MEETING
STATE LANDS COMMISSION

STATE CAPITOL
ROOM 2170
SACRAMENTO, CALIFORNIA

THURSDAY, AUGUST 23, 1979
10:00 A.M.

DELORES I. DALTON

PETERS SHORTHAND REPORTING CORPORATION
7700 COLLEGE-TOWN DRIVE, SUITE 209
SACRAMENTO, CALIFORNIA 95828
TELEPHONE (916) 383-3601
MEMBERS PRESENT

Mr. Roy M. Bell, Acting Chairperson, for Ms. Mary Ann Graves, Director of Finance, Commissioner

Mr. John Jervis, for Kenneth Cory, Controller, Chairman

Mr. Sheldon H. Lytton, for Lieutenant Governor Mike Curb, Commissioner

STAFF PRESENT

Mr. William Northrop, Executive Officer

Mr. R. S. Golden, Assistant Executive Officer

Mr. Robert Hight

Mr. W. M. Thompson

Mr. Don Everitts

Ms. Diane Jones

ALSO PRESENT

Mr. Jan Stevens, Attorney General's Office
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ACTING CHAIRPERSON BELL: Ladies and gentlemen,
I would like to get the meeting started.
Mr. Cory got tied up, and so I have the enviable
job of being Chairman today.
I am Roy Bell, Deputy Director of Finance, and
taking Mr. Cory's place as Chairman.
We have a call to order and we have a quorum
present.
The minutes of the meeting of July 17th are
distributed and are before you. Are there corrections or
any other changes to the minutes?
If not, they will be deemed confirmed.
We will start now with the report of the Executive
Officer.
Mr. Northrop.
EXECUTIVE OFFICER NORTHP: Thank you very kindly,
Mr. Chairman. I have a report and Mr. Golden has several
things that he would like to talk about and then Don
Everitts has got something he would like to share with you.
By the Presidential Executive Order effective
August 17, crude oil below 16 degrees API was decontrolled.
In the Long Beach tidelands, about 6,000 barrels per day
falls under that classification, and most of it in the
lowe tier. This will lead initially to increased expenditures for the redrilling of some existing wells and increased well pulling activity. The longer range planning for new wells and initiating tertiary recovery projects will be dependent upon the excise tax passed by Congress this fall. This decontrol could add $20 million to the State tidelands oil revenue in the '79/80 fiscal year if no excise tax were imposed.

A much larger impact decontrolling four or five times as much production would have occurred in the tidelands if the decontrol gravity had been one degree API higher. Additionally, one very large property, Ranger VI, in the Long Beach Unit, missed being decontrolled by three-tenths of an API degree gravity. This is a very large property and a logical candidate for extensive redrilling of additional wells and drilling of additional wells and the application of alkaline waterflood tertiary recovery processes. Development has been restricted in the past as it has been a lower tier property since 1972. We now have two drilling rigs doing remedial and redrill work as a result of the start of the lower tier release in June of '79. Two additional drilling rigs would have been activated if the decontrol gravity had been one degree higher.

We are really quite disappointed that the DOE
and the President did not take this into consideration in making their judgment.

Mr. Chairman, at this time, I would like to ask Mr. Golden to share with you two activities he would like to talk to you about.

ACTING CHAIRPERSON BELL: Mr. Golden.

MR. GOLDEN: Good morning, Mr. Chairman and members.

Unauthorized salvage of State-owned abandoned property is the subject of the first item.

On July 25th, 1979, Mr. Curtis Carley, a resident and deep sea diver from the Salt Point area, advised the staff of the Commission that he had removed an anchor from the ocean bottom at Fisk Mill Cove located adjacent to State Parks property.

During the process of transporting the anchor to the uplands, Mr. Carley was confronted by a Park Ranger who advised him of the State Lands Commission's jurisdiction over the removal and disposal, as well as the ownership, of abandoned property from State tidelands. The anchor was subsequently confiscated by the Park Rangers.

The Department of Parks and Recreation has advised the staff of the Commission that they do not want to retain the anchor permanently. The anchor, therefore, has been released to Mr. Carley with the understanding.
that it is State property and cannot be sold until the Commission has reviewed and approved the sale.

There has been considerable public interest in the locality generated by this situation. Staff is researching regulatory and statutory means of promptly resolving the issue.

This is brought to your attention primarily because of the public interest in the area.

MR. LYTTON: What is the public interest, Mr. Golden?

MR. GOLDEN: Well, apparently there is quite a bit of press coverage in the area and a number of people in that area are aware of it, and it was thought that perhaps there may be questions raised to the Commission about it. So that’s why we brought it here.

ACTING CHAIRPERSON BELL: That’s a pretty general statement. Do the people down there want Mr. Carley to keep the anchor? Or do they want the State to keep it?

MR. GOLDEN: I don’t know the exact nature of the inquiries, but, apparently, there has been quite a bit of discussion and interest.

ACTING CHAIRPERSON BELL: May we expect to have this before us in very short order?

MR. GOLDEN: Yes, very short order. Probably by the next meeting, Mr. Chairman.
Do you want me to continue with the staff report on State Coastal Commission here?

ACTING CHAIRPERSON BELL: Any questions of Mr. Golden otherwise?

If not, the Staff Report on State Coastal Commission Activities.

MR. GOLDEN: Two items are submitted for your information relating to State Lands Commission interface with the State Coastal Commission. The first has to do with Tomales Bay.

For over a year, staff has worked with the Coastal Commission, County of Marin and other State agencies to develop a land use plan for Tomales Bay. As you will recall, you earlier decided that until this plan is completed, no development over the Bay's tidelands should be permitted. This Tomales Bay plan is also intended to satisfy the requirements of Marin County's LCP being prepared pursuant to the California Coastal Act of 1976.

A draft plan for Tomales Bay has been prepared. The first in a series of public workshops on it was held on July 31st, 1979. A good turnout yielded much constructive discussion and expression of community concerns. Of primary interest to the State Lands Commission were questions regarding the future of existing and proposed private residential development on State lands. Staff is now
considering the legal and policy issues regarding such
development. We expect to bring this issue formally before
you for direction and/or decision in the near future.

The second item has to do with Lance Kiley, who
is Supervisor of the Tidelands Inventory Unit, who gave
a short presentation at the State Coastal Commission meeting
on August 1st on the status of our tidelands inventory
project. He explained the nature and extent of our existing
data bank and suggested possible uses of it by the Coastal
Commission and its staff.

