MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 2133
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, APRIL 27, 1978
10:10 A.M.

CATHY A. SINGER
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MEMBERS PRESENT

Mr. Sid McCausland, Acting Chairman
Mr. Carl J. D'Agostino, Deputy State Contractor

MEMBERS ABSENT

Mr. Kenneth Cory
Mr. Mervyn M. Dymally
Mr. Roy M. Bell

STAFF PRESENT

Mr. William F. Northrop, Executive Officer
Mr. Richard S. Golden, Assistant Executive Officer
Mr. Greg Taylor
Mr. Robert Hight
Mr. James Trout

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PROCEEDINGS

ACTING CHAIRMAN McCausland: The meeting of the State Lands Commission will come to order. Sitting today, I'm Sid McCausland, Deputy Director of Finance acting as Chairman. And joined by Carl D'Agostino, Deputy State Controller.

Without objections, we will adopt the minutes of the March 30th, 1978 meeting. And we're ready for a report by the Executive Officer.

EXECUTIVE OFFICER NORTHROP: Thank you very kindly, Mr. Chairman.

The initial plantings on our planned three and a half year reforestation project commenced on schedule and with enthusiasm on April 4, 1978, near Truckee.

California Conservation Corps members from the Butte Conservation Center, under the direction of the California Department of Forestry and the State Lands Commission foresters, planted in excess of 5,000 one-year old Jeffrey Pine seedlings on test plots ranging in size from one to eight acres.

Seedlings were placed on ten-foot centers with plantings completed on the evening of the 4th. The plots were permanently marked to facilitate future research involving these test sites.

We believe this initial process was a success in...
that it gave everyone concerned a chance to iron out some
procedural problems before proceeding to our second planting
involving 35,000 seedlings, scheduled for May 1, 1978, on
87 acres south of Honey Lake in Plumas County.

Recently, the Staff was advised by the Department
of Forestry that there is a bark beetle infestation on school
land parcel near Mount Hannah Resort about 15 miles southeast
of Lakeport. The infestation is a threat to timber on
surrounding private lands.

The Staff has determined that about eight acres of
a 40-acre school parcel are involved. Eight trees with an
estimated 40 thousand board feet show signs of insect attack
and should be removed.

Approximately 50 percent of the material is estimated
to be sound, while the remainder is in trees in advanced
stages of decay. Because of poor quality of the timber, the
value is estimated to be less than $500. The parcel is land-
locked and whoever purchases the timber will have to acquire
access right across about one-eighth mile of private land.

The Staff plans to solicit informal bids within
the next ten days from timber operations in the Lakeport area,
and upon the Commission's subsequent approval, enter into a
Timber Sale Agreement for the removal of the infected trees.
This project qualifies as an emergency action under CEQA and
does not require further environmental impact review. There
are no streams or other environmentally sensitive areas within the project site.

On October 21st, 1976, the Staff of the Commission was --

ACTING CHAIRMAN McCausland: Let the record reflect that the Commission has no objections to that course of action.

EXECUTIVE OFFICER Northrop: Thank you very kindly, Mr. Chairman.

On October 21st, 1976, the Staff of the Commission was alerted by the Sutter-Yuba Health Department of the presence of an illegal dump site located in the historical bed of the Sacramento River at Collins Eddy in Yolo and Sutter Counties.

Staff has since been in contact with the Yolo County Health Department, and Resources Solid Waste Management Board and the Department of Fish and Game in an effort to have the health hazard removed from the State-owned land.

The Department of Fish and Game who manages the adjacent uplands as part of a wildlife and fisheries habitat has expressed their concern and is willing to remove the health hazard.

The Department is currently seeking immediate authorization from the State Lands Commission to erect a fence around the perimeter of the dump site in order to eliminate
vehicular access and additional dumping at the site prior to their clean-up project. With your consent, we will advise the Department of Fish and Game of the approval for the fence. During the interim, Staff will negotiate for a permit with Fish and Game to include the State's interest in Collins Eddy as part of their wildlife and fishery habitat. Staff would like to get an indication from the Commissioners.

ACTING CHAIRMAN McCausland: You've already got one in the case of support from us today. How many more do you need?

EXECUTIVE OFFICER Northrop: Two for two ain't bad.

ACTING CHAIRMAN McCausland: Without objection, it may go.

