MEETING
STATE LANDS COMMISSION

ROOM 2170
STATE CAPITOL
SACRAMENTO, CALIFORNIA

THURSDAY, MAY 26, 1977
2:00 P.M.
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MEMBERS PRESENT

Hon. Kenneth Cory, Controller, Chairman

Lieutenant Governor Mervyn M. Dymally

Mr. Sid McCausland, representing Roy M. Bell

Ms. Betty Jo Smith

MEMBERS ABSENT

Hon. Roy M. Bell, Director of Finance

STAFF PRESENT

Mr. William F. Northrop, Executive Officer

Mr. Robert S. Golden, Assistant Executive Officer

Mr. James F. Trout, Land Operations

Mr. Robert Hight, Staff Counsel

Mr. William Thompson, Manager, Long Beach Operations

Mr. Don Everitts, Long Beach

Ms. Diane Jones, Secretary

ALSO PRESENT

Mr. N. Gregory Taylor, Deputy Attorney General

Mr. Jan Stevens, Attorney General's Office

PETERS SHORTHAND REPORTING CORPORATION

26 NESS COURT
SACRAMENTO, CALIFORNIA 95826
TELEPHONE (916) 383 3601
CHAIRMAN CORY: Call the meeting to order. The Lieutenant Governor is here, and Mr. McCausland is on his way shortly. The Governor, I believe, has an airplane to catch so we will be proceeding rather quickly so that we can get everything done.

LIEUTENANT GOVERNOR DYMALLY: So long as Assemblyman Thomas get whatever he wants.

(Laughter.)

CHAIRMAN CORY: The first item on the agenda is confirmation of the minutes of April 28th.

LIEUTENANT GOVERNOR DYMALLY: So move.

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

And I am correct that Sid is aware and is coming up shortly.

EXECUTIVE OFFICER NORTHROP: That's correct, Mr. Chairman.

CHAIRMAN CORY: Okay. Mr. Executive Officer, if you could start with your report, and we will give a written copy of it to Sid in case he's the only one of the three of us who knows how to read.

(Laughter.)

EXECUTIVE OFFICER NORTHROP: Thank you very kindly.
Mr. Chairman, Lieutenant Governor Dymally, as guests of Congressman Mark Hannaford and Bill Ketchum, on May 19th I advised members and staff of the California Congressional delegation of the serious impacts on California crude oil if the proposed and present entitlements program for Alaskan and foreign crude were to continue.

FEA is conducting a briefing on the President's National Energy package on June 14 in Sacramento. We plan on attending. If any of the Commission members or surrogates would like to attend, we certainly would be able to accommodate them.

Approximately three and a half years ago, the Commission approved an Environmental Study Agreement for 800 acres on Bair Island which is located in Redwood City in San Mateo County.

A Task Force was formed and various scientific observations have been made, wildlife inventories planning taken and local planning needs have been studied. A draft report has been prepared by the Division.

The Study Agreement provides that a minimum of 60 acres will be donated to the State by a private party, Mobil Oil Estates. With the Commission's approval, the staff will meet and negotiate the specifics with Mobil, and the resulting donation and final report will be presented to the Commission at the June meeting next month.
On November 15, 1976, the Commission authorized a public hearing to collect evidence on the record to serve as the basis for determination of royalty gas pricing.

Staff has begun collecting the data necessary to develop the data and the procedures for conducting the public hearing. In addition, we have retained Mr. Henry F. Lippitt, an attorney in private practice specializing in natural gas regulatory matters, to advise us on the collection of data. The staff has tentatively scheduled a date late in June or early in July for the public hearing to be held here in Sacramento. We hope we can have it prepared for the July or at the latest the August agenda.

Mr. Chairman, Governor, we have had a continuing dialogue with the Attorney General and the City of Los Angeles on reviewing the proposed settlement between the Los Angeles City and Harbor Department. We feel that these negotiations are moving along probably not as expeditiously as we had hoped, but very well, and they should be resolved prior to the next meeting. At that time we will be able to present formally to you an agreement which covers many of the objections that have been raised by our staff and others in the Legislature on this matter.

In the meantime, several items which are questionable and which we have discovered, and we are not really sure where they fit as to germaneness, have arisen. On these
matters we are planning to seek the advice, or at least
discussion with the Attorney General on these matters.

        It's my understanding that Assemblyman Thomas
may wish to speak on this issue today. He has not indicated.

        ASSEMBLYMAN THOMAS: I don't want to delay this
subject matter because this is the 26th year we've been
working on it; but I think that if you would send this
document dated January 14, 1977 to the Attorney General and
in your letter specify just what the Grant says that the
Attorney General should do.

        In the Grant, to my knowledge, it specifically
says that the Attorney General in any violations of the
Trust must take immediate action. I think those are the
words.

        I left the Grant, but you have a copy. I think
that's very clear in the Grant on the tidelands from the
State to the City of Los Angel- e s.

        Also, the Grant specifically sets out the duties
and obligations of the Lands Commission. And I hope that
in the letter that you would restate whatever is in the
Grant that the Attorney General should do.

        It says that, "any violation", and you incorporating
this document dated January 14th where the Harbor Department
in its findings and the report that was presented to the
Commission in substance, if you read it, states that the
City owes the General Trust Fund, the Trust Fund, $15,892,439.

We have been kicking around all kinds of amounts. The joint audit committee's auditor came up with $36 million, some $30 million -- we are all in disagreement. But I would also -- just to restate what I've said to the Lands Commission -- this is a question of trust. Of course, it all depends on the case law rather than statutory law, and I would say that I think it's the Lands Commission's duty and obligation to notify the City of Los Angeles that they should have two sets of books and two accounts -- one for the Trust Fund and one for the management of lands by the Harbor Department and the Commission and so that they two could be separated.

Up until now, there was just one fund, so whatever monies goes into that fund the case law really specifically says it becomes Trust monies or properties or whatever it is.

I'm not going to tell the Harbor Department how to run their business, but I think the Lands Commission has authority to see that two sets of books are set up, two funds, two accounts -- one the Trust Fund to take care of the income from the Harbor District which is identified as Trust Properties, and the other lands that are conveyed to Harbor Department for management, the rental income and all of that should be separately separated; and that's
why we have this difference of $36 million, $30 million. And I think that the amount here -- if the City would adopt this agreement, this report from the Harbor Department as specific, I think that that would settle the case once and for all.

And if the Lands Commission can settle it, you can rest assured that I'll put a resolution in the Legislature commending you.