We also distributed to the Commissioners copies
of our priority-setting mechanisms for boundary determination
and suggested specific areas where boundary determinations
may have a high priority for both Commissions.

That completes my report, Mr. Chairman.

ACTING CHAIRPERSON BELL: Thank you.

Are there any questions of Mr. Golden?

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the
final presentation is a presentation by Don Everitts on
a seep study program. We have done some research, and we
find that some of the seeps in the Santa Barbara area --
one seep in particular -- releases nearly five tons a day
of hydrocarbon pollutants into the atmosphere in the Santa
Barbara area. So with that in mind, we have put together a
seep study program at the request of the Commission to study
these, as you recall. So today, Don Everitts would like to give us a report -- or I would like to have Don Everitts give us a report on that.

Would you please, Don --

MR. EVERITTS: Thank you.

As reported previously, we have identified this particularly large seep one mile offshore Coal Oil Point in the Santa Barbara Channel. That five tons that Mr. Northrop mentioned is equivalent, for example, to the emissions of a ballasting two 70,000 deadweight ton tankers a day. The SOHIO project, when they had the six storage tanks, they were talking about at Pier J less than a ton a day total. So it's quite a significant seep.

The seep was first documented by State Lands inspectors in 1970, and it has been under constant surveillance since 1973. Several corporations have indicated strong interest in collecting emissions for purposes of offsetting emission increases from new or modified sources. At least one company is doing preliminary design and costing on a collection device.

The State Lands Commission staff additionally has submitted a grant free application to the California Coastal Commission for $200,000 plus. That preapplication has been approved by the Coastal Commission, and they have asked for a formal...
One of the more interesting developments involves Western LNG Terminal Associates, a subsidiary of Pacific Gas and Electric and Southern California Gas Company. On August 13th, Administrative Law Judge Gordon of the Federal Energy Regulatory Commission approved Western LNG's proposed terminal at Point Conception. I have been advised by Western that a 20-day period must now elapse for exceptions to be filed and noted, and the decision must finally be ratified by the Secretary of Energy. Although the site has been opposed by environmental groups as well as Indian groups and certain landholders in the area, Western is hoping for final approval in October or November. Such approval would mean that Western would finally have all of the necessary permits, including State permits, to commence construction.

Of particular interest is Permit Condition 19 issued by the California Air Resources Board, which conditions are to, quote, "assure the estimated emissions profile is not exceeded," unquote. Specifically, Condition 19 states that, "Western shall reduce emissions from existing stationary sources adequately to demonstrate a net air quality benefit in the area affected by the project's emissions." In order to satisfy this condition, Western shall fund the installation of equipment to the
State Lands Commission's program to capture up to 40 barrels of oil daily from the natural oil seep located off Coal Oil Point. And then they specifically identify by coordinates that seep.

They say by satisfying the above condition, that Western shall be judged to have satisfied the net air quality benefit requirement when this program is reviewed in conjunction with the fact that the gas would be substituting for a lot of fuel oil in the area.

There is no costing to that condition. It does not seem to be too unreasonable. Even if the capital cost exceeded $1 million or more, that represents a small portion of the estimated $3 billion that the total project will cost. Western has not yet approached us with any specific funding proposals, but we will continue to monitor the progress of their application.

ACTING CHAIRPERSON BELL: Thank you, Mr. Everitts. Any questions?

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

ACTING CHAIRPERSON BELL: Was that five barrels a day or fifty barrels?

EXECUTIVE OFFICER NORTHRUP: Tons.

ACTING CHAIRPERSON BELL: Oh. Five tons.

EXECUTIVE OFFICER NORTHRUP: For conversion, there
are approximately seven barrels of oil per ton.

That completes all of our report.

ACTING CHAIRPERSON BELL: We are now on the Consent Calendar. Consent Calendar Items C1 through C24 are all considered noncontroversial. To our knowledge, they have no problems.

EXECUTIVE OFFICER NORTIROP: Mr. Chairman, we would like to put over Item Number C10.

ACTING CHAIRPERSON BELL: C10. Virgil Fred and Margie Ramey, ten-year General Permit - Recreational Use. All right. C10 is off calendar.

MR. HIGHT: Mr. Chairman.

ACTING CHAIRPERSON BELL: Yes.

MR. HIGHT: I would like for the record to state that Mr. Jervis is sitting in for the Controller and will be acting in a nonvoting capacity.

ACTING CHAIRPERSON BELL: I'm sorry. I forgot the legal aspects of this.

All right. If you are going to be legal, I would like to submit to the Executive Officer of the Board a formal delegation of authority of Mr. Bell, the Deputy Director of Finance, to serve in the place of the new Director of Finance, Mary Ann Graves.

EXECUTIVE OFFICER NORTIROP: Thank you very kindly, Mr. Chairman.
ACTING CHAIRPERSON BELL: I will be distributing about 30 or 40 of those in the next month or two.

All right. C10 is off the list.

C1 through C24, without C10, is there anyone in the audience who wishes to have any of these items taken off of the Consent list and heard without reference to the Consent Calendar?

MR. MAPES: My name is Bob Mapes. I'm with the Department of Fish and Game. I haven't had the opportunity to review this until just now when I came into the room. Item C4 for the nine Recreational Pier Permits for Lake Tahoe, while there are actually seven at Lake Tahoe, the Department has a policy against the development of piers and buoys within areas determined to be prime fish habitats around the Lake. I don't know where the locations of these piers are, but unless the staff can assure me that they are not in prime fish habitat --

EXECUTIVE OFFICER NORTHROP: These are all existing. There are no new piers here. We have a moratorium on new piers.

MR. MAPES: Okay. Fine. Thank you.

ACTING CHAIRPERSON BELL: Does that satisfy you?

MR. MAPES: Yes. Thank you.

ACTING CHAIRPERSON BELL: Any other objections to Items C1 through C24, with C10 deferred?
If not, may I have a motion on the Consent Calendar?

MR. LYTTON: I move that the Consent Calendar be adopted.

ACTING CHAIRPERSON BELL: Since Mr. Jervis is a nonvoting member at this meeting, I will declare that this is unanimously passed.

We now go to the Regular Calendar, and the very first item on the agenda is Item 25, Malcolm R. Morelli, Jr. This is a five-year Agricultural Lease of 134 acres three miles southwest (sic.) of Santa Cruz for row crop farming currently planted in brussel sprouts. As I understand it, this was a sealed bid procedure?