EXECUTIVE OFFICER Northrop: Mr. Chairman, that completes my report.

ACTING CHAIRMAN McCausland: Mr. Golden, are you prepared to give a report today?

MR. GOLDEN: Yes, Mr. Chairman and Mr. D'Agostino. There are several items of significance to report regarding the State Lands Commission staff interaction with the Coastal Commission and San Francisco Bay Conservation and Development Commission.

First, BCDC. The San Francisco Bay Conservation and Development Commission recently approved a dredging and
marina expansion project proposed by the City of San Leandro. Included within the marina's dredge area are Board of Tideland Commissioner lots. (BTLC lots as we refer to them). Because of the attendant unresolved State interests involved within these lands, the Commission voiced no objection. However, the spoils deposition area (the Jeras parcel) has slough beds traversing the area. The State Lands Commission representative at the BCDC meeting requested that the City clear up any title claims with our Staff.

In other BCDC matters, permit applicants before BCDC have been offering to dedicate BTLC lots in mitigation and trade-off for their projects. Although fee ownership of these lands has not been definitely resolved (it's currently in litigation), it is possible that fee title may properly reside with the State. If the court's determination is favorable to the State, all prior land dedications may be affected.

Under State Coastal Commission activities, Marine Sanctuary Program, our Staff attended a recent public hearing at Mill Valley regarding the federally sponsored marine sanctuary program. Present at the hearing were Coastal Commission representatives in addition to the Director of the program from Washington, D.C.

Should an area receive the endorsement of the State by the Governor and subsequently this endorsement is concurred
in by the President, such area will be included in the federal program. These areas once designated are managed by the State. Initial indications are that the Resources Agency may be the administering entity. While the Commission has direct jurisdictional authority in each of the nominated areas, the exact effect of this program upon the Commission has not yet been determined.

Long Beach Port Master Plan. A Staff representative presented oral comments at the recent Coastal Commission meeting in Los Angeles concerning the Long Beach Port Master Plan. His statement reemphasized the Commission's role and concern with the Port Master Plan. Previously, the Commission had submitted extensive comments to the Port for their review and consideration.

Due to the Commission's concern and plan involvement there is a meeting scheduled with the Port this afternoon to discuss these issues.

Finally, the Agua Hedionda Lagoon. We are presently having discussions with the Coastal Commission and property owners regarding the public trust issue in Agua Hedionda Lagoon in San Diego County.

We will continue having discussions this next month and should have a definitive report on the public trust status in the lagoon by the next Commission meeting.

That concludes my report, Mr. Chairman.
ACTING CHAIRMAN McCausland: Thank you, Mr. Golden.

For those of you in the audience, there are several items which have been removed from the agenda today. Item 23 will not be discussed. Item 29 will not be discussed. And item 34 will not be discussed.

Also, this meeting tends to move rather rapidly through agenda items. And so, if you have a desire to testify on any item, make certain that you've completed one of the blue slips which is available from the lady by the door and submitted them. Because once we roll by an item, it's sometimes hard to get our attention again.

Item C1 through C10 constitutes the consent calendar.

Executive Officer Northrop: Mr. Chairman, item C6 for continuity --

ACTING CHAIRMAN McCausland: I will move item C6 off of the consent calendar. It's the Chairman's prerogative because it's directly related to another item on the calendar.

So, item C1 through C10 constitute our consent calendar. We will vote on them as a block with the exception of item C6 which will be dealt with at a later time.

Does anyone wish to testify on any of the items on the consent calendar?

If not, items C1 through C10 with the exception of C6 are approved as submitted by Staff.

Item 11, Pacific Gas and Electric Company's 20-year
lease for approximately 75 acres of submerged land offshore of Moss Landing. Is there anyone in the audience who wishes to testify on item 11 today? All right. This matter has been before the Commission before. We've had extensive discussions of the project. We've had reviews of the Environmental Impact Report. We've also been in contact with the Coast Guard. And while no project is perfect, I believe that a substantial amount of effort has gone into this project. And that where we have existing energy facilities in this State, we should do everything we can to expedite their effective use.

Let me ask one additional time. Is there anyone who wishes to testify on item 11? Do we have any comment?