LIEUTENANT GOVERNOR DYMALLY: On the condition I get a copy.

(Laughter.)

CHAIRMAN CORY: You are going to defer these items?

EXECUTIVE OFFICER NORTHROP: Yes, we will,

Mr. Chairman.

CHAIRMAN CORY: You will be sure and present it --

EXECUTIVE OFFICER NORTHROP: Yes, we will probably do it.

CHAIRMAN CORY: The other thing I think you should be looking at is to make sure we start making the annual reports that are expected of us to the Legislature on this subject. I think I have reason to believe -- if there's another report, I think there's a reason why we should get our something in.

EXECUTIVE OFFICER NORTHROP: I agree.

CHAIRMAN CORY: And we should deal with those
issues at that time.

    That letter, Vince, that letter should be going out very shortly.

    ASSEMBLYMAN THOMAS: Thank you very much.

    CHAIRMAN CORY: We will make sure that it does.

    LIEUTENANT GOVERNOR DYMALLY: Mr. Chairman, am I to understand from the Director that we will have some definite status report on this matter in the next meeting?

    CHAIRMAN CORY: There should be a resolution.

    EXECUTIVE OFFICER NORTHPROP: It should be resolved by then. We should have the final resolution. We are -- it's semantics.

    LIEUTENANT GOVERNOR DYMALLY: In other words, it will hopefully be resolved.

    EXECUTIVE OFFICER NORTHPROP: Hopefully. We have got it very close to resolution. Included in our resolution are many of the points raised, but not all, but many of the points raised by Mr. Thomas are covered in the resolution. Many of them are not.

    ASSEMBLYMAN THOMAS: Can you tell me when this will be forwarded to the Attorney General?

    EXECUTIVE OFFICER NORTHPROP: I would try to have it early next week or late next week, Mr. Thomas. We have several drafts we are working on at the present time.

    CHAIRMAN CORY: Thank you, Vince.
The next item is natural gas transportation.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Governor, it has become evident to the staff that the natural gas transportation proposals, as they will affect California, will require a position from the Commission.

This indication would be helpful not only in dealing as technical staff to other State agencies, as we are from time to time, but --

CHAIRMAN CORY: I'm a little hesitant to do this without Sid.

LIEUTENANT GOVERNOR DYMALLY: You don't have to. I have something that will resolve that.

EXECUTIVE OFFICER NORTHROP: An indication would be helpful if the staff were to get some direction from the Commission as to your wishes on this matter.

LIEUTENANT GOVERNOR DYMALLY: May I interrupt here. I think I can resolve this problem. I have a motion on the subject.

I move that the following items be placed on the agenda for the next meeting: One, SB 1081; two, my letter to the Chairman of the PUC; and, three, the item relating to natural gas transportation on the Director's report, page 3, for the next meeting.

CHAIRMAN CORY: I would second that. I think we should have a full discussion of where we're headed on
EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the next item is the Queen Mary. The City of Long Beach informally advises the staff that they are considering transferring the Queen Mary and its operation to the Long Beach Harbor Department. In light of this, I request permission to send the City Manager a copy of the letter which is presently before you.

CHAIRMAN CORY: I've got no problems with it.

LIEUTENANT GOVERNOR DYMALLY: No problems. I have read it.

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

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the final item is a little detailed, and it gets into the entitlements of California lower tier oil.

Currently, California producers of lower tier oil are being paid 60 cents a barrel less than the ceiling price allowed by the Federal Energy Administration. This is because refiners maintain that the over $6 a barrel penalty they must pay to refine a barrel of lower tier crude oil, coupled with the over $2 a barrel bonus they receive for running a barrel of foreign crude, prevents further price increases.

The Federal Energy Administration recognizes
the problem, and in March of this year held hearings on a proposal to reduce the entitlement obligation for California and Alaskan crudes by 54 cents a barrel.

The FEA is currently holding hearings on their proposal for pricing Alaskan North Slope oil. As part of these hearings, they are asking affected Californians to comment again on their lower tier price obligation reduction in light of the Alaskan oil pricing proposals.

I would like concurrent from the Commission in my sending written comments to FEA urging the adoption of this proposal to reduce the entitlement burden on California lower tier oil.

LIEUTENANT GOVERNOR DYMALY: So move.

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

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, in addition to the above, there are two additional things I would like to request if I may. First, that Item Number 35 on the agenda be taken out of order at this time; and, secondly, in light of that, I have a presentation I would like the Commission to entertain given by Independent Oil Producer's Associates in Kern County, Mr. Robert Johnson, Mr. William Bradley and Mr. James Gilstrap, in search of a solution for the --

CHAIRMAN CORY: Let me bring Mr. McCausland up
to date. Bill Northrup has been reading his monologue to us. Other than that, we have had comments from Mr. Thomas, and in terms of substantive items, we have asked the Executive Officer to write comments to FEA with respect to the entitlement programs pricing.

We have approved a letter from the City of Long Beach, and we have put on the agenda for next month --

EXECUTIVE OFFICER NORTHROP: SB 1081 and a letter to the PUC.

CHAIRMAN CORY: We are now going to Item 35 --

EXECUTIVE OFFICER NORTHROP: On the agenda.

CHAIRMAN CORY: On the agenda.

EXECUTIVE OFFICER NORTHROP: And Mr. Thomson, I believe, has a very short presentation on that, but it's to give some concept as to what is happening to crude oil prices and the way it's going to eventually affect not only the income to the State and the production levels.

MR. THOMSON: Just by qualification, it has to do with economic projections in the planning budget. I think we can summarize this in the interest of time.

We have attachments giving to you on page Roman numeral I-A and Roman numeral I which is outlined in red the numbers of crude oil prices. Page I-A is the crude oil prices we projected in February. You notice at that time we increased what we thought our crude oil price would
be to $5.91 a barrel for the last three quarters of this
year.

You can see that on page I what has happened here,
we have lost approximately 50 cents a barrel. This is the
result of losing a summary judgment on whether the differen-
tial could be used for Long Beach tidelands accounts.

EXECUTIVE OFFICER NORTHPROP: It becomes evident,
Mr. Chairman, looking at these dismal figures that we should
at least open negotiations or look into other methods to
raise the price of our crude oil; but negotiations with
the Federal government seem to be fruitless, and they generally
are in California, I guess. So for that reason, I have
asked the three gentlemen I mentioned before to come forward
and explain to you a program that they're instituting in
the San Joaquin Valley at considerable expense of private
capital to enhance their crude, which is similarly as
heavy as ours -- heavier than ours, in fact.