EXECUTIVE OFFICER NORTHROP: Yes, it was, Mr. Chairman. There were two bids. One by a Malcolm R. Morelli, Jr. for $227 per acre at $30,420 per year. A second bid was by Sunset Farms, Incorporated, for $23,584 rental per year. That's $1.76 per acre. I have in front of me, Mr. Chairman and members, a letter dated August the 13th from Malcolm Morelli, Jr., who staff has as the high bidder on this Consent Calendar. It reads as follows:

'I hereby withdraw my offer to lease the 134 acres of land on the north coast of Santa Cruz County. After opening the bids, I discovered the property uses a substantial quantity of sea
water which is very expensive. In addition, the bid package implied that the wells and other improvements on the property would be part of the lease. I now understand that all of the improvements were made by the current tenants, and under custom in the area, those tenants could remove the improvements.

"In view of these unknown facts, I believe my bid deposit should be returned as well.

"Very sincerely yours, Malcolm Morelli, Jr."

ACTING CHAIRPERSON BELL: Thank you.

EXECUTIVE OFFICER NORTHROP: Staff has spent considerable time after receiving this letter reviewing this program. I would like now for our counsel, Mr. Hight, to discuss where the legal position is on this.

ACTING CHAIRPERSON BELL: All right, Mr. Hight.

MR. HIGHT: Yes, Mr. Chairman. Staff is of the opinion that Mr. Morelli has, in effect, offered an anticipatory breach of the contract. I spoke with him yesterday and offered him the opportunity to come today and speak to the Commission. I don't know if he is in the audience.

ACTING CHAIRPERSON BELL: May I ask if Mr. Morelli
or anyone representing him is here today to speak to the Commission?

Having no response, I assume that he is not here.

MR. HIGHT: I informed him of the staff's recommendation that the Commission approve the bid to Sunset Farms and that Mr. Morelli forfeit his bond of $3,042 as liquidated damages.

The bid package provided that if the successful bidder refused to execute a lease, then he would forfeit his bond as liquidated damages, and I believe that that would be consistent with the current state of the law. So it is the staff's recommendation that the Commission go ahead and authorize a lease to the next bidder, Sunset Farms.

ACTING CHAIRPERSON BELL: Is Sunset Farms the present --

MR. HIGHT: Yes, they are the present lessees.

We would also request that the Commission instruct the staff to solve any differences that there may be between Sunset Farms and the Commission as to the ownership of improvements to the realty.

ACTING CHAIRPERSON BELL: So we really have before us an application to withdraw the high bid, and we also have before us a problem of -- I believe it's a $3,000 --
EXECUTIVE OFFICER NORTHROP: Yes. It's a ten percent deposit.

ACTING CHAIRPERSON BELL: A ten percent deposit representing $3,000 in this particular case which the high bidder, Malcolm Morelli, Jr., has requested be returned to him. That's before us.

Do you have anything?

MR. LYTTON: Well, I am just curious. Did you invite Mr. Morelli to appear today?

MR. HIGHT: Yes, I invited him to appear if he had anything that could be of light to the Commission, and I informed him that the meeting would be today and he was certainly welcome to come and I invited him.

MR. LYTTON: Did you indicate to him that it might be useful or important to him to appear in order to get his bond back?

MR. HIGHT: Yes, I told him it would be the staff's recommendation that his bond be waived, and that if he had any difference in opinion, that he should certainly be here.

MR. LYTTON: Did he give you any reason why he would not attend? Did he say he was ill or there was some reason why he could not be here or could not send a representative?

MR. HIGHT: He said that for personal reasons, he would seek to withdraw his bid and hoped that the Commission...
would see fit to return his deposit.

ACTING CHAIRPERSON BELL: Well, we have certainly given the bidder all the opportunity to appear before us that we could. There is no evidence before us that would cause us to see any undue hardship by keeping the $3,000. That's why we have these ten percent earnest money bids so that we do not get frivolous bids.

I guess I should ask you, do you have any objection to the staff recommendation?

MR. LYTTON: No, I think it's appropriate and certainly is the practice that would be followed if it was a transaction between private parties. I would certainly be willing to reconsider that policy if Mr. Morelli or a representative had appeared. But since he did not appear or did not send anyone to speak for him, after being invited and given due notice, I would move that we adopt the staff recommendation to the following extent that, number one, we authorize execution of the lease with Sunset Farms; and number two, that we authorize staff to negotiate with Sunset Farms any matters pertaining to the improvements on the properties; and, third, that we adopt the staff recommendation that the bond be forfeited pursuant to law and the statements contained in the bid package.

EXECUTIVE OFFICER NORTHROP: Thank you.

ACTING CHAIRPERSON BELL: All right. I will
second that. And since there are just two of us, we will declare that that is a unanimous vote on Item 25.

(Thereupon a brief discussion was held off the record.)

ACTING CHAIRPERSON BELL: All right. Well, I'm going back to Item 25, and instead of just declaring that we have a unanimous vote, I'm going to ask that the vote be recorded. So I'm going to ask Mr. Northrop to call the roll on this one.

EXECUTIVE OFFICER NORTHIROP: Mr. Bell.

ACTING CHAIRPERSON BELL: Yes.

EXECUTIVE OFFICER NORTHIROP: Mr. Lytton.

MR. LYTTON: Yes.

EXECUTIVE OFFICER NORTHIROP: Mr. Chairman, it's 2 - 0.

ACTING CHAIRPERSON BELL: The item is passed.

The next item on the agenda is an additional five-year Agricultural Lease for I believe 82 acres.

EXECUTIVE OFFICER NORTHIROP: This is in the same general area of Santa Cruz, Mr. Bell.

ACTING CHAIRPERSON BELL: Is it also planted in brussel sprouts at the present time?

EXECUTIVE OFFICER NORTHIROP: I believe this is also in row crop brussel sprouts, row crop farming.

ACTING CHAIRPERSON BELL: This applicant is Don
EXECUTIVE OFFICER NORTHROP: Only a single bid on this, Mr. Chairman.

ACTING CHAIRPERSON BELL: The bid exceeds the minimum acceptable bid?

EXECUTIVE OFFICER NORTHROP: That's correct. The minimum acceptable is $8,200; the bid was $8,610.

ACTING CHAIRPERSON BELL: All right. Any questions?

MR. LYTTON: No questions.

ACTING CHAIRPERSON BELL: Do you think we should have a vote on every item?

MR. LYTTON: As a matter of procedure, I think it would be appropriate, just hearing no objection, the staff recommendations will be adopted.