MR. TROUT: Mr. Chairman, we have two things that we'd like to get into the record concerning item 11. First, there were a number of questions presented by three individuals at the last Commission meeting. And we have prepared a detailed response which is in your Commission package to each of these questions. And we would like this to be included as part of the record of the Commission. And also at the suggestion of the Attorney General's office, two additional findings should be added to item 11 on page 55. They would be items 3(d) and 3(e). And those suggestions are also in your package. And the Staff would recommend that these be included as a part of the recommendation when you act on item
11.

ACTING CHAIRMAN McCausland: All right. Mr. 

D'Agostino has a question.

MR. D'AGOSTINO: I had one question. On page 51, 
the second to the last paragraph, it indicates that the 
existing pipeline is being abandoned, or the existing terminal 
is being abandoned but the pipeline is left in place. What 
detrimental effect does that have of what future problem in 
terms of removal of those pipelines is that creating?

MR. TROUT: The Staff finds that we don't see any 
problem with that. The present pipeline is in an area that 
PG&E condemned from the State. We have serious reservations 
about the validity of that action by the company. But, the 
pipeline would remain and would be available in an emergency. 
They could reconnect to it to keep the fuel flowing to the 
power plants. And they would be compelled to remove it in 
the same fashion that they are now compelled. So, we don't 
see any problems.

The line will be sealed so that there won't be any 
leakage from it.

ACTING CHAIRMAN McCausland: Without objections, 
item 11 is approved as amended by the Staff.

MR. TAYLOR: And the comments are made a part of the 
record?

ACTING CHAIRMAN McCausland: And those comments,
that was what constituted the amendments by Staff.

Item 12 relating to criteria for the implementation of Assembly Bill 884 relating to projects and related delegation of authority to the Executive Officer. The Staff has provided us with extensive background on 884, but if you'd like to make a few terse comments, it would be appropriate.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I think that, in putting item 884 together, it's the time frame that we have to look as to whether an application is complete. And what we've attempted to do in this calendar item is list the criteria so that we know when application is complete. More importantly, the Applicant knows when it's complete and the clock starts running.

ACTING CHAIRMAN McCausland: Without objection, item 12 is adopted.

Item 13 relates to an EIR for the Shell Beta Development offshore San Pedro Bay, authorizes the Executive Officer to seek requests for proposals and develop such an Environmental Impact report. Without objection, item 13 is adopted as submitted.

Item 14 relates to a compromise settlement along Redwood Creek in the City of Redwood City. Without objections, item 14 is adopted as submitted.

Item 15 relates to a compromise settlement clearing Caltrans title to parcel in South San Francisco.
MR. TAYLOR: Excuse me.

ACTING CHAIRMAN McCausland: Yes.

MR. TAYLOR: With regard to item 13, there will be a statement inserted in that paragraph that is without prejudice to position of the State and pending litigation against the Federal Government with regard to OCS lease sale number 35.

ACTING CHAIRMAN McCausland: The record will reflect the Attorney General's office's comments in regard to item 13. Moving back to item 15, item 15 is adopted as submitted.

Item 16 relates to an amendment of a commercial lease to answer the shareholders' liquidating trust by increasing the land area involved and adjusting the rents accordingly. Without objections, item 16 is adopted.

EXECUTIVE OFFICER Northrop: Mr. Chairman, I think at this time C6 would be considered at the same time.

ACTING CHAIRMAN McCausland: Your notes must read like my notes. Item 16 is adopted as submitted.

Item C6 is essentially an extension of the same item. And without objections, item C6 is adopted as submitted.

Item 17 is regarding the Executive Order B-40-73 as it relates to lands under the jurisdiction of the State Lands Commission. Staff has submitted a report on this item, but you may wish to comment further.
EXECUTIVE OFFICER NORTHROP: Bob?

MR. NICHIT: Mr. Chairman --

ACTING CHAIRMAN McCausland: I take it that the report was exhaustive. Without objection, item 17 is adopted as submitted.

(Laughter.)

Item 18 authorizes the granting of a security interest to the Southwest Production Credit Association in school land near Fallbrook, San Diego County. Without objections, item 18 is adopted as submitted.

Item 19 authorizes a cutting boundary agreement between the State Lands Commission and the US Forest Service in Siskiyou County. Without objection, item 19 is approved as submitted.

Item 20 regards consideration of interest and a possible boundary settlement and exchange agreement affecting the boundary of the Colorado River near Blythe and Riverside County.

