have to do the -- of drainage whether we get
the full contract or not. We would have to review the report and do the work and in a sense, this is an expedite on the review process. And that was the basis on which the agreement was made to split the cost. But all of the income from this will go to the City of Hormosa Beach for trust purposes at the present time. However, the City has also indicated the desire to amend its press grant as far as purposes of expenditure are concerned. I'm sure there are also being adjustments as far as income because the indication to the legislature has not been followed in the previous practice with regard to a hundred percent guarantee.

CHAIRMAN CORY: Agree with 35 hundred, gentlemen?

COMMISSIONER McCausland: Two on one.

COMMISSIONER THOMSON: Agree.

CHAIRMAN CORY: Okay.

EXECUTIVE OFFICER NORTHROP: Staffs of Division of Lawrence Berkeley Laboratory this month completed preparation for report on the assessment of geothermal resources and State submerged lands. This report, you may recall, is the last of three funded under a grant from the Federal Energy Administration to the State Energy Commission. The two other studies include a report on development of regulations of California deep water offshore drilling, and a report and assessment of the oil and gas resources in a State-owned offshore land
in San Pablo Bay. The geothermal study results, the first
effort of the Commission to assess the geothermal potential
on State-owned land and include a designed construction in
the testing of an instrument that was approved, as you recall,
by this Commission, to measure heat flow and conductivity in
lake bottoms.

We hope to be able to extend and refine the study
with additional data as funds become available so that we
will eventually have a fairly good field for the extent
location and long-range geothermal energy potential on
State lands.

The staff has made a request to the office of
the Attorney General for an opinion on the constitutionality
of the provision in the Public Resources Code requiring the
Commission to issue recreational pier permits to certain
notorious owners, free of rent. In response to that
request, the Attorney General’s office issued last week an
opinion that the portion of the Code requiring the issuance
of a rent-free recreational pier permit is unconstitutional
under the State Constitution, because it provides for a
gift of public property.

We have been advised during the course of the
informal discussion with the Attorney General’s office that
recreational pier permits may be treated as a separate
item for a leasing period with a provision for rate tailored
in San Pablo Bay. The geothermal study results, the first effort of the Commission to assess the geothermal potential on State-owned land and include a designed construction in the testing of an instrument that was approved, as you recall, by this Commission, to measure heat flow and conductivity in lake bottoms.

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We have been advised during the course of the informal discussion with the Attorney General's office that recreational pier permits may be treated as a separate item for a leasing period with a provision for rate tailored
to the limited nature of private recreational piers.
Regulations designed to accomplish this objective will be prepared by the staff in consultation with the Attorney General's office. These proposed regulations will be presented to you next month for your consideration at that time.

CHAIRMAN CORY: Lots of print in that one.

EXECUTIVE OFFICER NORTHROP: The State Lands Division will be holding hearings on October 18th, 19th and 20th in San Diego, Long Beach, and San Francisco, respectively, to solicit public comments on the proposed Article 6.5 to be added to the State Lands Commission regulations entitled "Two" of the California Administrative Code. The new Article 6.5 covers a variety of topics related to protection of State Lands and Resources under the jurisdiction of the State Lands Commission within the coastal zone.

Based on public comment, and further staff analysis, these regulations will be put into final form and hopefully presented to the Commission for their consideration at the November meeting.

COMMISSIONER McCausland: Mr. Chairman, when we adopted the resolution authorizing the setting of public hearings, the future of the legislature was in doubt. Could you tell me how the law -- as signed by the Governor -- impacts
upon this course of action?

EXECUTIVE OFFICER NORTHROP: The law, as signed by the Governor, sets some relatively wide parameters in the coastal area. What we are trying to do now is to adopt those parameters into specificity and that's what the meeting will be for.

COMMISSIONER McCausland: What viscosity would you anticipate?

EXECUTIVE OFFICER NORTHROP: So, that would be mainly the intent of it, Mr. McCausland, is to adopt those regulations, that broad format, into State Lands regulations.

COMMISSIONER McCausland: As we move towards specificity, I hope that we'll have quite a few working sessions with this Commission. It's certain that we're not going to get crosswise with them.

EXECUTIVE OFFICER NORTHROP: The State Coastal Commission has been invited, and has accepted, participation in these meetings.

COMMISSIONER McCausland: I would hope, Mr. Chairman, that we view them as partners in this endeavor, rather than the witnesses.

CHAIRMAN CORY: Okay.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the Western Oil and Gas Association filed suit on regulations --
COMMISSIONER THOMSON: Yes.

COMMISSIONER McCaulsland: Second.

MR. HIGHT: Mr. Chairman, last Friday Western Oil and Gas Association filed a lawsuit, basically contending that the newly adopted lease regulations --

CHAIRMAN CORY: Who is the Western Oil and Gas Association?

MR. HIGHT: To my understanding it's a group formed to represent the major oil companies in the northwest part of the United States.

CHAIRMAN CORY: Okay. Go ahead.

MR. HIGHT: Okay. This lawsuit, in addition to Western Oil and Gas, Pacific Refining, Edington Oil Company --

COMMISSIONER McCaulsland: Pacific Refining, Edington Oil Company --

CHAIRMAN CORY: Pacific Refining. Did we approve the leases?


The lawsuit basically challenges the regulations on grounds of violation of the United States Constitution in that they are a burden on interstate commerce and they
impose a duty on tonnage. We feel naturally that the
lawsuit is without merit and will be reporting to you this
progress.

CHAIRMAN CORY: No action is required on it?
MR. HIGHT: No.

COMMISSIONER McCausland: But, do we get a copy
of the petition or filing, if that would be appropriate?

CHAIRMAN CORY: Okay.

MR. TAYLOR: Would you like a copy of the
complaint?

COMMISSIONER McCausland: Yes.

CHAIRMAN CORY: Any other questions; anything
else?

EXECUTIVE OFFICER NORTHROP: That concludes my
report, Mr. Chairman.

CHAIRMAN CORY: Okay. Going to the credit
agenda, we have the consent calendar which are items C-1
through 19. Are there any Commission members or anyone in
the audience who wishes to have any of those items discussed
in detail?

MR. TAYLOR: Mr. Chairman, on C-7, we're going
to insert a paragraph in the lease to the Department of
Fish and Game to retain the right to fix the common
boundary between this parcel and the West Bay parcel so
that we don't have to obtain the approval of the
Department of Fish and Game at a subsequent time. We just retain the rights to fix the boundary.

CHAIRMAN CORY: We have a West Bay suit pending and we're swapping some land in C-7 with Fish and Game. So, rather than to have another agency be involved, and Fish and Game is aware of that.

MR. TAYLOR: We'll make them aware. They won't have any problem.

COMMISSIONER McCUSAULD: Let's still move it up.

CHAIRMAN CORY: Without objection then, the consent calendar items, C-1 through 19, inclusive -- with the one item noted -- will be approved as presented.

Calendar Item 20, approval of gas sale agreement, P.G. & E. This is Standard of California?

EXECUTIVE OFFICER NORTHROP: Yes. This is an agreement with Standard of California for a dollar twenty per MCF. It runs for a period from July 1st to the end of this year. A six-month period at which time we will then negotiate, or enter into, an additional contract for the time period from then on.

CHAIRMAN CORY: And this is the -- a difficult position or situation that people have in essence agreed that this is, there's some acceptance of this position at this point?

EXECUTIVE OFFICER NORTHROP: Yes. Standard Oil
Company has represented and indicated to me that they accepted the six-month provision and the price is the identical price of the two-year contract which they requested earlier.

CHAIRMAN CORY: Is there any questions from the audience on this item?

COMMISSIONER McCausland: I have one, Mr. Chairman. I just looked at the complete calendar item this morning, but I read the proposed agreement last night and I can understand our desire to keep pace with the market on as timely a basis as we possibly can, and I appreciate the staff's effort to get us the price they could in this situation. I think the price they've said is very appropriate, but I can't believe that it's worth the staff time to do this over again in six months. I'd be more inclined to think that if we looked at this again in 12 months, that in terms of staff time and the appropriateness of the product, we'd probably be just as well off.

CHAIRMAN CORY: How many acts a month are we getting on this?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Mr. Everitts will give us the advance on it. And I will perhaps, should point out to the commissioners --

CHAIRMAN CORY: What's the volume?

MR. WILLARD: The volume I would guess --
Standard's production is around 41 million MCF, State shared about eight and a half. That's an annual basis.

CHAIRMAN CORY: On an annual eight and a half?

MR. WILLARD: Revenue, we're talking about the difference --

CHAIRMAN CORY: Well, we're looking at four and a half million MCF -- our share per year?

MR. WILLARD: Our share is eight and a half.

EXECUTIVE OFFICER NORTHROP: Four and a half million for six months.

CHAIRMAN CORY: So if we -- the question of allocation of staff time, we're looking at four and a half million if we extend it to 12 months and the arbitration decision for the Rio Vista field for Occidental --

EXECUTIVE OFFICER NORTHROP: Is a dollar thirty-five.

CHAIRMAN CORY: A dollar thirty-four, a dollar thirty-five.

COMMISSIONER McCausland: But, if I recall our discussion from last time, that included compression charges.

CHAIRMAN CORY: No, it did not. So, that's the distinction of what I can see, since that has already been accepted by the Superior Court, I've got some reluctance.

COMMISSIONER McCausland: If that's pending, I'm satisfied.
CHAIRMAN CORY: They won't accept it and we may have to come back on adjustment, whether or not that appeal comes in.

Okay. Any other questions on the item? Without objection, we will approve Item 20 on a six-month basis at a dollar twenty.

Item 21?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 21 was an item, the resumption of drilling on the items of -- outlined in the four platforms outlined in red on the map there that was previously approved by the Commission in 1974. January of '75, this present Commission asked Standard to go back and take another look at it. They prepared the EIR, they're back at this time for approval.

CHAIRMAN CORY: This is the approval to go ahead and resume it --

EXECUTIVE OFFICER NORTHROP: Resume drilling on those four platforms, the incompleted areas of those formations.

COMMISSIONER McCausland: Mr. Chairman, I think one of the major concerns that people had when we went into this moratorium with the provisions to protect the public in the event of a blowout or major spill, the staff -- with the benefit of the audience -- reviewed the provisions
of the agreement as it now stands.

EXECUTIVE OFFICER NORTHROP: I thank you.

Mr. Everitts from our production mineral operation will make that presentation.

MR. EVERITTS: Well, since the first of 1975, we've written procedures that call for very stringent casing design that prevents the type of thing that would have -- that did happen in the Union, at Platform A. We've set up training requirements for crews; we require that the individual crews to have hands-on training; we require all the supervisors to have hands-on training; we require 24-hour supervision by a company supervisor, as well as the rig contractors. We've set up arbitration procedures for immediate settlement of any damage due to an oil spill. We've reviewed bonding requirements on it. We've insisted on on-site oil spill cleanup equipment. We've generally strengthened all these environmental type concepts and concerns that we were aware of.