ACTING CHAIRPERSON BELL: I would like to do that if I could. I notice Mr. Cory does that quite often. I'd like to follow the normal Chairman's policy.

Hearing no objection, the item will be adopted as recommended before us.

Item 27, Fred Pfyffer.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is a Grazing Lease generally in that same area north of the highway. It was a $4,453 bid, above the $4,400 minimum that the staff felt was a minimum acceptable bid. We are
recommending approval.

ACTING CHAIRPERSON BELL: Recommending approval?
EXECUTIVE OFFICER NORTHROP: Yes, sir.
ACTING CHAIRPERSON BELL: Are there any objections to the staff recommendation?

MR. LYTTON: No.

ACTING CHAIRPERSON BELL: No objection? Without objection then, the item will be approved.

Item 28, Tosco Corporation.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is an amended renewal of an Industrial Lease with a minimum annual of $30,000. After negotiating with the Tosco people, this is a recommendation we are bringing to the Commission.

ACTING CHAIRPERSON BELL: All right. This is satisfactory to the Tosco Corporation?

EXECUTIVE OFFICER NORTHROP: Yes. It's satisfactory after negotiating, Mr. Chairman.

ACTING CHAIRPERSON BELL: Is there anyone here on this item that would object to this recommendation?

MR. SWANSON: I'm from the Tosco Corporation. We are in favor of this lease.

THE REPORTER: I'm sorry. Could I have your name, please.

MR. SWANSON: V. R. Swanson.
ACTING CHAIRPERSON BELL: All right. Hearing no objection, the item will be approved.

Item 29, City of Arcata.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is a quitclaim deed, City of Arcata, the issuance of a 49-year General Use Permit for marsh enhancement.

ACTING CHAIRPERSON BELL: This is to the City?

EXECUTIVE OFFICER NORTHROP: To the City; correct.

ACTING CHAIRPERSON BELL: It's a public use?

EXECUTIVE OFFICER NORTHROP: Yes, it's a public use, and there is no money involved.

ACTING CHAIRPERSON BELL: All right. Is there anyone on this item? Against the item?

If not, the staff recommendation will be adopted.

Item 30, California Department of Fish and Game, 66-year General Permit - Public Agency Use.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is a 9.112-acre parcel in San Mateo County and an approximately 58-acre parcel in Redwood City in San Mateo County to be used for a wildlife habitat. It is for consideration as a public use and benefit.

ACTING CHAIRPERSON BELL: Any objection?

Hearing no objection, Item 30 is approved.

Item 31, California Department of Fish and Game again.
EXECUTIVE OFFICER NORTHPROP: Mr. Chairman, this is a 255-acre, plus or minus, salt marsh near Point Edith in Contra Costa County. It is going to be used for a wildlife habitat. The staff feels the public use and benefit will justify it.

ACTING CHAIRPERSON BELL: Again, any objection? Hearing no objection, Item 31 is approved.

Item 32.

EXECUTIVE OFFICER NORTHPROP: Mr. Chairman, this authorizes us for a bid notice on a contract for hazard removal in Santa Barbara County, to remove some obstructions in the near and far surf area of old, abandoned oil well rigs and equipment and wells that were not properly abandoned perhaps as far back as the turn of the century. So this is asking for a bid on the contract.

ACTING CHAIRPERSON BELL: This is merely to authorize the bid notice and invitation to bid?

EXECUTIVE OFFICER NORTHPROP: All this does is authorize notice for bid. We will come back to the Commission with the final bid.

ACTING CHAIRPERSON BELL: All right. Without objection, Item 32 is approved.

Item 33.

EXECUTIVE OFFICER NORTHPROP: Mr. Chairman, this is a reconsideration of interim policy for new construction
at Lake Tahoe, Placer County. As you know, we have had a moratorium on construction of piers in the Lake Tahoe area as shown by our friend from Fish and Game earlier this morning.

ACTING CHAIRPERSON BELL: I was going to say, we already just told the Fish and Game that we had a moratorium going.

EXECUTIVE OFFICER NORTHRUP: We are asking for a six-month extension on the moratorium.

The idea here is that CalTRPA is fully a California entity. It probably would have to comply with CEQA, and it seems as though CalTRPA and the State Lands would like to get together and proceed in some kind of concert on this program. We think with a six-month moratorium, we can get it together.

ACTING CHAIRPERSON BELL: So it has a definite date of six months?

EXECUTIVE OFFICER NORTHRUP: An indefinite moratorium. I'm sorry. We feel that within six months, we could probably wrap up a cooperative agreement with CalTRPA.

MR. LYTTON: In other words, you want to extend the moratorium only for the purpose of finalizing your agreement with CalTRPA?

EXECUTIVE OFFICER NORTHRUP: Right. Right.
MR. LYTTON: Is there some reason why we don't have a date certain?

EXECUTIVE OFFICER NORTHROP: Well, the changes between CalTRPA and TRPA have been so recent -- the moratorium expires in June, as a matter of fact, or at the end of June, I believe. And we feel that it will take us probably about six months to -- it will take several months for them to get their act sorted out so that they know where they are going. And at that time, we would really like to discuss with them what their policy is going to be on that, because if they are going to be an effective agency, they certainly should be the lead agency on piers in Lake Tahoe. It shouldn't be us because they are on the scene and know what the situation is and are responsible to the local people in the area. And we feel it is important that if CEQA is to be observed, we think CalTRPA is the place to have it.

MR. LYTTON: Do you think that in line with a sort of hope that regulatory acts of government ought to at least come to an end or have some time certain or be acknowledged as having some time certain, that perhaps we could set a time limit on it?

EXECUTIVE OFFICER NORTHROP: Absolutely.

MR. LYTTON: I would like to suggest that.

EXECUTIVE OFFICER NORTHROP: I think it is
reasonable to bring it back. If we don't have our act together, then I think that deadlines help all of us to get our job done. But a six-month deadline or a six-month time frame is not unreasonable. So if that's what the Commission wishes, staff certainly thinks it's prudent to do it that way.

ACTING CHAIRPERSON BELL: Thank you. That's what I wanted to do.

EXECUTIVE OFFICER NORTHROP: As a matter of fact, in my mind, six months was so firmly fixed that I thought it did have a six-month termination date.

ACTING CHAIRPERSON BELL: All right. It has been recommended then, and the staff feels there is no problem connected with it, that instead of an indefinite moratorium, that we make this a six-month moratorium, to be brought back to the Board if it is not yet resolved at that time.