At this time I would like Mr. Johnson, Mr. Gilstrap
and Mr. Bradley to come forward.

MR. JOHNSON: Mr. Chairman, thank you very much
for the opportunity to address this Commission. My name
is Robert Johnson. I am Vice-President of the Independent
Oil Producers' Agency. On my left is Mr. Raymond Bradley,
President of the Independent Oil Producers' Agency; and
on his left, Mr. James S. Gilstrap, the Executive Vice-President
of the same agency.

We are a group of, individually, oil producers from the southern San Joaquin Valley area of California, principally producing heavy oil. We're tremendously concerned, and that's the reason we appreciate the opportunity to address this body.

The California oil industry, particular the independent non-integrated segment faces a difficult period. As incredible as it seems in a nation which imports almost 50 percent of its crude oil, we are rapidly approaching a time when some producing wells in California may have to be shut in for lack of market.

This localized surplus of low-gravity oil has been gradually growing as the market for high sulfur fuel oil has vanished in the wake of more stringent air quality standards. This vanishing fuel oil market is compounded by the reduced demand for asphalt, another main product of heavy oil, because of the road building curtailment and slowdown in general construction activity.

At the same time the market is eroding, the supply of heavy oil is increasing. New thermal recovery methods have been developed which are increasing both the rate and the amount of oil which can be recovered from low-gravity reservoirs. Elk Hills has been reactivated, Santa Barbara Channel is being developed and now apparently San
Pedro Channel also shows promise of additional significant heavy oil reserves. All of these resources, however, are dwarfed by the volumes of heavy Alaskan oil which are expected in the fall of 1977.

Refining capacity to handle the residual content of this large amount of low-gravity crude does not exist. As if the natural conditions weren't bad enough, the Federal government continues its intervention in the marketplace. It has already mandated preferential treatment for its government-owned Elk Hills oil and proposes to do the same for Alaskan North Slope crude through the entitlement program, the same program which has made it more profitable to purchase foreign sweet crude at $13 per barrel than to purchase a low-gravity domestic barrel at $3.95.

As a consequence, refiners can satisfy their product requirements by buying imported crudes and thus postpone refinery investment to process low-gravity California crude oil.

The estimates of the magnitude of the subsidy flowing from California to the refiners and consumers in the East via the entitlements program vary between 500 million and 1 billion per year. There are, however, other equally serious undesirable consequences.

We are exporting refinery capacity in jobs. We are increasing our dependence upon imports of a premium
crude which can be expected to rapidly increase in price as other people likewise motivated bid for this commodity. We are increasing the cost to the consumer by becoming reliant upon this increasingly expensive crude. We are adding to the nation's balance of payment problem. We are precluding the development of billions of barrels of low-gravity California oil. This heavy oil development has a long lead time; it cannot be started and stopped at will. The capital necessary to develop this resource will not be committed unless a reasonable assurance of marketability is present.

The only realistic solution is a program of refinery construction to process and desulfurize low-gravity oil and its residual. It's probably already too late to avoid some disruptions. The lead time for construction alone can reach four years. If we impact this with lengthy delays in the permit phase, one can only speculate on when these projects will be on stream to afford a measure of relief to both producer and consumer.

The independent or non-integrated segments of our business will be hit first and hardest. Without a refinery to run his own crude, he is in a very vulnerable position.

The Independent Oil Producers' Agency has been marketing the crude oil of its independent producer members.
for 73 years. In this period the group has experienced
every natural, political and economic calamity imagineable
and still has managed to survive.

One of its earliest projects for survival was
the construction in 1909 of a pipeline from the San Joaqui:
Valley to the Coast. This pipeline enabled the producers
to obtain the export or world market price for their oil
rather than the limited price offered by Valley purchasers.
A similar pioneering spirit enabled these independents to
develop their low-gravity oil properties to the present
significant reserves position they currently represent.

This brief excursion into history has simply been
for the purpose of introducing the latest project which
these independents feel is essential to their survival --
the building of a refinery.

At the outset, it should be made clear that this
action is only contemplated as a last resort. There seems
to be no reasonable alternative in view of the strong
likelihood that this crude contract will be cancelled. The
low-gravity crude surplus and shortage of residual processing
capacity is too well-known to require much elaboration.

To provide a more complete record, however, we
have attached an analysis prepared by the Union Oil Company
of California which we feel accurately reflects and
quantifies it.
Our potential refinery project is in phase two which represents a refinement of the preliminary evaluation phase which looked favorable. This refinement will address the more detailed economics, regulatory requirements and permitting considerations which control the viability of the project. If this second phase evaluation is promising, some IOFA members will then proceed with the final phase of detailed considerations of plant design, throughput, marketing and the all-important permitting problems.

We are attempting a self-help solution to what we see as a real problem for every oil producer in the State of California. To solve the problem will require the best efforts of all parties involved. It appears to be a tall order for a group of small independents, but it probably seemed just as difficult when our grandfathers considered building a pipeline to the Coast.

The role of government is critical, especially at the State level. An active spirit of cooperation between government and the private sector is essential to the timely solution of the State's low-gravity oil problem. We earnestly seek your enlightened guidance. The rest is up to us.

CHAIRMAN CORY: Bob, are you talking about a refinery or just bottom-end capability?

MR. JOHNSON: We are in the process of evaluating
just how deep we're going to have to go into the barrel. The initial concept would be to start out with a coastal facility at an "X" level. If this didn't make sense economically, we would have to go more deeply into the barrel and go into producing, perhaps, a low sulfur fuel oil which would have a wider marketability which would involve an "X" 80 percent construction factor. It would be almost twice as much. Not quite, but almost. But it would take us into a broader acceptability of our end product.

CHAIRMAN CORY: How far have you gone? Is that an inappropriate question to ask you at this point?

MR. JOHNSON: Not at all.

CHAIRMAN CORY: I don't want to disclose anything that would adversely affect you in terms of the marketplace.

MR. JOHNSON: Not at all. We have not proceeded to the extent that would be divulging anything that would be proprietary. The initial phase of the investigation made the thing look very sensible; but when you look at the overall problem California faces from the standpoint of this low-gravity crude oil, it's absolutely necessary that things like this be done.

The alternative is to rely upon imported foreign crude and leave our own in the ground. As producers, we are totally dependent upon the refining capacity that other people own. So, we have to do it.
Now, we're still in the process, in direct answer to your question, of evaluation of costs and transfer prices to other people who would take care of further refinement of the distillate products that we would produce.