COMMISSIONER McCAUSLAND: Mr. Chairman, I read the entire Environmental Impact Report on this project and all of the comments submitted by all interested parties, and while I still have serious concerns about the ultimate protection of the environment, I believe that State lands Commission's responsibility in this case has been well met and we have made more than reasonable efforts to build
maximum protection in this action. I'd like to move adoption of Calendar Item 21.

CHAIRMAN CORY: We have a motion. Before we proceed, the oil layer is brought ashore by pipeline; is it common pipeline or is there separate pipeline from each platform?

MR. EVERITTS: Well, there's a line connected, the two platforms, "Hilda" and "Hazel". And then the lines go ashore from that lease. Their separate lines sink, so we have lines going ashore from this lease. There's six-inch lines and a total of lines, 10-inch lines going ashore.

CHAIRMAN CORY: So I make sure for the record here, those platforms do now exist and we're just putting additional holes from the existing platforms, so in terms of visual pollution, that already occurs if there is any.

MR. EVERITTS: That's true.

CHAIRMAN CORY: So, the added question would be that it would be a greater volume of oil, we've maximized our protection casing to avoid the Federal problem that they had on the Union lease, confidence here. What about the actual lines going ashore, bringing greater volume of oil, presumably more oil? How do we -- since they're underwater, how are they looked at, protected, scrutinized, to make sure that they aren't leaking?
MR. EVERITTS: I'll answer that. But actually the volumes, you have oil volume, will continue to decline for two or three years and will peak a couple times. It will be something that we're producing right now. But, the oil that will be produced from now on is going to be somewhat less than any peak we've ever had. Nevertheless, we require a weekly inspection, visual surface inspection to see if there's any oil disturbance. It's actually done daily because the crew boat makes -- one way or the other -- follows the lines back every day. The lines are protected.

We have coupons in the lines to visually inspect the effect of any corrosion that might be going on. The corrosion, if it's going to happen in the pipeline, it's going to happen in the coupon. It's a very standard procedure on any buried line.

Annually we inspect the lines with divers. The lines are coated, they're pigged, not electronically, they're pigged more to make sure that there's no paraphernalia or anything blocking the lines. The lines are pressure monitored, so if there were a leak, you'd catch that.

CHAIRMAN CORY: How often are they pigged?

MR. EVERITTS: It should be quarterly -- I'm not--

CHAIRMAN CORY: Is that a requirement -- if the lease -- if we approve this or do we have power to make that
adjustment at any point?

MR. EVERITTS: We have the power to make that adjustment.

COMMISSIONER McCausland: If I understand, Mr. Chairman, this particular pigging operation though, is not designed to catch flaws in the line. It's designed to catch buildup of deposits in the line and it's the pressure drop that would be indicative of a leak; is that not true?

MR. EVERITTS: Yes. We feel that the pressure drop would be very indicative. If the thing shuts off, there's an automatic shutter if there's a leak.

COMMISSIONER McCausland: The Chairman, I think, would be interested in knowing if it's possible to have the pig modified to actually also be capable of catching flaws in it.

MR. EVERITTS: It is technically possible to do.

CHAIRMAN Cory: What do we do in Long Beach? What is the requirement?

EXECUTIVE OFFICER Northrop: Mr. Thompson, Manager of Long Beach operation, please?

MR. THOMPSON: In Long Beach, because of the proximity of the beaches there, we take and run every six months, we run an electronic survey to determine block-up.

(Next sentence was inaudible.)

CHAIRMAN Cory: I would think that the staff
should negotiate with the operator or start discussing that
because I think the people of Santa Barbara County should
have the same measure of protection that we're providing in
Long Beach. I realize that it is -- we've done our utmost
there in Long Beach to protect that and I think just
maybe the same standards --

MR. EVERITTS: There are Standard Oil
representatives here that are listening to you and I'll be
in touch with your people next week.

CHAIRMAN CORY: Okay. Ready to proceed? I just
don't want to get caught where we have one standard one
place and a place that's already had difficulties, you
better at least have the same standard for all of our
citizens.

MR. EVERITTS: I agree.

CHAIRMAN CORY: Okay. Without objection then,
Item 21 will be approved as presented. I'm sorry.

MS. SIDENBERG: We understood, Mr. Chairman,
that there would be an opportunity to present our comments
on the final draft EIR.

CHAIRMAN CORY: Please come forward. I'm sorry.

COMMISSIONER McCausland: I move we rescind our --
CHAIRMAN CORY: Without objection, we'll rescind
the action of approval and please come forward. I'm sorry,
we didn't have communication that anyone wanted to speak on
the item and it was our error. Would you identify yourself for the record?

MS. SIDENBERG: I'm Lois Sidenberg, President of the Carpinteria Valley Association. That's an approximately 385-member organization concerned with the Protective and Improvement Association. They're -- all the members are property owners and/or residents in the Carpinteria Valley, the City of Carpinteria and Summerland. This, of course, is the area that is most effected by operations of both Summerland and Carpinteria.

I wanted to take this opportunity to call to your attention some of the unsatisfactory responses to our critique of, and questions on the March 1976 draft EIR. We thought that this was going to be a consideration to it today. We still feel that the questions have not been satisfactorily resolved. In the August 1976 final EIR, the responses to our comments at the last hearing are contained on pages 78 to 81 of the August draft and are on pages 84 and 85. And our statements are on page 76 and 77, and 82 and 83, in case you want to refer.

In response to objections on the degrading visual impact of the four unsightly platforms off Carpinteria and Summerland, it was stated that it be "a part of the environment for over ten years." We grant that. This doesn't mean that we should have to accept them indefinitely.
or the complaints have not been myriad over the past years as to their adverse visual impact on shorefront and hillside residential properties which depend in great part on the beauty of the area for its economic values.

Our point was that if no further production was permitted, the platforms could be removed at an early date. When production dropped too low, it would be of value to the oil company. Two, your response to our questions on expansion of onshore facilities and putting idle oil treating equipment back into service was also unsatisfactory. It was too indefinite, containing too many if's and's and but's and the final EIR does not present any more explicit clarification.

Three, regarding the statement that there had been no oil spills of consequence since these platforms had been put in operation. It was noted the platform "Hilda" spill on November 11, 1974, resulted in only 15 gallons, whereas the Coast Guard estimated that some 15 barrels had spilled. We continued to assert that numerous small spills have been noted, some of which could also be attributed to tanker operations and that even a small spill fouls our waters and beaches.

Four, we find that neither the response to our comments on the efficacy of present oil spilled containment and recovery equipment or the presentation in the final EIR,
gives assurance that spills of any significant dimension can be contained and recovered with present equipment.

To date, we know of no demonstration proving the adequacy of this system. We find the statement, the tide and wind and use currents, to take any major spill out to sea, rather than to shore, an assumption that cannot be proven. Particularly since in some recent incidents, this has not been the case.

Another assumption, is a 300-foot boom could contain oil around a 440-foot platform such as "Hazel" does not make sense, even if some oil were carried out to sea.

We feel strongly that there must be greater safeguards guaranteed prior to any issuing of permits for further drilling or expanded operations in the tidelands.

Five, the question of increased air pollution from platforms, onshore facilities, and particularly tanker operations, has never been adequately considered or satisfactorily answered. Information has been conflicting and these sources of air pollution must be convincingly evaluated to assure no significant increase in this area -- and I'm talking about our own particular area, which is presently over Federal standards in air pollution and this should be decided prior to issuing permits.

As we have noted previously, it cannot be emphasized enough that agriculture, the backbone of the
Valley's economy, is dependent on clean air.

Six, we find the statement that new platform and tanker operations would not increase noise levels in the area as false. The noise from building operations is significant, as we have already found out from past operations. Residents of beach-front sections of the community have also complained of the noise and odors from tanker operations. This problem must also be resolved prior to permitting new drilling. A recommendation is being made that to avoid one of the most hazardous problems related to expanded channel oil operations, that of tanker traffic, considerations should be given to use of pipelines for conveying crude to Los Angeles refineries.

We would support this recommendation and urge that action be postponed on this application until investigation has been made of this mode of transportation as well as basing postponement on satisfactory resolution of the other problems we brought to your attention.

Thank you. Any questions?

COMMISSIONER McCausland: I just really want to say that I appreciate the time and effort that has gone into the submittal that you've made. I believe most of the points that you reiterated this morning were in your comments on the EIR, and I found them all significant and important and in my assessment of the situation, I felt that
we had negotiated and, in fact, demanded as many of those safeguards as seemed appropriate to that particular operation. If it was possible to run the State of California without oil, there are oil fields all over the State of California that I personally would desire to close down. But, I'm somewhat of a fatalist in the belief that we need oil to fuel our economy and jobs and that there are four platforms off of Carpinteria that are currently producing oil and are capable of producing additional oil for several years.

And therefore, I made a somewhat difficult personal decision that drilling in that particular area that's already developed, probably outweighed the other considerations at this time.

Thank you Mr. Chairman.

MS. SIDENBERG: May I respond to him?

CHAIRMAN CORY: Certainly.

MS. SIDENBERG: I understand your point. I also think if we're going to go into the oil thing, that the prospect of Alaskan oil coming down in 1978, just having gone through informal discussions with the BLM yesterday, that we're not going to have problems as far as really having a lot of oil. So I don't think that's too good an argument.

What we're really more concerned about is that we feel that these safeguards that we've talked about are -- do not insure us of the type of protecting our environment
that is so terribly needed to directly effecting us. And
that possibly postponing any objection to this until you are
able to assure us that, for instance, your containment
recovery systems are going to work where they are; that
we are not going to have additional air pollution from
your storage tanks, from your transferring, from your:
loading of oil on the tankers, the additional tankers that
are going to be needed. All these things effect us very
directly and I don't think that we have had the assurance
that we need, that we've had specific responses to this
that we consider satisfactory.

But, I appreciate very much the trouble you took
in responding to the gentleman that did it.

CHAIRMAN CORY: Mr. Thomson?

MR. THOMSON: Yes, I wonder if somebody on the
staff could comment on Mrs. Sidenberg's point about pipeline
transmittal to refineries, rather than tankers.

EXECUTIVE OFFICER NORTHRUP: Don, would you care
to respond to that?

MR. EVERITTS: That's a very difficult -- I guess
it's a matter of values. Yes, you can transport oil by
pipeline, if you spend the money to build the pipelines.
And if you want to, I think you have to go through the
ballots to study which is going to be the greatest
environmentally degrading in continuing operation or
construction of additional pipelines down the shore.

You can do anything if you spend enough money and enough time.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, it should be pointed out here -- Mr. Thomson particularly -- that Santa Barbara County particularly, I believe the chairman of the, one of the Board of Supervisors, and I think the entire Board of Supervisors if I recall -- is pushing hard for a pipeline, particularly from the Federal offshore to carry oil to the Santa Barbara area or out of the Santa Barbara area, rather than reloading in a tanker truck. And that is a program that the staff -- it hasn't come to an agreement.

I think generally it is in sympathy with that concept. However, on this platform, it's a matter of completing several structures to complete a field, and in this particular case it is as Mr. Everitts has said, a matter of economic trade-off with this small amount of oil. It may not even get developed at all. I really don't know. Probably it's a question addressed to the Standard Oil Company.