EXECUTIVE OFFICER NORTHROP: Fine. Thank you. We certainly hope we will have something before that.

ACTING CHAIRPERSON BELL: Is there any objection to the amendment to this item?

Yes.

MR. BAILEY: Mr. Chairman, I'm Walt Bailey. I'm President of the Tahoe Resource Conservation District.

ACTING CHAIRPERSON BELL: Could you come up to
the mike, and give us your name and title?

MR. BAILEY: Yes. I am Walter C. Bailey. I'm President of the Tahoe Resource Conservation District and a permanent resident of the Lake and quite involved in its local problems, between CTRPA and TRPA and so forth.

I might point out not as an objection, but as a point of information, that the building season at Tahoe ceases on October 15th, under rule, and starts again on May 1st. Much planning has to become a matter of record in order to meet that May 1st deadline. It would be most helpful to those who are trying to either put in piers -- and I'm not going to state that I am for or against further piers. I would almost have to, off the record, say that I wish there were no more.

ACTING CHAIRPERSON BELL: Do you have one already?

MR. BAILEY: No.

(Laughter.)

MR. BAILEY: No, I am a member of the only community pier at the Lake, but we have had a lease with this Commission for I think about 25 years. It started out, it was five dollars a year. That would give you an idea of how far back it was.

ACTING CHAIRPERSON BELL: Yes.

MR. BAILEY: Much of the shore zone is in litigation one way or another. There is much of it that is, very
honestly, under County use because of dedicated roads that have never been built. In fact, one goes right straight by in front of the Regional Air Quality Board's home. So there are many, many problems.

But I would hope that you would make rulings that would anticipate that May 1st date to give the people the right of getting their contractors lined up. We only have about one or two left.

The other thing is CalTRPA has just recently adopted, I think in a panic method, the shore zone ordinances that have been on the books for some time, of the Tahoe Regional Planning Agency. So up until now, they have had no control whatsoever over shore control problems. This again is sort of in limbo due to the war between the states over TRPA which I think eventually will be resolved. I do not think TRPA will disappear.

But I would ask that it be made a matter of your Board's knowledge to keep very closely allied to the local government's concerns, both sides of the Lake. I think if we do this, we will eliminate a lot of problems that have been generated in the last few months over the TRPA redo.

Thank you. That's all I have.

ACTING CHAIRPERSON BELL: I thank you. I don't believe we have to modify our particular action, but I
think the information you have given us is valuable.

MR. BAILEY: Yes. I just wanted you to recognize
the cutoff dates. Thank you.

EXECUTIVE OFFICER NORTHROP: We appreciate that,
Mr. Bailey.

ACTING CHAIRPERSON BELL: Thank you.

That was Item 33. Having heard that, and with
no real objection to the change in the date of the
moratorium, Item 33 will be approved as amended.

Item 34.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item
34 is a lease by the City of Long Beach to the Ancient
Mariner - Rusty Pelican, Incorporated. As a grantee --
the State Lands approves these for the State. The staff
has reviewed it and after some research, recommends its
approval.

ACTING CHAIRPERSON BELL: All right. Approval
is necessary, is it not?

EXECUTIVE OFFICER NORTHROP: Yes.

ACTING CHAIRPERSON BELL: All right. Is there
any objection to the approval of the lease for the Ancient
Mariner - Rusty Pelican, Inc., lessee?

Hearing none --

MR. LYTTON: Just so the record is clear, in
the staff recommendations, the terms and conditions of
the lease, including the percentages of gross and dollar
amounts are all standard within the industry?

EXECUTIVE OFFICER NORTHROP: That is an area
in which we don't review heavily as to what the return is
because that's the grantee's program. What we make sure
of is that the use is consistent with the trust and with
the grant, the way things are handled, and there is a
compensation, but we don't get into the minutia of doing
that. We have 58 grants and a staff of two, so we really
don't get into that that deeply other than to see that the
things are handled in the proper fashion and there is a
consideration and it falls within the grant thing on the
program. We don't get into what the rental is per se or
whether it is the highest and best use for that piece of
property. That's the grantee's --

ACTING CHAIRPERSON BELL: You leave that to the
City of Long Beach?

EXECUTIVE OFFICER NORTHROP: Yes. But we do
review to make sure that they are getting an equitable
return for the property.

ACTING CHAIRPERSON BELL: You probably want that
as well as the State's interests --

EXECUTIVE OFFICER NORTHROP: Yes.

Has that answered your question or have I walked
all around it?
MR. LYTTON: No, I think it does. Although you can't come up with the details, the staff does assure us that it was done in an appropriate manner.

EXECUTIVE OFFICER NORTHROP: Yes. It was done in an arm's length -- it was an arm's length program. That's really what we're checking to see, that it was an arm's length program, and from that point of view, it was clean.

On this particular one, there was some problem on the use of the property with other competing uses which we usually don't get into, but in this case, we happened to get into it. But we find that there may have been -- there was some information delivered to the staff just for your information. Perhaps there was an oil well or something on the property which would have made a difference, but we find out now that it is cleaned up, so we are all right.

ACTING CHAIRPERSON BELL: All right. Without any further objection then, Item 34 is approved.

Item 35, Moss Landing Harbor District.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, you recall at a meeting in Monterey, we were rather critical of the Moss Landing Harbor District for the administration of a trust. This goes back to your previous question, Mr. Lytton, as to remuneration. We found they
were a private yacht club operating with a closed membership on State lands. So we discussed that. And the condition for getting a yacht slip was a membership in the yacht club. So we brought that to the Commission's attention. We talked to Moss Landing Harbor District about it. They received well our criticism and have taken steps to alleviate that problem and some additional problems there. We find now they are progressing and are reporting back. While before we didn't think they were doing as well as they should, they are now doing quite well.

ACTING CHAIRPERSON BELL: I sense that there was a question with regard to public use.

EXECUTIVE OFFICER NORTHROP: In the Monterey meeting last year, the public use was -- I don't want to say it was being abused, but it may very well have --

ACTING CHAIRPERSON BELL: Neither of us were at the Monterey meeting.

EXECUTIVE OFFICER NORTHROP: Weren't you at the Monterey meeting?

ACTING CHAIRPERSON BELL: No.

EXECUTIVE OFFICER NORTHROP: Staff felt that there may have been a potential abuse of the trust property. So we pointed that out to them and they have taken the steps now to change it.

MR. LYTTON: Again, in reading the more detailed
write-up that accompanies the report, I am just curious when you say "making progress," what does that mean? Has the problem been solved?