MR. TROUT: Mr. Chairman, there's one change on that calendar item. On page 131, the recommendations that the agreement be consummated within five years, the Applicant has asked that that be changed to one year which is great as far as the Staff is concerned because that shortens the period in which we have to worry about it.

ACTING CHAIRMAN McCausland: At what point is that
again?

MR. TROUT: It's on page 131, item 3.

ACTING CHAIRMAN McCAUSLAND: All right.

MR. TROUT: Where it says "concluded within five years", that would be "one year".

ACTING CHAIRMAN McCAUSLAND: Right. Without objections, item 20 is adopted as submitted and amended.

Item 21 regards an amendment of a ten-year renewal of -- I'm sorry. Regards an amendment and a ten-year renewal of the industrial lease to Union Oil Company of California in San Pablo Bay. Without objections, item 21 is approved as submitted.

Item 22 authorizes the issuance of a compensatory gas agreement to Shell Oil Company in the Riego Area of the Sacramento Airport gas field.

Last month, Shell Oil asked to put it over a month. Do they want it put over another month? Without objections, item 22 is approved as submitted.

Item 23 is off calendar.

Item 24 regards the approval of a proposed drilling of new wells in the Geysers Steam Field for Union Oil, Magma Power and Thermal Power. Without objections, item 24 is approved as submitted.

Item 25 regards a permit to the City and County of San Francisco to dredge for test trenches for the southwest
ocean outfall. Without objection, item 25 is approved as submitted.

Item 26 regards an application to prospect for mineral resources on school land in Kern County for George J and Marcia M. Nielsen. Without objections, item 26 is approved as submitted.

Item 27 I'm not sure we'll approve as submitted. So, let us have a discussion of item 27 relating to the plan of development and operations and budget for 1978-79 at the Long Beach unit of the Wilmington Oil Field in Los Angeles County.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Mr. Thompson, Manager of the Long Beach Unit will make a presentation to the Commission.

MR. THOMPSON: Since we seem to be working on a short schedule day, to keep it brief, there are only two parts of this thing I think that are worth pointing out. One is that this is not a true budget of what we'll be doing in a year because taxes are not included. Since at the present time we don't know the impact of Proposition 13.

ACTING CHAIRMAN McCAUSLAND: I notice that last year that's the way I put my budget together, too, so I understand it.

MR. THOMPSON: So, we know we're obligated to pay the taxes, but at the present time, we don't know the tax
amount.

The second point is that this is a budget, a full
development-type budget based on receiving oil prices that
are commensurate with the risk and economic returns.

Now again, we're depending on prospective action
by the Department of Energy and also the oil producers, so
this is the reason for the Staff's third recommendation there
that we come back and review the oil pricing in the June
meeting, the month prior to the start of the budget period
to see what's happened.

ACTING CHAIRMAN McCausland: Well, during the current
budget year, we've invested a substantial amount of money
in improvements to fields which we thought were important to
maintaining their integrity and their production capability.
Can you give me a feeling for how those expenditures have
progressed and whether or not they continue to be sound
economic decisions in light of the fact that we've had no
affirmative response to our request for major changes in the
price for the oil that's coming out of the ground?

MR. THOMPSON: Well, of necessity, I think we're
acting like every other producer in the US has to. We tend
to orient our money-spending towards maximizing our production
of upper tier oil. So that, since we receive about $9.50,
almost $10 compared to the $4.35 for lower tier oil, therefore
the risk is much less, return is much greater. So, wherever
possible, we spend the dollars available to us on upper tier
development, stimulation, production acceleration.

ACTING CHAIRMAN McCausland: Are we watching any
r or are we monitoring any deterioration of our ability to
extract oil from those reservoirs that are considered the
lower tier?

MR. THOMPSON: Well, there's no doubt that if we
continue on this oil pricing trend we're on now that we will
lose all of the recovery because oil recovery is definitely
tied into oil pricing.

ACTING CHAIRMAN McCausland: Now, the budget which
you have before us today appears to me to continue the practice
of investing funds with the ultimate hope that the day will
come when it's worth our while to take the oil out of the
ground. And you've advised us that you want to proceed in
that direction. And then, if it turns out prices don't
change, you'll come back and modify the budget in June. Are
you envisioning a situation in which we might actually want
to close down production to a substantial degree in the
lower tier portions of the fields?