MS. SIDENBERG: Mr. Northrop I think that the entire thrust of this is to endeavor to have the -- all the oil from the platforms consolidated, not only Exxon's, but Arco's and then the Burma's having another
project, have it all consolidated rather than to increase
all the tanker traffic, than have them all consolidated
under one pipeline that would bring them to the proper
storage places and refineries.

I think that's what the Board of Supervisors has
in mind, and I believe that the office of Environmental
Quality, the County office of Environmental Quality, also
has that in mind. Thank you.

CHAIRMAN CORY: Any other comments?

MR. BOIL: Right, my name is Steven Boil. I'm
Director of Getty Oil, out in Santa Barbara and we've
responded to the final impact statement. I believe
Mr. Northrop has a copy of this letter because I gave him
one. I would like to make just a few comments.

It's probably no surprise that our position remains
unchanged. We oppose the resumption of drilling on this
platform. We, of course, do not appreciate the urgency
of drilling for oil on this platform, right, the port oil.

As I understand, the statement in the draft
Environmental Impact Statement, the net result of these --
I believe 36 new wells -- will be to produce about six hours
additional oil for us in terms of national consumption.
It doesn't seem like a great deal of oil to go to this
trouble. I think we're highly sensitized to this matter
because the Standard Oil drilling on these four platforms is
not the only oil activity in the channel. We've got Exxon, as you know; we've got the Arco platforms in addition, as Mrs. Sidenberg said, there's the Burma. And in addition to that, of course, there is the tanker traffic from Alaska and just recently, Pacific Lighting has requested a resumption in the Point Conception area to develop an LNG Tanker Plan.

Hence, unless activities like this -- although they individually seem small -- are stopped, the cumulative impact of petroleum in the channel at this time is going to be very significant. And this is why we perhaps come on somewhat strong on what seemed like a relatively minor item. It's not clear in the Environmental Impact Statement that these cumulative impacts have been taken into account, particularly in the area of air pollution. I think measurements are fine, monitoring air pollution is great, but I don't need an instrument to tell me when it's smoggy in Santa Barbara. And I do know the smog is increasing for a variety of reasons. And the effect of top loading, and loading petroleum in the channel is going to increase that.

Again, on the urgency of drilling these wells, the oil is not going away. And, if anything, Standard Oil -- the value of this petroleum may be much greater in the future, that is, leave it there; put it in the bank and take
it out later, perhaps when we really need it. Because right now, in the absence of a new energy policy which stresses conservation in the country, that oil isn't going to last very long and all of the proclaimed advantages of using that oil for our economy and jobs, will disappear in a few years when this oil is gone. We'll have the same problems again. So I don't see that it's urgent to get it out right now. I think those are the gist of my comments.

CHAIRMAN CORY: Okay. If I can try to shed some concern, because we have a great deal of empathy for your position, but I think it's important that we belabor the point of where we are in terms of our legal options. And as the attorneys have explained the situation to me, we have very few. The decision was made some time ago. The original decision was made incorrectly, I believe, in the so-called Shell-Cunningham Act, which called for bonus-bid leasing for government property. And I, for one -- as a member of this Commission -- I cannot conceive of circumstances when I would vote in favor of letting any new leases under that statute. Because what it does is set up a bonus bid in which we sell the oil in place, to an oil company and we can take money up front to meet our immediate governmental needs.

But, at that point, the title to the oil pass is to the successful bidder. And in this case, Standard and
Exxon and Atlantic jointly did that. And as the lawyers explained it to me, it's their oil and unless we have good grounds for immediate health and welfare safety in stopping them from using that oil, we've got a problem in terms of being sued, in terms of what our obligations are. And unfortunately I cannot find in the Environmental Impact Report something that I can, in good conscience, say that we can stop the contractual right that was extended by a prior Commission to Standard.

And it is a fundamental change. It's a fundamental change that is absolutely necessary that we must make at the Federal level also. Because the real name of the game is to get ownership of the oil so that the private sector can then develop that oil as they please and have us at a contractual disadvantage in dealing with them. I find it preposterous. Our Federal government is continuing to enter into these same kinds of contracts when this is a classic case of where we, our lawyers, tell us we are contractually obligated to prove this.

MS. SIDENBERG: Would that go back, Mr. Chairman, you may recall that at the time I guess it was in December of '73 or '74, when the former Lands Commission said that only on a condition that we were assured that your recovery contained that recovery and containment systems were really adequate, would they permit, would they issue the
permits. And of course we still claim that nothing that has been told or nothing that we've seen, or nothing that's been demonstrated, would support that. So, I'm just wondering if that isn't a basis on, it was an assurance that was given and there's nothing to prove that it's any different than it was two years ago.

CHAIRMAN CORY: The assurance, unfortunately, is not a part of the contract on the State of California and Standard, Exxon and Arco, and I think that's where we're in the road, is that if any Commission members feels in his own mind that they are in fact inadequate to protect a given state in the dark, I think the Commissioner could reasonably come to the conclusion that, no, we could deny the permit. But I think that's the standard as I interpret from the various lawyers and I've asked the question numerous ways.

But I unfortunately come to the decision personally that I can't go that far inasmuch as I'd like to. They've made their money; we took it and we spent it and unfortunately we sold out to people of California. I'm not talking about the Commission sitting here now, but the State Lands Commission, our predecessors and the legislature of which I was a part. I was not doing the job; I should have been repealing the Shell-Cunningham Act soon enough. I was caught blind-sighted and that's what I
said. In means of very scientific data I don't see hard
evidence that I think would stand up in Court that we
could deny Standard Oil, oil which they've purchased and
that's unfortunately what I come down to.

MS. SIDENBERG: We all have to suffer, the way
we did with the Federal leases, right?

CHAIRMAN CORY: I'm afraid that's the case
although I think we can impose some tougher standards and
try to monitor those things and put the blame where it
rightfully is. But I just don't see how I can vote other
than to approve it.

MS. SIDENBERG: Can you establish fines, for
instance, for going over the air pollution standards?

CHAIRMAN CORY: The Air Resources Board, I believe,
can; and we can if they're found --

MS. SIDENBERG: How about on spills?

CHAIRMAN CORY: The question of spills, I think
that we have -- if the operator's not operating to our
standards, then I think we can close them down and I think
that we are prepared to enforce as vigorously as we at all
possibly can, that end of it and Standard Oil Company
representatives explained to me they clearly understand
that it is their obligation and it is a greater obligation
than existed in the industry three and four years ago.

But that's of little value to you, I realize.
MS. SIDENBERG: Does the State have inspectors that go out to the platforms, the way the Federal government does?

CHAIRMAN CORY: I think we have men that go out and do a better job than the Federal government does.

MS. SIDENBERG: Do they do it fairly regularly?

CHAIRMAN CORY: Yes, and we will be increasing that monitoring, and I frankly think that the tragedy that the Union had out there, had our standards been met, that would not have occurred. Small spills are going to occur. We do not have the controls, unfortunately, that we have in Long Beach where we in essence have an operating contractor that works for us. And I think that kind of a contract is, if we're going to develop oil the way it should be done, where we can come to the conclusion that it's our oil and we don't want it out of the ground. But, we have opted the other way and we've made a fundamental legal change, the lawyers tell me, and that's where we're really in a box. And I wish I could say no.

MS. SIDENBERG: Now, one more question. On the noise factor. Last --. About six months or so, or eight months ago, some work was being done on one of the platforms immediately off of Summerland. The noise was so terrible it went on all night and early in the morning and straight through the night, that people were way back in the Montecito
area and up in the hills, were telephoning about what could be done about it. Now, they claim that there will be no drilling noise. I don't know. Is there any way of controlling that?

CHAIRMAN CORY: What about the noise abatement. What are your legal options?

MS. SIDENBERG: Because that goes on 24 hours. And you know we're a seaside community.

MR. TAYLOR: I think -- I can't give you a fast answer to that. I think that would be something the operator would want to work with.

CHAIRMAN CORY: Is there somebody from Standard of California who would dare venture forward to discuss the question of noise abatement?

MR. CASE: Mr. Chairman, my name is Ed Case. I'm representing Standard. I think the assurance we can give you in that connection is that as to the contractors that run through-boats and supply boats to and from the platforms, we would take every effort that we can to see that the crew boat engines are properly muffled to abate the noise.

CHAIRMAN CORY: Do you think that was likely the thing that --

MS. SIDENBERG: No, these were diesel engines that were going. They were doing some --

CHAIRMAN CORY: On the platform?
MS. SIDENBERG: No, off of; some repair work and drilling below the platforms; putting in tables.

MR. CASE: Under the structure?

MS. SIDENBERG: Yeah, right beside the structure. The boat would come up and then work there. You may recall.

MR. CASE: I'll have to identify that.

CHAIRMAN CORY: What I want to do is use this opportunity to put you on notice. We've got some people there who are disturbed; concerned.

MR. CASE: I'm well aware.

CHAIRMAN CORY: I thought you would probably not need to be reminded, but just to make sure. It would seem to me that one of the things that we will be looking at, asking our staff to check into is the noise abatement problem and if it is the kind of thing that can be avoided, I think it absolutely has to be avoided. So, I just want you all to notice as to what it is; if it's boats going to and from, or if it's inadequate mufflers on the platform. I would think that both the Public Relations Department and everybody else would be money ahead, a couple dollars spent to abate that noise before the problems occur.

MR. CASE: I agree.

CHAIRMAN CORY: Are there any other -- we have Mr. Peter Hall?

MR. HALL: Yes, Mr. Chairman and Commissioners, my
name is Peter Hall. I'm the Administrative Assistant for Assemblyman McDonald, representing Ventura County. We've been in contact with the staff of the Environmental Agency, Ventura County, and learned much to our chagrin, that the County of Ventura which -- if you look at the map on the wall -- which is undoubtedly going to receive the major brunt of air quality impacts and any spill impacts due to the prevailing current and prevailing wind pattern -- has never been notified. They've been spending the last few days going through their records to find out if they've received any notification from the State Clearinghouse or from the State Lands Commission, either on the hearing from the draft Environmental Impact Report, or the final Environmental Impact Report. Someone may correct me on this, but this is what we hear from the people on the County staff.

They have not had sufficient time based on our contact with them, to put any kind of a response together. They are, I think, understandably concerned about the potential impacts on Ventura County. The State beach areas along the Rincon, they'd like to have an opportunity to be allowed the courtesy to respond before a decision is made by the State Lands Commission to resume its drilling. I don't know what amount of time would be involved, but I think that any time they could be allowed would be much appreciated by the County of Ventura.
CHAIRMAN CORY: Do we have somebody that can tell us where we are on the notification process?

EXECUTIVE OFFICER NORTHROP: Yes, I believe we went to the Clearinghouse, I believe Mr. Willard worked on that EIR.

MR. WILLARD: My name is Allen Willard of the staff. We have here the mailing list that we used for the EIR, and the various notices. I note on here that Mr. McDonald was sent the notice and indeed a copy of the Environmental Report.

CHAIRMAN CORY: What about the County of Ventura?