EXECUTIVE OFFICER NORTHROP: The problem has been solved. The problem has been solved; right.

MR. LYTTON: They are now administering it to your satisfaction and in conformity with the law and public policy of this Commission, et cetera?

EXECUTIVE OFFICER NORTHROP: With this calendar item, we are just acknowledging the fact that staff and the Commission appreciates the changes that they have made and the way that they are handling it.

ACTING CHAIRPERSON BELL: All we are doing here is to find that they have made satisfactory progress, in the staff's opinion, and have now met our criteria?

EXECUTIVE OFFICER NORTHROP: Right.

ACTING CHAIRPERSON BELL: Anyone objecting to Item 35's finding?

If not, then Item 35 will be approved.

Item 36.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this again is in the area of the Lands Commission's role as an administrator of the grants. The City Council of Albany adopted a Waterfront Plan and submitted it to us, and we are reporting that this plan conforms with the Albany
Waterfront's granting statute.

ACTING CHAIRPERSON BELL: That's all we are doing?

EXECUTIVE OFFICER NORTHROP: That's all we are doing.

MR. LYTTON: I have no objection.

ACTING CHAIRPERSON BELL: Is there any objection to Item 36, on approving the ordinance adopted by the City Council of Albany on their Waterfront Plan?

Hearing none, Item 36 is approved.

Item 37.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, several months ago the grant to the City of Avalon was reduced substantially. The Commission approved. We are now approving the map on which the current boundary of the City of Avalon was outlined. Staff reviewed it and finds that the language and the map are congruent.

ACTING CHAIRPERSON BELL: Do you want to try that one again?

(Laughter.)

EXECUTIVE OFFICER NORTHROP: The language and the grant are the same.

ACTING CHAIRPERSON BELL: Yes. I recall our action, and in effect, we now have 1,000 feet --

EXECUTIVE OFFICER NORTHROP: 1,000 feet rather than, I believe, it was a mile. And the City of Avalon
didn't need it, so --

**ACTING CHAIRPERSON BELL:** So they are not objecting to this?

**EXECUTIVE OFFICER NORTHROP:** No.

**ACTING CHAIRPERSON BELL:** Is there anyone who would object to the final finding that the current boundary grant, City of Avalon, is on our amended map correctly shown?

Without objection then, Item 37, the Commission will approve the amended map.

Item 38, authorizing approval of -- this is another map?

**EXECUTIVE OFFICER NORTHROP:** Mr. Chairman, this is similar to Item 37, except the City of Needles authorizes the approval of the map on the survey of the grant.

**ACTING CHAIRPERSON BELL:** This is not the Colorado River one? This is a different one?

**EXECUTIVE OFFICER NORTHROP:** That's right.

**ACTING CHAIRPERSON BELL:** All right.

Any objection to Item 38 on Needles?

Hearing none, Item 38 is approved.

Item 39.

**EXECUTIVE OFFICER NORTHROP:** Mr. Chairman, Item 39 authorizing the reporting to the State Controller of
the subventions for all activities pursuant to PRC Section 6817 which grants subvention funds to the Cities of Carpinteria, Huntington Beach, Long Beach, Port Hueneme, Seal Beach in the Counties of Santa Barbara and Ventura.

ACTING CHAIRPERSON BELL: This is practically a ministerial act, is it not?

EXECUTIVE OFFICER NORTHROP: That is correct.

ACTING CHAIRPERSON BELL: Any objection to Item 39?

Hearing none, Item 39 will be approved to authorize the reporting to the State Controller of subventions required by Public Resources Code Section 6817.

Is that a fixed amount now? It used to be.

EXECUTIVE OFFICER NORTHROP: It's a percentage in relation to the production.

ACTING CHAIRPERSON BELL: Okay. Good enough.

EXECUTIVE OFFICER NORTHROP: That's why we submit it because the production figures are on it.

ACTING CHAIRPERSON BELL: That's it.

Item 40.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this is an approval, in principal, of 42 new wells and 15 sites following several EIR's by Union Oil Company to approve in principal the drilling of a geothermal area. While we are asking the Commission to approve this in concept or in

PETERS SHORTHAND REPORTING CORPORATION
7700 COLLEGE TOWN DRIVE, SUITE 213
SACRAMENTO, CALIFORNIA 95823
TELEPHONE (916) 383-3601
principal, the individual well approvals will still come to
the Commission for approval should there be any problems
as we go down the road in the development of the geothermal
field.

ACTING CHAIRPERSON BELL: Is it customary that
we approve in concept this development before we get to
the individual leasing? I'm not sure I recall.

EXECUTIVE OFFICER NORTHROP: Normally -- Don
Everitts could better address that.

Don, do you want to --

MR. EVERITTS: Well, in the past, the construction
of plants was pretty much kept in pace or was ahead of
drilling wells. The proposal here is to approve in
concept 42 wells which in effect will supply steam to a
plant which will not be completed until 1982. But they
have to start reviewing drill sites. They have to know
that they are going to probably get approval as soon as
engineering is correct, whether two years from now or
six months from now.

But it's part of their advance planning to go
out to specific sites. What we are hoping is that if the
Commission will approve this in principal, that we may
later on let the Executive Officer approve the actual
engineering design of the wells as they come in.

ACTING CHAIRPERSON BELL: Mr. Hight.
MR. HIGHT: Yes, Mr. Chairman. The EIR has considered the specific sites, and in the event that when construction is started at that site, if for some reason it is not appropriate, then the Executive Officer will have the authority to move that site slightly to an appropriate position.

ACTING CHAIRPERSON BELL: I see. So we are giving sort of a little broader authority by this action and the specific approval will be to each.

Any objections to Item 40, approving in principal the proposed drilling of geothermal wells?

Those are all on the Geyser Steam Field up in Sonoma and Lake Counties?

EXECUTIVE OFFICER NORTHROP: That's correct.

ACTING CHAIRPERSON BELL: Hearing no objection, Item 40 will be approved.

Item 41.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 41, 42 and 43 are all Compensatory Gas Agreements under the Sacramento and Taylor Slough and several other -- the Peripheral Canal in San Joaquin County. These three Calendar items are a Compensatory Gas Agreement of 25 percent of the gas recovered.

The situation is this -- and Don may want to elaborate on it a little bit -- is that we have no drill
sites from which we could drill for the gas. So for those formations that cross under the River, as well as up it, to which the upland owner has already leased to an oil company, we feel we have, frankly, no choice. The law of capture being what it is, these Compensatory Agreements which are 25 percent, which is a fairly good return, are probably better than many upland owners get. While we feel that these three items we would like to perhaps do them ourselves, we really don't have the option to do that. So for that reason, staff is recommending entering into these Compensatory Agreements.