MR. THOMPSON: I don't know whether I could use
the word "substantial" or not. But, I think that if we don't
get crude oil price increases that we're going to have to
make value judgments every time we spend money on lower tier
production as to whether the risk involved and the pay-back
is commensurate with the environment we're in.

ACTING CHAIRMAN McCausland: I would assume that under the pricing conditions that we're working with now that the tier share and treatment techniques that we were experimenting with are not at all cost effective. Is that a fallacious assumption on my part?

MR. THOMPSON: Yes. Now, of course, the Department of Energy is a partner in the one we're doing on the Long Beach Unit, so they're absorbing some of the risk. That's why we went on the project to begin with. The fact that the Federal government is underwriting part of the cost of that. Again, we have to be prospective on that in the fact that these techniques take about four or five years to evaluate. And unless we get started on them, then we won't know four or five years down the road if the oil price climate will fail, at that time what to do. So, it's kind of a no -- it's a no-go situation if you don't spend the money, you have a certain amount of risk involved.

ACTING CHAIRMAN McCausland: Do we have any in-house assessments of what a reasonable price level would have to be to guarantee a rate of return on those kinds of techniques that would make them worth our while? How far away are we from a price level that makes it worth our while to get the maximum recovery out of the ground?

MR. THOMPSON: We probably could make this type of
application rather widespread if we could get upper tier
price at the present time with an idea of being able to go
through a crude oil price control removal, say, within three
years.

ACTING CHAIRMAN McCausland: Okay.

MR. D'AGOSTINO: What does the 83 cents do for us?

MR. THOMPSON: Eighty-three cents really keeps us
in business fairly well because again, you're looking at the
net side and property costs are somewhat in excess of 50
percent of the cost of oil. You can see, if this is
incremental, it increases your net much greater than just
the price of the oil. So, it's really a good margin to work
on.

And what it does, for example, will tend to cut
your pay-back for drilling wells down to maybe a reasonable
time of like two or three years instead of now sometimes
extending to four or five years.

ACTING CHAIRMAN McCausland: All right. I appreciate
the diligence with which you've been administering our
trust. I hope that you can report favorable news to us when
you come back with a modification of this budget next time.
So far, you haven't told me anything that doesn't convince
me that I'm not giving you a lot of money for another lost
leader.

MR. THOMPSON: I have to go along with your conclusion.
since our experience the last three or four years with the Federal government has not been very satisfactory.

ACTING CHAIRMAN McCausland: Without objection, item --

MR. D'AGOSTINO: I have another question. A couple of things that we've received. Have you seen these at all?

MR. THOMPSON: Yes.

MR. D'AGOSTINO: These are some mailings that we've received in the last several months from the City of Long Beach. We got this one three or four months ago. And I thought they've really outdone themselves. This was an invitation to an event at the new convention center. And I thought that was pretty much the ultimate in invitations.

ACTING CHAIRMAN McCausland: We were surprised to find --

MR. D'AGOSTINO: About a month or two later, we got this one. And I'm just curious as to whether any State or trust moneys are going into these things?

EXECUTIVE OFFICER NORTHROP: I think the Attorney General's office would probably be better to address that than the Long Beach operation.

ACTING CHAIRMAN McCausland: I don't know. If he wants it set, I think he should get to it unless it jeopardizes his career or something.

(Laughter.)
MR. THOMPSON: No, actually, this involves the
convention center down there and the Pacific tier center.
And this was posed as a City of Long Beach as being a
promotional for the convention center. Now --

MR. D'AGOSTINO: There are no trust moneys involved?

MR. THOMPSON: There is title trust money on this
and also there's a trust issue on it, I think the Attorney
General is much more qualified to answer those questions
than I am.

ACTING CHAIRMAN McCAusLAND: Mr. Taylor, would you
like to address that issue?

MR. TAYLOR: Mr. Chairman, Mr. D'Agostino, there
have been meetings between representatives of Mr. Thompson's
Staff and Sue Wyley who is a Deputy Attorney General and
representatives of the City Managers office and the City
Attorney's office. And the new tidelands department with
regard to the accounting problems that have been presented
in connection with the Neil Simon concert and the other
festivities opening the convention center. There is currently
a dispute with the City over the accounting for those various
items, one of which has been the cost of the invitations
which was discussed.