MR. WILLARD: And we sent them in the EIR process, we sent it to the State Clearinghouse. We also sent it to an agency called the Metropolitan Clearinghouse, which their responsibility is to disseminate this to various State agencies and local governmental agencies. We did send it to this Metropolitan Clearinghouse which is supposed to notify interested counties and cities within the area. I can only assume that they did their job. We also advertised the notice of the public hearing in the newspapers.

CHAIRMAN CORY: What newspaper?

MR. WILLARD: The Santa Barbara News Press and the Ventura Press.

CHAIRMAN CORY: You did advertise in the
Ventura newspapers?

MR. WILLARD: Yes, we did.

MR. HALL: Well, it's possible; I don't believe that's quite the way that most projects of this potential impact are handled. I personally read every copy of The Star Free Press, as the Administrative Assistant Assemblyman. I'm not denying that it wasn't there, but I certainly didn't see it.

CHAIRMAN CORY: How long have you been in that position?

MR. HALL: For the last six months. Was it within the last six months?

MR. WILLARD: The hearing was held in May, May I believe.

CHAIRMAN CORY: Where are we in terms of legal requirements? Are we faulty in any?

MR. WILLARD: Mr. Chairman, I think that the State Lands Commission has, by distributing the EIR to both the State and Metropolitan clearinghouses, and advertising in the local papers, complied with its responsibility under the law in that regard. This is not to say that this resolves a problem of the City of Ventura. It probably would be useful to contact both clearinghouses and find out if, in fact -- and, if so, how -- the City was left off the distribution. But, in my opinion, it was quite
clear that the Commission's complied with its responsibility.

COMMISSIONER McCausland: Mr. Chairman, I'm wondering if the Executive Officer could instruct someone to contact the State, Metropolitan clearinghouses during the course of the session so they might have a report prior to --

EXECUTIVE OFFICER NORTHROP: We'll take the steps right now.

MR. HALL: Before me I have the notification, State of California, State Clearinghouse for the Environmental Impact Report. Section 27, Area Project Impact, it states the following:

"Santa Barbara channel, Carpinteria/
Summerland, Santa Barbara County."

I think that -- as I've already pointed out -- that the impacts potentially on the entire coastline of Ventura County are quite obvious. Sitting beside me is Mr. Bruce Rosenthal, the Administrative Assistant for Santa Roma Range, representing both Santa Barbara and Ventura Counties. And I would ask that he might have an opportunity to comment on the same question.

MR. ROSENTHAL: Mr. Chairman I have not been able to contact Senator Rains, but I'm sure that he would second Ventura County's request that they be given sufficient
time to comment. And it appears that they have not been
notified of this action and just seconded McDonald's
request.

CHAIRMAN CORY: Well, I guess the question before
us is whether we proceed or put it over. If we put the
matter over, looking at a month, I guess the risk we run
at that point, is adversely effected, is the operator. I
guess they might end up suing us if they go that way; I
don't know.

COMMISSIONER THOMSON: Mr. Chairman, are we
under any legal compulsion to make a decision now? Has
this Commission made any promises to the effect that
approval will be granted at this meeting?

EXECUTIVE OFFICER NORTHROP: Staff never
commits the Commission, Mr. Thomson.

COMMISSIONER THOMSON: Very commendable.

CHAIRMAN CORY: Do you see any --

COMMISSIONER McCausland: I would like to know,
Mr. Chairman, if the Metropolitan Clearinghouse has a
record of advice to the parties. I understand the
difficulty of getting reports into the right people's
hands and if you didn't get it into the right people's
hands and we didn't have a particular legal battle, I guess
we owe a courtesy to the County, to the people to put it
over.
But, we have evidence that a proper notice was served. I think it's timely to proceed.

CHAIRMAN CORY: Shall we proceed with the rest of the agenda until we hear back from the staff; they're currently out on the telephone. The point being, if in fact, they say they notified Ventura and Ventura says they hadn't heard. Here we sit. And do we jam it on them or do we put it over? Do you want to wait or do you want to decide blissfully?

MR. HALL: I'd like to mention I've spoken personally with the head of the Air Pollution Control District of Ventura County and with the head of the Environmental Agency of Ventura County, both of these individuals are to be relied upon. I've had a lot of contact with both these individuals. This is a matter of extreme importance; one that they certainly would not disregard.

CHAIRMAN CORY: I have trouble accepting that just on its face. I mean this problem has been sitting before this Lands Commission for a period of years. There were hearings, I believe, held in Santa Barbara, advertised in local newspapers, and I just got to say some responsibility, even if they didn't get it --

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman, I think it's significant that --

CHAIRMAN CORY: I've got the concern. I understand
the dilemma that Mr. Rosenthal and Senator Rains are in, but I just can't believe that this surprised everybody down here; because we've been agonizing for it.

MR. HALL: I might also point out they called your office yesterday, or called the State Lands Commission's staff and had considerable amount of difficulty even determining that there was a -- that this matter was being discussed today.

COMMISSIONER McCUSAUSLAND: My problem Mr. Hall is that --

CHAIRMAN CORY: We have here, just to give you some information, organizations and people consulted in the draft Environmental Impact Report, March '76, Woodward five consultants, County of Ventura; the Parks Department, Ventura Planning Department, Ken Hoaching (phon.), Ruth Schwartz (phon.), and the Ventura County Department of Agriculture.

So they participated in the EIR. Both agencies and the County, unless Woodward is lying to us. It's a possibility. I mean, I don't know.

MR. HALL: I don't know to what extent there was involvement. I'm not sure that would constitute a formal action on the part of the State of California to notify the County of the actions that the State is contemplating taking. Are those contacts between the private consultant
and staff members perhaps that they called or received information from?

CHAIRMAN CORY: I would presume that those are.

MR. HALL: Perhaps several years ago for that matter.

CHAIRMAN CORY: It's been within the last 16 months. That's when this was started, as I recall. Well, shall we go ahead with the agenda and wait?

COMMISSIONER McCausland: Sure.

COMMISSIONER THOMSON: What do we gain by this information from the clearinghouse?

CHAIRMAN CORY: Whether or not they in fact did or did not notify --

COMMISSIONER McCausland: I think it's fairly clear that the plan for oil spill containment and blow-out management is not flawless. It has risk factors involved in it. I think that a number of very competent and interested parties have critiqued it and criticized it as well. I think that many of the experts who participated in that evaluation will participate in the next 30 days' evaluation by Ventura County, and then they'll find that the plan is not flawless. But it probably represents the best plan that can be put together to the exploitation of the oil under those four platforms; and that next month there will be someone else finding another reason to further
delay the thing. And I don't mind delaying the thing for the
next four years or five years, but I don't want to get
called in a situation where every month we find another
reason for why we can't deal with the issue. I have no
personal objection to putting it over a month, other than
the one that I can't believe that the evidence is going to
change.

CHAIRMAN COPY: A statement of my sentiments.

MR. TAYLOR: Mr. Chairman, this is a matter that
has been continued for more than two years with considerable
public notice and controversy. This is one of the matters
that prompted the Conrad cartoon, and it's certainly been
a subject of TV treatment and other matters with the
previous commission.

The no-oil decision came down in Los Angeles
with regard to Pacific Palisades. Standard Oil agreed at
that time that that opinion, they didn't admit that it
had anything to do with the situation, but they agreed to
follow the decision of that opinion and to proceed, rather
than with a negative declaration, with a formal
Environmental Impact Report.

Now that impact report has been much longer in
preparation than expected, but it probably is going to be
from a complex circumstance. There has been consultation
between the staff of the Commission and the Commission itself,
at public hearings; but the legislative representatives and all other interested parties, there have been considerable public notice of the hearings. It was held -- and this was not the only hearings that's been held.

MR. HALL: If I may say one more item. What I've suggested, or what I'm pointing out: This is not a matter of opposition to the drilling, if I can make that point clear. This is a matter of the County of Ventura having a great stake in this and desiring to be formally notified and having an opportunity to make -- to examine the nature of this project and its impacts upon the County.

This is not a -- in the nature of opposition -- but I feel it's in the nature, or will suggest at least, that it's in the nature of common courtesy to be rendered to the State -- by the State to the County of Ventura.

CHAIRMAN CORY: I appreciate you making that statement and you almost made me vote the other way. I'm prepared to let it go over, but I think really the County of Ventura, from the evidence we have before us, cannot come with clean hands and say that they are unaware; if they in fact want to come and say that they are unaware of this.

If they are sufficiently incompetent, they should not be in office.

MR. HALL: They are not unaware of the drilling activity offshore. The leases, they are unaware; and I'll
state this as a matter of record.

CHAIRMAN CORY: Mr. Hall --

MR. HALL: They are unaware of this statement on
the agenda item.

CHAIRMAN CORY: Mr. Hall, I used to be on the
legislative staff and one of the things -- both as a
legislator and as a staff member -- you have to learn is
that there comes a point in time when you have an option of
making a speech or getting the votes, and you are at that
point. I'm prepared, reluctantly to give Ventura County
30 days. I don't know if there's another commissioner
that's willing to go along. But, if you would rather argue
with me on something, we can argue, or you can get what you
want.

COMMISSIONER MCCAUSSLAND: I'll move for putting
the calendar item over for one month, Mr. Chairman.

COMMISSIONER THOMSON: Mr. Chairman, I'll go along
very reluctantly because the newspaper items that the staff
has provided, as well as the notation in the draft EIR
convinces me that Ventura did have sufficient notice; but I
will go along on this motion.

CHAIRMAN CORY: It will be on the calendar item
and we plan on disposing of this item at the next meeting.

COMMISSIONER MCCAUSSLAND: I must say, Mr. Chairman,
that this is one calendar item that has caused me several
sleepless nights and I'm quite distraught by the idea that
time after time after time, on this Commission and other
commissions, I'm forced to agonize over the same decision
over and over again. I want the staff to be on notice and
I want all such decisions put off until such time as I
no longer serve on this Commission.

CHAIRMAN CORY: Okay. We're now at Item --

FROM THE AUDIENCE: One final remark which may be
somewhat redundant, but it seems to me -- I have no idea
what the County of Ventura, or the City of Ventura may
advance as a critique and certainty -- they should, I think,
in my opinion, confine themselves to a critique of the EIR,
rather than the general subject of drilling or no drilling
on these contracts. But, I would like to have some
assurance, if I can, from the Commission that the decision
will be reached at the next meeting. We do -- and I say
that without being facetious or offhand -- because if the
decision is eventually made to permit additional drilling,
we are under the obligation to get going and line up
equipment and contractors, and we just can't reasonably
be in a state of flux at all times.

So I urge the Commission to come to a decision
next week.

CHAIRMAN CORY: First, on our first point, it is
my understanding from the attorneys, that the only question
that this Commission has to consider is the question of the EIR. That, in essence, all other subjects of decisions have been made by prior commissions at prior times in terms of the least shall be left and that's really all we're dealing with, so that that will be the only item before us. And I have, as Sid has said he has done, I have agonized enough over this decision. I don't like the posture that the statutes and the previous decisions and previous commissions have put me in.