CHAIRMAN CORY: The Union Oil document, July 6, '76, for what purpose was that prepared?

MR. JOHNSON: I didn't hear the question.

CHAIRMAN CORY: The Union Oil document that you submitted with this, which I guess is a statistical analysis of our overabundance of heavy crude in our limitation on capacity to move that through any other plant, what motivated Union to do that?

MR. JOHNSON: This was basically prepared as an in-house analysis for Union Oil Company. It was disseminated to other people who did business with Union.

My own estimation is to try to apprise them of the problem that they would be confronting. We sell our crude to Union. As a result, we're on the list of recipients.

CHAIRMAN CORY: Do you have any ballpark figures of what this is going to cost? Quote X close quote plus 80, what's quote X close quote?

MR. JOHNSON: Somewhere between 50 and 100 million dollars. This is the figure we're looking at here starting out in the range of, let's say, $50 million if you go a straight coking route. This is for a 15,000 barrel
facilities. And then you get into something like $75 million if you go totally through the barrel and provide a fuel oil at the end with a less than one-tenth of one percent sulfur.

CHAIRMAN CORY: That would be meeting the current fuel oil requirement limitation.

MR. JOHNSON: It would be exceeding it for the area in which we would hopefully sell it. What that would be at the time of ultimate construction of the refinery, you're in a better position to guess than we are.

CHAIRMAN CORY: 15,000 barrels a day is what your association produces, roughly?

MR. JOHNSON: Yes, sir. We are basing our refinery economics on a base case of the crude that we control. Beyond that, you get into the multiplier aspect of your plant; and if you can make a base case of 15,000 barrels, then you can achieve economies of scale with other crudes that you can corral, provided you have an off-take recipient who will take the distillate products and the coke.

We wanted to make a base case on what we knew we had. Beyond that, it's a question of multiplying by economies of scale.

CHAIRMAN CORY: Mr. Northrop, our production of this kind of heavy gravity crude is what?

EXECUTIVE OFFICER NORTHRUP: I would say in the...
area of a hundred thousand barrels a day -- 80 to 100,000 barrels. It is, of course, tied up with a contract at the present time; and we are looking at two methods of freeing oil, but there may be a third one come up in which the oil companies would much rather have -- that are now taking crude, for example -- that would much rather have a higher gravity crude and would pay more money for it. We, at least I feel, initially we should undertake some surveys to find out if there is a market for material if we put it together and some idea of the order of magnitude of the dollars involved.

CHAIRMAN CORY: Some of the people participating, or some of the segments in the Long Beach units involved there, are they not saying --

EXECUTIVE OFFICER NORTHRUP: Yes. We have had indications.

CHAIRMAN CORY: -- take the oil. We don't want it?

EXECUTIVE OFFICER NORTHRUP: Right. One of them has already indicated if we got into it they would gladly walk away. I don't know whether that's a negotiable figure or not. We haven't gotten into it.

I would request the Commission consider taking a look at it in some depth, or at least cursory anyway, as to what would be involved in it.

CHAIRMAN CORY: What location -- the service you'd
be talking about is Kern County?

Mr. Johnson: The Southern San Joaquin Valley which would fit in with delivery via the existing pipelines, yes.

Executive Officer Northrop: It goes beyond economics now, getting money out of them. It may well be we can't sell our own oil. The economics become so bad that we can't produce it. The other alternative is the Federal government giving us a hand, which they haven't.

Mr. McCausland: My only problem with the presentation was we got down to the role of government being critical, and I kept trying to decide if we were entering into a partnership relationship or what, and all I find here is an active spirit of cooperation. We'll have more than an active spirit of cooperation. I'm just wondering what our role should be. We don't have a partnership stake in this thing.

Mr. Johnson: Well, government in my has had a partnership stake for a long time. April 15th is normally when you normally come around and exercise your partnership option.

(Laughter.)

Mr. McCausland: We have to do it with an active spirit of cooperation.

(Laughter.)

Mr. Bradley: Probably what Bob was talking about
was retroactive applications of new rules. We've run across that with the FEA. A rule today that's okay may be all wrong tomorrow, and in some aspects of the environmental pollution rules, if maybe we can make a one-tenth sulfur but if down the road we have to come up with chocolate ice cream, we're way hung out. I think that's what Bob was referring to.

MR JOHNSON: Basically, this is it. The permitting phase and the length of time necessary to process permits, the --

CHAIRMAN CORY: I was trying to figure out how to phrase the same thing that Sid did. We may have a greater interest in your project than just helping because we seem to be sitting here in a similar situation, that we're an independent producer whether we like it or not. We do not have refining capability, and maybe if we had some of that, and as you proceed if you can keep communicating with the staff, we may find reasons that are in our mutual interests to -- although, if you're only going to handle 15,000 barrels, you can't help us much. But I would suggest from your side of the table that the same spirit that led your grandparents to understand the system, you might be able to figure out how we could participate or how we could help.

To the extent of getting some of the people -- if it's the Air Resources -- to understand the problem and
maybe listen to them as to where they are headed, that might be helpful. And maybe we can make some inquiries as to where they think we should be going with the sulfur standard.

The problem, of course, is government changes. I made the mistake on a piece of property I bought here in this county of going down to the Planning Commission and letting them decide which piece I bought because I didn't want to get in a zoning hassle. Three months later they changed the zoning. I said that wasn't fair. They quoted George Miller to me and said, you know, show me the book where it says they gotta be fair.

MR. GILSTRAP: Mr. Chairman, to put another phase of this, we're not Dow Chemical. We are enthusiastic about proceeding. We have to possibly have our hands held a little bit more along the line.

We didn't ask to break any laws, but we do ask for cooperation. In other words, that last paragraph, and again, if we knew the proportion to our wells that we were going to make $5 million and walk away, we won't start. Just leave it in the ground.

So, we do need cooperation, and the State, to solve the rest of this problem, can well afford to cooperate with us because we are willing to lead the way.

CHAIRMAN CORY: I think I sense maybe the Commission is willing to try to help obtain that cooperation; although,
I would point out that the last time I had a discussion
with the FEA I'm not so sure they even want to see me again.
I'm not sure I can help you with those problems.

MR. JOHNSON: You can't help us with zoning either
apparently.

(Laughter.)

MR. GILSTRAP: Mr. Chairman, we made a trip to
Washington and for whatever value it is, we were supposedly
going to receive a letter that we were nice people and they
agree with these beautiful ideas that we have. How much
farther they'll go, we don't know; but at least they've said
that. That's the best they've said to us in a long time.