I understand that the second invitation which you
have there cost $5 per invitation.

MR. D'AGOSTINO: Five bucks? I'd be amazed if they
could produce this for five. I mean, the envelope alone has got to be worth four or five dollars.

MR. TAYLOR: There is a -- basically, the problem concerns whether the City is abiding by the settlement agreement entered into between the Commission and the City regarding events that are held at the convention center, the manner in which profits and losses are to be dealt between City proprietary funds and City trust funds.

ACTING CHAIRMAN McCausland: It's clear that, with this kind of promotional activity, it's going to be academic as to whether or not there are any profits to allocate between the two.

MR. TAYLOR: I think the initial position of the City is that the trust bears the risk and the City gets the profit. And that was the initial exchange. The conversations are continuing. I think that it's an accounting matter that has arisen because there are new personnel that weren't aware of the previous agreements, or if they were, they didn't put them into effect soon enough. And there's going to have to be some kind of an adjustment entered into between the City and the Commission with regard to how matters are going to be handled in that area. And there will be a report back to the Commission as there's something definitive to report.

MR. D'AGOSTINO: Okay.

ACTING CHAIRMAN McCausland: Now that that makes
you happy.

MR. D'AGOSTINO: It doesn't make me very happy, but if this works, maybe they should try it on the Queen Mary.

(Laughter.)

MR. TAYLOR: I understand that, to date, there has been no profit on the opening and there may be a loss, although it is expected in the long run through the sale or the resale of the Neil Simon concert for TV use, that there may be a profit.

EXECUTIVE OFFICER NORTHRUP: I think it's important that the profit does not go -- does that go to the trust? I think that's the important thing.

MR. TAYLOR: Well, there is a discussion as to, if there is a profit, as to where it goes.

MR. D'AGOSTINO: Maybe to the invitations.

ACTING CHAIRMAN McCUSAULAND: Let me ask one question before we vote on this item. This is a very graphic portrayal of the total expenditures in the Long Beach Unit. And this is the current fiscal year and this is the proposed budget. How much of this do you expect to flow over into the next year?

MR. THOMPSON: Normally, with the type of capital project we're doing now, we probably will have a carry out somewhere around six or seven million dollars. This is long
lead items that have been ordered and also a delay of the
structural projects will have to be carried over. Then again,
the right-hand number, of course, does not include taxes.
So, that is really an artificial presentation.

ACTING CHAIRMAN McCAUSLAND: Well, it's always
nice to have a technique for budgeting low. That's not very
low, though. Without objection, the Staff proposal on item
27 for the Long Beach operations is approved as submitted.

Item 28 regards the decision of the State Lands
Commission minute item number 24 of December 19th, 1977. And
authorizes a new request for proposal for marine survey in
offshore Ellwood, Goleta, Summerland and El Capitan Refuge
in the Santa Barbara County. Without objection, the Staff
recommendation will be adopted as submitted.

Item 29 is off calendar.

Item 30 is authorizing the State Lands Comission
Staff to effectuate the settlement of Greenbrae Yacht Harbor
versus the State of California, et al. in Marin County
Superior Court Number 79042. Would you like to comment on
that or is the calendar item sufficient as submitted?

MR. TAYLOR: Self-explanatory.

ACTING CHAIRMAN McCAUSLAND: I found it so. So,
without objection, item 30 is adopted as submitted.

Item 31 is authorizing the Attorney General to enter
a stipulation for a judgment in condemnation in San Francisco.
Bay Area Rapid Transit District versus the City of Oakland, et al. in Alameda County Superior Court Number 419-468, 419 through 468. Is that 419 through or 409 dash?

MR. TAYLOR: Dash.

ACTING CHAIRMAN McCausland: It is 419-468. See, if you'd go to law school, you'd know that kind of stuff. Without objection, item 31 is adopted as submitted.

Item 32 is the rescission of prior authorization to sue Roy Rook. And I want you to know that I'm glad to see us rescinding authorization to sue every once in a while, although the conditions of this one are not ideal in my estimation. Without objection, item 32 is approved as submitted.

Item 33 is authorizing the Staff to execute a memorandum of understanding regarding Commission participation in the Bolsa Chica Study Group. Without objection, item 33 is approved as submitted.