So, I don't want to go through it again. I'm reluctant to put it over at all. But, assemblymen can come, you know, I look at it and think well, maybe there's a possibility that the people from the County of Ventura didn't inform their immediate superiors and the two policymakers. I'm just reluctant to invite another lawsuit from them because we have acted arbitrarily, and presumably because I felt the Federal government has treated us that way on occasion. And I don't want to be guilty of the same things; that I refuse others.

COMMISSIONER THOMSON: Mr. Chairman, would there be any procedural difficulties that would be pending a decision by next month? Would Ventura -- between now and then -- have sufficient time to comment and thus --

CHAIRMAN CORY: I would think if we have met the legal requirements, it's time to read them and weep.
EXECUTIVE OFFICER NORTHROP: The fact that they notified us today indicates that they had some prior notice and so they are now on notice that they've got to prepare something.

COMMISSIONER THOMSON: There is no time period in the statutes?

EXECUTIVE OFFICER NORTHROP: And its policy is usually, when your name appears in the EIR, to give you a copy. So they have a copy of it somewhere.

COMMISSIONER THOMSON: I'm personally convinced that they, in fact, had notice, but I'm just asking as far as the technicalities go, if there should be --

CHAIRMAN CORY: You guys check that legally, because --

MR. TAYLOR: It's our opinion that all requirements of notice have been fulfilled and I would say that the staff has endeavored to go beyond that in soliciting the views of everyone in the area. And this comes as some surprise to us that they would make that charge, and we'll have to check it out, because we feel that we have complied with all the rules and regulations.

COMMISSIONER THOMSON: You're saying that members of the staff here have talked to members of the Ventura County?

MR. TAYLOR: I don't know that. But I've went back
in reviewing our files, which are in the room, but I can say that the general approach to this entire problem was to contact everyone who possibly had an interest. It's certainly been a controversial one. Everyone knew that this thing was going on.

COMMISSIONER McCausland: I think we put it over to make sure that we have filled to the 'nth degree of the law any possible situations which might force us into court on this issue.

CHAIRMAN Cory: All right. Item 22.

EXECUTIVE OFFICER Northrop: Mr. Chairman, Item 22 is a compromise settlement of some title disputes, and Mr. Trout, from our Land section would like to make a presentation at this time.

MR. TROUT: Mr. Chairman, I'd like to start out by saying that in this compromised settlement --

CHAIRMAN Cory: Mr. Trout, let me caution you and everyone else in this room that the mind cannot cure what the seat cannot endure. And we are rapidly approaching that point. So, let's make it short and fast from here on out.

MR. TROUT: We're prepared to make it very short and fast. In fact, I'd just start out by saying that we've worked with the City of San Mateo and the City of Vallejo -- that are affected by this settlement -- and have been in
almost daily contact with them. This proposal involves two parcels that Mr. Grimes will point out over on the left there in -- off of Seal's slough in the City of San Mateo, near Foster City. The State has a residual claim for former tidelands in those areas. In exchange for those two interests, the State would be acquiring -- which total something like acres -- the State would be acquiring 393 acres in Solano County, near the City of Vallejo, that Mr. Grimes is pointing out. Those two parcels, or those two photographs are at the same scale, so that you can see the relative size of what the State is exchanging.

CHAIRMAN CORY: What is the body of water; the outboard of exchange parcel that we're getting?

MR. GRIMES: San Pablo Bay.

MR. TAYLOR: It's the Sears Point Toll.

MR. GRIMES: You can just barely see Mare Island. Well, you can't see it here. It's right down here.

COMMISSIONER THOMSON: Is that a beach that we will be receiving?

MR. TROUT: There is potential litigation on both of the small parcels shown on the left photograph. The parcel on the right is now under condemnation by the Federal government. That condemnation action would be dismissed and the State would, in effect, recover juris-
diction of a formerly sold area of at least 72 acres which
is within the swamp, and Overflow Patent and an additional 327 acres of alleged accretions. We think there have always been tidelands. It avoids three lawsuits many times multiplies the area involved and we think it's -- we would highly recommend it as being the best way to handle this situation.

CHAIRMAN CORY: Any comments from anybody in the audience? Proposal to be made?

COMMISSIONER McCausland: I'll move adoption, Mr. Chairman.

COMMISSIONER THOMSON: Second.

CHAIRMAN CORY: Moved and seconded. Without objection, it will be approved as presented.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman we request that Item 23 be put over, please.

CHAIRMAN CORY: All right. Item 23 will be put over. Item 24?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is to request staff for authorization to eliminate a trespass on the Klamath River.

CHAIRMAN CORY: I presume there will be discussions before any actual litigation is to be resolved?

MR. TAYLOR: There will be.

CHAIRMAN CORY: Is there anybody who wishes to address the Commission on Item 24 in the audience?
Without objection, Item 24 will be approved.

That will be the order.

Item 25?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is a commercial lease on a former trespass in the Lake Tahoe area.

MR. TAYLOR: This is a partial settlement.

COMMISSIONER McCUSAULD: Move for adoption.

COMMISSIONER THOMSON: Second.

CHAIRMAN CORY: Motion is seconded.

Without objection --. Is there anybody in the audience on Item 25?

Without objection, it will be adopted as approved.

Item 26?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 26 stems from a problem that the Standard Oil Company has in continuation of drilling in the Island Esther area and they've asked or requested a 90-day deferment in drilling requirements so they may do some engineering studies in the area.

COMMISSIONER McCUSAULD: Move for adoption.

CHAIRMAN CORY: I don't understand what it is that's really here. I mean if we say no, what happens?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I believe we have --
CHAIRMAN CORY: Why are we here for a decision? I mean if it's here for a decision, it implies we have an alternative; is that correct?

EXECUTIVE OFFICER NORTHROP: That is correct, Mr. Chairman? Mr. Taylor of the Attorney General's office would care to address himself to the obligation they have to --

MR. TAYLOR: They have an obligation to drill new wells every so many days and in order to avoid an argument over whether they're in breach of their lease, they're asking a deferment, or a postponement of that deadline while they analyze the terms they've gained from the drilling of some additional wells that were previously authorized by the Commission.

CHAIRMAN CORY: And if we don't approve this, where are we? We get to litigate whether or not they're in breach of the lease?

EXECUTIVE OFFICER NORTHROP: I believe if they don't continue this, they're in breach of the lease, Mr. Chairman; without this extension, unless they continue drilling. That's the 60-day interval.

CHAIRMAN CORY: Has the 60 days expired?

EXECUTIVE OFFICER NORTHROP: Hundred-and-twenty-day interval, I'm sorry. And they will pass the 120-day interval without this extension. As I understand, it's October 20 that the interval is up. This extends it to
January 20th.

CHAIRMAN CORY: I would prefer that we give them 30 days to the next meeting and have somebody explain to us why we should wait. Is that --

COMMISSIONER McCausland: Maybe they can explain to us right now?

CHAIRMAN CORY: Mr. Taaffe, can you explain to us why we should do this for you?

MR. TAAFFE: I think the -- you asked the initial question: What happens? I think that either the lessee does not commence drilling the next oil well within the time interval specified in the leasing, and is therefore in breach of his obligation for which he's entitled to a notice. We don't like to operate our business in a default position. The other alternative, of course, is to execute a partial surrender of the lease in lieu of fulfilling the complete drilling obligation. We think there's some more oil to be recovered and we think that the drilling that we have done since the moratorium was lifted by our Commission in 1975, is a considerable acceleration of the hundred-and-twenty-day interval. The list that I have here indicates that there's one, two, three, four, five, six, seven, eight, nine, ten, eleven wells that have been either drilled or redrilled since the moratorium was lifted. So we have been, if you will, diligent, and I think the production chart that the
staff has on the wall indicates that there has been some benefit to the State of California as well as the lessee, with respect to that accelerated drilling. The Commission does have, I believe, the right to grant an extension of the drilling obligation and if it's their persuasion to do so. I believe that our reasons for the request for the extension are well contained in our letter of application on September 17th. And I believe that the staff has concurred. I believe that under the circumstances here, a 90-day extension to examine the geology and also to determine what additional action should be taken with respect to our objection program, it is a justifiable request.

COMMISSIONER McCausland: Mr. Chairman, I had it understood before that when I read this thing last night it didn't dawn on me that the completion of three wells and six redrills already is basically ahead of the terms of the contract, or in acceleration of the terms of the contract.

EXECUTIVE OFFICER NORTHROP: No, they have done this in a shorter time span and the contract makes no provision for that to be some kind of an add-on, where you put it in the bank and you can take it out later. It says in the drilling, in the wells that Mr. Taaffe has discussed, has been at -- "Standard's development of the field" and they went ahead of speed and I'm certain at no time did they
feel they were putting good credits in the bank, so when
they got bad things, they could take the brownie points out.
The contract calls specifically, "Must drill wells at
intervals," and that's what we were requesting, that they
maintain this and they asked for an extension that the
staff has recommended 90 days.

COMMISSIONER McCausland: Is it a matter of
fact that they have drilled more wells per interval than
required by the contract?

EXECUTIVE OFFICER Northrop: That's correct.

COMMISSIONER McCausland: But, at their own
volition?

EXECUTIVE OFFICER Northrop: We didn't say to do
it. It's no way we construct your contract to tell anyone
how to develop, you just give them parameters.

CHAIRMAN Cory: The purpose of the requirements,
I presume, is one, to put the operator, or the successful
bidder on notice. If he doesn't continue to develop, he
loses his interest. And so that it's one of our options
that we could have a chance of getting it back if they
don't proceed. And I'm sitting here saying that I frankly
believe that they're getting that at a far lesser value than
current market value and current reasonable men would
dictate and that's a hard question, as to why we should
give them another shot. And that's the reason, what's in the
back of my mind. That we have a contract right. They just put our feet in the fire or plan to, try to this meeting and we were prepared to have our feet put to the fire on something we didn't like; but they had the contractual right, and by the same token, I'm just wondering if we should put their feet to the fire because I frankly would not have approved resumption of drilling operations.

They have a contractual right, so we've got to do it. I'm wondering why they aren't proceeding, or if they want to go up and give it back to us and let it on a net profit lease somewhere and make more money.

COMMISSIONER McCausland: I understand your diabolical sentiments, Mr. Cory. However, it seems to me that if it had been truly remiss in the development and management of that, I'd be more than desirous of making that the test case. But, it looks to me like that's a field that hasn't been all that badly exploited to date, and maybe if anything, we want to manage it more conservatively. I don't know, but boy I'd hate to make this the test case on that particular measure.

CHAIRMAN CORY: Well, the test case can't come until we lay a lot of these things back.

COMMISSIONER McCausLAND: Can I move adoption of the staff recommendation?

CHAIRMAN CORY: We have a motion.
COMMISSIONER THOMSON: Mr. Chairman, as a former legislative employee, I always look favorably on motions to put things over, so I second that.

CHAIRMAN CORY: His motion is to give them a 90-day extension.

COMMISSIONER THOMSON: Right.

CHAIRMAN CORY: Motion is seconded. All those in favor, signify by saying aye. No?

No.

You have it, but you should learn something from it.