CHAIRMAN CORY: My view of government doesn't
take that as a compliment.

(Laughter.)

MR. BRADLEY: Mr. Chairman, the FEA has figured
out after several detailed studies that the west side of
the Valley over there has 5 billion barrels of oil, which
is more than the North Slope had. I thought you might be
interested in those numbers.

CHAIRMAN CORY: How much of that can be recovered,
do you think?

MR. BRADLEY: We think 50 percent, maybe 65
percent.

CHAIRMAN CORY: That's still there?
MR. BRADLEY: Yes.

CHAIRMAN CORY: Two and a half billion barrels of heavy sulfurous gunk.

MR. BRADLEY: As we've discussed before, the good Lord made it hard to get out, and it will be there for quite some time. It will be 30 to 50 years before we get it all out.

CHAIRMAN CORY: Fifty years.

Any questions?

MS. SMITH: No.

MR. McCausland: What is the next step?

EXECUTIVE OFFICER NORTHROP: The next step is what we're asking, Mr. McCausland and Mr. Chairman, is that the staff be instructed, or at least we are informing you that we would like to take the steps to make the necessary contacts, (a), with industry to see if there is any interest and, (b), to do some preliminary costing and really kind of going over the costs that the Independent Oil Producers' Agency have established and see how much of their material we can use as applicable to our program.

CHAIRMAN CORY: You should be looking at that, but you should also be talking to the Air Resources and other government agencies as to whether or not they view this as a realistic solution to a problem that we have and, if not, what the their stumbling blocks are.
EXECUTIVE OFFICER NORTHROP: Preliminarily, I discussed this with the Air Resources yesterday, and they indicated that they would be most happy to follow on this program because they thought it was worthwhile. I have not discussed it with the Resources agency as well.

CHAIRMAN CORY: You indicated the figure was 50 to 100 million for 15,000 barrel capacity. At that range, did that include desulfurization or just coking?

MR. JOHNSON: At the upper range figure you would have a very low sulfur product, less than one-tenth of one percent. At the low range, let's say, $50 million, you would come out with coke and distillate that would not meet sulfur specifications and would require further finishing.

CHAIRMAN CORY: How would you move coke from the Southern San Joaquin Valley to the market?

MR. JOHNSON: Carefully.

(Laughter.)

MR. JOHNSON: Trucks, railroad cars, covered gondola trucks, something of this nature.

CHAIRMAN CORY: But the market is Japan.

MR. JOHNSON: Basically, the market today is Japan, but the coke we make out of San Joaquin Valley crude oil of this particular area is a relatively good grade of coke. It can be calcined up and has a preferential market as opposed to some of your coke from Wilmington.
EXECUTIVE OFFICER: They probably have a domestic market, Mr. Chairman.

CHAIRMAN CORY: For theirs, not ours.

EXECUTIVE OFFICER: Yes, for theirs. Ours does not have a domestic market.

MR. BRADLEY: I beg your pardon. Yours could very well have. If California had the necessary capacity coke, you know, the residue of coke refining capacity of 300,000 to 500,000 barrels a day -- and I think this is going to happen one of these days. It will have to -- then you are going to have a whole lot of coke. As a matter of fact, I think Japan will be this far under coke after awhile, but when the FEA tells us we have to burn coal in Bakersfield and Fellows, California about 25 percent more of this coke will burn and be as compatible in price and air pollution.

The price to use this stuff up is as close as you produce it, right? There's no shipping it here and there and back every place else. There's a lot that could very well be used right in the state itself and be cheap and practical as importing coal.

CHAIRMAN CORY: Thank you, gentlemen, very much. The staff will be trying to see what they can learn from the other agencies here.

EXECUTIVE OFFICER: Mr. Chairman that
concludes my report.

CHAIRMAN CORY: Okay. A long report.

The next item on the agenda is the Consent Calendar. These are items Cl through --

MR. GOLDEN: I have a very brief report.

CHAIRMAN CORY: I'm sorry. Go ahead.

MR. GOLDEN: As your delegate to the Coastal Commission and the San Francisco Bay Conservation and Development Commission, I have a very brief report this month.

In the month of May the Coastal Commission considered and adopted regulations for the preparation of local coastal programs by the various city and county governments involved. About half of the affected cities and counties were granted small sums to get started identifying the issues to be addressed in preparing the local coastal plan. This represents workload down the pike for us.

In the same period, the San Francisco Bay Conservation and Development Commission approved a special area plan for Richmond and considered and approved a plan amendment in Benicia to change a portion of Benicia waterfront from industrial designation to marina designation.

In addition, extensive testimony was taken regarding the Emoryville marina project, primarily centered on the disposition of that four and a half acres of alleged illegal
fill placed on the project site.

That concludes my report.

CHAIRMAN CORY: Now we go to the Consent Calendar. That takes us from Cl through 20 with the exception of Cl1, which has been removed from the calendar.

Is there anybody in the audience who would have any objections to the approval of any of Items Cl through 20? Any questions or discussion from members of the Commission?

Without objection, the Consent Calendar will be approved as presented.

MS. SMITH: This is Cl through 20?

CHAIRMAN CORY: Cl through 20 with Cl1 excluded.

Cl1 has been removed.

EXECUTIVE OFFICER NORTHROP: Been put over until next month, Mr. Chairman.


EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is a land swap between Erickson Lumber Company on our timberland and a section of beach front property in Santa Cruz County.

CHAIRMAN CORY: We give up the timber and get brussel sprouts and beets, right?

EXECUTIVE OFFICER NORTHROP: Right.

CHAIRMAN CORY: Anybody in the audience on Item 21?
Any questions from members?

Without objection, Item 21 will be approved as presented.

Item 22. This is the Sea Scout Base, expended $442,752 for the Sea Scout Base. I understand the staff has negotiated some concessions that the general public will be interested in.

EXECUTIVE OFFICER NORTHROP: We had very good public hearings in Newport Beach wherein the Sea Scout is located. While we are putting in somewhere around roughly 20 to 25 percent, maybe 30 percent, of total monies, the balance will be raised by private subscription. Over half the time on this Sea Scout Base will be used by other organizations without regard to sex or other characteristics in the operation of the Sea Scout Base.

CHAIRMAN CORY: All right. Item 22. Anybody in the audience?

Without objection, Item 22 will be approved as presented.

Item 23. The Executive Officer is trying to usurp some more power, authorizing him to enter into contracts, take other actions necessary to facilitate the removal of obstructions located in lakes, rivers, and streams without prior Commission review.