Item 34 is an authorization to accept quitclaim deeds from private parties to lands within -- ah yes. This is another one that I took off the calendar. You'll recall that I took item 34 off the calendar earlier.

Item 35 relates to the acceptance of the bid for $4,350 and authorization to enter into a timber sale agreement with Croman Corporation for the sale of fire-killed timber in Siskiyou County. Without objection, item 35 is approved as submitted.
The next item is on the status of major litigation. And Mr. Taylor, is that --

MR. TAYLOR: There are three items, Mr. Chairman. The first is that Nevada has filed a motion seeking to expand the issues in the interstate boundary case. We're filing in opposition and also amending our complaint to say that if the acquiesce boundary is not the boundary, we want a resurvey of the true boundary which would put the boundary somewhere in Nevada as we presently regard it. Nevada has made a claim that it's somewhere in California.

ACTING CHAIRMAN McCausland: I thought they had some pretty persuasive arguments. How did we get ourselves in this pickle?

MR. TAYLOR: It's due to the fine art of surveying. Nevada's also seeking to extend the dispute from Lake Tahoe to the Colorado River and there will be an argument on that motion.

Second item is with regard to high water, low water litigation. We have filed our opening brief with the Court of Appeal or will file it by next week. Our opening brief on appeal of an injunction issued against the Commission where we hope to have the Court consider the high water, low water controversy or that issue as a part of the appeal. The title company has tried to get the -- and the private parties tried to get the appeal dismissed and it was not. That motion was
denied. Simultaneously, we'll also file a --

ACTING CHAIRMAN McCAUSLAND: Just a minute now.

You've out-maneuvered me. If our appeal is on an injunction, did I hear that right?

MR. TAYLOR: Yes.

ACTING CHAIRMAN McCAUSLAND: All right.

MR. TAYLOR: They tried to dismiss the appeal on the grounds that it wasn't a proper appealable order and that was denied. Concurrent with our filing of an opening brief, we also filed a motion to transfer the case to the Supreme Court on the grounds that this same issue is pending in two other counties and that, for the expediting of the administration of justice, it was better to have the question resolved now rather than to have the process go in three different counties and two different appellate districts.

The third item is on --

ACTING CHAIRMAN McCAUSLAND: Would that allow us to lower our budget next year for the consolidating?

MR. TAYLOR: There will be plenty remaining in those lawsuits to do as far as allocation is concerned.

ACTING CHAIRMAN McCAUSLAND: You told me that before. It's always been true.

MR. TAYLOR: The third item is the Davis Lake litigation on the Colorado River. The State of Arizona has filed an opposition to our request to file the complaint in
the United States Supreme Court. We are preparing an
opposition or a response actually, reply to their objection.
And the Federal Government is expected to let us know what
their position is by the end of this week. And if they do
that, we'll also file a response to that. Arizona essentially
wants the case brought in Federal District Court. And it had
to be in Los Angeles. We don't know what the Federal
government is going to do. They haven't received instructions
from the Department of Interior yet.

Those are the three major items of litigation which
are outstanding.

MR. D'AGOSTINO: How many casinos do we pick up if
we hit our line?

MR. TAYLOR: Three to four casinos.

ACTING CHAIRMAN McCausland: They get the CAL TRPA
headquarters, though if they get their way.

(Laughter.)

ACTING CHAIRMAN McCausland: Are there any monuments
that exist in the middle of Lake Tahoe to show you where
that little line radiates from there that heads down to the
Colorado River? That's going to be a fun one to litigate,
 isn't it?

MR. TAYLOR: The field surveying will be very
interesting.

MR. D'AGOSTINO: You should negotiate for casinos
for the CAL TRPA headquarters.

(Laughter.)

ACTING CHAIRMAN McCausland: That completes your report?

MR. TAYLOR: Yes, sir.

ACTING CHAIRMAN McCausland: Thank you. The next meeting of the State Lands Commission will be in Sacramento beginning at 10:00 A.M. on Wednesday, May 31st, 1979. You've been a marvelous group today. Without objection, the meeting is adjourned.

(Thereupon the meeting was adjourned at 10:45 A.M.)

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CERTIFICATE OF SHORTHAND REPORTER

I, CATHY A. SINGER, a Certified Shorthand Reporter of the State of California, do hereby certify:

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this _A_day of May, 1978.

CATHY A. SINGER
Certified Shorthand Reporter
License No. 3252