MR. TAAFFE: Mr. Cory, I learn something every time I come up here.

MR. TAYLOR: Mr. Cory, as far as your legal question is concerned, I think we would like to discuss that.

CHAIRMAN CORY: Item 27; approval of agreement amending oil and gas lease in Beverly Hills, Los Angeles, County.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is a request by a legislative mandate of request by the Beverly Hills Unified School District for our approval.

CHAIRMAN CORY: No objection, Item 27 will be approved as presented.

Item 28?
EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
Item 28 is a regular development of the Ottoboni area of the
geysers steam field by Union and Magma Power.

CHAIRMAN CORY: Okay. Any questions? Anybody in the audience on Item 28? Without objection 28 will be approved as presented.

Item 29?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
Item 29 is a result of a bid for a geothermal parcel of a hundred and thirty point one acres. In the County the high bidder was Santa Clara which bid ten percent of the gross plus 28 percent of the net profit. This item authorizes the Executive Officer to notify the surface owner who has first call on the bid, and if he declines the bid then to award it to the City of Santa Clara.

CHAIRMAN CORY: Anybody in the audience on Item 29?

FROM THE AUDIENCE: We're representing Santa Clara, if there's any question.

CHAIRMAN CORY: Item 29 will be adopted as presented.

Item 30?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
Item 30 is a dredging permit for the action to the South Bay Area, with approximately 25 thousand cubic yards to be
spoiled on the public site.

CHAIRMAN CORY: And it's in accordance with the statutes?

EXECUTIVE OFFICER NORTHROP: Yes, sir.

COMMISSIONER McCausland: BCDC has approved it?

EXECUTIVE OFFICER NORTHROP: Yes.

COMMISSIONER McCausland: Move adoption.

COMMISSIONER THOMSON: Second.

CHAIRMAN CORY: Without objection? Anybody, before we put that on Item 30? Without objection, Item 30 will be approved as presented.

Item 31?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman this is a, also for dredging the City of Vallejo.

CHAIRMAN CORY: Anybody in the audience on Item 31? If there are none, Item 31 will be approved as presented.

Item 32?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 32 is a consolidation of the final report and closing statement of the previous budget augmentations in the Wilmington and the Long Beach unit.

CHAIRMAN CORY: Any questions? Anybody in the audience on Item 32? Without objection, we'll approve the final report and closing statement. Such will be the order.

Item 33?
EXECUTIVE OFFICER NORTHROP: Mr. Chairman,

Item 33 is unit division on a well bordering two areas in the Long Beach field and cooperative agreement.

CHAIRMAN CORY: Anybody in the audience on Item 33? Any questions, Commissioners?

Without objection, 33 will be approved as presented.

Item 34?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,

Item 34 is informative and it gives to the Commission the fiscal information on the yearly production in the parcel "A", Long Beach; it's informative.

COMMISSIONER McCUSAULD: Does it require action?

EXECUTIVE OFFICER NORTHROP: No, it doesn't.

CHAIRMAN CORY: Okay. We've got the information and we will so note. Okay, Item 35?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,

Item 35 is a settlement of a dispute, a county dispute that occurred between the State Lands Commission and the City of Long Beach. The final settlement has been approved by the Long Beach City Council, the Long Beach Board of Harbor Commissioners, and we are asking the Commission approve this settlement.

CHAIRMAN CORY: Okay.

EXECUTIVE OFFICER NORTHROP: Included in the settlement is the agreement of a lawsuit regarding the
settlement of interest on, or revenue, which both parties agreed probably should be decided in the courts.


COMMISSIONER McCausland: Reluctantly. I mean, Long Beach got to us again.

CHAIRMAN CORY: Relating to nothing other than tidying up affairs, either that chart is wrong or Item 36 in our agenda is wrong in terms of PRC 3095 or 309.5, I don’t know which it is, but one you have 3095 and one you have 309.5. Go ahead. I didn’t want that one to slip by. I was worried because it didn’t conform with the item number.

EXECUTIVE OFFICER Northrop: Mr. Chairman, Item number 36 is the --

MR. THOMPSON: From our Long Beach operation has prepared a chart on the wall, and I understand that the City of Long Beach would like to speak on this issue as well. So, in presentation, Mr. Thompson’s promised to make it very brief.

COMMISSIONER McCausLAND: I had in mind, Mr. Chairman, I thought we had approval of Item 35, which was contingent upon Long Beach withdrawing their request on Item 36.

EXECUTIVE OFFICER Northrop: Thirty-six was one
of the items that was originally in the depreciate package.

COMMISSIONER McCAUFLAND: How many times did we get steamrolled?

EXECUTIVE OFFICER NORTHROP: Just watch Long Beach.

CHAIRMAN CORY: Long Beach is here?

EXECUTIVE OFFICER NORTHROP: I believe Mr. Peterson is here. Are you speaking to this issue Mr. Peterson?

MR. PETERSON: No, I did not come prepared to speak on this one. I have some information on it.

EXECUTIVE OFFICER NORTHROP: I understood there was someone to speak on it.

MR. PETERSON: This is not the one that was subject to settlement.

CHAIRMAN CORY: But originally it was part of the negotiations?

MR. PETERSON: No, sir.

EXECUTIVE OFFICER NORTHROP: We didn't break it out early?

MR. PETERSON: No.

CHAIRMAN CORY: Okay.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, if Long Beach isn't here what it really amounts to is a discussion by the staff, go ahead.

MR. THOMPSON: City of Long Beach requested the
times cost in the neighborhood of plus 45 percent on this project. This is for phase one approval. Phase one considers just the engineering part; phase two is the actual construction. Phase one is $200,000. They ask for 45 percent of that to be considered subsidence costs. We have recalculated; we think that subsidence costs are a little over 13 percent.

You implied approval of the second phase, you approved the first phase. The main contention here is the fact that this is the town-lot area which has been filled in various periods of time. The original ground level was here, subsided down to here; the water main was here at one time, subsided down to here, as did the oil well locations down through here. Then this ground was filled, the water main was taken back up and the oil well was placed up. They have requested that it be considered subsidence costs, those costs involved in lowering these oil wells and lowering this water main.

CHAIRMAN CORY: Is there a levy or a dike or something that kept that from being intimidated?

MR. THOMPSON: This represents roughly about high water, highest part plus this well, about a little less than eight feet. So as this was going down, these hills were placed to prevent the water fill-up. These were placed between 1956 and --
CHAIRMAN CORY: How do you form a low level, if it gets down to subsided ground level? If you were filling before it got there?

MR. THOMPSON: This is just a representation of what happened.

CHAIRMAN CORY: You're never really there?

MR. THOMPSON: Some cases, in some wells behind the dike.

CHAIRMAN CORY: Okay.

MR. THOMPSON: This doesn't really show them, but you get some ideas of concepts.

CHAIRMAN CORY: Notice how quickly Mr. Thompson explained to us where the water wasn't at sea level? Because I was going to nail him on that one, too.

MR. THOMPSON: Busy, busy.

CHAIRMAN CORY: Our point of dispute is whether they want 45 percent, and you figure it's 13 percent?

MR. THOMPSON: We're willing to pay for that. We consider the City was damaged, we're going to have work done. We don't consider that reconstituting a fill that has already been paid for; subsidence costs should be paid again.

COMMISSIONER McCausland: I think that if that requires action of the Commission, I'm sure we're willing to take it, but I can't believe that anyone would assume that
this Commission would look favorably on such a request under any circumstances. We already paid for all that.

CHAIRMAN CORY: After you get back, you ought to go down to Long Beach. We need to approve this at 13.6?

MR. THOMPSON: This is our recommendation, that you approve it at 13.6.

CHAIRMAN CORY: That is deducting all the things we've already paid for, so we don't pay for them twice. Do we have a motion and a second?

COMMISSIONER MOCAUSLAND: I understand what that says.

CHAIRMAN CORY: I hope you do, because --

MR. THOMPSON: You'll get another chance at this in phase two, for the big amount of money. Total company cost in that time will be about five and a half million dollars.

CHAIRMAN CORY: Without objection, Item 36 will be approved at 13.6 percent, which is the staff recommendation, as opposed to the 45 percent which Long Beach requested, which is outrageous and we've taken judicial notice of its outrageous nature.

FROM THE AUDIENCE: Mr. Chairman, if I may comment on that comment. This was first presented to the staff in May of this year. The response from the staff to the City within the past two weeks -- that is the difference of opinion
between the 13 percent and the 45 percent requested. This matter of the staff has been placed on notice that we do deem the action arbitrary, that there has not been a reasonable opportunity to respond; there's a formal written notice to that effect to the staff.

MR. TAYLOR: I think they're proceeding with this, aren't they?

EXECUTIVE OFFICER NORTHROP: They're proceeding at the present time, aren't they?

MR. THOMPSON: This was put on the September meeting at the request of Border Harbor commissioners, we told them we had problems with it. This project was originally submitted as a 35-acre parcel, was revised to a 75-acre, we have contracted --

CHAIRMAN CORY: Arbitrary and capricious, as long as we do the right thing. If they don't like the decision, then we're arbitrating.

COMMISSIONER McCausland: Is it a matter of record that they are opposed to the staff recommendation?

MR. TAYLOR: No, I don't think they've opposed it.

EXECUTIVE OFFICER NORTHROP: The local paper, some two and a half weeks ago, was quite critical of the Commission because they felt, particularly the chairman, --. The executive officer of the Harbor Commission, Fred, being very critical of the Commission because we didn't think
the 45 percent was the amount indicated.

MR. THOMPSON: This is before the Board of
Harbor commissioners, several weeks ago, was referred to, so
they knew our particular viewpoints, and it's on this
meeting at their request because they have to get going ahead,
they say to vacate and be competitive in this area.

So, they want to go ahead.

COMMISSIONER McCausland: If they don't like the
level at which we're willing to participate, shouldn't we
put it over until we can negotiate?

MR. THOMPSON: This would have to be the City of
Long Beach, if they want to withdraw, because I have been
requested to have action taken this month.

COMMISSIONER McCausland: Well, I have no instructions
on the contrary. I was just given some information on it.

MR. THOMPSON: Deal with the motion.

COMMISSIONER McCausland: I'd be willing to leave
it done, but if they don't like it, why don't we rescind and
wait until we can talk to them about it? It's unfortunate
that the Department of Finance refuses to staff the agency
at a level where they could respond in a more timely fashion,
to applications like this. I understand why it took you
several months to get back to them. I'm not going to
recommend the staff augmentation.

MR. THOMPSON: You gave it to me and took it away.
COMMISSIONER McCausland: If they'd rather have the discussion before we have a vote, maybe we should wait until we have a discussion.


MR. THOMPSON: It's been requested that it be on this month.

FROM THE AUDIENCE: You have information I do not possess. I don't know. It's my instruction just to advise the Commission that there was a position taken by the City that this recommendation was arbitrary. I have done that. Staff is on notice in writing of this fact.

MR. THOMPSON: This is phase one for the engineering planning of this.

MR. TAYLOR: I think the City expects us to act on it.

CHAIRMAN CORY: Okay, we'll proceed.