EXECUTIVE OFFICER NORTHROP: We have an addition
to that as well. Mr. Hight -- well, we want to put something back in. Mr. Ron Robie has said that he has some saltwater intrusion projects that he may want to put in the river. I think we better be prepared to --

CHAIRMAN CORY: You want to be given permission to do what?

EXECUTIVE OFFICER NORTHRUP: I want permission in case --

MR. HIGHT: In the event that, Mr. Chairman, that the Water Resources must move very fast, the Executive Officer would request authorization to authorize the placement of rock dams to prevent saltwater intrusion.

MR. McCausland: Did we get this in writing? That's not on the calendar.

MR. HIGHT: No. I have some proposed language which I will submit to you.

CHAIRMAN CORY: Without objection --

MS. SMITH: One question. Do we want to put a limit on the amount of expenditures without approval?

EXECUTIVE OFFICER NORTHRUP: No idea. Mr. Chairman, the Legislature has indicated that there is a possibility some $500,000 will be allocated to be used immediately while the water is low. It's out of the Assembly and has not cleared the Senate as yet. I'm not sure of the timing on that. Last Monday is what we're looking at right now.
CHAIRMAN CORY: We're worried it may rain.

EXECUTIVE OFFICER NORTHROP: It may rain. It may not be timely for another Commission meeting.

CHAIRMAN CORY: What about with an understanding if you're going to spend more than some figure that you would poll the Commission to get some feeling?

EXECUTIVE OFFICER NORTHROP: I have no objection.

MR. McCausland: Mr. Robie doesn't need that power if it rains.

(Laughter.)

MR. TAYLOR: The matter isn't with Mr. Robie. It's a matter of being where we are entering into contracts for State clearance. Robie would be asking us for permission to use our land to put his rocks on.

EXECUTIVE OFFICER NORTHROP: So there is no dollar value involved.

MR. TAYLOR: It would be his money. It would be Water Resources money.

EXECUTIVE OFFICER NORTHROP: That was really an afterthought.

CHAIRMAN CORY: It's not real money if it's theirs.

(Laughter.)

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I think $25,000 would be an adequate sum with the proviso that at the next meeting I will confirm all actions with the
Commission.

CHAIRMAN CORY: Sid wanted to give you a hundred.
MS. SMITH: Is that for contracts or --
CHAIRMAN CORY: But don't take it to Vegas.
(Laughter.)
CHAIRMAN CORY: Without objection, it will be approved, including Robie's rocks, not to exceed a hundred grand.
Okay. Item 24.
EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 24 is the result of cooperation between the State of Nevada and --
CHAIRMAN CORY: We're suing them. How can we be cooperating?
EXECUTIVE OFFICER NORTHROP: Well, we put on the other hat. As a matter of fact, the State of the State message this year was very critical of California for not joining with Nevada and the Corps of Engineers in doing a survey on the piers. As a result of actions that we had already started, and I am sure the comments of the Governor himself, we now have $15,000 that we are ponying up with Nevada at $750,000, and if my memory serves me correctly, 25,000 from the Army Corps of Engineers.
CHAIRMAN CORY: They're putting up 7860.
EXECUTIVE OFFICER NORTHROP: 7500. We're putting
CHAIRMAN CORY: I was going to say that I was impressed that the State of Nevada was --

EXECUTIVE OFFICER NORTHROP: They're putting in half of what we're putting in. It's a prorated share.

CHAIRMAN CORY: Anybody in the audience on Item 24?

Without objection, it will be approved as presented.

Item 25, Lion Oil, renewal and amendment to the lease, which includes volumetric considerations that there will be a reservation suspense account for that dispute until resolved.

Anyone in the audience on Item 25? Yes, sir.

MR. MORTON: Rex Morton, Lion Oil Company. We have no comment to make.

CHAIRMAN CORY: We are about ready to go whizzing away. If you have got a problem, speak up.

MR. MORTON: There is no problem.

CHAIRMAN CORY: Without objection, Item 25 will be approved as presented.

Item 26, renewal and amendment of industrial lease for five years with Holly Corporation. Volumetric rental is included, including minimum rental of $4,800.

Anybody in the audience of Item 26?

Any questions?

Without objection, Item 26 will be approved as
Item 27, a contract. This is competitive bidding?

EXECUTIVE OFFICER NORTHROP: Yes, sir.

CHAIRMAN CORY: Atlas Blueprint to provide services not to exceed $20,000. There is some question whether or not that would be sufficient.

EXECUTIVE OFFICER NORTHROP: We'll come back, right.

CHAIRMAN CORY: Anybody in the audience on Item 27?

Without objection, Item 27 will be approved as presented.

Item 28, contract for Aerial Surveys. Again competitive bidding?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, at this point it might be pointed out that because of what is required in photographic equipment the staff informs me that there are only two people in the Sacramento or Greater Sacramento Area who can handle it. We've sent bids to both.

The company who currently has the contract did not submit another bid, so we took the only bid that came in.

CHAIRMAN CORY: They have dealt with us before.

EXECUTIVE OFFICER NORTHROP: Yes.

CHAIRMAN CORY: Anybody on Item 28?

Without objection, it will be approved as presented.
Item 29, Southern California Edison, Louisiana-Pacific, temporary right-of-way permit. Hundred dollars per annum.

EXECUTIVE OFFICER NORTHROP: This is to give power back to a water project or project that has been shut down because of water quality in that area.

CHAIRMAN CORY: They've cleaned up their act.

EXECUTIVE OFFICER NORTHROP: Cleaned up their act, and they need the power to run it.

CHAIRMAN CORY: Anybody in the audience on Item 29? Without objection, it will be approved as presented.

Item 30, Sea Explorer Troop, Ship Dolphin for fireworks. This is Seal Beach next to -- on the property we own?

EXECUTIVE OFFICER NORTHROP: On the property we own.

CHAIRMAN CORY: And they want to sell fireworks.

MR. McCUSAELAND: Since the Executive Officer comes to us and asks for authority to damage the ecology of the Sacramento River, why doesn't he ask for authority to grant firework permits on his own volition? Why are we doing it?

MR. GOLDEN: It's required by statute.

CHAIRMAN CORY: It's required by statute.

Any objection?
Anybody in the audience?

Let's hear it for the fireworks. Item 30 is approved as presented.

Item 31, County of Marin wants a 30-year Public Agency Permit to restore marsh.

Anybody in the audience on Item 31?

Questions from the Commissioners?

Without objection, it will be approved as presented.