ACTING CHAIRPERSON BELL: Mr. Lytton, any questions?

MR. LYTTON: No questions.

ACTING CHAIRPERSON BELL: Anyone with any problems on Items 41, 42 and 43, all of which are Compensatory Gas Agreements, which means we don't drill our own wells, but we just say 25 percent of whatever you are producing is under our land and we get 25 percent?

EXECUTIVE OFFICER NORTHROP: We hope Don's staff can figure out what the sand count is or what the locations are.

MR. EVERITTS: There are various ways. We will get the data and we can make engineering estimates. Sometimes we do it on an acreage basis. Whatever is easiest and best.
EXECUTIVE OFFICER NORTHROP: Whatever is the best practice for that particular --

ACTING CHAIRPERSON BELL: As opposed to flow through.

Hearing no objection, Items 41, 42 and 43 will each be approved.

Item 44.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 44 is the response to supplemental budget language by the Legislature to the State Lands budget in which they asked us to do a study on the potential overlap of services with the idea of reducing the cost of these, if possible.

Further, they have asked the Commission to submit a quarterly report on the results of these studies. So to accomplish this, the staff is recommending a study group made up to look into these overlaps.

I have had one preliminary discussion with the City Manager of the City of Long Beach on this budget language as it was given to me in the Legislative Committee, and I have indicated that we could set up this study group and the City Manager has indicated that he would be willing to appoint some members of the study group to at least make reports to the Legislature.

For that reason, I am recommending the authority be given to the Executive Officer to appoint a study team.
In my mind, I see the study team as perhaps comprising two people from the State Lands and two people from Long Beach. And if there should be an area where a decision should really be needed, in other words, an area of conflict, that the four appoint a fifth if the situation requires. And we are looking at a broad scope of areas. We are looking at the concept of subsidence. We are looking at the concept of well spacing. We are looking at the concept of review of budget items submitted by our contractors. We are looking at the review of other budget items and other budget expenditures. We are looking at the duplication in audits of various tax -- not to be confused with the Auditor General -- but various tax audits and other things that perhaps both of us are spending money on that we are really not aware of. That we have duplication.

So what we are attempting to do with this study group is to look at that duplication and report to the Legislature our findings.

ACTING CHAIRPERSON BELL: Any questions?

MR. LYTTON: We are going to use existing staff for that?

EXECUTIVE OFFICER NORTHROP: Yes. I plan on appointing -- my plans right now, subject to change, are that I plan on appointing Mr. Thompson who is the Chief of the Long Beach operations, and Mr. Mel Rico who is
Chief of our Audit Section -- that particular area in Long Beach -- who did a lot of good work in trying to sort out the problems on the Queen Mary. He did a good job.

So those two people I will look to probably from my staff, and the City Manager will appoint two people who he thinks are equally competent.

ACTING CHAIRPERSON BELL: Any objections to authorizing the Executive Officer to set up the study group? I would hope not, since the Legislature wants this solved. Without objection, Item 44 will authorize the Executive Officer to do so.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, in light of the discussion we had earlier this morning on the release of the lower tier crude, I think it is prudent that we discuss that micellar-polymer waterflood in Long Beach and the economics and what we can expect from it, so I have asked Mr. Thompson to make a brief presentation.

ACTING CHAIRPERSON BELL: All right.

Mr. Thompson.

MR. THOMPSON: I'm sure you all recall the gasoline shortage we had over the year. This project also got caught up in the gas lines.

ACTING CHAIRPERSON BELL: I thought it got caught up in the diesel lines.
MR. THOMPSON: Well, it's the same thing. The regulatory-caused shortage at that time, anyway, why, we couldn't get diesel fuel. We need this diesel fuel to make this micellar material that we inject into the ground.

Micellar recovery is a process where we inject the material and it acts in a general way like a detergent. It creates emulsion with the reservoir oil, and then because it is an emulsion which is largely water, then we can displace this emulsion with water more efficiently than we can replace just regular oil. So this is where we get our increased recovery.

The micellar material is composed of a refined hydrocarbon which is then reacted with acid to form what they call a sulfonate. This material which is about 15 percent of the slug costs about $85 a barrel.

Another 20 percent is the hydrocarbon gas oil which is again a part of the final cut and diesel mixture, and we add that together with alcohol. This particular combination which brought about 20 percent, costs about $40 a barrel. And the balance of this slug material is water.

So the net of all this is that the cost of this slug material is about $21 a barrel. So we have started to put this under the ground now, and within about the next three months, we are going to put 100,000 barrels in.
So, in effect, we will have put over $2 million in the ground.

This is the front end loading. This is the problem with the tertiary recovery project is that you put a lot of money in the ground and you have to wait for the results. So this is where the risk comes in.

Then we follow this with a polymer water solution that you might think about as a thickening agent or a buffer agent because you have an expensive material in the ground and you have to put something in there to protect this so it doesn't get dispersed when you follow this with water. This costs about another half a million dollars for this amount of material that will be injected in about the next 18 months.

So, in effect, we should have this micellar slug finished up by about September, and then we will go 18 months on this polymer. But actually we hope we will see results from an oil recovery production increase by the middle of next year to see how this project is going.

It does seem a little ironic at this time, as Mr. Northrop alluded to here, that this project, because it's about oil gravity of about 17 degrees API, along with our other project in the Long Beach unit where we have a caustic alkaline waterflood tertiary recovery project going in which the gravity is about 16 or 17 degrees. And the
Federal Government is actually partners in both of these projects, yet we have a heavy oil decontrol which decontrols below 15.9. So here they are in partners with us, and we are about to get the results of tertiary projects to see if we can apply them -- and even though they are partners in the deal, they can't see to decontrol the oil at a high enough gravity so that we can apply the processes. So again we are in kind of a strange process here.

The reason this comes up is that Mr. Northrop asked me to come in on the economics of this project. Of course, pilot projects are tough to evaluate economically. But if we were to take our most optimistic recovery here, we would have to get about $25 a barrel for the oil to pay off the cost. If it's got a lower recovery, in the lower range, it could cost almost $75. So again, it is necessary to have decontrol of heavy oil up to these ranges to even think about taking the risk of putting this stuff in. Because you do have a front end loading that is just horrendous as far as economic cost.