MR. TAYLOR: They asked for reconsideration next month. I wonder if they'll have it. There is a finding this time.

CHAIRMAN CORY: It would seem to me that as we go through life, we put some checks in the bank from time to time and Long Beach just lost some, and they'll lose a lot more in the future if they ask to have something put on the agenda and then send somebody else in in ignorance to
attack the reason that we're acting, when we proceeded originally at their request. I just don't think that's the way to proceed with the City of Long Beach.

COMMISSIONER McCausland: I have a real serious problem. We just spent hundreds of hours, I assume, of staff time developing a settlement for an agreement that is faulty at the outset. And now we're finally approving another agreement that's faulty at the outset, and we're going to wind up spending hundreds of hours of staff time negotiating a settlement on this one. And I'm not anxious to proceed.

MR. THOMPSON: Personally, as staff, I would hope that you would recommend and approve this with our recommendation because then both sides have a starting point.

COMMISSIONER McCausland: We had a starting point on Item 35 and it was, I think --

MR. THOMPSON: This is prior. In other words, we now have -- still trying to settle these issues on the door.

MR. TAYLOR: What we're trying to do with these items now is to deal with them currently and what happened in Item 35, there had been a backlog built up where there had been no action taken by the Commission. What we're trying to do is to get it out on the table at the beginning, as to the position that the staff is taking so that the City
can't say that we're delaying making a decision.

CHAIRMAN CORY: Item 37?

EXECUTIVE OFFICER NORTHRUP: Item 37 is a proposed annexation as a result of a suit in Alameda County. It annexes the City of Oakland.

CHAIRMAN CORY: Anybody in the audience on Item 37? Questions from commissioners? Without objection, 37 will be approved as presented.

Item 38?

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman, Item 38 is a request for annexation in the City of Seal Beach for some tide and submerged lands.

COMMISSIONER McCausland: Have we had items like this on the calendar in the past, previous --

EXECUTIVE OFFICER NORTHRUP: Yes, we have. We've recently had one from Long Beach, as a matter of fact.

COMMISSIONER McCausland: I'm beginning to feel badly about having voted for the one for Long Beach because it seems like --

CHAIRMAN CORY: I have no reason to rescind that, it seems.

COMMISSIONER McCausland: I'll move adoption of Item 38, but I think that we should have a discussion about the appropriateness of the entire process that we're going through here. Whether or not we should voluntarily
participate --

EXECUTIVE OFFICER NORTHRUP: You will recall,
Santa Barbara also annexed -- no it was the City of Isle
Vista -- annexed the platform "Holly" in the Santa Barbara
area in much the same fashion.

CHAIRMAN CORY: I don't see any reason why we --
MR. TAYLOR: You're required by statute --
CHAIRMAN CORY: To approve it?
EXECUTIVE OFFICER NORTHRUP: Check the boundaries.
MR. TAYLOR: I'm sorry.
EXECUTIVE OFFICER NORTHRUP: This is not the
first one. We're on 38.

CHAIRMAN CORY: Do we have an option? We have
that policy decision.
MR. TAYLOR: Right.
EXECUTIVE OFFICER NORTHRUP: As a matter of fact
you will recall we did it, it turned down the city in
which -- the City of Truckee -- on the same issue because
on the boundary line --

CHAIRMAN CORY: We turned something down? You
mean, you know --
COMMISSIONER McCausland: But Truckee --
CHAIRMAN CORY: I'm willing to disqualify myself
having represented part of Orange County and having a
conflict of interest. So, the two of you can decide that
we don't have enough votes for a quorum on that one.

COMMISSIONER McCausland: If you stick with that, Mr. Chairman, I've got pretty strict instructions to think that we treated other people in a certain fashion which would require the same criteria in this case. So, I'd be reluctant. If you want to abstain, I just want to say, no. Procedurally, I feel obligated to vote for it.

CHAIRMAN Cory: Once you've made a mistake you continue to make it?

COMMISSIONER McCausland: I'm not certain that it is a mistake. I just think that maybe the law is bad and we've talked about a legislative program in that area.

CHAIRMAN Cory: We have a policy option as to whether or not it's in the interest of the State of California to approve this annexation. I believe that's the question before the Commission. I don't know. All I can see is that we lose money on the deal.

COMMISSIONER McCausland: That's all I see, too.

CHAIRMAN Cory: I don't see any other substantive issue that takes the place of the people of California, other than the State General Fund, that has less money and Seal Beach has more money.

COMMISSIONER McCausland: I don't believe it's a general fund, is it?

MR. TAYLOR: Well, it comes out of it. That's how
you view the budget. It comes out of the State.

CHAIRMAN CORY: Well, Bill taught me, it's all General Fund money.

COMMISSIONER McCausland: I think Mr. Northrop can say that when he comes to us on other items, we point out to him that none of it's general funds. It depends on who talks.

CHAIRMAN CORY: Do you want to approve it?

COMMISSIONER McCausland: $1,500.

CHAIRMAN CORY: Is that the bid?

COMMISSIONER McCausland: Move adoption.

COMMISSIONER Thomson: Second.

CHAIRMAN CORY: Without objection, Item 38 will be approved and staff will inform the Commission members of the policy questions so they can formulate a standard by which we can decide how we're going to be rated.

Thirty-nine?

EXECUTIVE OFFICER Northrop: Mr. Chairman, this is a cutting agreement with the Federal government regarding boundary lines in the timbered area.

CHAIRMAN CORY: Item 39, any questions or discussions? Anybody in the audience? Without objection, it will be approved as presented.

All right, the U.S.S. State Lands.

EXECUTIVE OFFICER Northrop: Mr. Chairman, this is
the superstructure of the *La Jenelle* that would be used to create an artificial reef offshore. Now, Fish and Games would like to place in concreted tire modules to enhance that.

CHAIRMAN CORY: Anybody in the audience on this item? Questions from the commissioners?

COMMISSIONER McCausland: Did you find any giant sponges growing on it yet?

EXECUTIVE OFFICER NORTHROP: No. We haven't.

CHAIRMAN CORY: Without objection, Item 40 will be approved.

Item 41?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 41, Mr. Hight will give that.

MR. HIGHT: Yes, the applicant, Mr. Chairman, in Item 41 had a lease from the State Lands Commission which required him to remove the facilities before the termination of the lease. He now refuses to do so.

CHAIRMAN CORY: Do you have a bond?

MR. HIGHT: Bond?

CHAIRMAN CORY: Do we have a bond, or are you proceeding against --

MR. TROUT: I don't believe so. He inherited some old structures and we agreed to take out the old as well as the new. I'm not certain about the bond.
CHAIRMAN CORY: Okay. Is there anybody in the audience on Item 41? We're asking the Division and/or the Attorney Generals to proceed to get the man to live up to his contract. Without objection, 41 will be approved as presented.

Item 42?

MR. HIGHT: Item 42 is a disclaimer of interest in a lawsuit the Federal government has filed.

CHAIRMAN CORY: Okay. Without objection 42 will be approved as presented.

Forty-three is off, as I understand it.

EXECUTIVE OFFICER NORTHROP: That's right, 43 is off.

CHAIRMAN CORY: Item 44?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 44 is a request by the BCDC that the Executive Officer execute an understanding that they are the CCM Group for the Bay Area.

COMMISSIONER McCAUSLAND: Mr. Chairman, I move for adoption. It's a bad Federal law, but it's a good program.

CHAIRMAN CORY: Okay. Forty-four will be approved as presented.

Item 45?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
Mr. Taylor will address the Commission on item 45.

I have no idea what's going on.

MR. TAYLOR: We have a deal on this, subject to the other parties approving it.

CHAIRMAN CORY: Huh-uh. Just philosophical. I don't see why we should -- if we're negotiating a settlement on anything, why we should vote approval before the other side plants their feet in concrete. I mean, if they aren't willing to fish or cut bait, I don't see that we should proceed. It's just a bad negotiating project.

MR. TURNER: Clemons Turner, Deputy City Attorney, Long Beach. What comes first, the chicken or the egg?

The City will not commit itself to expend any funds and go ahead with this property acquisition, unless we know that we have the money.

COMMISSIONER McCausland: I would like to go back to Item 38.

MR. TURNER: Well, there's a reason for that.

CHAIRMAN CORY: Mr. McCausland would like to go back to Item 38.

COMMISSIONER McCausland: I'd like to do the same thing for Item 38.

MR. TURNER: Well, there's a reason for this.

The property owner is ready, willing and want to proceed with an action in adverse condemnation for our harassing
them with respect to this property. We will not commit ourselves to acquire this property until we know we are capable of acquiring it. We will not know whether we are capable of acquiring it until we know we have the money available, and that's it.

And we will not have an agreement to buy this until we know we can expend the funds.

MR. TAYLOR: Mr. Chairman, there's one loose end on the agreement. We're in agreement with the City with regard to the -- if the maximum value of the property, if there is no Gion easement on it. That would be in excess of $2 million. There is a stipulation that that would be the maximum amount expended.

The question is: How much should be discounted for the effect of a Gion easement if the Court finds it to exist. And on that, there is a difference of opinion. And the compromises and what's thought up, is the landowners will be given the first $1.1 million, 442 thousand will be put in a bank account, interest-bearing, and then we would go to litigation on the Gion easement if it exists; and then, if it does, how much effect it has on the value of the property.

COMMISSIONER McCUSAULD: Can you define such an easement?

MR. TAYLOR: Gion easement is an easement
arising as a result of public use in an area and is continuously, without permission of the landowner, for a period of five years. And there is an argument over whether there is an easement and if so, the extent of it.

And after the extent is established, what effect that would have on the value of the property, if any. The one loose end on this things is how much money will be held back for the Gion easement. The attorneys for the parties are willing to recommend to their clients that $442,000 be placed in a bank account and that the draw allowed to the private property owner at this time be reduced to $1.1 million. And subject to that understanding, the City wants to note --

CHAIRMAN CORY: How do you get 1.1 million, plus 400 and some thousand in excess of two million?

MR. TAYLOR: There is already agreed that the landowner will not receive $500,000.

CHAIRMAN CORY: So, they're adding another four?

MR. TAYLOR: We're talking another 400,000 to the cash; not to the owner.

CHAIRMAN CORY: But, the owner hasn't agreed to that; only his attorney said he will recommend it?

MR. TAYLOR: Have you had a chance to --

FROM THE AUDIENCE: That's correct. No, the owner
has not agreed to it; that's correct.

CHAIRMAN CORY: That's my next point. I don't think we should deal with the substantive issue until the other people have put their feet in concrete that yeah they will or they won't. Because if we approve this and they decide they want to negotiate and, "Well, now will you take 360?"

COMMISSIONER McCausland: We have experience with this BCDC, as soon as one party commits themselves to a dollar term, other parties have decided to negotiate a different price. It's difficult.

MR. DOLLE: May I be heard, Mr. Chairman?

CHAIRMAN CORY: Certainly. Come forward and identify yourself.