Item 32. Union Oil is completing a --

EXECUTIVE OFFICER NORTHROP: Drilling a well in a steam field. As part of our approval authority --

CHAIRMAN CORY: Existing lease and everything is in order.

EXECUTIVE OFFICER NORTHROP: Yes, sir.

CHAIRMAN CORY: Anybody in the audience on Item 32 Commissioners?

Without objection, it will be approved as presented.

Okay. You want to extend the request of the County of Santa Barbara and Aminoil for the period of issuance of issuing a demand notice to Aminoil to remove the Ellwood Pier.

EXECUTIVE OFFICER NORTHROP: The Ellwood Pier was due to be removed according to our recent, our last extension, May 1st. They've asked to go to August 1 because they have a study that is nearly complete, and they will be
able to make their decision at that time.

CHAIRMAN CORY: Anybody in the audience on this item?

MR. DALL: Mr. Chairman, Norbert Dall, from the Sierra Club. We're wondering, is that a pier that is being used now to transfer oil from Platform Holly through the Aminoil facilities out to the tankers? Is this not that pier?

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman, I am getting an indication no from Mr. Everitts, but I would like to have him address that directly.

MR. EVERITTS: The pier that we're discussing used to be the pier that contained about half a dozen wells on it, producing wells from an Aminoil lease. It's in the same area as that Platform Holly's production is shipped by tanker from. It has nothing to do with that loading terminal.

MR. DALL: For what use would the pier be -- to what use would it be used?

EXECUTIVE OFFICER NORTHRUP: The City of Santa Barbara is doing a study to see whether it would be feasible to convert the pier to a fishing recreation pier or to have it taken out. Aminoil is taking it out if Santa Barbara doesn't want to use it in that fashion.

MR. DALL: Thank you.

CHAIRMAN CORY: Further questions? Commissioners?
Without objection, extension will be granted as requested.

Item 34. We exempt from competitive bidding procedure --

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, we have a parcel of 11 acres on which the staff informs me there is not enough for us to put a platform. It is out for bid and further, it is less than the minimum facing requirement for a gas well. So, the surrounding property is owned by or leased by Shell Oil Company; and so, therefore --

CHAIRMAN CORY: It's the only game in town.

EXECUTIVE OFFICER NORTHROP: It's the only game in town.

MR. McCausland: How do we come up with a parcel like that?

EXECUTIVE OFFICER NORTHROP: The parcel belongs to the Reclamation Board. It's not ours; it's theirs.

CHAIRMAN CORY: Reclamation districts are generally operated as private entities by the landowners, but there is a statutory provision that says they can't lease out their property without our approval. But these guys down in the Delta, it's like their own deal, and one lawyer runs them all. It's a weird deal.

Anybody in the audience on Item 34?

Without objection, then, we'll violate the public
interest and approve Item 34.

MR. McCAUSLAND: I don't want to vote on that.

CHAIRMAN CORY: We will approve the only course open to us to protect what meager interest the Reclamation District 551 has.

MR. McCAUSLAND: I don't know if I want to vote for that either. Give me a clean motion.

(Laughter.)

CHAIRMAN CORY: We will determine that it is in the best interest of the State to exempt from competitive bidding procedure the 11 acres of the district, and they should do with it as best they can.

MR. McCAUSLAND: I'll vote for that.

CHAIRMAN CORY: Without objection, that will be approved.

Item 35.

EXECUTIVE OFFICER NORTHROP: We have dealt with Item 35.

CHAIRMAN CORY: Item 36. Do we need some modification on that?

EXECUTIVE OFFICER NORTHROP: Yes, I believe we do on that.

CHAIRMAN CORY: And our brains left.

(Laughter.)

MR. McCAUSLAND: It was basically the report that
he presented to us, too. We can adopt the revised figures, and I move adoption.

CHAIRMAN CORY: Without objection, it will be adopted as presented.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the review of the third quarter of Parcel "A" of Long Beach, it is as projected with a possible exception. Mr. Thompson, would you care to comment on it?

MR. THOMPSON: We are trying to get an illustration there of what's happened to the revenue projection made before. We've had to actually refund part of that money, we're in the process right now, five or six million dollars.

CHAIRMAN CORY: That's the court case, right?

MR. THOMPSON: That was referred to.

CHAIRMAN CORY: But in the process by losing that we preserve the option of getting treble damages, and if the judge found otherwise, we have lost that.

MR. THOMPSON: The cash flow will be adjusted. As the City of Long Beach pays it back, we have held money in protest. That will be released at the same time.

CHAIRMAN CORY: Okay. 37. Caustic waterflooding techniques.

MR. THOMPSON: There is a report in progress that is going satisfactorily, except for our drilling crew strike which has delayed us about four or five months. We've had
a strike down there, and we've only been able to drill one new well this year.

CHAIRMAN CORY: Who is striking?

MR. THOMPSON: The crew -- our legal crew is down there. Academy Drilling.

CHAIRMAN CORY: The employees are striking against Academy Drilling --

MR. THOMPSON: Against Academy Drilling.

CHAIRMAN CORY: Can we get another contract?

MR. THOMPSON: We are in the process right now.

CHAIRMAN CORY: I don't think we want to do anything on that item.

MR. THOMPSON: That was an informational calendar item, Item 38.

CHAIRMAN CORY: Ignorance is bliss.

(Laughter.)

MR. THOMPSON: 38 is the closing of a subsidence item in which because of subsidence damages we had to replace a parking lot. This money could be deducted without prior approval --

CHAIRMAN CORY: Any objection? Anybody in the audience?

Without objection, Item 38 is approved as presented. Item 39. Translated this means that you have four heads for 140k and it's a bargain.
MR. THOMPSON: Well, the number of heads may be
more than that, but it's four locations.

CHAIRMAN CORY: Why aren't we in the business of
contracting for comfort stations?

MR. THOMPSON: This has actually been checked
through other State agencies.

CHAIRMAN CORY: Yes, I understand it. It's $75
per square foot per can, and Transportation is paying $78?

MR. GOLDEN: Beaches and Parks.

CHAIRMAN CORY: What is Transportation paying or
Highways paying on the roadside?

MR. GOLDEN: We couldn't get an answer from
Transportation, but we did get an answer from Parks and
Recreation. They indicated that bids are going much above
$75 at this point.

MR. THOMPSON: This essentially comes out of the
city's share title in the Trust monies.

CHAIRMAN CORY: I hope the public takes note
that there is opportunity in the private sector for anybody
wants to bid on these.