EXECUTIVE OFFICER NORTHROP: That completes it.

ACTING CHAIRPERSON BELL: Is this the most expensive of the pilots that we have?

MR. THOMPSON: It probably is, because of the fact you are using a high percent of hydrocarbons for the mix, so you are in a chain reaction. As the cost of oil
goes up, the cost of micellar material goes up. For example, the material we are putting in now costs $21 a barrel, but if you were to buy that material today, I imagine that material would cost us 25, 26, 27, $28 a barrel. And this thing will go on and on and on. This is why we are also investigating the alkaline approach in the Long Beach unit.

ACTING CHAIRPERSON BELL: Which is less expensive?

MR. THOMPSON: Yes.

But, again, if you get a high enough recovery then you can afford to send 20 plus dollar material after less valuable material, assuming that you can get high enough recovery.

ACTING CHAIRPERSON BELL: What we have before us here is merely a review of the pilot demonstration?

EXECUTIVE OFFICER NORTHROP: Right. Just a review to give you some concept of where we are spending our money.

ACTING CHAIRPERSON BELL: We don’t have to take action by the --

EXECUTIVE OFFICER NORTHROP: It requires no action, but as a member of the Finance Department, it requires some understanding, Mr. Chairman.

ACTING CHAIRPERSON BELL: Yes, a great deal.

Item 46.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the balance of the items on the Calendar are either litigation
or settlement. Mr. Hight will handle those.

ACTING CHAIRPERSON BELL: Thank you.

Mr. Hight.

MR. HIGHT: Thank you, Mr. Chairman.

Item 46 is authorization for a lawsuit against Golden Sierra Corporation. They have refused to execute a lease with the Lands Commission after much negotiation and conversation, and we see no other means other than litigation.

ACTING CHAIRPERSON BELL: All right. Is there anyone in the audience objecting to the Commission authorizing the staff from the AG to take all steps necessary, including litigation, to terminate the continuing trespass?

Hearing none --

Mr. Lytton, any objections?

MR. LYTTON: No objection.

ACTING CHAIRPERSON BELL: Without objection, then Item 46 will be approved authorizing the staff to proceed.

Item 47.

MR. HIGHT: Item 47, Mr. Chairman, is off calendar. Mr. Obexer desires to speak to the Commission on this subject, and he will be in next month.

ACTING CHAIRPERSON BELL: Okay. We will defer it
to next month.

MR. HIGHT: Item 48, Mr. Chairman, is a Federal condemnation action in which the State seeks to file a disclaimer as to compensation.

ACTING CHAIRPERSON BELL: All right. Any objections?

Without objection then, Item 48 will be approved, authorizing filing of the disclaimer.

Item 49.

MR. HIGHT: Item 49 is similar to 46, Mr. Chairman. We have had extensive discussions with the party, and they again refuse to enter into a lease with the Commission, and at this point we see no other alternative other than litigation.

ACTING CHAIRPERSON BELL: All right. Is there anyone here to object to the authorization of this?

Without objection?

Hearing no objection, Item 49 will be approved for authorization of the suit.

Item 50, Peter Kiewit Sons, a Nebraska Corporation.

MR. HIGHT: Yes, Mr. Chairman. This is a Boundary Settlement Agreement for a parcel of land.

Yes. This is just to straighten out the boundary.

ACTING CHAIRPERSON BELL: All right. Is there any objection to the settlement of the boundary?
If not, Item 50 is approved.

Item 51, John and Barbara Kearns.

MR. HIGHT: Yes, Mr. Chairman. This is a rescission of a prior authorization for a suit for ejectment and collection of rentals. Mr. and Mrs. Kearns previously indicated a desire for a lease and the Commission approved the lease. Now they have indicated that they do not desire a lease. So we are faced with this situation.

ACTING CHAIRPERSON BELL: This is a case where probably the Lands Commission acted under the belief that the lease would be signed.

MR. HIGHT: Correct, Mr. Chairman.

ACTING CHAIRPERSON BELL: Then they backed out of the lease as soon as they got the Lands Commission approval. That's a good way of doing it.

Is there any objection to the rescission of the prior authorization to issue the lease and suit on John and Barbara Kearns? Item 51 on the agenda.

Hearing none, Item 51 will be approved.

Item 52.

MR. HIGHT: 52, Mr. Chairman, is the settlement agreement between Bliss and the State Lands Commission regarding sovereign lands at Lake Earl and Lake Talawa in Del Norte County. The Department of Parks and Recreation is buying the uplands around the area, and in return, the Blisses will convey the lake bed to the
ACTING CHAIRPERSON BELL: This is the last of the three actions required to complete this, as I recall.

MR. PLUSHMAN: Mr. Chairman, I am Chris Flushman from the Attorney General's office, the sponsor of this Calendar item. This is the last of the formal approvals required. The Director of Finance will have to approve the donation. I want that to be reflected on the record.

ACTING CHAIRPERSON BELL: I would also like to indicate the Director of Finance's representative has also approved each of the three formal --

(Laughter.)

MR. HIGHT: Mr. Flushman has worked very hard on his.

ACTING CHAIRPERSON BELL: It's a very interesting -- yes, I think Mr. Bliss has also been very cooperative.

MR. PLUSHMAN: Yes, he has.

ACTING CHAIRPERSON BELL: Is there anyone here to object to approving the proposed settlement agreement? And basically, this is ceding the lands under Lake Earl and Lake Talawa?

MR. HIGHT: Talawa.

ACTING CHAIRPERSON BELL: All right. Hearing no objection, Item 52 is approved.

That completes the regular agenda of the meeting.
I believe that the staff is still requesting that we have a short Executive Session?

EXECUTIVE OFFICER NORTHROP: Yes. A short Executive Session at the end of this meeting, if we could. Mr. Stevens has got it -- or did you want to do it here?

MR. STEVENS: Could we retreat? We have some exhibits back in Mr. Cory's office.

EXECUTIVE OFFICER NORTHROP: Could we adjourn to your office, Mr. Bell?

ACTING CHAIRPERSON BELL: Or Mr. Cory's or whoever.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the next meeting is scheduled for Wednesday, September 26, in Sacramento.

ACTING CHAIRPERSON BELL: Wednesday, September 26th in Sacramento.

All right. The meeting is adjourned.

(Thereupon the State Lands Commission Meeting was adjourned at 11:05 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, DELORES I. DALTON, a 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, DELORES I. DALTON, 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 18th day of September, 1979.

DELORES I. DALTON
SHORTHAND REPORTER