MR. DOLLE: Thank you. My name is Hodge Dolle, H-o-d-g-e D-o-l-l-e. I'm an attorney for Mr. Taper. The issue, as I see it, before this Commission is whether the Commission should vote to authorize the expenditure of 2 million 45, or 42 thousand dollars for the purchase of this property. The appraiser for the Lands Commission is in agreement for the City of Long Beach's appraisal, and the owner's appraisal. They're all agreed. The only question is, when they get into litigation, is this property encumbered by an easement in favor of the public?

If it is, the court's going to have to decide how
much less the landowner gets paid. All the City is asking for today is so that they can complete their agreement. They don't want to do it -- as Mr. Turner says, it's for the Commission to go along with its staff and approve the expenditure.

CHAIRMAN CORY: But if, in fact, in the final analysis we believe the easement to exist, and let's say a trial court, for some reason, decides it doesn't and we would prefer to appeal it but we've already approved the $2 million price, Long Beach might decide, "The heck with it; we won't appeal it. We'll go ahead and pay the whole amount."

MR. DOLLE: Well, the State's a party to this, so Long Beach can't be. If the State feels that nothing can be paid, there's no way that it can be paid, as long as the State's a party.

CHAIRMAN CORY: I'm not sure we're a party.

MR. DOLLE: You're a party; yes. That's part of the stipulation.

MR. TAYLOR: The stipulation is that we'll be a party. The problem is that the form of the stipulation, at the present time, it calls for how much money will be held back and whether our position is reserved. To the extent of the easement; and that's where we're having problems.
COMMISSIONER McCausland: With whom are we having problems?

Mr. Taylor: Seems to be a three-way problem.

Mr. Dolle: I think it's a two-way problem.

Mr. Taylor: Well, it depends. Sometimes we're on your side and sometimes we're on Clem's side, so I don't know. It's hard to say where it ends up.

Chairman Cory: I just don't think it's ready for Commission action then if the staff doesn't really know where they are.

Mr. Dolle: Well, with all due respect Mr. Chairman, it's not ready for acquisition until somebody does some funding, and if nobody does any funding, then the City of Long Beach feels it's unable to acquire. So, we're back to "Go." We have to start somewhere. Now, if the Lands Commission says that the $2 million is an accurate figure, if it's unencumbered, we can't know if it's encumbered by speculating.

Chairman Cory: No, let's clarify the record. You have a staff report recommending that price. And they're asking us to approve that, the contingencies which all parties have not yet -- as I understand it -- agreed to, and until everybody else has agreed to it, I don't think we should be asked to agree to it.

COMMISSIONER McCausland: Is this going to be a
State park?

MR. DOLLE: A City park -- extension of an existing City park.

COMMISSIONER McCausland: Why is the State Department of Parks and Recreation --

MR. TAYLOR: Bond act money. Part of the bond act money goes to local agencies for park acquisition.

MR. DOLLE: State's already put up a million two. You're being asked for the additional 600,000. Until it's funded, the City of Long Beach isn't going to acquire it.

COMMISSIONER McCausland: Is the Public Works' Board familiar with this?

MR. DOLLE: No, the Parks and Recreation.

COMMISSIONER McCausland: If the Parks and Recreation puts it on their list for funding, but the Public Works' Board approves a proven acquisition --

MR. DOLLE: It's been approved and the money will be available in about two weeks.

MR. TURNER: We have a $1.1 million grant from the State Department of Recreation and Parks. Money has been requested; we are advised that it could be in our hands in the form of a State check in about two weeks.

COMMISSIONER McCausland: I may be wrong. It's not a Public Works' Board because of the nature of the park.
MS. STONE: It's a Local 74 Act, and it's all handled through Parks and Recreation.

MR. TURNER: We have -- in addition, we have approximately a little over $300,000. what we call an over incinerator bond fund and we'll need anywhere from -- we'll need up to a maximum of 600 and 17, 18 thousand dollars more.

COMMISSIONER McCausland: Under what authority is this item before the Commission today? Was it requested by your office?

MR. TURNER: I requested it of the Attorney General to place the matter on this Commission's agenda.

CHAIRMAN CORY: The time and place Mr. McCausland, the Gion easement on the upper area was not in question, and that has popped up within the last 48 hours, it's my understanding.

MR. TAYLOR: There's been some problems. The problem in the review appraisal is the extent of the Gion easement. That problem arose in the last week. We thought we had one agreement in regard to that and that did fall apart in the last day -- not to the extent of the hearing.

This is before you because the request of the City to put -- possibly spend tideland oil revenue money on it.
CHAIRMAN CORY: See, one of the options we're getting into here, if you've got 300,000 of some old bond money you can use, if the Gion easement, the Court comes in at 900,000 for the Gion easement and they've got 300,000; they've got 1.2 million in parks, that bond money, that incinerator bond money, you can bet your toga is going to go elsewhere and our money, the title's money is going to go --

COMMISSIONER McCASLAND: What official action has been taken by the City Council in the City of Long Beach in regard to this property?

MR. TURNER: To my knowledge, there has been no official action by the City Council, City of Long Beach.

COMMISSIONER McCASLAND: Will their action be required prior to acquisition?

MR. TURNER: Yes. We intend to enter into a formal written agreement between the property owner and the City of Long Beach because of the decision, we make every effort not to have any official action by the City of Long Beach to do anything until we know we can go. And so, we're keeping our backs to the wall, so to speak, enjoying ourselves, and when we know we can go, then we're ready to go.

COMMISSIONER McCASLAND: We'll be happy to join you in that.
MR. DOLLE: Trouble is, then who goes first, you see? The owner gets whipsawed back and forth from the State and the City, unable to use these properties and the City says, "We won't acquire it until we get the funding and the State says, "We won't fund it until we know what some theoretical court's going to decide."

MR. TAYLOR: That really isn't the question. The question is, will we all hold to the recommendation that's been made today with regard to the amount of money to be held back and the creation of a bank account. And that seems to be where we are. And at that point I think the Lands Commission, because I think you spoke to the Commission about the staff, about placing this on, and I think during that time the staff decided that we would -- the Lands Commission would step out first on this if there was an agreement of all the parties because of the round robin nature.

This would be put to the Commission for action first. I guess the problem is that if either of you can represent that we've really got a deal, then it's up to the Commission as to whether you want to make a contingent approval.

COMMISSIONER McCASLAND: I would like, whether it be a stipulation as to the other sources of participating funds and the ratio between them.
MS. STONE: The park funds and the incinerator bond will be exhausted to total land --

CHAIRMAN CORY: That is a part of this?

MS. STONE: That's part of the calendar item, the way the authorization is worded.

MR. TURNER: I'm not sure it's in the stipulation. We have no objection to that.

COMMISSIONER McCausland: I didn't think I personally read a copy of the stipulation.

MR. TURNER: We have no objection to that. That I think has been assumed -- at least by the City -- all along.

COMMISSIONER McCausland: If that is in fact made a part of the stipulation, Mr. Chairman, I would be willing to be the first to offer dead center on this item; but I would not want us to up-front money that -- I mean later substitute, I've run into that at enough other occasions to not want to continue that.

That's one mistake I'm trying to correct.

MR. TAYLOR: The problem with this item is the package and the package -- because of the round robin problem -- has a stipulation in it which makes certain statements with regard to how the Gion easement will be treated as a maximum effect, to our effect of that easement.

COMMISSIONER McCausland: Is there a manner in
which we can further protect the State's interests and
the stipulation? You suggested that there might be some
faults in our protections under the document as currently
drafted.

MR. TAYLOR: No, the document, as it is currently
before the Commission, would be amended to provide that
the private owner would receive only 1.1 million of the
minimum purchase price. The same maximum -- that $442,000
of an amount would go into an interest-bearing bank account.

CHAIRMAN CORY: Plus the 500,000?

MR. TAYLOR: And the $500,000 would not be paid
at all at this time, but if the judgment of the Court was
that that was the value of the property, taken into
existence or nonexistence of the easement into consideration,
the $500,000 would be paid over later. And that would be
the amendment of the stipulation which is before you.

But, it would have to be subject to the approval
by the City and by Mr. Taper, Mr. Dolle's client.

COMMISSIONER McCaulsland: I'll move that. I'm
not sure that I can describe what that is.

CHAIRMAN CORY: We will approve that with the
stipulation understood that the title of the money is to
last. And with respect to the Gion problem, if the
staff could get me photographs --

(Thereupon a discussion was held off the record.)
CHAIRMAN CORY: Since we're worrying about how a $2 million additional acquisition of the park, City, that's some physical difficulty. But I'm not sure that's our decision being made.

COMMISSIONER McCausland: No, it's not. I hope that they're making it.

CHAIRMAN CORY: Okay, 45 is approved as presented.

Forty-six?

MR. TAYLOR: Subject to the other parties' approval.

CHAIRMAN CORY: Forty-six?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is approval of a cost-sharing contract between the City of Long Beach and ERDA, the United States Energy Research and Development Administration, to provide for a pilot demonstration of enhanced oil recovery project in the Long Beach unit of the Wilmington oil field.

CHAIRMAN CORY: Any questions on this? Any comments from anybody in the audience. This is in addition to the --

EXECUTIVE OFFICER NORTHROP: This is in addition to the micellar project that was approved several months ago.

COMMISSIONER McCausland: Move adoption.
COMMISSIONER THOMSON: Second.

CHAIRMAN CORY: Without objection, 46 will be approved as presented. Status of major litigation?

MR. TAYLOR: Mr. Chairman, on Monday, Oregon v. Corvallis will be argued before the Supreme Court in Washington D.C. in the afternoon. I think that's the only significant item other than what was reported previously.

CHAIRMAN CORY: Are you going to be there?

MR. TAYLOR: Yes.

CHAIRMAN CORY: Opening day, so it will be an unusually formal session.

COMMISSIONER McCausland: Mr. Chairman, since we continuously bang on these empire buildings more authorization problems, I'd like to have an executive session someday to evaluate their status and how seriously we're going to pursue various causes of the same.

CHAIRMAN CORY: Okay.

COMMISSIONER McCausland: There's an awful lot of litigation coming out.

CHAIRMAN CORY: It's going to be worse before it gets better.

MR. TAYLOR: We have had 20 new lawsuits since the beginning of this fiscal year, which I think is a high.

MR. HIGHT: Those, Mr. McCausland, were filed
upon us; we did not file those.

CHAIRMAN CORY: Justice must be served, no matter who the aggressor is.

MR. TAYLOR: If we count ones that we file, we go up to about 23 or 24, but that's higher. That's almost the equivalent of an annual case load for the Land Commission.

COMMISSIONER McCausland: You're going to be awfully busy Jan. I'm glad you're there.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, next meeting will be in Sacramento, October the 28th. We plan on going to Long Beach in November, at which time we well may have before us expenditures on the Queen Mary.

CHAIRMAN CORY: Okay. That will be the Order. Stand adjourned.

(Thereupon the meeting was adjourned at 12:20 p.m.)

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State of California  
County of Sonoma  

I, CATHY A. SINGER, a Notary Public in and for the County of Sonoma, State of California, duly appointed and commissioned to administer oaths, do hereby certify:

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office this 20th day of October, 1976.

CATHY A. SINGER Notary Public in and for the County of Sonoma, State of California.