Without objection, 39 is approved as presented.

Boundary line agreement, Item 40. Approximately
one mile of the Colorado River south of Blyth in the Lake
Davis area, Imperial County. Who has the details on that?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
Mr. Trout has the details on that.

CHAIRMAN CORY: Is there agreement?

MR. TROUT: It's an agreement that resulted from our boundary study. It's an agreement on the line as recommended by your staff adopted by the Commission.

CHAIRMAN CORY: Anybody in the audience on this item?

Any questions from members?

MR. TAYLOR: The party is agreeing to the high water mark. Very happy to do so, as a matter of fact.

CHAIRMAN CORY: Wants to build in a hurry.

Without objection, Item 40 is approved as presented.

Item 41, approved boundaries of the proposed annexation by the City of Concord of tide and submerged lands located within Suisun Bay, Contra Costa County.

Anybody in the audience on Item 41?

Any comment from Commissioners?

MR. McCausland: The question as to why the city would want to annex tide and submerged lands.

EXECUTIVE OFFICER NORTHROP: We have to.

CHAIRMAN CORY: Why do they want to? We know we've got the right to say no, but why do they want it?

MR. TROUT: Mr. Chairman, there are some improvements in that area that would be susceptible to possessory interest taxes that are now going to the county.
MR. McCausland: No objection.

Chairman Cory: Without objection, Item 41 is approved as presented.

Item 42. An informational item concerning Tomales Bay. Inform us.

Mr. Trout: Well, Mr. Chairman, some years ago the Supreme Court came down with Marks vs. Whitney case which in effect said that the trust for commercial navigation and fisheries was not a static thing but could meet the changing needs of society. As a result of this, the Court said that among other things, the Trust included --

Chairman Cory: Could afford Greg Taylor for years.

(Laughter.)

Mr. Trout: The trust involved such things as open space, environmentals, wildlife habitat, bathing, various kinds of things like that. Following that suit, the Marin County Council suggested that the county be very careful in dealing with the development of tidelands, trust lands. In other words, lands where the State sold the area between the high and low tide. As a result, the property owners up there found it very, very difficult to sell property that has been improved on the tidelands.

The second point is that on some tideland areas that are unimproved, the county has been unwilling to issue building permits until the Commission makes a determination.
that the proposed project is consistent, or at least not inconsistent, with the Trust.

This, together with the nontitle waterway problem and high water-low water and the developing trust for navigational servitude, has made this a very difficult problem to come up with in a short period of time. Meanwhile, people in Marin County have been waiting for some direction.

We're recommending to you that the Commission begin to process some of these backlogged projects in Tomales Bay on an individual basis where two requirements are met. One is that the proposed project would be consistent with the Commission's own practice. In other words, if it were not patented tidelands, but tidelands under the Commission's jurisdiction, it would meet the Commission's leasing requirements and, too, that there be no significant environmental effects.

We have two projects now before us, one of which has not been to the Coastal Commission. But we believe we can present to you next month of Mr. Robert Cassell, another one involving Kagel and Kagel Company which has been rejected by the Coastal Commission. We haven't processed that far enough to give you some advice. So, it's an informational item.

CHAIRMAN CORY: That's nice information, but if the Coastal Commission has rejected, why should we consider
MR. TROUT: It has been appealed to the State Commission so the project is not dead as far as the Kagel and Kagel project. We will wait and see. We won't take any further action on it.

CHAIRMAN CORY: Greg?

MR. TAYLOR: I would just say that the process we have here, the county has adopted a certain line which is as far back as the high water mark has ever been found to go. Any improvements waterward of the line we refused to give permits to without some advice from the Commission as to whether or not the area is necessary or of sufficient interest in preservation of the Bay for the State to exercise its easement over it or not.

What we're informing the Commission by this calendar item is that on a case-by-case basis, until there is an overall plan for the area development in connection with the Coastal Plan, we'll take those applications because they've been building up for some time and there doesn't seem to be a resolution of the problem unless we do it that way.

MR. TROUT: The North Central Coastal Commission has expressed orally by telephone last night support to this concept, and they stand ready to work with us in developing an overall plan for Trust administration of

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Tomales Bay.

MS. SMITH: What problems will we run into doing it on a case-by-case basis?

CHAIRMAN CORY: We're just going to a Planning Commission.

MR. TAYLOR: There may be special circumstances in some areas that will permit us to do that. In other areas, we may have to wait for the overall plan which is mandated by the Commission.

CHAIRMAN CORY: What we're saying is we're going to look at them and if there's really no significant impact, it's probably going to fly anyway, we can let those people out so they aren't harassing us as being overbearing and uncooperative and all of that.

MR. TROUT: That's the basic proposal, yes.

CHAIRMAN CORY: It's nice information to have.

Status of major litigation.

MR. TAYLOR: We wore you out last month. I think we'll give you a rest this month. We've given you one report that Mr. McCausland asked for the Laguna Beach item.

CHAIRMAN CORY: The briefs have been filed in the major action, the boundary dispute, and Jan wants us to indemnify him if he buys a new appropriate suit to litigate this matter before the Supreme Court. If the suit is damaged, he gets reimbursed. I gave him my personal
guarantee.

(Laughter.)

MR. McCausland: I want to know what we do with the suit if he loses the suit in the first place?

(Laughter.)

Executive Officer Northrop: Mr. Chairman, in line with this and the next item before the meeting in June, Mr. Taylor does feel that he has a very good chance of wrapping up the West Bay case, and we would like to ask if the July meeting could not be held in San Francisco to put the final touches on that at that time.

Chairman Cory: July meeting?

Mr. Taylor: That's subject to everyone being cooperative on the edges, but it appears that the parties are in agreement and hopefully we will get the edges taken care of.

Executive Officer Northrop: This is the end of how many years, Mr. Taylor?

Mr. Taylor: Since '68.

Chairman Cory: That's why he's been stirring up all this new stuff.

(Laughter.)

Chairman Cory: Any other items to come before the Commission?

Mr. Taylor: I might report the Throughput case.
tried by WOGA to dismiss State issues in a stay in Federal Court. The Court said no, the State issues would remain and we will file this action in State court. We are awaiting WOGA refiling the action in State court.

CHAIRMAN CURRY: We stand adjourned.

(Thereupon the State Lands Commission meeting of May 26, 1977, was adjourned at 3:30 p.m.)
State of California 
County of Sacramento 

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office this 17th day of November, 1977.

WENDY E. SCHILLER
Notary Public in and for the County of Sacramento, State of California